

**SECTION 285.315**

**General Information Requirements Applicable for All Utilities Subject to this Part**

Utility: North Shore Gas Company

**Subpart (a)**

FORM 21 ILCC

ANNUAL REPORT OF ELECTRIC UTILITIES  
LICENSEES AND/OR NATURAL GAS UTILITIES

TO THE

**ILLINOIS COMMERCE  
COMMISSION**



Exact Legal Name of Respondent (Company)  <b>North Shore Gas Company</b>	Year of Report  <b>December 31, 2011</b>
--------------------------------------------------------------------------------	------------------------------------------------

This state agency is requesting disclosure of information that is necessary to accomplish the statutory purpose as outlined in Section 5-109 of the Public Utilities Act [220 ILCS 5/5-109]. Disclosure of this information is REQUIRED. Failure to provide any information could result in a fine of \$100 per day under Section 5-109 of the Public Utilities Act.



## ANNUAL REPORT OF ELECTRIC UTILITIES, LICENSEES AND/OR NATURAL GAS UTILITIES

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
North Shore Gas Company			Dec. 31, 2011

Exact Legal Name of Respondent:

North Shore Gas Company

Previous Name and Date of Change (if name changed during reporting year):

Address of Principal Office at End of Year (street, city, state, zip code):

130 East Randolph Street, Chicago, Illinois 60601

Name and Title of Contact Person:

James F. Schott                      Vice President - External Affairs

Address of Contact Person (street, city, state, zip code):

130 East Randolph Street, Chicago, Illinois 60601

Telephone Number of Contact Person, including Area Code:

312-240-3650

Email address of Contact Person:

[JFSchott@integrysgroup.com](mailto:JFSchott@integrysgroup.com)

Utility website:

[www.integrysgroup.com](http://www.integrysgroup.com)

**ANNUAL REPORT OF ELECTRIC UTILITIES,  
LICENSEES AND/OR NATURAL GAS UTILITIES  
INSTRUCTIONS FOR FILING FORM 21 ILCC**

**GENERAL INFORMATION**

- I. **PURPOSE:**  
This form is a regulatory support requirement (Public Utilities Act, Section 5-109). It is designed to collect financial and operational information from electric and gas utilities subject to the jurisdiction of the Illinois Commerce Commission.
- II. **WHO MUST SUBMIT:**  
All electric and gas utilities subject to the Illinois Commerce Commission jurisdiction.
- III. **WHAT, WHERE AND WHEN TO SUBMIT**  
(a) Submit a completed and verified copy of Form 21 ILCC on or before MARCH 31 of the year following the year covered by this report (three hole punched but not bound) to:  
ILLINOIS COMMERCE COMMISSION  
527 East Capitol Avenue  
Springfield, IL 62701  
  
(b) Submit immediately upon publication one copy of the submitted FERC Form Nos. 1 and/or 2, if applicable, to the above address. The submitted copy should be three hole punched, but not bound.  
  
(c) Submit immediately upon publication one copy of the SEC 10-K Report, if applicable, to the above address. The submitted copy should be three hole punched.  
  
(d) Submit immediately upon publication one copy of the Annual Report to Stockholders. The submitted copy should be three hole punched. \*  
  
(e) Submit an electronic file of Form 21 ILCC and electronic files or hyperlinks to the FERC Form 1, the SEC 10-K, and the Annual Report to Stockholders when submitted in hard copy to the Illinois Commerce Commission to fad@icc.illinois.gov.
- IV. **REGISTERED AGENT**  
Exact Name of Registered Agent Thomas G. Aridas  
Street or Local Address 130 East Randolph Street  
City Chicago State Illinois Zip Code 60601  
Telephone (312) 240-4250

\* Respondent is a subsidiary of Peoples Energy, LLC. which is a wholly owned subsidiary of Integrys Energy Group, Inc. and does not issue an annual report to stockholders.

# ANNUAL REPORT OF ELECTRIC UTILITIES, LICENSEES AND/OR NATURAL GAS UTILITIES

## GENERAL INSTRUCTIONS

- I. This form of annual report is prepared in conformity with the applicable Uniform System of Accounts and all of the accounting terminology used herein is in accordance therewith.
- II. Enter in whole numbers only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts in the balances at the end of the current reporting year, and use for statement of income accounts the current year's amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "NONE" where it truly and completely states the fact.
- IV. The schedules within Form 21ILCC are classified as follows:
  - 0 Series - General Corporate Schedules required by all utilities filing Form 21 ILCC
  - 100 Series - General Corporate Schedules required by gas only utilities not submitting FERC Form No. 2.
  - 200 Series - Balance Sheet Supporting Schedules required by gas utilities not submitting FERC Form No. 2.
  - 300 Series - Income Supporting Schedules required by gas utilities not submitting FERC Form No. 2.
  - 500 Series - Gas Plant Statistical Data required by gas utilities not submitting FERC Form No. 2.
  - 600 Series - Electric Data required by all electric utilities.
  - 700 Series - Gas Data required by all gas utilities.

Electric only utilities that submit FERC Form No. 1 to the Illinois Commerce Commission (ICC) must submit the following schedules : 0 Series and 600 Series.

Combination utilities (utilities that provide both electric and gas service in Illinois) that submit FERC Form No. 1 (but not FERC Form No. 2) to the ICC must submit the following schedules: 0 Series, 200 Series, 300 Series, 500 Series, 600 Series, and 700 Series.

Combination utilities (utilities that provide both electric and gas service in Illinois) that submit FERC Form Nos. 1 and 2 to the ICC must submit the following schedules: 0 Series, 600 Series and 700 Series.

Gas only utilities that submit FERC Form No. 2 to the ICC must submit the following schedules: 0 Series and 700 Series.

Gas only utilities that do not submit FERC Form No. 2 to the ICC must submit the following schedules: 0 Series, 100 Series, 200 Series, 300 Series, 500 Series and 700 Series.

If a schedule within a series is not applicable to the respondent, enter the words "NOT APPLICABLE" on the particular page or omit the page and enter "N/A" or "NOT APPLICABLE" in the "Remarks" column on the List of Schedules on pages vi through x. If pages are deleted, indicate in the footer of the prior provided page number of the next subsequently provided page.
- V. It is preferred that all data be typed on the form. Entries of an opposite character (such as decreases reported in a column providing for both increases and decreases) should be enclosed in parentheses.
- VI. Enter the month, day and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to the resubmission (see VII below).
- VII. When making revisions, resubmit only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the Identification and Attestation page as the last page. Mail dated resubmission to:  
ILLINOIS COMMERCE COMMISSION  
527 East Capitol Avenue  
Springfield, IL 62701
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 x 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized. The annual report should in all particulars be complete in itself.
- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown on the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Respondents may submit computer printed schedules (reduced to 8 1/2 x 11) instead of the schedules herein if they are substantially the same format.
- XII. Where Illinois Commerce Commission authority is to be supplied, enter the applicable docket number.
- XIII. The word "respondent", whenever used in this report, means the person, corporation, licensee, agency, authority, or other legal entity or instrumentality in whose behalf the report is made.
- XIV. Because of the limited space afforded on some Form 21 ILCC schedules, dollar signs may be omitted where necessary. The rounding of numbers in thousands is permissible in cases where there is insufficient room for all digits. However, notations to this effect must be made in a conspicuous location on the page on which the rounding occurs.

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**FORM 21 ILCC  
LIST OF SCHEDULES**

<b>Schedules</b>	<b>Page</b>	<b>Remarks</b>
Identification	i	
General Information	ii	
General Instructions	iii	
List of Schedules	v-vii	
<b>GENERAL CORPORATE SCHEDULES REQUIRED BY ALL UTILITIES FILING FORM 21 ILCC (0 Series)</b>		
Verification, Attestation	1	
Comparative Balance Sheet	2-5	
Statement of Retained Earnings	6-6a	
Statement of Income for the Year	7-7b	
Illinois Electric Operating Revenues	8-8a	N/A
Illinois Megawatt Hrs. Sold/Delivered & Avg. No. of Customers per Month	9-9a	N/A
Illinois Gas Net Operating Revenues	11-11b	
Cost Allocation Methodologies	12	N/A
Identification of Differences between Information Reported on FERC Schedules and Information Reported on Pages 2 through 7 of Form 21 ILCC	13	N/A
Analysis of Unbilled Revenues	13(a)	
Reconciliation of Gross Revenue Tax	14	
Promotional Practices of Electric and Gas Public Utilities	15	
Special Funds	16	
Special Deposits	16	
Notes Receivable	17	
Other Accounts Receivable	17	
Receivables from Associated Companies	18	
Miscellaneous Current and Accrued Assets	19	
Materials and Supplies	20	
Notes Payable	21	
Payables to Associated Companies	21	
Long Term Debt (Accounts 221, 222, 223 & 224)	22-23	
Unamortized Loss and Gain on Reacquired Debt (Accts. 189, 257)	24	
Discount on Common Stock Issuance and Preferred Stock Issuance	25	
Unamortized Debt Expense Premium & Discount on Long-Term Debt	26-27	
Securities Issued or Assumed and Securities Refunded or Retired During the Year	28	
Investments (Accounts 123, 124, 136)	29-30	
Particulars Concerning Certain Other Income Accounts	31	
Employee Data	32	
Charges for Outside, Professional & Other Consultative Services	33	
Common Utility Plant & Expense	34	
Nonutility Property	41	
Accumulated Provision for Depreciation & Amortization of Nonutility Property	41	
Accumulated Deferred Income Taxes - Accelerated Amortization Property	42-43	
General Description of Construction Overhead Procedure	44	
Capital Stock Subscribed, Liability for Conversion, Premium on Capital Stock and Installments Received on Capital Stock	45	
Discount on Capital Stock and Capital Stock Expense	46	
Transactions with Associated (Affiliated ) Companies (Effective 1/1/2009)	47	
Accumulated Provision for Uncollectible Accounts Receivable	48	

Schedules	Page	Remarks
<b>GENERAL CORPORATE SCHEDULES REQUIRED BY GAS ONLY UTILITIES NOT SUBMITTING FERC FORM NO. 2 (100 Series)</b>		
General Information	101	
Control Over Respondent	102	
Corporations Controlled by Respondent	103	
Officers	104	
Directors	105	
Security Holders and Voting Powers	106-107	
Important Changes During the Year	108-109	
Comparative Balance Sheet	110-113	
Statement of Income for the Year	114-117	
Statement of Retained Earnings for the Year	118-119	
Statement of Cash Flows	120-121	
Notes to Financial Statements	122-123	
Statement of Accumulated Comprehensive Income and Hedging Activities	122a-b	
<b>BALANCE SHEET SUPPORTING SCHEDULES REQUIRED BY GAS UTILITIES NOT SUBMITTING FERC FORM NO. 2 (200 Series)</b>		
Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion	200-201	
Gas Plant in Service	204-209	
Manufactured Gas Production Plant - Supplemental Schedule	210	
Gas Plant Leased to Others	213	
Gas Plant Held for Future Use	214	
Construction Work in Progress - Gas (Account 107)	216	
Accumulated Provision for Depreciation of Gas Utility Plant (Account 108)	219	
Gas Stored (Acct. 117, 164.1, 164.2 and 164.3)	220	
Investments in Subsidiary Companies (Account 123.1)	224-225	
Prepayments (Account 165)	230	
Extraordinary Property Losses (Account 182.1)	230	
Unrecovered Plant and Regulatory Study Costs (Account 182.2)	230	
Other Regulatory Assets (Account 182.3)	232	
Miscellaneous Deferred Debits (Account 186)	233	
Accumulated Deferred Income Taxes (Account 190)	234-235	
Capital Stock (Accounts 201 and 204)	250-251	
Other Paid-in Capital	253	
Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261	
Taxes Accrued, Prepaid and Charged During Year	262-263	
Distribution of Taxes Charged	262-263	
Other Deferred Credits (Account 253)	269	
Accumulated Deferred Income Taxes - Other Property (Account 282)	274-275	
Accumulated Deferred Income Taxes - Other	276-277	
Other Regulatory Liabilities (Account 254)	278	
<b>INCOME SUPPORTING SCHEDULES REQUIRED BY GAS UTILITIES NOT SUBMITTING FERC FORM NO. 2 (300 Series)</b>		
Gas Operating Revenues (Account 400)	300-301	
Residential & Commercial Space Heating Customers	305	
Interruptible, Off Peak & Firm Sales to Distribution System Industrial Customers	305	
Other Gas Revenues (Account 495)	308	
Sales for Resale Natural Gas (Account 483)	310-311	
Discounted Rate Services and Negotiated Rate Services	313	
Gas Operation and Maintenance Expenses	320-325	
Miscellaneous General Expenses (Account 930.2) (Gas)	335	
Depreciation, Depletion & Amortization of Gas Plant (Accounts 403, 404.1, 404.2, 404.3, and 405)	336-338	
Particulars Concerning Certain Income Deductions & Interest Charges Accounts	340	
Regulatory Commission Expense	350-351	
Employee Pensions and Benefits (Account 926)	352	
Distribution of Salaries and Wages	354-355	

Schedules	Page	Remarks
<b>GAS PLANT STATISTICAL DATA REQUIRED BY GAS UTILITIES NOT SUBMITTING FERC FORM NO. 2 (500 Series)</b>		
Auxiliary Peaking Facilities	519	
<b>ELECTRIC DATA REQUIRED BY ALL ELECTRIC UTILITIES (600 Series)</b>		
Internal Combustion Engine & Gas - Turbine Generating Plants	600-601	N/A
Steam-Electric Generating Plants	602-603	N/A
Hydroelectric Generating Plants	604-605	N/A
Changes Made or Scheduled to be Made In Generating Plant Capacities	606	N/A
Electric Plant Acquisition Adjustments & Accumulated Provision for Amortization of Electric Plant Acquisition Adjustments (Accounts 114 and 115)	607	N/A
Franchise Requirements (Account 927) (Electric)	608	N/A
Territory Served (Electric)	609-610	N/A
Construction Overheads - Electric	611	N/A
Electric Distribution Meters and Line Transformers	612	N/A
Environmental Protection Facilities	613	N/A
Environmental Protection Expenses	614	N/A
<b>GAS DATA REQUIRED BY ALL GAS UTILITIES (700 Series)</b>		
Mains in Illinois	700	
Meters in Illinois	701	
Services in Illinois	702	
System Load Statistics in Illinois	703	
Underground Gas Storage	704-705	
Summary of Gas Account	706	
Summary of Revenues, Therms & Customers by Gas Rates	707	
Purchased Gas (Accounts 800, 801, 802, 803, 804, and 805)	708-709	
Gas Plant Acquisition Adjustments & Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments (Account 114, 115)	710	
Franchise Requirements (Account 927) (Gas)	711	
Territory Served (Gas)	712-713	
Construction Overheads - Gas	714	
Uncollectibles Accounts Expense	715	
Enterprise Zone Revenues	716	

UTILITY NAME

North Shore Gas Company

Year of Report

Dec. 31, 2011

VERIFICATION

The responsible accounting officer shall verify this report under oath.

STATE OF Wisconsin

COUNTY OF Brown

Diane L. Ford makes oath and says that she is  
(Name of Affiant)

Vice President and Corporate Controller  
( Official Title of Affiant)

of North Shore Gas Company  
(Exact Legal Title or Name of Respondent)

that he/she has examined the following report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the said report are true, and the said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from and including January 1, 2011, to and including December 31, 2011.

Diane L. Ford  
(Signature of Affiant)

Subscribed and sworn to before me, a Notary Public in and for the State and County named,

this 13th day of March, 2012

My Commission expires 5-4, 2014.

Christine M. Weener  
(Signature of Oath Administrator)

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**BALANCE SHEET**

Instructions:				
Line No.	Title of Account (a)	Page Ref FERC Form 1 and/or 2 or ILCC Form 21 (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, and 114)	200-201	416,408,722	421,829,715
3	Construction Work in Progress (107)	200-201	1,109,101	2,060,446
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		417,517,823	423,890,161
5	(Less) Accum. Prov. For Depr. Amort. Depl. (108, 111, and 115)	200-201	166,779,441	173,372,611
6	Net Utility Plant (Enter Total of line 4 less 5)		250,738,382	250,517,550
7	Nuclear Fuel (120.1-120.4, and 120.6)	202-203		
8	(Less) Accum. Prov. For Amort. Of Nucl. Assembl. (120.5)			
9	Net Nuclear Fuel (Enter total of line 7 less line 8)			
10	Net Utility Plant (Enter total of lines 6 and 9)		250,738,382	250,517,550
11	Utility Plant Adjustments (116)			
12	Gas Stored Underground-Noncurrent (117)	220	531,899	531,899
13	<b>OTHER PROPERTY AND INVESTMENTS</b>			
14	Nonutility Property (121)	41		
15	(Less) Accum. Prov. For Depr. And Amort. (122)	41		
16	Investment in Associated Companies (123)	29-30		
17	Investment in Subsidiary Companies (123.1)	224-225		
18	(For Cost of account 123.1, see footnote FERC Form 1 page 224, line 42)			
19	Noncurrent Portion of Allowances			
20	Other Investments (124)	29-30	21,681	-
21	Special Funds (125-128)	16		
22	TOTAL Other Property and Investments (Total of lines 14-17 and 19-21)		21,681	-
23	<b>CURRENT AND ACCRUED ASSETS</b>			
24	Cash (131)		38,553	341,858
25	Special Deposits (132-134)	16	123,495	87,429
26	Working Funds (135)			
27	Temporary Cash Investments (136)	29-30	9	10
28	Notes Receivable (141)	17		
29	Customer Accounts Receivable (142)		18,765,270	16,555,242
30	Other Accounts Receivable (143)	17	246,009	2,757,925
31	(Less) Accum. Prov. For Uncollectibles Acct. - Credit (144)	48	1,083,329	1,407,564
32	Notes Receivable from Associated Companies (145)	18		
33	Accounts Receivable from Assoc. Companies (146)	18	1,932	25,199
34	Fuel Stock (151)	20	832,854	829,226
35	Fuel Stock Expense Undistributed (152)	20		
36	Residuals (Elec.) and Extracted Products (153)	20		
37	Plant Materials and Operating Supplies (154)	20	931,187	1,062,005
38	Merchandise (155)	20		
39	Other Materials and Supplies (156)	20		
40	Nuclear Materials Held for Sale (157)	202-203/227		
41	Allowances (158.1 and 158.2)	228-229		
42	(Less) Noncurrent Portion of Allowances			
43	Stores Expenses Undistributed (163)	20	223,801	193,057
44	Gas Stored Underground - Current (164.1)		7,726,208	10,412,511
45	Liquefied Natural Gas Stored and Held for Processing (164.2 - 164.3)			
46	Prepayments (165)	230	3,678,784	341,140
47	Advances for Gas (166-167)			
48	Interest and Dividends Receivable (171)			
49	Rents Receivable (172)			
50	Accrued Utility Revenue (173)		20,369,785	14,784,467
51	Miscellaneous Current and Accrued Assets (174)	19	339,679	1,714,767

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission			Date of Report (Mo., Da., Yr)	Year of Report
NORTH SHORE GAS COMPANY					Dec. 31, 2011
Instructions: Include in columns (e) through (i), total company balances of Utility Plant in Service and associated balances corresponding to the line numbers on page (2), lines 1 through 12. Include in column (g), Total Company Common Utility, balances that cannot be directly assigned to a specific service in columns (e), (f) or (h). Columns (e) thru (i) must total column (d) on page 2. For amounts in columns (e) thru (i), show corresponding Illinois jurisdictional amounts in columns (j) thru (n).					
<b>BALANCE SHEET</b>					
Total Company Direct Electric Utility (e)	Total Company Direct Gas Utility (f)	Total Company Common Utility (g)	Total Company Competitive Utility (h)	Total Company Other Utility (i)	Line No.
	421,829,715				1
	2,060,446				2
	423,890,161				3
	173,372,611				4
	250,517,550				5
					6
					7
					8
	250,517,550				9
					10
	531,899				11
					12
					13

Illinois Direct Electric Utility (j)	Illinois Direct Gas Utility (k)	Illinois Competitive Utility (m)	Illinois Other Utility (n)	Line No.
	421,829,715			1
	2,060,446			2
	423,890,161			3
	173,372,611			4
	250,517,550			5
				6
				7
				8
	250,517,550			9
				10
	531,899			11
				12
				13

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**BALANCE SHEET Cont'd**

Instructions:				
Line No.	Title of Account (a)	Page Ref FERC Form 1 and/or 2 or ILCC Form 21 (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
52	Derivative Instrument Assets (175)		614,031	1,055,025
53	Derivative Instrument Assets - Hedges (176)			
54	TOTAL Current and Accrued Assets (Enter total of lines 24 thru 53)		52,808,268	48,752,297
55	<b>DEFERRED DEBITS</b>			
56	Unamortized Debt Expense (181)		1,002,409	878,513
57	Extraordinary Property Losses (182.1)	230		
58	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
59	Other Regulatory Assets (182.3)	232	135,673,149	123,015,323
60	Prelim. Survey and Investigation Charges (Electric) (183)			
61	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)			
62	Clearing Accounts (184)			
63	Temporary Facilities (185)			
64	Miscellaneous Deferred Debits (186)	233	63,001	31,348
65	Def. Losses from Disposition of Utility Plant (187)			
66	Research, Devel and Demonstration Expenditures (188)	352-353		
67	Unamortized Loss on Reacquired Debt (189)	24	1,593,596	1,485,336
68	Accumulated Deferred Income Taxes (190)	234-235	6,766,646	5,861,791
69	Unrecovered Purchased Gas Costs (191)			
70	TOTAL Deferred Debits (Enter total of lines 56 thru 69)		145,098,801	131,272,311
71	TOTAL Assets and Other Debits (Enter total of lines 10,11,12,22,54,70)		449,199,031	431,074,057

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**BALANCE SHEET**

Instructions:

Line No.	Title of Account (a)	Page Ref FERC Form 1 and/or 2 or ILCC Form 21 (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	24,756,721	24,803,360
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202,205)	45		
5	Stock Liability for Conversion (203,206)	45		
6	Premium on Capital Stock (207) (1)	45	(345)	-
7	Other Paid in Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	45		
9	(Less) Discount on Capital Stock (213)	46		
10	(Less) Capital Stock Expense (214)	46		
11	Retained Earnings (215, 215.1, and 216)	6	70,377,784	70,696,655
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	6		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	122 a-b	(53,119)	(30,804)
15	TOTAL Proprietary Capital (Enter total of lines 2 thru 14)		95,081,041	95,469,211
16	<b>LONG-TERM DEBT</b>			
17	Bonds (221)	22-23	74,835,000	74,650,000
18	(Less) Reacquired Bonds (222)	22-23		
19	Advances from Associated Companies (223)	22-23		
20	Other Long-Term Debt (224)	22-23		
21	Unamortized Premium on Long-Term Debt (225)			
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		7,471	4,269
23	TOTAL Long-Term Debt (Enter total of lines 17 thru 22)		74,827,529	74,645,731
24	<b>OTHER NONCURRENT LIABILITIES</b>			
25	Obligations Under Capital Leases-Noncurrent (227)			
26	Accumulated Provision for Property Insurance (228.1)			
27	Accumulated Provision for Injuries and Damages (228.2)		1,962,764	1,693,398
28	Accumulated Provision for Pensions and Benefits (228.3)		26,908,404	31,003,125
29	Accumulated Miscellaneous Operating Provisions (228.4)			
30	Accumulated Provision for Rate Refunds (229)			
31	Asset Retirement Obligations (230)		21,297,008	18,793,914
32	TOTAL Other Noncurrent Liabilities (Enter total of lines 25 thru 31)		50,168,176	51,490,437
33	<b>CURRENT AND ACCRUED LIABILITIES</b>			
34	Notes Payable (231)	21		
35	Accounts Payable (232)		19,444,882	15,834,339
36	Notes Payable to Associated Companies (233)	21	10,575,000	8,900,000
37	Accounts Payable to Associated Companies (234)	21	7,745,675	3,688,606
38	Customer Deposits (235)		2,529,647	2,378,620
39	Taxes Accrued (236)	262-263	2,504,817	5,299,961
40	Interest Accrued (237)		510,616	509,577
41	Dividends Declared (238)			
42	Matured Long-Term Debt (239)			
43	Matured Interest (240)			
44	Tax Collections Payable (241)			
45	Miscellaneous Current and Accrued Liabilities (242)		16,191,353	11,409,515
46	Obligations Under Capital Leases-Current (243)			

1) Balance in Premium on Capital Stock was transferred to Common Stock in order to correct previous activity recorded in error.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**BALANCE SHEET Cont'd**

Instructions:				
Line No.	Title of Account (a)	Page Ref FERC Form 1 and/or 2 or ILCC Form 21 (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
47	Derivative Instrument Liabilities (244)		3,667,509	6,805,457
48	Derivative Instrument Liabilities - Hedging (245)			
49	TOTAL Current and Accrued Liabilities (Enter Total of Lines 34 thru 48)		63,169,499	54,826,075
50	<b>DEFERRED CREDITS</b>			
51	Customer Advances for Construction (252)		607,036	585,581
52	Accumulated Deferred Investment Tax Credits (255)	266-267	2,673,338	2,632,425
53	Deferred Gains from Disposition of Utility Plant (256)			
54	Other Deferred Credits (253)	269	93,771,468	81,292,950
55	Other Regulatory Liabilities (254)	278	3,090,046	3,726,247
56	Unamortized Gain on Reacquired Debt (257)	24		
57	Accumulated Deferred Income Taxes (281-283)	272-277	65,810,898	66,405,400
58	TOTAL Deferred Credits (Enter total of lines 51 thru 57)		165,952,786	154,642,603
59				
60				
61				
62				
63				
64				
65				
66				
67				
68				
69	TOTAL Liab. And Other Credits (Enter total of lines 15,23,32,49 & 58)		449,199,031	431,074,057

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF RETAINED EARNINGS**

Instructions:

- Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated, undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings account in which recorded. Show the contra primary account affected in column (b).
- State the purpose and amount of each reservation or appropriation of retained earnings.
- List first account 439 Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
- Show dividends for each class and series of capital stock.
- Show separately the State and Federal income tax effect of items in account 439, Adjustments to Retained Earnings.
- Explain in a footnote the balance for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (216)</b>			
1	Balance-Beginning of Year		70,377,784
2	Changes		
3	Adjustments to Retained Earnings (439)		
4	Comprehensive Income		
5			
6			
7			
8			
9	Total Credits to Retained Earnings (439)		None
10			
11			
12			
13			
14			
15	Total Debits to Retained Earnings (439)		None
16	Balance Transferred from Income (Account 433 less Account 418.1)		9,728,775
17	Appropriations to Retained Earnings (436)		
18			
19			
20			
21			
22	Total Appropriations of Retained Earnings (436)		None
23	Dividends Declared-Preferred Stock (437)		
24			
25			
26			
27	Total Dividends Declared-Preferred Stock (437)		None
28	Dividends Declared-Common Stock (438)		9,409,904
29			
30			
31			
32			
33			
34			
35			
36			
37	Transfers from Account 216.1, Unappropriated, Undistributed, Subsidiary Earnings		
38	Balance-End of Year (Total lines 1,9,15,16,22,29,36,37)		70,696,655

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF RETAINED EARNINGS, cont'd**

Instructions:

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated, undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded. Show the contra primary account affected in column (b).
3. State the purpose and amount of each reservation or appropriation of retained earnings.
4. List first account 439 Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
5. Show dividends for each class and series of capital stock.
6. Show separately the State and Federal income tax effect of items in account 439, Adjustments to Retained Earnings.
7. Explain in a footnote the balance for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
8. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
	<b>APPROPRIATED RETAINED EARNINGS (215)</b>		
39			
40			
41			
42			
43			
44			
45	TOTAL Appropriated Retained Earnings (215)		None
	<b>APPROP. RETAINED EARNINGS - AMORT. RESERVE, FEDERAL (215.1)</b>		
46	TOTAL Appropriated Retained Earnings-Amort. Reserve, Federal (215.1)		None
47	TOTAL Appropriated Retained Earnings (215, 215.1) (Enter total lines 45 and 46)		None
48	TOTAL Retained Earnings (215,215.1,216) (Enter total lines 38 and 47)		70,696,655
	<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (216.1)</b>		
49	Balance-Beginning of Year (Debit or Credit)		None
50	Equity in Earnings for Year (Credit) (418.1)		
51	(Less) Dividends Received (Debit)		
52			
53	Balance - End of Year (Total lines 49 thru 52)		None

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF INCOME FOR THE YEAR**

Instructions:  
1. Report the amount derived from total company operations for the current year and the previous year on this page.

Line No.	Account (a)	FERC Form 1 and 2 (Ref) Page No. (b)	Total Company Current Year (c)	Total Company Previous Year (d)
1	<b>UTILITY OPERATING INCOME</b>			
2	Operating Revenues (400)	300-301	201,422,880	211,260,202
3	Operating Expenses			
4	Operation Expenses (401)	320-323	165,982,171	178,009,125
5	Maintenance Expenses (402)	320-323	3,223,793	3,756,674
6	Depreciation Expense (403)	336-337	9,507,548	9,036,768
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337		
8	Amortization & Depletion Of Utility Plant (404-405)	336-337		
9	Amortization Of Utility Plant Acquisition Adjustment (406)	336-337		
10	Amort. Of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)			
11	Amort. Of Conversion Expense (407.2)			
12	Regulatory Debits (407.3)			
13	Regulatory Credits (407.4)			
14	Taxes Other Than Income Taxes (408.1)	262-263	2,939,963	3,104,891
15	Income Taxes - Federal (409.1)	262-263	2,671,909	(3,107,399)
16	Income Taxes - Other (409.1)	262-263	1,558,671	(425,662)
17	Provision for Deferred Income Taxes (410.1)	234,272-277	45,590,087	23,876,602
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234,272-277	44,037,630	14,569,029
19	Investment Tax Credit Adj.-Net (411.4)		(40,914)	(47,519)
20	(Less) Gains from Disp. Of Utility Plant (411.6)			
21	Losses from Disp. Of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	Total Utility Operating Expenses (Total lines 4 through 24)		187,395,598	199,634,451
26	Net Utility Operating Income (Enter total of line 2 less line 25. Carry forward to page 7b, line 27)		14,027,282	11,625,751

Name of Respondent	This Report Is:	Date of Report	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission	(Mo, Da, Yr)	Dec. 31, 2011

Instructions: For balances that cannot be allocated to a specific jurisdiction or service, reflect "\*\*\*\*\*" in the cell (box) and provide the total gas or electric company balance in the Total gas or electric Company column.

**STATEMENT OF INCOME FOR THE YEAR**

Illinois Electric Utility (e)	Total Company Electric Utility (f)	Illinois Gas Utility (g)	Total Company Gas Utility (h)	Other Utility (i)	Line No.
					1
		201,422,880	201,422,880		2
					3
		165,982,171	165,982,171		4
		3,223,793	3,223,793		5
		9,507,548	9,507,548		6
					7
					8
					9
					10
					11
					12
					13
		2,939,963	2,939,963		14
		2,671,909	2,671,909		15
		1,558,671	1,558,671		16
		45,590,087	45,590,087		17
		44,037,630	44,037,630		18
		(40,914)	(40,914)		19
					20
					21
					22
					23
					24
		187,395,598	187,395,598		25
		14,027,282	14,027,282		26

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF INCOME FOR THE YEAR**

Instructions: Report the amount derived from total company operations for the current year and the previous year on this page.  
 Explain in a footnote if the previous year's amounts are different from that reported in prior years.

Line No.	Account (a)	FERC Form 1 and/or 2 (Ref) Page No. (b)	Total Company Current Year (c)	Total Company Previous Year (d)
27	Net Utility Operating Income (page 7, line 26)		14,027,282	11,625,751
28	<b>OTHER INCOME AND DEDUCTIONS</b>			
29	<b>Other Income</b>			
30	Non-utility Operating Income			
31	Revenues from Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Exp. Of Merchandising, Job & Contract Work (416)			
33	Revenues from Non-Utility Operations (417)			
34	(Less) Expenses of Non-Utility Operations (417.1)			
35	Nonoperating Rental Income (418)			
36	Equity in Earnings of Subsidiary Companies (418.1)			
37	Interest and Dividend Income (419)		143,946	553,244
38	Allowance for Other Funds Used During Construction (419.1)			
39	Miscellaneous Nonoperating Income (421)		39,444	7,756
40	Gain on Disposition of Property (421.1)		(6,844)	-
41	Total Other Income (Enter total of lines 31 through line 40)		176,546	561,000
42	<b>Other Income Deductions</b>			
43	Loss on Disposition of Property (421.2)			
44	Miscellaneous Amortization (425)	340		
45	Miscellaneous Income Deductions (426.1-426.5)	340	133,069	135,278
46	Total Other Income Deductions (Total of lines 43 through 45)		133,069	135,278
47	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>			
48	Taxes Other than Income Taxes (408.2)	262-263		
49	Income Taxes-Federal (409.2)	262-263	110,648	(42,206)
50	Income Taxes-Other (409.2)	262-263	33,459	(6,880)
51	Provision for Deferred Income Taxes (410.2)	234, 272-277	30,250	(2,834)
52	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	45,864	19,801
53	Investment Tax Credit Adj. (411.5)			
54	(Less) Investment Tax Credits (420)			
55	Total Taxes on Other Income and Deduct. (Total of line 48 through 54)		128,493	(71,721)
56	Net Other Income and Deductions (Enter Total lines 41, 46, 55)		(85,016)	497,443
57	<b>INTEREST CHARGES</b>			
58	Interest on Long-Term Debt (427)		3,720,979	3,727,938
59	Amort. Of Debt Disc. And Expense (428)		159,826	160,050
60	Amortization of Loss on Reacquired Debt (428.1)		113,315	113,091
61	(Less) Amort. Of Premium on Debt-Credit (429)			
62	(Less) Amort. Of Gain on Reacquired Debt-Credit (429.1)			
63	Interest on Debt to Assoc. Companies (430)	340	112,778	41,813
64	Other Interest Expense (431)	340	106,593	153,392
65	(Less) Allowance for Borrowed Funds Used During Construction - Cr. (432)			
66	Net Interest Charges (Enter total of lines 58 through 65)		4,213,491	4,196,284
67	Income Before Extraordinary Items (Total of lines 27 & 56 less line 66)		9,728,775	7,926,910
68	<b>EXTRAORDINARY ITEMS</b>			
69	Extraordinary Income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Enter total of line 69 less line 70)			
72	Income Taxes-Federal and Other (409.3)	262-263		
73	Extraordinary Items After Taxes (Enter total of line 71 less line 72)			
74	Net Income (Enter total of lines 67 and 73)		9,728,775	7,926,910

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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo., Day, Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011
<b>ILLINOIS GAS NET OPERATING REVENUES</b>			
Instructions: Report the amount derived from or incurred in providing utility services in Illinois.			
Line No.	Title of Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	(480) Residential Sales	153,410,664	163,206,315
3	(481) Commercial and Industrial Sales		
4	Small (or Commercial)	22,856,557	25,028,827
5	Large (or Industrial)	3,965,640	4,084,520
6	(482) Other Sales to Public Authorities		
7	TOTAL Sales to Ultimate Consumers (lines 2-6)	180,232,861	192,319,662
8	(483) Sales for Resale		
9	(484) Interdepartmental Sales		
10			
11			
12	TOTAL Gas Service Revenues (lines 7-9)	180,232,861	192,319,662
13	<b>OTHER OPERATING REVENUES</b>		
14	(485) Intracompany Transfers		
15	(487) Forfeited Discounts	686,400	652,873
16	(488) Miscellaneous Service Revenues	491,944	516,960
17	(489.1) Rev. from Trans. of Gas of others through gathering facilities		
18	(489.2) Rev. from Trans. of Gas of others through transmission facilities		
19	(489.3) Rev. from Trans. of Gas of others through distribution facilities	18,178,772	18,763,126
20	(489.4) Rev. from storing gas of others		
21	(490) Sales of Prod. Ext. from Natural Gas		
22	(491) Rev. from Natural Gas Proc. by Others		
23	(492) Incidental Gasoline and Oil Sales		
24	(493) Rent from Gas Property		
25	(494) Interdepartmental Rents		
26	(495) Other Gas Revenues	1,832,903	(992,419)
27	TOTAL Other Operating Revenues (Total of lines 14-26)	21,190,019	18,940,540
28	TOTAL Gas Operating Revenues (Total of lines 12 plus 27)	201,422,880	211,260,202
29	(Less) (496) Provision for Rate Refunds		
30	TOTAL Gas Operating Revenues Net of Provision for Refunds (lines 28-29)	201,422,880	211,260,202
31	Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Cust.)	180,232,861	192,319,662
32	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
33	Sales for Resale		
34	Other Sales to Pub. Auth. (Local Dist. Only)		
35	Interdepartmental Sales		
36	TOTAL (Same as Line 12, columns (b) and (c))	180,232,861	192,319,662

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo., Day, Yr.)	Year of Report Dec. 31, 2011	
<b>ILLINOIS GAS NET OPERATING REVENUES (Continued)</b>				
THERMS OF NATURAL GAS SOLD		AVERAGE NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Current Year (d)	Prior Year (e)	Current Year (f)	Prior Year (g)	
				1
181,764,404	178,065,236	136,686	135,924	2
				3
30,815,620	30,681,352	9,154	9,085	4
5,724,615	5,275,889	644	638	5
				6
218,304,639	214,022,477	146,484	145,647	7
				8
				9
				10
				11
				12
				13
				14
Quantity of Natural Gas Transported		Average No. of Transport Customers Per Month		15
Current Year	Prior Year	Current Year	Prior Year	16
				17
				18
136,589,211	132,364,088	11,759	12,205	19

Note: Quantities of natural gas sold in columns (d) and (e) are reported in therms in 14.65 psia at 60° F. Therms must be multiplied by 0.994568907 (14.65/14.73) to convert to therms in 14.73 psia at 60° F.  
Monthly BTU factors used for converting from MCF to therms during the years are as shown:

	<u>BTU Factors for Year</u>	<u>BTU Factors for Previous Year</u>
JAN	1.006	1.012
FEB	1.006	1.011
MAR	1.007	1.009
APR	1.007	1.009
MAY	1.008	1.008
JUN	1.009	1.007
JUL	1.010	1.006
AUG	1.010	1.006
SEP	1.010	1.006
OCT	1.010	1.006
NOV	1.011	1.006
DEC	1.011	1.006

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo., Day, Yr.)	Year of Report Dec. 31, 2011
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**GAS TRANSPORTATION REVENUES**

Line No.	Source of Revenue (a)	REVENUES		THERMS OF NATURAL GAS DELIVERED		AVERAGE NUMBER OF TRANSPORTATION CUSTOMERS PER MONTH	
		Amount for Current Year (b)	Amount for Previous Year (c)	Current Year (d)	Prior Year (e)	Current Year (f)	Prior Year (g)
1	<b>GAS TRANSPORTATION REVENUES</b>						
2	Residential Customers	5,049,902	5,484,837	14,968,642	15,195,225	9,549	9,990
3	Commercial and Industrial Customers						
4	Small (or Commercial)	5,625,154	5,665,766	42,701,227	39,234,504	1,609	1,615
5	Large (or Industrial)	3,194,590	3,266,810	50,732,651	45,855,426	242	247
6	Public Authorities	3,127,492	3,116,583	28,186,691	32,078,933	359	353
7	TOTAL (lines 2-6)	16,997,138	17,533,996	136,589,211	132,364,088	11,759	12,205

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**ANALYSIS OF UNBILLED REVENUE**

Line No.		Prior Year	Current Year	ILCC Form 21 Reference
1	Electric Utility Revenue			
2	Less: Prior Year Unbilled Revenue			Pg. 13(a), Ln 3 prior year
3	Add: Current Year Unbilled Revenue			
4	Gross Electric Utility Operating Revenue			Pg. 7a, col. (f), Ln 2
5	Gas Utility Revenue	210,500,563	206,643,859	
6	Less: Prior Year Unbilled Revenue	17,999,894	18,759,533	Pg. 13(a), Ln 7 prior year
7	Add: Current Year Unbilled Revenue	18,759,533	13,538,554	
8	Gross Gas Utility Operating Revenue	211,260,202	201,422,880	Pg. 7a, col. (g), Ln 2
9	Total Utility Revenue (Ln 1 + Ln 5)	210,500,563	206,643,859	Pg. 14, Ln 1
10	Less: Total Prior Year Unbilled Revenue (Ln 2 + Ln 6)	17,999,894	18,759,533	Pg. 13 (a), Ln 11 prior year
11	Add: Total Current Year Unbilled Revenue (Ln 3 + Ln 7)	18,759,533	13,538,554	
12	Total Gross Utility Operating Revenue	211,260,202	201,422,880	

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**RECONCILIATION OF GROSS REVENUE TAX**

Instructions: This schedule is to reconcile the amounts shown in the accompanying Annual Report with the amounts shown on the Amended/Annual Gross Revenues Tax Return.

Line No.	(a)	As Shown on Amended Gross Revenue Tax Return (b)	As Shown on Annual Report (c)	Page & Line Where Amount in Column (c) can be Found in the Annual Report (d)
1	1) a. Actual Gross Operating Revenues as shown in Annual Report	206,643,859	206,643,859	Page 13 (A), Line 5 and Line 9
2	b. Less Interstate Revenue			
3	c. Gross Revenue Applicable to Illinois (line 1 minus line 3)	206,643,859	206,643,859	Page 13 (A), Line 5 and Line 9
4	DEDUCT:			
5	2) a. Revenues from Sale to Utilities for Resale			
6	b. Uncollectible Accounts (if accrual accounting used)	1,090,221	1,090,221	
7	c. Other Deductions (if amounts are included in line 1 c. above)			
8	Account Description	Account Number		
9	Enterprise		381,681	381,681
10	Misc Services Revenues	488		
11	Other Gas Revenue	495	1,832,903	1,832,903
12				
13				
14				
15				
16	Total Deductions (line 5 thru line 15)	3,304,805	3,304,805	
17	Taxable Illinois Gross Revenues (line 3 minus line 16)	203,339,054	203,339,054	

NOTE: Balance in column (b) should equal balance in column (c). In the event that the amount in Column (c) does not equal the amount in Column (b) or if the amount in Column (c) cannot be found in the Annual Report, please provide a schedule reconciling the discrepancy or documentation to support the amount.

A utility filing its Public Utility Fund Gross Revenue Return using the "receipts" method must provide a reconciliation between the amounts used for revenues and deductions on the Gross Revenue Return and the amounts in the Annual Report.

If these amounts cannot be reconciled, provide the necessary documentation to fulfill the requirements of Subsection 2-202(d)(1) of the Public Utilities Act to the Commission's Manager of Accounting Department. The necessary documentation can consist of a detailed analysis of actual billed revenue to the receipts collected. Supporting work papers should include the cash receipts journal showing the receipts collected. Also, provide documentation supporting the deductions.



Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**SPECIAL FUNDS (Accounts 125, 126, 127, 128)**

Instructions:

1. Report below the balance at the end of year of each special fund maintained during the year. Identify each fund as to account in which included.
2. Indicate nature of any fund included in Account 128 Other Special Funds.
3. If the trustee of any fund is an associated company, give name of such associated company.
4. If assets other than cash comprise any fund, furnish a list of the securities or other assets, giving interest or dividend rate of each, cost to respondent, number of shares or principal amount, and book cost at end of year.

Line No.	Name of Fund and Trustee, if any (a)	Balance End of Year (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	None

**SPECIAL DEPOSITS (Accounts 132, 133, 134)**

Instructions:

1. Report below the amount of special deposits by classes at end of year.
2. If any deposit consists of assets other than cash, give a brief description of such assets.
3. If any deposit is held by an associated company, give name of company.

Line No.	Description and Purpose of Deposit (a)	Balance End of Year (b)
1	Workers Compensation (Account 134)	82,407
2	Margin Account with Broker (Account 134)	5,022
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	87,429

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**NOTES RECEIVABLE (Account 141)**

Instructions:

1. Give the particulars called for below concerning notes receivable at end of year.
2. Give particulars of any note pledged or discounted.
3. Minor items may be grouped by classes, showing number of such items.
4. Designate any note the maker of which is a director, officer or other employee.

Line No.	Name of Maker and Purpose for Which Received	Date of Issue	Date of Maturity	Interest Rate %	Balance at End of Year
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15	TOTAL				None

**OTHER ACCOUNTS RECEIVABLE (Account 143)**

Instructions:

1. Give the particulars called for below concerning other accounts receivable at end of year.
2. Designate any account in excess of \$10,000 that is more than 1 year old.

Line No.	Description	Balance at End of Year
1		
2		
3		
4		
5		
6		
7		
8	Miscellaneous (group and describe by classes):	
9	Accounts Receivable - Off-System Gas Sales	2,663,352
10	Accounts Receivable - Medicare Part D Subsidy	89,905
11	Accounts Receivable - Tennessee Gas Pipeline Refund - FERC Ordered	4,668
12		
13		
14		
15		
16		
17		
18		
19	TOTAL	2,757,925

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**RECEIVABLE FROM ASSOCIATED COMPANIES (Accounts 145, 146)**

Instructions:

1. Report particulars of notes and accounts receivable from associated companies at end of year.
2. Provide separate headings and totals for Accounts 145 Notes Receivable from Associated Companies, and 146 Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.
3. For notes receivable list each note separately and show in column (a) date of note and date of maturity.
4. If any note was received in satisfaction of an open account, state the period covered by such open account.
5. Include in column (d) interest recorded as income during the year, including interest on accounts and notes held any time during the year.
6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.

Line No.	Name of Company (a)	Balance at End of Year (b)	Interest for Year	
			Rate % (c)	Amount (d)
1				
2	Account 145 - Notes Receivable from Associated Companies			
3	The Peoples Gas Light and Coke Company	-	Various	215
4				
5				
6	Account 146 - Accounts Receivable from Associated Companies			
7	Peoples Energy, LLC	294		None
8	The Peoples Gas Light and Coke Company	20,971		None
9	Peoples Energy Home Services, LLC	1,780		None
10	Integrays Business Support, LLC	2,154		None
11				
12				
13				
14				
15	Total	25,199		None
16				
17				
18				
19				
20				
21				
22				
23				
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25				
26				
27				
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32				
33				
34				

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**MISCELLANEOUS CURRENT AND ACCRUED ASSETS (Account 174)**

Instructions: Give description and amount of miscellaneous current and accrued assets as of end of year.  
Minor items may be grouped by classes, showing number of such items.

Line No.	DESCRIPTION	AMOUNT
1		
2	Rider 2	682,185
3	Monthly Volume Balancing Adjustment Estimated Receivable from Customers	680,966
4	Annual Volume Balancing Adjustment Estimated Receivable from Customers	351,248
5	Enhanced Efficiency Program Reconciliation	368
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31	Total	1,714,767

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**MATERIALS AND SUPPLIES**

Instructions:

- For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments that use the class of material.
- Explain important inventory adjustments during the year (on a supplemental page) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected - debited or credited. Show separately debits or credits to stores expense-clearing, if possible

Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department Which Used Material (d)
1	Fuel Stock (Account 151)	832,854	829,226	Gas
2	Fuel Stock Expenses Undistributed (Account 152)			
3	Residuals and Extracted Products (Account 153)			
4	Plant Materials and Operating Supplies (Account 154)			
5	Assigned to - Construction (Estimated)	175,588	700,924	Gas
6	Assigned to - Operations and Maintenance			Gas
7	Production Plant (Estimated)			
8	Transmission Plant (Estimated)			
9	Distribution Plant (Estimated )	308,071	53,100	Gas
10	Assigned to - Other	447,528	307,981	Gas
11	TOTAL Account 154 (enter total of lines 5 thru 10)	931,187	1,062,005	
12	Merchandise (Account 155)			
13	Other Materials and Supplies (Account 156)			
14	Nuclear Materials Held for Sale (Acct. 157) (Not applicable to Gas util.)			
15	Stores Expense Undistributed (Account 163)	223,801	193,057	Gas
16				
17				
18				
19				
20	TOTAL Materials and Supplies (Per Balance Sheet)	1,987,842	2,084,288	

Name of Respondent NORTH SHORE GAS COMPANY		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011	
<b>NOTES PAYABLE (Account 231)</b>					
Instructions: 1. Report the particulars indicated concerning notes payable at end of year. 2. Give particulars of collateral pledged, if any. 3. Any demand notes should be designated as such in column (c).					
Line No.	Payee (a)	Purpose for Which Issued (b)	Date of Note (c)	Interest Rate % (d)	Balance End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19	Total				None

<b>PAYABLES TO ASSOCIATED COMPANIES (Accounts 233, 234)</b>					
Instructions: 1. Report particulars of notes and accounts to associated companies at end of year. 2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies, in addition to total for the combined accounts. 3. List each note separately and state the purpose for which issued. Show also in column (a) date of note and maturity. 4. Include in column (e) the amount of any interest expense during the year on notes or accounts that were paid before the end of year.					
Line No.	Name of Company (a)	Commission Authorization (b)	Balance End of Year (c)	Interest for Year	
				Rate % (d)	Amount (e)
1	Account 233 - Notes Payable to Associated Companies				
2	Peoples Energy, LLC (1)		-	Various	552
3	The Peoples Gas Light and Coke Company (1)		8,900,000	Various	5,123
4	Integrays Energy Group, Inc.		-	Various	107,103
5	Total		8,900,000		112,778
6					
7	Account 234 - Accounts Payable to Associated Companies				
8	Integrays Business Support, LLC		2,419,891		None
9	Integrays Energy Services, Inc.		701,404		None
10	The Peoples Gas Light and Coke Company		507,368		None
11	Integrays Energy Group, Inc.		39,081		None
12	Peoples Energy Home Services, LLC		9,390		None
13	Wisconsin Public Service Corporation		8,410		None
14	Minnesota Energy Resources Corporation		1,875		None
15	Michigan Gas Utilities Corporation		1,187		None
16					
17					
18					
19	Total		3,688,606		None
20					

Note: (1) North Shore Gas Company has or had notes with Peoples Energy, LLC and The Peoples Gas Light and Coke Company that require North Shore Gas Company to pay interest monthly. The interest is calculated by applying commercial paper rates to the outstanding balance. These arrangements were approved in Dockets 02-0822/04-0603 (Peoples Energy, LLC) and 04-0602 (The Peoples Gas Light and Coke Company).

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**LONG TERM DEBT (Accounts 221, 222, 223 and 224)**

Instructions:

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221- Bonds, 222- Reacquired Bonds, 223- Advances from Associated Companies, and 224- Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) name of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.
5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amounts, and (c) principal repaid during year. Give commission authorization numbers and dates.

Line No.	Class and Series of Obligation, Coupon Rate (a)	Principal Amount of Debit Issued (b)	Nominal Date of Issue (c)	Date of Maturity (d)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (e)
1	Account 221 - Bonds				
2					
3	Series M, 5.000%	30,035,000	12-18-98	12-01-28	28,150,000
4	Series N-2, 4.625%	40,000,000	04-29-03	05-01-13	40,000,000
5	Series O, 7.000%	6,500,000	11-03-08	11-01-13	6,500,000
6					
7					
8	Account 222 - Reacquired Bonds				None
9					
10	Account 223 - Advances from Associated Companies				None
11					
12	Account 224 - Other Long-Term Debt				None
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38	<b>TOTAL</b>				74,650,000

Notes: (1) Not redeemable except in extraordinary circumstances.  
(2) Callable at the greater of 100% of principal or the present value of the remaining payments, plus accrued interest, plus 50 basis points.

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**LONG TERM DEBT (Accounts 221, 222, 223 and 224)**

Instructions:

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligation retired or reacquired before end of year, include interest expense in column (g). Explain in a footnote any difference between the total of column (g) and the total Account 427, Interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies

9. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

10. In column (b) show the principal amount of bonds or other long-term debt originally issued.

11. In column (i) provide redemption price in % or per \$100 of face amount outstanding. If the respondent has provided information required in column (i) in a document filed pursuant to Article 6 of the Illinois Public Utilities Act, respondent may reference that document in a footnote in lieu of providing the information here.

INTEREST FOR YEAR	HELD BY RESPONDENT		Redemption Price	Line No.
Amount (f)	Reacquired Bonds (Acct. 222) (g)	Sinking and Other Funds (h)	at End of Year (i)	
				1
				2
1,415,979			100	3
1,850,000			(1)	4
455,000			(2)	5
				6
				7
				8
				9
				10
				11
				12
				13
				14
				15
				16
				17
				18
				19
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				27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
3,720,979	None	None		38

Name of Respondent		Date of Report (Mo./Dai./Yr.)		Year of Report	
NORTH SHORE GAS COMPANY		Dec. 31, 2011			

**UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)**

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.  
 2. In column (e) show the principal amount of bonds or other long-term debt reacquired.  
 3. In column (f) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.  
 4. Show loss amounts by enclosing the figures in parentheses.  
 5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, Amortization of Loss on Reacquired Debt, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Amortization Period		Principal of Debt Reacquired (e)	Net Gain or Net Loss (f)	Balance at Beginning of Year (g)	Debits During Year (h)	Credits During Year (i)	Balance at End of Year (j)
			Date From (c)	Date To (d)						
1	Account 189 - Unamortized Loss on									
2	Reacquired Debt First and Refunding									
3	Mortgage Bonds									
4										
5	Series J, 8.000%		11-01-90	12-01-20			530,611	53,960	476,651	
6	Series K, 6.375%		10-29-92	12-1-28			1,022,117	57,049	965,068	
7	Series M, 5.000%		12-18-98	12-01-28			40,868	5,055	2,306	43,617
8										
9							1,593,596	5,055	113,315	1,485,336
10								(1)		
11										
12	Account 257 - Unamortized Gain on									
13	Reacquired Debt First Mortgage Bonds									
14										
15										
16										
17										None
18	(1) Includes \$5,055 transferred from Account 181									
19	due to reacquisition of debt from death put.									
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**DISCOUNT ON COMMON STOCK AND PREFERRED STOCK ISSUANCES  
(Accounts 201 through 204 and 207)**

1. Identify the amount of discount or expense, including underwriting discounts, recorded in account 214, Capital Stock Expense, that has accumulated since December 31, 1993. Amounts recorded before December 31, 1993 may also be included.

Line No.	Account Title (a)	Amount of Discount (b)	Amount Recovered through Rates (c)
1	Account 201, Common Stock Issued	None	None
2	Account 202, Common Stock Subscribed	None	None
3	Account 203, Common Stock Liability for Conversion	None	None
4	Account 204, Preferred Stock Issued	None	None
5	Account 207, Premium on Capital Stock	None	None
6	Total	None	None

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**UNAMORTIZED DEBT EXPENSE, PREMIUM & DISCOUNT ON LONG-TERM DEBT**  
**(Accounts 181, 225, 226)**

Instructions:

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.
2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long-term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expenses, Premium or Discount (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	Account 181 - Unamortized Debt Expense				
2					
3	First Mortgage Bonds				
4					
5	Series M, 5.00%	28,150,000	1,417,580	12-18-98	12-01-28
6	Series N-2, 4.625%	40,000,000	419,899	04-29-03	05-01-13
7	Series O, 7.00%	6,500,000	154,230	11-03-08	11-01-13
8					
9					
10					
11					
12	Account 225 - Unamortized Premium on				
13	Long-Term Debt				
14					
15					
16	Account 226 - Unamortized Discount on				
17	Long-Term Debt				
18					
19	First Mortgage Bonds				
20					
21	Series N-2, 4.625%	40,000,000	32,000	04-29-03	05-01-13
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44	Total				

Note:

(1) Does not include \$37,783 for Series N Hedge Loss charged to Account 428. Includes \$5,055 credit due to death put reduction that is not charged to Account 428.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**UNAMORTIZED DEBT EXPENSE, PREMIUM & DISCOUNT ON LONG-TERM DEBT**  
**(Accounts 181, 225, 226) (continued)**

Instructions:

5. Furnish in a footnote particulars (details) regarding the treatment of Unamortized debt expenses, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.
6. Identify separately undisposed amounts applicable to issues that were redeemed in prior years.
7. Explain any debits and credits other than amortization debited to Account 428- Amortization of Debt Discount and Expenses, or credited to Account 429 - Amortization of Premium on Debt - Credit.

Balance at Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance at End of Year (i)	Line No.
				1
				2
				3
				4
	815,805	50,562	765,243	5
	98,815	42,349	56,466	6
	87,789	30,985	56,804	7
				8
	1,002,409	-	123,896	9
				10
				11
				12
	None		None	13
				14
				15
				16
				17
				18
				19
				20
	7,471	3,202	4,269	21
	7,471	3,202	4,269	22
				23
				24
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				29
				30
				31
				32
				33
				34
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				43
	1,009,880	-	127,098 (1)	44
				44

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**SECURITIES ISSUED OR ASSUMED AND  
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.
2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to the securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for the amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunding securities clearly earmarked.

See Supplemental Sheet

Name of Respondent		This Report is:		Date of Report	Year of Report	
NORTH SHORE GAS COMPANY		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	Dec. 31, 2011	
SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR						
Line No.	Description (a)	Principal Amounts Issued/(Retired) (b)	Issuance/Redemption Price (c)	Gross Discount or Premium On Redemption (d)	Issuance/Redemption Expenses (e)	Debt Discount (f)
1	<u>First and Refunding Mortgage Bonds:</u>					
2						
3						
4	Series M, 5.00%	(185,000)	100.00			
5						
6						
7						
8	Total	(185,000)				
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23	Note: Nominal dates of issue for bonds appear on page 22					
24						
25						
26						

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**INVESTMENTS (Accounts 123, 124, 136)**

Instructions:

1. Report below investments in Accounts 123- Investments in Associated Companies, 124- Other Investments, and 136-Temporary Cash Investments.

2. Provide a subheading for each account and list there under the information called for:

(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity and interest rate. For capital stock (including capital stock of respondent) reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124- Other Investments, state number of shares, classes, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136- Temporary Cash Investments, also may be grouped by classes.

(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or open account.

Line No.	Description of Investment (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b)	Purchases or Additions During Year (c)
1			
2	Account 123 - Investment in Associated Companies	None	None
3			
4	Account 124 - Other Investments		
5	Deferred Compensation and Supplemental		
6	Benefit Trust	21,681	None
7			
8	Account 136 - Temporary Cash Investments	9	240,664,677
9			
10			
11			
12			
13			
14			
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**INVESTMENTS (Accounts 123, 124, 136) (continued)**

Instructions:

Each note should be listed giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229, of FERC Form 1.

- For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes or accounts and in a footnote state the name of pledges and purpose of the pledge.
- If Commission approval was required for any advance made or security acquired designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
- Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
- In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.) (f)	Revenues for year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
None	None	None	None	None	1
					2
					3
					4
					5
21,681	None	-	None	None	6
					7
240,664,676	None	10	9,146	None	8
					9
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS**

Instructions:

- Report in this schedule the revenues and expenses with respect to: Income from Nonutility Operations (Account 417), Expenses of Nonutility Operations (Account 417.1), Nonoperating Rental Income (Account 418), Equity Earnings in Subsidiary Companies (Account 418.1), Interest and Dividend Income (Account 419), Allowances for Other Funds Used During Construction (Account 419.1), Miscellaneous Nonoperating Income (Account 421), and Gains on Disposition of Property (Account 421.1).
- Give the basis of any important segregation of income and expense between utility and Nonutility operations.
- Minor items may be grouped by classes, show number of items.

Line No.	Item (a)	Amount (b)
1	Account 417 - Revenues from Nonutility Operations	None
2		
3	Account 417.1 - Expenses of Nonutility Operations	None
4		
5	Account 418 - Nonoperating Rental Income	None
6		
7	Account 418.1 - Equity in Earnings of Subsidiary Companies	None
8		
9	Account 419 - Interest and Dividend Income	
10	Carrying Charges Related to Investigation & Removal of Manufactured Gas Residues	133,671
11	Commercial Paper and Other Short-Term Investments	9,146
12	Other (3 items)	1,129
13	Total	143,946
14		
15	Account 419.1 - Allowance for Other Funds Used During Construction	None
16		
17	Account 421 - Miscellaneous Nonoperating Income	39,444
18		
19	Account 421.1 - Gain on disposition of Property (1)	(6,844)
20		
21		
22		
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(1) Amount inadvertently recorded in Account 421.1. Will be corrected to the appropriate account in 2012.

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NORTH SHORE GAS COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Dec. 31, 2011

**EMPLOYEE DATA**

Instructions:

- The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
- If the respondent's payroll for the reported period include any special construction forces, include such employees as part-time and temporary employees and show the number of such special construction employees so included.
- The number of employees assignable to each department from joint functions of combination utilities may be determined by estimate, based on employee equivalents. Show the estimated number of equivalent employees attributed to each department from joint functions.
- If respondent furnishes two or more kinds of utility service, general officers, executive and other employees not assignable to any particular department are to be reported in column (h). No employee is to be included more than once.

Classification (a)	Electric (b)	Gas (c)	Water (d)	Heating (e)	(f)	(g)	Common (h)	Total (i)
Number of employees as of payroll period ended 12/24/2011								
TOTAL regular full-time employees		159						159
TOTAL part-time & temporary employees		1						1
Total Employees		160						160

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**CHARGES FOR OUTSIDE, PROFESSIONAL AND OTHER CONSULTATIVE SERVICES**

Instructions:

1. Report the information specified below for all changes made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnerships organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$50,000 for utilities with operating revenues of \$25,000,000 or less and more than \$250,000 for utilities with operating revenues of more than \$25,000,000, including payments for legislative services, except those which should be reported in Account 425.4 Expenditure for Certain Civic, Political and Related Activities.

- (a) Name and Address of person or organization rendering services.
- (b) Description of services received during year and project or case to which services relate.
- (c) Basis of charges.
- (d) Total charges for the year, detailing utility department and account charged.

2. For any services that are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.

3. Designate with an asterisk associated companies.

Line No.	Item (a)	Amount (b)
1		
2	See Supplemental Sheet	
3		
4		
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NORTH SHORE GAS COMPANY  
ANNUAL REPORT TO THE ILLINOIS COMMERCE COMMISSION - 2011  
CHARGES FOR OUTSIDE PROFESSIONAL AND  
OTHER CONSULTATIVE SERVICES

Description of Service (1)	Account Charged	Amount (2)
<u>Accounting</u>		
Deloitte & Touche LLP 111 S. Wacker Drive Chicago, IL 60606	182.3, 923	\$ 474,010
<u>Legal</u>		
Foley & Lardner LLP 777 East Wisconsin Avenue Milwaukee, WI 53202	181, 182.3, 923	521,816
Rooney Rippie & Ratnaswamy LLP Kingsbury Center - Suite 430 350 W. Hubbard Street Chicago, IL 60654	182.3, 923	310,647
<u>Engineering</u>		
Burns & McDonnell 1431 Opus Pl. Suite 400 Downers Grove, IL 60515	182.3	2,608,166
Layne Christensen Company 9317 Paysphere Circle Chicago, IL 60674	182.3	293,644
<u>Other</u>		
Various (3)	Various	1,531,435
<u>General</u>		
The Peoples Gas Light and Coke Company 130 East Randolph Street Chicago, Illinois 60601	Various	1,968,120 (4)
Integrays Business Support, LLC 130 East Randolph Street Chicago, Illinois 60601	Various	8,361,180 (4)
	TOTAL	<u>\$ 16,069,018</u>

Notes: (1) All charges apply to the gas utility.

(2) Basis of charges: Fees and Expenses.

(3) Multiple vendors but no one vendor exceeds \$250,000.

(4) Integrays Energy Group, Inc. and its utilities, including Peoples Gas and North Shore, are parties to an Affiliated Interest Agreement dated March 1, 2007, approved by the Commission in Docket 06-0540. Billing for services rendered by associated companies are designed to make the company rendering the services whole for all costs and expenses relating to the performance of said services. Services between and among Peoples Energy, LLC ("PELLC") and its wholly owned subsidiaries are rendered in accordance with a Services and Transfers Agreement dated and effective February 7, 2007, as approved by the Commission in Docket 06-0540. Integrays Business Support, LLC provides services to all Integrays Energy Group, Inc. utility subsidiaries under an agreement approved by the Commission in Docket 07-0361.

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**COMMON UTILITY PLANT AND EXPENSES**

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also, show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give the date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

None

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**NONUTILITY PROPERTY (Account 121)**

1. Give a brief description and state the location of Nonutility property included in Account 121.
2. Designate with an asterisk any property that is leased to another company. State name of lessee and whether lessee is an associated
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property. These items are separate and distinct from those allowed to be grouped under Instruction No. 5.
5. Minor items (5% of the Balance at the End of the Year, for Account 121) may be grouped.
6. Natural gas companies which have oil property should report such property by State, classified as to (a) oil lands and land rights, (b) oil wells, and (c) other oil property. Gasoline plants and other plants for the recovery of products from natural gas are classifiable as gas plant and should be reported as such and not shown as Nonutility Property.

Line No.	Description & Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1	None			
2				
3				
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**ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)**

Line No.	Item (a)	Amount (b)
1	Balance, Beginning of Year	None
2	Accruals for Year, Charged to	
3	(417) Income from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	None
8	Net Charges for Plant Retired	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	None
13	Other Debit or Credit Items (Describe)	
14		
15	Balance, End of Year (Enter Total of lines 1, 7, 12 and 14)	None

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)**

Instructions:

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
- For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited To Account 410.1 (c)	Amounts Credited To Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other			
6				
7				
8	TOTAL Electric (Enter total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other			
13				
14				
15	TOTAL Gas (Enter total of lines 10 thru 14)			
16	Other (Specify)			
17	TOTAL (Acct. 281) (total of 8, 15 and 16)	None		
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

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**ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY**  
**(Account 281) (continued)**

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
		DEBITS		CREDITS			
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Account Debited (g)	Amount (h)	Account Credited (i)	Amount (j)		
							1
							2
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						None	16
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							21

NOTES (continued):

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE**

Instructions:

- For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.
- Show below the computation of allowances for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.
- Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effect.

Notes: (1) See page 44-1 Supplemental Sheet - for general description of construction overheads.  
(2) An allowance for funds used during construction (AFUDC) was not recorded during the calendar year 2011.

**COMPUTATION OF ALLOWANCES FOR FUNDS USED DURING CONSTRUCTION RATES**

- For line 1(5), column (d) below, enter the rate granted in the last rate proceeding. If such is not available, use the average rate earned during the preceding three years.
- Identify, in a footnote, the specific entity used as the source for the capital structure figures.
- Indicate, in a footnote, if the reported rate of return is one that has been approved in a rate case, black-box settlement rate, or an actual three-year average rate.

1. Components of Formula (Derived from actual book balances and actual cost rates):

Line No.	Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
1	Average Short-Term Debt	S		
2	Short Term Interest			s
3	Long-Term Debt	D		d
4	Preferred Stock	P		p
5	Common Equity	C		c
6	Total Capitalization			
7	Average Construction Work in Progress Balance	W		

2. Gross Rates for Borrowed Funds =  $s \left( \frac{S}{W} \right) + d \left( \frac{D}{D + P + C} \right) \left( 1 - \frac{S}{W} \right)$

3. Rate for Other Funds =  $\left[ 1 - \frac{S}{W} \right] \left[ p \left( \frac{P}{D + P + C} \right) + c \left( \frac{C}{D + P + C} \right) \right]$

4. Weighted Average Rate Actually Used for the Year:  
a. Rate for Borrowed Funds -  
b. Rate for Other Funds -

NORTH SHORE GAS COMPANY  
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GENERAL DESCRIPTION OF CONSTRUCTION OVERHEADS

Internal Design, Engineering, and Supervision

The company capitalizes salaries and expenses of supervisory, engineering and clerical personnel involved with the construction and retirement of gas mains, gas services, and the installation and removal of customer meters and house regulators. Costs include design and engineering services as well as supervising, directing, and controlling activities of field employees engaged in the construction and retirement activities. Each month, the amounts are allocated to gas mains, gas services, meter installation, and retirement projects based on direct union labor charged to those projects.

External Design, Engineering, and Supervision

The company capitalizes external costs incurred for the design, engineering and consulting services involved with the construction and retirement of gas mains, gas services and the installation and removal of customers' meters and house regulators. Each month, the amounts are allocated to gas mains, gas services, meter installation, and retirement projects based on direct union labor charged to those projects.

Self-Constructed Property Costs

The Company currently capitalizes certain indirect and overhead costs related to self-constructed assets, which the Tax Reform Act of 1986 requires to be capitalized for tax return purposes. Cost elements may include space rental, utilities, insurance, real estate taxes, depreciation, and other general and administrative costs. The amount allocated to individual construction projects is based on the actual labor amounts recorded on eligible projects.

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**CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION PREMIUM ON CAPITAL AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202 and 205, 203 and 206, 207, 212)**

For utilities with gas and electric operations who file this page in FERC Form 1, this page is optional.

Please note on page, "See FERC Form 1".

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	Number of shares (b)	Amount (c)
1			
2	207 - Deferred Compensation Stock Option Tax Effect		None
3			
4			
5			
6			
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29			
30	Total		None

Name of Respondent	This Report Is:	Date of Report	Year of Report
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**DISCOUNT ON CAPITAL STOCK (Account 213)**

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.  
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
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4		
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9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21	Total	None

**CAPITAL STOCK EXPENSE (Account 214)**

1. Report the balance at end of the year of capital stock expense for each class and series of capital stock.  
 2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the amount charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
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15		
16		
17		
18		
19		
20		
21	Total	None

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**Transactions with Associated (Affiliated) Companies**

1. This page shall be completed for calendar years beginning January 1, 2009 and following.
2. Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies amounting to more than \$50,000 for utilities with operating revenues of \$25,000,000 or less and more than \$250,000 for utilities with operating revenues of more than \$25,000,000.
3. Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote the basis of the allocation.
4. Provide for each line item, the regulatory citation where authorization for the affiliate transaction has been granted (e.g. Docket Number, legislation).

Line No.	Description of the Good or Service (a)	Name of Associated/ Affiliated Company (b)	Account(s) Charged or Credited (c)	Amount Charged or Credited (d)	Regulatory Authority (e)	Method of Determining Charges (f)
1	Non-power Goods or Services Provided by Affiliated Company to Respondent					
2						
3		Integrus Business Support, LLC	Various	19,599,320	Docket 07-0361	(1)
4		The Peoples Gas Light and Coke Company	Various	3,942,748	Docket 06-0540	(1)
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19	Total			23,542,068		
20	Non-power Goods or Services Provided by Respondent to an Affiliated Company					
21						
22	None					
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
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36						
37						
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39						
40						
41						
42						
43						
44						
45						
46						
47	Total			-		

(1) Services and billing method as defined in affiliated interest agreement approved in noted docket.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**Accumulated Provisions For Uncollectible Accounts Receivable**

1. This page is required for utilities that have implemented an automatic adjustment clause tariff for uncollectibles under Sections 16-111.8 or 19-145 of the Public Utilities Act.
2. Report below the specified information called for in this schedule. Electric and gas information shall be separately reported.
3. In the comments section, provide an explanation or calculation of how the Illinois-jurisdictional amounts are derived.
4. If the Accumulated Provision for Uncollectible Accounts Receivable is not used to record the Write-offs (Col. D) and Recoveries (Col. E), so state and provide the relevant Write-off and Recoveries data by ICC Account.
5. The information may be reported in more detail if direct cost data is available.

No. Line	Description (a)	Balance at Beginning of Year (b)	Reserve Accrual (c)	Write-offs (d)	Recoveries (e)	Adjustments (f)	Balance at End of Year (g)
1	Total Electric						
2	Total Gas	1,083,329	1,502,702	(1,372,434)	508,967	(315,000)	1,407,564

Explanation of how Illinois-jurisdictional amounts are derived:

The reserve accrual is calculated by multiplying applicable revenues times the bad debt accrual rate (0.7%). Since revenues are booked net of taxes, an additional accrual to the reserve is calculated by multiplying the billed taxes times the bad debt accrual rate.

Write-offs and recoveries are based on actual activity reflected in the Company's customer information system.

Adjustments are recorded based on an analysis of customer account balances, collection experience and other relevant information.

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<b>GENERAL INFORMATION</b>			
<p>1. Provide name and title of officer having custody of the general corporate books of account and addresses of office where the general corporate books are kept, and addresses of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Joseph P. O'Leary - Senior Vice President and Chief Financial Officer 130 E. Randolph Street Chicago, IL 60601</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date.</p> <p>Illinois October 7, 1963</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>Not Applicable</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>Natural Gas</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) Yes. Enter the date when such independent accountant was initially engaged: _____</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**CONTROL OVER RESPONDENT**

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

As of December 31, 2011, Peoples Energy, LLC owned all of the outstanding common stock of Respondent. Integrys Energy Group, Inc. owned 100% of the outstanding membership interests of Peoples Energy, LLC.



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OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$150,000 or more. An "executive officer" or a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.
2. If a change was made during the year in the incumbent of any position, show name of the previous incumbent, and date the change in incumbency was made.
3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Title (A)	Name of Officer (b)	Salary (C)
<b>This data is included in filed copies only.</b>		

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
<b>DIRECTORS</b>			
1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.			
2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.			
Name and Title of Director (a)	Principal Business Address (b)	No. of Directors Meetings During Yr. (c)	Fees During Year (d)
Charles A. Schrock <sup>1</sup> Director	130 East Randolph Street, Chicago, IL 60601	4	None
Lawrence T. Borgard <sup>2</sup> Chairman of the Board and Chief Executive Officer	700 North Adams, P. O. Box 19001, Green Bay, WI 54307-9001	4	None
Willard S. Evans, Jr. President	130 East Randolph Street, Chicago, IL 60601	4	None
William D. Laakso Director	700 North Adams, P. O. Box 19001, Green Bay, WI 54307-9001	4	None
Phillip M. Mikulsky Director	700 North Adams, P. O. Box 19001, Green Bay, WI 54307-9001	4	None
Joseph P. O'Leary Senior Vice President and Chief Financial Officer	130 East Randolph Street, Chicago, IL 60601	4	None
Mark A Radtke <sup>3</sup> Director	700 North Adams, P. O. Box 19001, Green Bay, WI 54307-9001	2	None
James F. Schott Vice President - External Affairs	700 North Adams, P. O. Box 19001, Green Bay, WI 54307-9001	4	None

\* Respondent does not have an Executive Committee

<sup>1</sup> Charles A. Schrock stepped down as Chairman of the Board effective May 10, 2011

<sup>2</sup> Lawrence T. Borgard was appointed as Chairman of the Board effective May 10, 2011

<sup>3</sup> Mark A. Radtke was appointed as a Director of the company effective May 10, 2011

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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**SECURITY HOLDERS AND VOTING POWERS**

Instructions:

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.) duration of trust, and principal holds of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.
2. If any security other than stock carriers voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.
3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.
4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing.  Respondent does not close its stock book.	2. State the total number of votes cast at the latest general meeting prior to the end of the year for election of directors of the respondent and number of such votes cast by proxy  Total: 3,625,887  By Proxy: 0	3. Give the date and place of such meeting:  May 11, 2011 130 E. Randolph Street Chicago, IL 60601
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Line No.	Name (Title) & Address of Security Holder (a)	VOTING SECURITIES			
		Number of votes as of (date):			
		Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
4	TOTAL votes of all voting securities	3,625,887	3,625,887		
5	TOTAL number of security holders	1	1		
6	TOTAL votes of security holders listed below	3,625,887	3,625,887		
7					
8	Peoples Energy, LLC				
9	130 E. Randolph Street, Chicago, IL 60601				
10					
11	Meeting conducted by unanimous consent of the sole shareholder on May 11, 2011.				
12					
13	Directors were elected May 10, 2011, via unanimous consent of the sole shareholder in lieu of an annual meeting.				
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**SECURITY HOLDERS AND VOTING POWERS (con't)**

Line No.	Name (Title) & Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**IMPORTANT CHANGES DURING THE YEAR**

Instructions:

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none" or "not applicable" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise right: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state the fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give name of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and references to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: state territory added or relinquished and date operations began or ceased and give reference to such authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transaction of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instructions 1 to 11 above, such notes may be attached to this page.

1. None
2. None
3. None
4. None
5. None
6. None
7. None
8. None
9. None
10. None
11. None
12. None



Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Instructions:				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106 and 114)	200-201	416,408,722	421,829,715
3	Construction Work in Progress (107)	200-201	1,109,101	2,060,446
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		417,517,823	423,890,161
5	(Less) Accum. Prov. For Depr. Amort. Depl. (108, 111 and 115)	200-201	166,779,441	173,372,611
6	Net Utility Plant (Enter Total of line 4 less 5)		250,738,382	250,517,550
7	Nuclear Fuel (120.1-120.4 and 120.6)			
8	(Less) Accum. Prov. For Amort. Of Nucl. Fuel Assembl. (120.5)			
9	Net Nuclear Fuel (Enter total of line 7 less line 8)			
10	Net Utility Plant (Enter total of lines 6 less 9)		250,738,382	250,517,550
11	Utility Plant Adjustments (116)	122-123		
12	Gas Stored Underground-Noncurrent (117)	220	531,899	531,899
13	<b>OTHER PROPERTY AND INVESTMENTS</b>			
14	Nonutility Property (121)	41		
15	(Less) Accum. Prov. For Depr. And Amort. (122)	41		
16	Investments in Associated Companies (123)	222-223		
17	Investment in Subsidiary Companies (123.1)	224-225		
18	(For Cost of Account 123.1, see footnote page 224, line 42)			
19	Noncurrent Portion of Allowances			
20	Other Investments (124)	222-223	21,681	-
21	Special Funds (125-128)	16		
22	TOTAL Other Property and Investments (Total of lines 14-17 and 19-21)		21,681	-
23	<b>CURRENT AND ACCRUED ASSETS</b>			
24	Cash (131)		38,553	341,858
25	Special Deposits (132-134)	16	123,495	87,429
26	Working Funds (135)			
27	Temporary Cash Investments (136)	222-223	9	10
28	Notes Receivable (141)	17		
29	Customer Accounts Receivable (142)		18,765,270	16,555,242
30	Other Accounts Receivable (143)	17	246,009	2,757,925
31	(Less) Accum. Prov. For Uncollectibles Acct.-Credit (144)		1,083,329	1,407,564
32	Notes Receivable from Associated Companies (145)	18		
33	Accounts Receivable from Assoc. Companies (146)	18	1,932	25,199
34	Fuel Stock (151)	20	832,854	829,226
35	Fuel Stock Expense Undistributed (152)	20		
36	Residuals (Elec.) and Extracted Products (Gas) (153)	20		
37	Plant Materials and Operating Supplies (154)	20	931,187	1,062,005
38	Merchandise (155)	20		
39	Other Materials and Operating Supplies (156)	20		
40	Nuclear Materials Held for Sale (157)	20		
41	Allowances (158.1 and 158.2)			
42	(Less) Noncurrent Portion of Allowances			
43	Stores Expenses Undistributed (163)	20	223,801	193,057
44	Gas Stored Underground-Current (164.1)	220	7,726,208	10,412,511
45	Liquefied Natural Gas Stored and Held for Processing (164.2 - 164.3)	220		
46	Prepayments (165)	230	3,678,784	341,140
47	Advances for Gas (166-167)			
48	Interest and Dividends Receivable (171)			
49	Rents Receivable (172)			
50	Accrued Utility Revenue (173)		20,369,785	14,784,467
51	Miscellaneous Current and Accrued Assets (174)	19	339,679	1,714,767

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (continued)</b>				
Instructions:				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
52	Derivative Instrument Assets (175)		614,031	1,055,025
53	Derivative Instrument Assets - Hedges (176)			
54	TOTAL Current and Accrued Assets (Enter total of lines 24 thru 53)		52,808,268	48,752,297
55	<b>DEFERRED DEBITS</b>			
56	Unamortized Debt Expense (181)	26-27	1,002,409	878,513
57	Extraordinary Property Losses (182.1)	230		
58	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
59	Other Regulatory Assets (182.3)	232	135,673,149	123,015,323
60	Prelim. Survey and Investigation Charges (Electric) (183)			
61	Prelim. Survey and Investigation Charges (Gas) (183.1, 183.2)			
62	Clearing Accounts (184)			
63	Temporary Facilities (185)			
64	Miscellaneous Deferred Debits (186)	233	63,001	31,348
65	Deferred Losses from Disposition of Utility Plant (187)			
66	Research, Development & Demonstration Expenditures (188)			
67	Unamortized Loss on Reacquired Debt (189)		1,593,596	1,485,336
68	Accumulated Deferred Income Taxes (190)	234-235	6,766,646	5,861,791
69	Unrecovered Purchased Gas Costs (191)			
70	TOTAL Deferred Debits (Enter total of lines 56 thru 69)		145,098,801	131,272,311
71	TOTAL Assets and Other Debits (Enter total of lines 10,11,12,22,54 and 70)		449,199,031	431,074,057

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)</b>				
Instructions:				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	<b>PROPRIETARY CAPITAL</b>			
2	Common Stock Issued (201)	250-251	24,756,721	24,803,360
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202 and 206)	252		
5	Stock Liability for Conversion (203 and 206)	252		
6	Premium on Capital Stock (207)	252	(345)	-
7	Other Paid in Capital (208 - 211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	25		
11	Retained Earnings (215,215.1,216)	118-119	70,377,784	70,696,655
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	122a-122b	(53,119)	(30,804)
15	TOTAL Proprietary Capital (Enter total of lines 2 thru 14)		95,081,041	95,469,211
16	<b>LONG-TERM DEBT</b>			
17	Bonds (221)	22-23	74,835,000	74,650,000
18	(Less) Reacquired Bonds (222)			
19	Advances from Associated Companies (223)			
20	Other Long-Term Debt (224)			
21	Unamortized Premium on Long-Term Debt (225)	26-27		
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	26-27	7,471	4,269
23	(Less) Current Portion of Long-Term Debt			
24	TOTAL Long-Term Debt (Enter total of lines 17 thru 23)		74,827,529	74,645,731
25	<b>OTHER NONCURRENT LIABILITIES</b>			
26	Obligations Under Capital Leases-Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated Provision for Injuries and Damages (228.2)		1,962,764	1,693,398
29	Accumulated Provision for Pensions and Benefits (228.3)		26,908,404	31,003,125
30	Accumulated Miscellaneous Operating Provisions (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Asset Retirement Obligations (230)		21,297,008	18,793,914
33	TOTAL Other Noncurrent Liabilities (Enter total of lines 26 thru 32)		50,168,176	51,490,437
34	<b>CURRENT AND ACCRUED LIABILITIES</b>			
35	Current Portion of Long-Term Debt			
36	Notes Payable (231)	21		
37	Accounts Payable (232)		19,444,882	15,834,339
38	Notes Payable to Associated Companies (233)	21	10,575,000	8,900,000
39	Accounts Payable to Associated Companies (234)	21	7,745,675	3,688,606
40	Customer Deposits (235)		2,529,647	2,378,620
41	Taxes Accrued (236)	262-263	2,504,817	5,299,961
42	Interest Accrued (237)		510,616	509,577
43	Dividends Declared (238)			
44	Matured Long Term Debt (239)			
45	Matured Interest (240)			
46	Tax Collections Payable (241)			
47	Miscellaneous Current and Accrued Liabilities (242)		16,191,353	11,409,515
48	Obligations Under Capital Leases-Current (243)			
49	Derivative Instrument Liabilities (244)		3,667,509	6,805,457
50	Derivative Instrument Liabilities - Hedges (245)			
51	TOTAL Current & Accrued Liabilities (Enter total of lines 35 thru 50)		63,169,499	54,826,075

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)**

Instructions:				
Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
52	<b>DEFERRED CREDITS</b>			
53	Customer Advances for Construction (252)		607,036	585,581
54	Accumulated Deferred Investment Tax Credits (255)		2,673,338	2,632,425
55	Deferred Gains from Disposition of Utility Plant (256)			
56	Other Deferred Credits (253)	269	93,771,468	81,292,950
57	Other Regulatory Liabilities (254)	278	3,090,046	3,726,247
58	Unamortized Gain on Reacquired Debt (257)	24		
59	Accumulated Deferred Income Taxes (281-283)	274-277	65,810,898	66,405,400
60	TOTAL Deferred Credits (Enter total of lines 53 thru 59)		165,952,786	154,642,603
61	TOTAL Liabilities and Other Credits (Enter total of lines 15,24,33,51 & 60)		449,199,031	431,074,057

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**STATEMENT OF INCOME FOR THE YEAR**

Instructions:

- Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in another utility column (i, j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
- Use page 122 for important notes regarding the statement of income or any account thereof.
- Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchase. State for each year affected, the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
- Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet and income and expense accounts.

Line No.	Account (a)	(Ref) Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
<b>1</b>	<b>UTILITY OPERATING INCOME</b>			
2	Operating Revenues (400)	300-301	201,422,880	211,260,202
3	Operating Expenses			
4	Operations Expenses (401)	320-325	165,982,171	178,009,125
5	Maintenance Expenses (402)	320-325	3,223,793	3,756,674
6	Depreciation Expenses (403)	336-338	9,507,548	9,036,768
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-338		
8	Amortization & Depletion Of Utility Plant (404-405)	336-338		
9	Amortization & Utility Plant Acq. Adj. (406)	336-338		
10	Amortiz. of Prop.Losses, Unrecovered Plant & Regulatory Study Costs (407.1)			
11	Amortization of Conversion Expenses (407.2)			
12	Regulatory Debits (407.3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other Than Income Taxes (408.1)	262-263	2,939,963	3,104,891
15	Income Taxes - Federal (409.1)	262-263	2,671,909	(3,107,399)
16	Income Taxes - Other (409.1)	262-263	1,558,671	(425,662)
17	Provision for Deferred Income Taxes (410.1)	234,274,277	45,590,087	23,876,602
18	(Less) Provision for Deferred Income Taxes - Credit (411.1)	234,274,277	44,037,630	14,569,029
19	Investment Tax Credit Adjustment - Net (411.4)		(40,914)	(47,519)
20	(Less) Gains from Disp. Of Utility Plant (411.6)			
21	Losses from Disp. Of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter total of lines 4 thru 24)		187,395,598	199,634,451
26	Net Utility Operating Income (Enter total of line 2 less 25)		14,027,282	11,625,751
27				
28	<b>OTHER INCOME AND DEDUCTIONS</b>			
29	<b>Other Income</b>			
30	Nonutility Operating Income			
31	Revenues from Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs & Expenses of Merchandising, Job & Contract Work (416)			
33	Revenues from Nonutility Operations (417)			
34	(Less) Expenses of Nonutility Operations (417.1)			
35	Nonoperating Rental Income (418)			
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
37	Interest and Dividend Income (419)		143,946	553,244
38	Allowance for Other Funds Used During Construction (419.1)			
39	Miscellaneous Nonoperating Income (421)		39,444	7,756
40	Gain on Disposition of Property (421.1)		(6,844)	-
41	TOTAL Other Income (Enter total of lines 31 thru 40)		176,546	561,000
42	<b>Other Income Deductions</b>			
43	Loss on Disposition of Property (421.1)			
44	Miscellaneous Amortization (425)	340		
45	Miscellaneous Income Deductions (426.1 - 426.5)	340	133,069	135,278
46	TOTAL Other Income Deductions (Total of lines 42 thru 45)		133,069	135,278

Name of Respondent	This Report Is:	Date of Report	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission	(Mo, Da, Yr)	Dec. 31, 2011

**STATEMENT OF INCOME FOR THE YEAR (Continued)**

Instructions:

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.
8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in this preceding year. Also give the approximate dollar effect of such changes.
9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.
10. If the columns are insufficient for reporting additional utility departments, supply the appropriated account titles, lines 2 to 25, and report the information in the blank space on page 122 or in a supplemental statement.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)	
						1
		201,422,880	211,260,202			2
						3
		165,982,171	178,009,125			4
		3,223,793	3,756,674			5
		9,507,548	9,036,768			6
						7
						8
						9
						10
						11
						12
						13
		2,939,963	3,104,891			14
		2,671,909	(3,107,399)			15
		1,558,671	(425,662)			16
		45,590,087	23,876,602			17
		44,037,630	14,569,029			18
		(40,914)	(47,519)			19
						20
						21
						22
						23
						24
		187,395,598	199,634,451			25
		14,027,282	11,625,751			26

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2011	Year of Report Dec. 31, 2011
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

Line No.	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
1						
2						
3						
4						
5						
6						
7						
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF INCOME FOR THE YEAR (continued)**

Line No.	Account (a)	Ref. Page No. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
47	<b>Taxes Applicable to Other Income and Deductions</b>			
48	Taxes Other than Income Taxes (408.2)	262-263		
49	Income Taxes - Federal (409.2)	262-263	110,648	(42,206)
50	Income Taxes - Other (409.2)	262-263	33,459	(6,880)
51	Provision for Deferred Income Taxes (410.2)	234,274-277	30,250	(2,834)
52	(Less) Provision for Deferred Income Taxes - Credit (411.2)	234,274-277	45,864	19,801
53	Investment Tax Credit Adjustment - Net (411.5)			
54	(Less) Investment Tax Credits (420)			
55	TOTAL Taxes on Other Income & Deductions (Total of 48 thru 54)		128,493	(71,721)
56	Net Other Income & Deductions (Enter total of lines 41, 46 and 55)		(85,016)	497,443
57	<b>Interest Charges</b>			
58	Interest on Long-Term Debt (427)		3,720,979	3,727,938
59	Amortization of Debt Disc. And Expense (428)	26-27	159,826	160,050
60	Amortization of Loss on Reacquired Debt (428.1)		113,315	113,091
61	(Less) Amortization of Premium on Debt - Credit (429)	26-27		
62	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)			
63	Interest on Debt to Associated Companies (430)	340	112,778	41,813
64	Other Interest Expense (431)		106,593	153,392
65	(Less) Allowance for Borrowed Funds Used During Construction -Credit (432)			
66	Net Interest Charges (Enter total of lines 58 thru 65)		4,213,491	4,196,284
67	Income Before Extraordinary Items (Enter total of lines 26, 56 and 66)		9,728,775	7,926,910
68	<b>Extraordinary Items</b>			
69	Extraordinary Income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Enter total of line 69 less line 70)			
72	Income Taxes - Federal and Other (409.3)	262-263		
73	Extraordinary Items after Taxes (Enter total of line 71 less line 72)			
74	Net Income (Enter total of lines 67 and 73)		9,728,775	7,926,910

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF RETAINED EARNINGS FOR THE YEAR**

- Instructions
- Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated, undistributed subsidiary earnings for the year.
  - Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
  - State the purpose and amount of each reservation or appropriation of retained earnings.
  - List first account 439 Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
  - Show dividends for each class and series of capital stock.
  - Show separately the State and Federal income tax effect of items in account 439, Adjustments to Retained Earnings.
  - Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
  - If any notes appearing in the report to stockholders are applicable to this statement, attach them at page 122.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
<b>UNAPPROPRIATED RETAINED EARNINGS (216)</b>			
1	Balance - Beginning of Year		70,377,784
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter total of lines 4 thru 8)		None
10	Debit:		
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter total of lines 10 thru 14)		None
16	Balance Transferred from Income (Account 433 less Account 418.1)		9,728,775
17	Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21			
22	TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 18 thru 21)		None
23	Dividends Declared - Preferred Stock (437)		
24			
25			
26			
27	TOTAL Dividends Declared - Preferred Stock (Account 437) (Total of lines 24 thru 28)		None
28	Dividends Declared - Common Stock (Account 438)		9,409,904
29			
30			
31			
32			
33			
34			
35			
36	TOTAL Dividends Declared - Common Stock (Account 438) (Total of lines 31 thru 35)		
37	Transfers from Account 216.1, Unappropriated, Undistributed, Subsidiary Earnings		
38	Balance - End of Year (Total lines 1,9,15,16,22,29,36,37)		70,696,655

Name of Respondent NORTH SHORE GAS COMPANY		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
<b>STATEMENT OF RETAINED EARNINGS FOR THE YEAR (continued)</b>				
Line No.	Item (a)	Amount (b)		
<b>APPROPRIATED RETAINED EARNINGS (215)</b>				
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.			
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)	None		
<b>APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE, FEDERAL (Account 215.1)</b>				
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.			
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)	None		
47	TOTAL Appropriated Retained Earnings (Accounts 215 and 215.1) (Enter total lines 45 and 46)	None		
48	TOTAL Retained Earnings (Accounts 215, 215.1, and 216) (Enter total of lines 38 and 47)	70,696,655		
<b>UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)</b>				
49	Balance - Beginning of Year (Debit or Credit)	None		
50	Equity in Earnings for Year (Credit) (418.1)			
51	(Less) Dividends Received (Debit)			
52	Other Changes (Explain)			
53	Balance - End of Year (Total lines 49 thru 52)	None		

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011
<b>STATEMENT OF CASH FLOWS</b>			
Instructions			
1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at End of Year" with related amounts on the balance sheet.			
2. Under "Other" specify significant amounts and group others.			
3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.			
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)	
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 74(c) on page 117)	9,728,775	
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	9,507,548	
5	Amortization of (Specify)		
6	Miscellaneous Deferred Debits		
7	Long-Term Debt Expense	235,358	
8	Deferred Income Taxes (Net)	1,552,457	
9	Investment Tax Credit Adjustments (Net)	(40,914)	
10	Net (Increase) Decrease in Receivables	5,584,398	
11	Net (Increase) Decrease in Inventory	(2,686,303)	
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	(4,839,938)	
14	Net (Increase) Decrease in Other Regulatory Assets	12,657,826	
15	Net Increase (Decrease) in Other Regulatory Liabilities	(437,496)	
16	(Less) Allowance for Other Funds Used During Construction		
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other:		
19	Net Increase (Decrease) in Comprehensive Income	22,315	
20	Net Increase (Decrease) in Noncurrent Liabilities	4,831,009	
21	Net Increase (Decrease) in Deferred Credits	(12,685,215)	
22	Net (Increase) Decrease in Other Assets	1,425,116	
23	Net Increase (Decrease) in Other Liabilities	(1,794,917)	
24	Net (Increase) Decrease in Deferred Debits	167,307	
25	Net Cash Provided by (Used in) Operating Activities (Total of lines 2 thru 24)	23,227,326	
26			
27	Cash Flows from Investment Activities:		
28	Construction and Acquisition of Plant (including land):	(13,389,431)	
29	Gross Additions to Utility Plant (less nuclear fuel)		
30	Gross Additions to Nuclear Fuel		
31	Gross Additions to Common Utility Plant		
32	Gross Additions to Nonutility Plant		
33	(Less) Allowance for Other Funds Used During Construction		
34	Other:		
35	Other Assets	1,667,664	
36			
37	Cash Outflows for Plant (Total of lines 28 thru 36)	(11,721,767)	
38			
39	Acquisition of Other Noncurrent Assets (d)	21,681	
40	Proceeds from Disposal of Noncurrent Assets (d)		
41			
42	Investments in and Advance to Associated and Subsidiary Companies		
43	Contributions and Advances from Associated and Subsidiary Companies		
44	Disposition of Investments in (and Advances to) Associated and Subsidiary Companies	(1,675,000)	
45			
46			
47	Purchase of Investment Securities (a)		
48	Proceeds from Sales of Investment Securities (a)		

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011
<b>STATEMENT OF CASH FLOWS (continued)</b>			
Instructions			
4. Investing Activities - Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per Uniform System of Accounts General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.			
5. Codes used: (a) Net proceeds or payments. (b) Bonds, debentures and other long-term debt. (c) Include commercial paper. (d) Identify separately such items as investments, fixed assets, intangibles, etc.			
6. Enter on page 122 clarifications and explanations.			
Line No.	DESCRIPTION (See Instructions for Explanation of Codes) (a)	Amounts (b)	
49	Loans Made or Purchased		
50	Collections on Loans		
51			
52	Net (Increase) Decrease in Receivables		
53	Net (Increase) Decrease in Inventory		
54	Net (Increase) Decrease in Allowances Held for Speculation		
55	Net Increase (Decrease) in Payables and Accrued Expenses		
56	Other:		
57			
58			
59	Net Cash Provided by (Used In) Investing Activities (Total of lines 37 thru 58)	(13,375,086)	
60			
61			
62	Cash Flows from Financing Activities:		
63	Proceeds from Issuance of:		
64	Long-Term Debt (b)	(185,000)	
65	Preferred Stock		
66	Common Stock		
67	Other:		
68			
69	Net Increases in Short-Term Debt (c)		
70	Other:		
71			
72			
73	Cash Provided by Outside Sources (Total of lines 64 thru 72)		
74			
75	Payments for Retirement of:		
76	Long-Term Debt (b)		
77	Preferred Stock		
78	Common Stock		
79	Other:		
80			
81	Net Decrease in Short-Term Debt (c)		
82			
83	Dividends on Common Stock	(9,400,000)	
84	Dividends on Preferred Stock		
85	Net Cash Provided by (Used In) Financing Activities (Total of lines 73 thru 84)	(9,585,000)	
86			
87			
88	Net Increase (Decrease) in Cash and Cash Equivalents (Total of lines 25, 59 and 85)	267,240	
89			
90			
91	Cash and Cash Equivalents at Beginning of Year	162,057	
92			
93	Cash and Cash Equivalents at End of Year	429,297	

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES**

Instructions:

1. Report in columns (b) (c) (d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year				
2	Preceding Year Reclassification from Account 219 to Net Income				
3	Preceding Year Changes In Fair Value				
4	Total (lines 2 and 3)				
5	Balance of Account 219 at End of Preceding Year				
6	Balance of Account 219 at Beginning of Current Year				
7	Current Year Reclassification from Account 219 to Net Income				
8	Current Year Changes in Fair Value				
9	Total (lines 7 and 8)				
10	Balance of Account 219 at End of Current Year				

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES (continued)**

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for Each Category of Items Recorded in Account 219 (h)	Net Income (Carried Forward from Page 117) (i)	Total Comprehensive Income (j)
1	(75,885)		(75,885)		
2	22,766		22,766		
3					
4	22,766		22,766	7,926,910	7,949,676
5	(53,119)		(53,119)		
6	(53,119)		(53,119)		
7	22,315		22,315		
8					
9	22,315		22,315	9,728,775	9,751,090
10	(30,804)		(30,804)		





## F. NOTES TO FINANCIAL STATEMENTS

### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**(a) Nature of Operations**—We are a regulated natural gas utility company that purchases, stores, distributes, sells, and transports natural gas to customers in the northern suburbs of Chicago. We are subject to the jurisdiction of, and regulation by, the ICC, which has general supervisory and regulatory powers over public utilities in Illinois, and the FERC, which regulates the interstate services we provide.

As used in these notes, the term “financial statements” includes the statements of income, balance sheets, statements of capitalization, statements of common shareholder’s equity, and statements of cash flows, unless otherwise noted.

The term "utility" refers to our regulated activities, while the term "nonutility" refers to our activities that are not regulated.

**(b) Reclassifications**—We reclassified \$0.7 million reported in other current assets at December 31, 2010, to prepaid taxes to match the current year presentation on the balance sheet.

**(c) Use of Estimates**—We prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. We make estimates and assumptions that affect assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

**(d) Cash and Cash Equivalents**—Short-term investments with an original maturity of three months or less are reported as cash equivalents.

The following is supplemental disclosure to our statements of cash flows:

<i>(Millions)</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Cash paid for interest	<b>\$3.9</b>	\$3.8	\$3.9
Cash (received) paid for income taxes	<b>(1.3)</b>	(4.7)	2.9

Construction costs funded through accounts payable and treated as noncash investing activities totaled \$2.3 million, \$0.6 million, and \$1.3 million at December 31, 2011, 2010, and 2009, respectively.

**(e) Revenues and Customer Receivables**—Revenues related to the sale of natural gas are recognized when service is provided or natural gas is delivered to customers and include estimated amounts for services provided but not billed. At December 31, 2011 and 2010, our unbilled revenues were \$14.6 million and \$20.2 million, respectively. At December 31, 2011, there were no customers or industries that accounted for more than 10% of our revenues. We present revenues net of pass-through taxes on the income statements.

We have various rate-adjustment mechanisms in place that currently provide for the recovery of prudently incurred natural gas costs, which allow subsequent adjustments to rates for changes in commodity costs. Other mechanisms also allow recovery for environmental costs, bad debts, and

energy conservation and management programs. A summary of significant rate-adjustment mechanisms follows:

- Our rates include a one-for-one recovery mechanism for natural gas commodity costs.
- Our rates include riders for cost recovery for both environmental cleanup and energy conservation and management program costs.
- Our rates include a rider for cost recovery or refund of bad debts based on the difference between actual bad debt expense and the amount recovered in rates.
- Our rates include a decoupling mechanism, which allows us to adjust our rates going forward to recover or refund the differences between the actual and authorized margin.

**(f) Inventories**—Inventories consist of natural gas in storage and liquid propane. We account for liquid propane inventory using the average cost method. We price natural gas storage injections at the calendar year average of the cost of natural gas supply purchased. Withdrawals from storage are priced on the LIFO cost method. The estimated replacement cost of our natural gas in inventory at December 31, 2011, and December 31, 2010, exceeded the LIFO cost by approximately \$11.9 million and \$21.9 million, respectively. In calculating these replacement amounts, we used a Chicago city-gate natural gas price per dekatherm of \$3.06 at December 31, 2011, and \$4.42 at December 31, 2010.

**(g) Risk Management Activities**—As part of our regular operations, we enter into contracts, including options, forwards, and swaps, to manage changes in commodity prices, which are described more fully in Note 2, "*Risk Management Activities*."

All derivatives are recognized on the balance sheets at their fair value unless they are designated as and qualify for the normal purchases and sales exception. We continually assess our contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. Our tariffs allow for full recovery from our customers of prudently incurred natural gas supply costs, including gains or losses on these derivative instruments. These derivatives are marked to fair value; the resulting risk management assets are offset with regulatory liabilities or decreases to regulatory assets, and risk management liabilities are offset with regulatory assets or decreases to regulatory liabilities. Management believes any gains or losses resulting from the eventual settlement of these derivative instruments will be refunded to or collected from customers in rates.

Derivative accounting rules provide the option to present certain asset and liability derivative positions net on the balance sheets and to net the related cash collateral against these net derivative positions. During 2011, we changed our policy to conform with that of our parent and elected not to net these items. On the balance sheets, cash collateral provided to others is reflected in other current assets.

We have risk management contracts with various counterparties. We monitor credit exposure levels and the financial condition of our counterparties on a continuous basis to minimize credit risk. At December 31, 2011, we did not have risk management contracts with any one counterparty or industry that accounted for more than 10% of our total credit risk exposure.

**(h) Property, Plant, and Equipment**—Utility plant is stated at cost, including any associated allowance for funds used during construction and asset retirement costs. The costs of renewals and betterments of units of property (as distinguished from minor items of property) are capitalized as additions to the utility plant accounts. Except for land, no gains or losses are recognized in connection

with ordinary retirements of utility property units. We charge the cost of units of property retired, sold, or otherwise disposed of, less salvage value, to accumulated depreciation. In addition, we record a regulatory liability for cost of removal accruals, which are included in rates. Actual removal costs are charged against the regulatory liability as incurred. Maintenance, repair, replacement, and renewal costs associated with items not qualifying as units of property are considered operating expenses.

We record straight-line depreciation expense over the estimated useful life of utility property, using depreciation rates as approved by the ICC. Our annual utility composite depreciation rates were 2.4%, 2.4%, and 1.7% for 2011, 2010, and 2009, respectively.

See Note 4, "*Property, Plant, and Equipment*," for details regarding our property, plant, and equipment balances.

**(i) Regulatory Assets and Liabilities**—Regulatory assets represent probable future revenue associated with certain costs or liabilities that have been deferred and are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent amounts that are expected to be refunded to customers in future rates or amounts collected in rates for future costs. If at any reporting date a previously recorded regulatory asset is no longer probable of recovery, the regulatory asset is reduced to the amount considered probable of recovery with the reduction charged to expense in the year the determination is made. See Note 5, "*Regulatory Assets and Liabilities*," for more information.

**(j) Retirement of Debt**—Any call premiums or unamortized expenses associated with refinancing utility debt obligations are amortized consistent with regulatory treatment of those items. Any gains or losses resulting from the retirement of utility debt that is not refinanced are amortized over the remaining life of the original debt.

**(k) Asset Retirement Obligations**—We recognize at fair value legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction or development, and/or normal operation of the assets. A liability is recorded for these obligations as long as the fair value can be reasonably estimated, even if the timing or method of settling the obligation is unknown. The asset retirement obligations are accreted using a credit-adjusted risk-free interest rate commensurate with the expected settlement dates of the asset retirement obligations; this rate is determined at the date the obligation is incurred. The associated retirement costs are capitalized as part of the related long-lived assets and are depreciated over the useful lives of the assets. Subsequent changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the associated retirement cost. See Note 7, "*Asset Retirement Obligations*," for more information.

**(l) Income Taxes**—We are included in the consolidated United States income tax return filed by Integrys Energy Group. We are party to a federal and state tax allocation arrangement with Integrys Energy Group and its subsidiaries under which each entity determines its provision for income taxes on a stand-alone basis. We settle the intercompany liabilities at the time that payments are made to the applicable taxing authority. At December 31, 2011, there were no significant intercompany payables or receivables for income taxes.

Deferred income taxes have been recorded to recognize the expected future tax consequences of events that have been included in the financial statements by using currently enacted tax rates for the differences between the income tax basis of assets and liabilities and the basis reported in the financial statements. We record valuation allowances for deferred income tax assets when it is uncertain if the benefit will be realized in the future. We defer certain adjustments made to income taxes that will impact future rates and record regulatory assets or liabilities related to these adjustments.

We use the deferral method of accounting for investment tax credits (ITCs). Under this method, we record the ITCs as deferred credits and amortize such credits as a reduction to the provision for income taxes over the life of the asset that generated the ITCs. Investment tax credits that do not reduce income taxes payable for the current year are eligible for carryover and recognized as a deferred income tax asset. A valuation allowance is established unless it is more likely than not that the credits will be realized during the carryforward period.

We report interest and penalties accrued related to income taxes as a component of provision for income taxes in the income statements.

For more information regarding our accounting for income taxes, see Note 8, "*Income Taxes*."

**(m) Employee Benefits**—The costs of pension and other postretirement benefits are expensed over the period during which employees render service. Effective with new rates implemented in 2010, we reflect pension and other postretirement benefit costs in rates using Integrys Energy Group's basis in the related plan assets and obligations and method of determining these costs, which Integrys Energy Group established at the time of the February 2007 PELLC merger. In addition, the cumulative difference between our accounting basis and the accounting basis of Integrys Energy Group in our pension and postretirement benefit obligations is amortized as a component of our rates over the average remaining service lives of the participating employees. In computing the expected return on pension plan assets, a market-related value of plan assets is used that recognizes differences between actual investment returns and the expected return on plan assets over the subsequent five years. Our regulators allow recovery in rates for the net periodic benefit cost calculated under GAAP.

We recognize the funded status of defined benefit postretirement plans on the balance sheet, and recognize changes in the plans' funded status in the year in which the changes occur. We record changes in the funded status to regulatory asset or liability accounts, pursuant to the Regulated Operations Topic of the FASB ASC.

We account for our participation in benefit plans sponsored by IBS and PELLC as multiple employer plans. Under affiliate agreements, we are responsible for our share of plan costs and obligations and are entitled to our share of plan assets; accordingly, we account for our pro rata share of the IBS and PELLC plans as our own plans.

For additional information on our employee benefits, see Note 10, "*Employee Benefit Plans*."

**(n) Fair Value**—A fair value measurement is required to reflect the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risks inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. Transaction costs should not be considered in the determination of

fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We use a mid-market pricing convention (the mid-point price between bid and ask prices) as a practical measure for valuing the majority of our derivative assets and liabilities.

Fair value accounting rules provide a hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are defined as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are observable, either directly or indirectly, but are not quoted prices included within Level 1. Level 2 includes those financial instruments that are valued using external inputs within models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

We determine fair value using a market-based approach that uses observable market inputs where available, and internally developed inputs where observable market data is not readily available. For the unobservable inputs, consideration is given to the assumptions that market participants would use in valuing the asset or liability. These factors include not only the credit standing of the counterparties involved, but also the impact of our nonperformance risk on our liabilities.

See Note 13, "*Fair Value*," for additional information.

**(o) Subsequent Events**—Subsequent events were evaluated for potential recognition or disclosure through March 5, 2012, which is the date the financial statements were available to be issued.

**(p) New Accounting Pronouncements**—ASU 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards (IFRS)," was issued in May 2011. The amendments change the wording used to describe the requirements for measuring fair value and for disclosing information about fair value measurements. The amendments also clarify the intent concerning the application of existing fair value measurement requirements. This guidance is effective for our reporting period ending December 31, 2012. Management is currently evaluating the impact that the adoption of this standard will have on our financial statements.

ASU 2011-05, "Presentation of Comprehensive Income," was issued in June 2011. The guidance requires that the total of comprehensive income, the components of net income, and the components of OCI be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The FASB has deferred the requirement regarding the presentation of reclassification adjustments between OCI and net income on the face of the financial statements. This guidance is effective for our reporting period ending December 31, 2012, and is expected to change the format of our financial statements.

ASU 2011-11, "Disclosures about Offsetting Assets and Liabilities," was issued in December 2011. The guidance requires enhanced disclosures about offsetting and related arrangements. This guidance is effective for our reporting period ending December 31, 2013. Management is currently evaluating the impact that the adoption of this standard will have on our financial statements.

## NOTE 2—RISK MANAGEMENT ACTIVITIES

We use derivative instruments to manage commodity costs. None of these derivatives are designated as hedges for accounting purposes. The derivatives include natural gas purchase contracts as well as financial derivative contracts (commodity swaps and options) used to manage the risks associated with the market price volatility of natural gas supply costs and the costs of gasoline and diesel fuel used by our utility vehicles.

The following tables show our assets and liabilities from risk management activities:

<i>(Millions)</i>	Balance Sheet Presentation <sup>(1)</sup>	December 31, 2011	
		Assets	Liabilities
Natural gas contracts	Current	\$1.2 <sup>(2)</sup>	\$5.2
Natural gas contracts	Other Long-term	-	1.6

<sup>(1)</sup> All derivatives are recognized on the balance sheets at their fair value unless they qualify for the normal purchases and sales exception. We continually assess our contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. We classify assets and liabilities from risk management activities as current or long-term based on the maturities of the underlying contracts.

<sup>(2)</sup> This amount is reflected in other current assets on the balance sheets.

<i>(Millions)</i>	Classification	December 31, 2010					
		Assets			Liabilities		
		Gross Derivative Position	Netting	Balance Sheet Presentation <sup>(1)</sup>	Gross Derivative Position	Netting	Balance Sheet Presentation <sup>(1)</sup>
Natural gas contracts	Current	\$0.4	\$0.1	\$0.3 <sup>(2)</sup>	\$3.5	\$0.1	\$3.4
Natural gas contracts	Other Long-term	0.3	-	0.3	0.3	-	0.3

<sup>(1)</sup> All derivatives are recognized on the balance sheets at their fair value unless they qualify for the normal purchases and sales exception. We continually assess our contracts designated as normal and will discontinue the treatment of these contracts as normal if the required criteria are no longer met. We classify assets and liabilities from risk management activities as current or long-term based on the maturities of the underlying contracts.

<sup>(2)</sup> This amount is reflected in other current assets on the balance sheets.

The table below shows the net unrealized gains recorded related to derivatives. The unrealized gains (losses) recorded on the income statement related to petroleum product contracts were not significant.

<i>(Millions)</i>	Financial Statement Presentation	2011	2010	2009
Natural gas contracts	Balance Sheet – Regulatory assets (current)	<b>\$(1.8)</b>	\$0.4	\$21.8
Natural gas contracts	Balance Sheet – Regulatory assets (long-term)	<b>(1.4)</b>	-	1.4
Natural gas contracts	Balance Sheet – Regulatory liabilities (current)	<b>1.1</b>	-	-

We had the following notional volumes of outstanding derivative purchase contracts:

	December 31, 2011	December 31, 2010
Natural gas (millions of therms)	<b>170.8</b>	146.0
Petroleum products (barrels)	<b>2,462.0</b>	3,335.0

Certain of our derivative and nonderivative commodity instruments contain provisions that could require "adequate assurance" in the event of a material change in our creditworthiness, or the posting of additional collateral for instruments in net liability positions, if triggered by a decrease in credit ratings. The aggregate fair value of all derivative instruments with credit risk related contingent features that were in a liability position at December 31, 2011, and December 31, 2010, was \$6.8 million and \$3.7 million, respectively. At December 31, 2011, and December 31, 2010, we had not posted any cash collateral related to the credit risk related contingent features of these commodity instruments. If all of the credit risk related contingent features contained in commodity derivative instruments had been triggered at December 31, 2011, and December 31, 2010, we would have been required to post collateral of \$5.0 million and \$2.3 million, respectively.

Our cash collateral amount provided to others was insignificant at December 31, 2011. Our cash collateral amount that was netted against the related derivative position was insignificant at December 31, 2010.

### NOTE 3—RESTRUCTURING EXPENSE

In an effort to permanently remove costs from its operations, Integrys Energy Group developed a plan at the end of 2009 that included reductions in the IBS workforce that supports us. In connection with this plan, \$0.4 million of accrued restructuring costs were allocated from IBS during 2009 and were paid to IBS during 2010. We do not expect to recognize any additional restructuring costs associated with this plan.

### NOTE 4—PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consisted of the following utility assets at December 31:

<i>(Millions)</i>	2011	2010
Total utility plant	<b>\$422.3</b>	\$417.0
Less: Accumulated depreciation	<b>171.2</b>	166.8

Net	<b>251.1</b>	250.2
Construction work in progress	<b>2.1</b>	1.1
Total property, plant, and equipment	<b>\$253.2</b>	\$251.3

**NOTE 5—REGULATORY ASSETS AND LIABILITIES**

We expect to recover our regulatory assets and incur future costs or refund our regulatory liabilities through rates charged to customers. These rates are based on specific ratemaking decisions over periods determined by the regulators or over the normal operating period of the assets and liabilities to which they relate. Based on prior and current rate treatment for such costs, we believe it is probable that we will continue to recover from customers the regulatory assets described below.

Most of our regulatory assets are earning a return, except for costs associated with the unamortized loss on reacquired debt and the rate case costs. The carrying costs related to the regulatory assets not earning a return are borne by Integrys Energy Group's shareholders. The following regulatory assets and liabilities were reflected in our balance sheets as of December 31:

<i>(Millions)</i>	2011	2010	See Note
<b>Regulatory assets</b>			
Environmental remediation costs (net of insurance recoveries)	\$ 78.5	\$ 99.8	9
Unrecognized pension and other postretirement benefit costs	13.9	7.7	10
Merger related pension and other postretirement benefit adjustment	11.8	13.1	10
Derivatives	7.9	4.7	1(g)
Asset retirement obligations	6.5	6.2	7
Rate case costs <sup>(1)</sup>	3.2	2.6	
Unamortized loss on reacquired debt <sup>(2)</sup>	1.5	1.6	
Other	3.0	0.9	
<b>Total</b>	<b>\$126.3</b>	<b>\$136.6</b>	
<b>Balance Sheet Presentation</b>			
Current	\$ 7.1	\$ 13.0	
Long-term	119.2	123.6	
<b>Total</b>	<b>\$126.3</b>	<b>\$136.6</b>	
<b>Regulatory liabilities</b>			
Natural gas costs refundable through rate adjustments <sup>(3)</sup>	\$ 3.7	\$ 6.5	
Removal costs <sup>(4)</sup>	2.2	1.1	
Income tax related items	1.8	1.7	8
Other	2.4	1.4	
<b>Total</b>	<b>\$10.1</b>	<b>\$10.7</b>	
<b>Balance Sheet Presentation</b>			
Current	\$ 5.9	\$ 7.9	
Long-term <sup>(5)</sup>	4.2	2.8	
<b>Total</b>	<b>\$10.1</b>	<b>\$10.7</b>	

<sup>(1)</sup> Authorized recovery over a five-year period for 2008 rates and a three-year period for 2010 rates.

<sup>(2)</sup> Recovered over the term of the replacement debt as authorized by the ICC.

<sup>(3)</sup> Represents the over collection of natural gas costs from customers that will be refunded in the future.

<sup>(4)</sup> Represents amounts collected from customers to cover the cost of future removal of property, plant, and equipment.

<sup>(5)</sup> Included in other long-term liabilities on our balance sheets.

## NOTE 6—LONG-TERM DEBT

See our statements of capitalization for more information on our long-term debt.

Our First Mortgage Bonds are subject to the terms and conditions of our First Mortgage Indenture dated April 1, 1955, as supplemented. Under the terms of the Indenture, substantially all our property is pledged as collateral for these outstanding debt securities.

We have used First Mortgage Bonds to secure tax exempt interest rates. The Illinois Finance Authority has issued Tax Exempt Bonds, and the proceeds from the sale of these bonds were loaned to us. In return, we issued equal principal amounts of certain collateralized First Mortgage Bonds.

At December 31, 2011, we were in compliance with all financial covenants related to outstanding long-term debt. Our long-term debt obligations contain covenants related to payment of principal and interest when due and various financial reporting obligations. Failure to comply with these covenants could result in an event of default which could result in the acceleration of outstanding debt obligations. In addition, covenants and other provisions restrict the payment of cash dividends and the purchase or redemption of capital stock. At December 31, 2011, such restrictions amounted to \$6.9 million of our total retained earnings of \$70.7 million.

A schedule of all principal debt payment amounts related to bond maturities is as follows:

<b>Year ending December 31 (Millions)</b>	
2012	\$ -
2013	46.5
2014	-
2015	-
2016	-
Later years	28.2
<b>Total payments</b>	<b>\$74.7</b>

## NOTE 7—ASSET RETIREMENT OBLIGATIONS

We have asset retirement obligations primarily related to the removal of distribution mains and service pipes (including asbestos and PCBs), asbestos and PCBs in buildings, and removal of above ground storage tanks. We establish regulatory assets and liabilities to record the differences between ongoing expense recognition under the asset retirement obligations accounting rules, and the ratemaking practices for retirement costs authorized by the ICC.

The following table shows changes to our asset retirement obligations through December 31, 2011:

<i>(Millions)</i>	
Asset retirement obligations at December 31, 2008	\$24.2
Accretion	1.3
Additions and revisions to estimated cash flows	(5.4) <sup>(1)</sup>
Asset retirement obligations at December 31, 2009	20.1
Accretion	1.2
Asset retirement obligations at December 31, 2010	21.3
Accretion	1.3
Additions and revisions to estimated cash flows	(3.5) <sup>(2)</sup>
Settlements	(0.3)
<b>Asset retirement obligations at December 31, 2011</b>	<b>\$18.8</b>

<sup>(1)</sup> Revisions were made to estimated cash flows related to asset retirement obligations for natural gas distribution pipes primarily due to a decrease in the weighted average cost to retire a foot of natural gas distribution pipe.

<sup>(2)</sup> Revisions were made to estimated cash flows related to asset retirement obligations for natural gas distribution pipes primarily due to decreases in inflation assumptions.

## NOTE 8—INCOME TAXES

### Deferred Income Tax Assets and Liabilities

The principal components of deferred income tax assets and liabilities recognized on the balance sheets as of December 31 are included in the table below. Certain temporary differences are netted in the table when the offsetting amount is recorded as a regulatory asset or liability. This is consistent with regulatory treatment.

<i>(Millions)</i>	<b>2011</b>	<b>2010</b>
<b>Deferred income tax assets</b>		
Employee benefits	\$ 2.9	\$ 5.1
Other	2.7	2.0
<b>Total deferred income tax assets</b>	<b>\$ 5.6</b>	<b>\$ 7.1</b>
<b>Deferred income tax liabilities</b>		
Plant-related	65.7	\$61.1
Regulatory deferrals	0.3	3.5
Other	0.2	0.5
<b>Total deferred income tax liabilities</b>	<b>\$66.2</b>	<b>\$65.1</b>
<b>Total net deferred income tax liabilities</b>	<b>\$60.6</b>	<b>\$58.0</b>
<b>Balance sheet presentation</b>		
Current deferred income tax assets – included in other current assets	\$ -	\$ 0.1
Current deferred income tax liabilities – included in other current liabilities	0.1	-
Long-term deferred income tax liabilities	60.5	58.1
<b>Net deferred income tax liabilities</b>	<b>\$60.6</b>	<b>\$58.0</b>

During 2011, Illinois enacted legislation that impacted the recognition of our deferred income tax assets and liabilities. Illinois made changes to its corporate combined income tax rate, which are effective for the years 2011 through 2024. The change in the state income tax rate increased net deferred income tax liabilities by \$0.4 million and was deferred as a regulatory asset.

Deferred tax credit carryforwards at December 31, 2011, included \$0.1 million of alternative minimum tax credits, which can be carried forward indefinitely. Other deferred tax credit carryforwards included \$0.1 million of state tax credits, which have a carryforward period of 5 years, with the majority of the state tax credits to expire after 2016.

At December 31, 2011, we had deferred income tax assets of \$0.6 million reflecting state operating loss carryforwards, with the majority of the state operating losses to expire after 2025.

Regulated utilities record certain adjustments related to deferred income taxes to regulatory assets and liabilities. As the related temporary differences reverse, we are prospectively refunding taxes to or collecting taxes from customers for which deferred taxes were recorded in prior years at rates

potentially different than current rates or upon enactment of changes in tax law. The net regulatory liabilities for these and other regulatory tax effects totaled \$0.8 million at December 31, 2011, and \$1.7 million at December 31, 2010.

### Provision for Income Taxes

The components of the provision for income taxes were as follows:

<i>(Millions)</i>	2011	2010	2009
<b>Current provision</b>			
Federal	\$2.9	\$(2.9)	\$(3.2)
State	1.6	(0.4)	(0.5)
<b>Total current provision</b>	<b>4.5</b>	<b>(3.3)</b>	<b>(3.7)</b>
<b>Deferred provision</b>			
Federal	1.6	8.4	5.5
State	-	0.9	0.6
<b>Total deferred provision</b>	<b>1.6</b>	<b>9.3</b>	<b>6.1</b>
Unrecognized tax benefits	(0.1)	(0.3)	-
Interest	(0.1)	-	-
<b>Total provision for income taxes</b>	<b>\$5.9</b>	<b>\$ 5.7</b>	<b>\$ 2.4</b>

### Statutory Rate Reconciliation

The following table presents a reconciliation of the difference between the effective tax rate and the amount computed by applying the statutory federal tax rate to income before taxes.

<i>(Millions, except for percentages)</i>	2011		2010		2009	
	Rate	Amount	Rate	Amount	Rate	Amount
Statutory federal income tax	35.0%	\$5.5	35.0%	\$4.8	35.0%	\$2.3
State income taxes, net	7.0	1.1	5.1	0.7	4.5	0.3
Benefits and compensation	(3.2)	(0.5)	2.9	0.4	(1.5)	(0.1)
Unrecognized tax benefits	(0.6)	(0.1)	(2.2)	(0.3)	-	-
Other differences, net	(0.9)	(0.1)	1.1	0.1	(2.2)	(0.1)
<b>Effective income tax</b>	<b>37.3%</b>	<b>\$5.9</b>	<b>41.9%</b>	<b>\$5.7</b>	<b>35.8%</b>	<b>\$2.4</b>

## Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(Millions)</i>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Balance at January 1</b>	<b>\$ 0.1</b>	<b>\$0.4</b>	<b>\$0.3</b>
Increase related to tax positions taken in prior years	-	-	0.1
Decrease related to tax positions taken in prior years	-	(0.3)	-
Decrease related to settlements	<b>(0.1)</b>	-	-
<b>Balance at December 31</b>	<b>\$ -</b>	<b>\$0.1</b>	<b>\$0.4</b>

We had no accrued interest expense or accrued penalties related to unrecognized tax benefits at December 31, 2011. We had accrued interest expense of \$0.1 million and no accrued penalties related to unrecognized tax benefits at December 31, 2010.

As of December 31, 2011, we do not expect any unrecognized tax benefits to affect our effective tax rate in subsequent periods.

We file income tax returns in the United States federal jurisdiction and in various state and local jurisdictions on a stand-alone basis or as part of Integrys Energy Group filings.

With a few exceptions, we are no longer subject to federal income tax examinations by the IRS for years prior to 2009. During 2011, we effectively settled the majority of our IRS audits for the 2004 through 2008 tax years, which decreased our liability for unrecognized tax benefits by \$0.1 million. In 2011, the IRS commenced examinations of tax years 2009 and 2010.

We file state tax returns based on income in Illinois, our major operating jurisdiction. With a few exceptions, we are no longer subject to state and local tax examinations by tax authorities for years prior to 2007. As of December 31, 2011, we were subject to examination by state or local tax authorities for the 2007 through 2010 tax years. During 2011, the Illinois taxing authority continued its examination of the 2007 tax year, which began in 2010.

In the next 12 months, we do not expect to significantly change the amount of unrecognized tax benefits related to tax years prior to 2011.

## NOTE 9—COMMITMENTS AND CONTINGENCIES

### Commodity Purchase Obligations and Purchase Order Commitments

We routinely enter into long-term purchase and sale commitments for various quantities and lengths of time. We have obligations to distribute and sell natural gas to our customers and expect to recover costs related to these obligations in future customer rates. As of December 31, 2011, we had obligations of \$57.1 million related to natural gas supply and transportation contracts that extend through 2017.

We also had commitments of \$15.2 million in the form of purchase orders issued to various vendors at December 31, 2011.

## **Manufactured Gas Plant Remediation**

We, our predecessors, and certain former affiliates operated facilities in the past at multiple sites for the purpose of manufacturing and storing manufactured gas. In connection with these activities, waste materials were produced that may have resulted in soil and groundwater contamination at these sites. Under certain laws and regulations relating to the protection of the environment, we are required to undertake remedial action with respect to some of these materials. We are coordinating the investigation and cleanup of the sites subject to EPA jurisdiction under what is called a "multi-site" program. This program involves prioritizing the work to be done at the sites, preparation and approval of documents common to all of the sites, and use of a consistent approach in selecting remedies.

We are responsible for the environmental remediation of five sites, of which two have been transferred to the EPA Superfund Alternative Sites Program. Under the EPA's program, the remedy decisions at these sites will be made using risk-based criteria typically used at Superfund sites. As of December 31, 2011, we estimated and accrued for \$80.8 million of future undiscounted investigation and cleanup costs for all sites. We may adjust these estimates in the future due to remedial technology, regulatory requirements, remedy determinations, and any claims of natural resource damages. We recorded a regulatory asset of \$78.5 million at December 31, 2011, which is net of insurance recoveries received of \$8.3 million, related to the expected recovery of both cash expenditures and estimated future expenditures through rates.

Management believes that any costs incurred for environmental activities relating to former manufactured gas plant operations that are not recoverable through contributions from other entities or from insurance carriers have been prudently incurred and are, therefore, recoverable through rates. Accordingly, we do not expect these costs to have a material impact on our financial statements. However, any changes in the approved rate mechanisms for recovery of these costs, or any adverse conclusions by the ICC with respect to the prudence of costs actually incurred, could materially affect rate recovery of such costs.

## **NOTE 10—EMPLOYEE BENEFIT PLANS**

### **Defined Benefit Plans**

We participate in the Integrys Energy Group Retirement Plan, a non-contributory, qualified defined benefit pension plan, sponsored by IBS, as well as an unfunded, nonqualified retirement plan, sponsored by PELLC. We are responsible for our share of the plan assets and obligations of these plans and our balance sheets reflect only the liabilities associated with our past and current employees and our share of the plan assets. In addition, we offer multiple other postretirement benefits to employees.

Integrys Energy Group also currently offers medical, dental, and life insurance benefits to our active employees and their dependents. We expense the costs of these benefits as incurred.

Retiring employees have the option of receiving retirement benefits in the form of an annuity or a lump sum payment. Effective with the 2010 rate order that changed how pension and other postretirement benefit costs are determined for rate purposes, we only recognize settlement costs if the cost is greater

than or equal to the sum of the service and interest cost components of the net periodic benefit cost for the year.

Effective January 1, 2008, and July 1, 2008, the defined benefit pension plans were closed to non-union and union new hires, respectively.

The following tables provide a reconciliation of the changes in our plans' benefit obligations and fair value of assets during 2011 and 2010:

<i>(Millions)</i>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	2011	2010	2011	2010
<b>Change in benefit obligation</b>				
Obligation at January 1	\$ 38.1	\$ 33.4	\$ 19.6	\$ 16.6
Service cost	1.7	1.5	1.3	1.0
Interest cost	2.1	2.0	1.1	1.0
Plan amendments	-	-	(0.1)	-
Transfers from (to) affiliates	-	(0.4)	(0.3)	0.1
Actuarial loss, net	3.8	3.0	0.5	1.8
Participant contributions	-	-	0.7	0.6
Benefit payments	(1.9)	(1.4)	(1.4)	(1.6)
Federal subsidy on benefits paid	-	-	0.1	0.1
Obligation at December 31	\$ 43.8	\$ 38.1	\$ 21.5	\$ 19.6
<b>Change in fair value of plan assets</b>				
Fair value of plan assets at January 1	\$ 26.3	\$ 14.7	\$ 4.5	\$ 2.9
Actual return on plan assets	0.5	2.3	(0.1)	0.2
Employer contributions	3.3	11.1	2.7	2.3
Transfers from (to) affiliates	-	(0.4)	(0.3)	0.1
Participant contributions	-	-	0.7	0.6
Benefit payments	(1.9)	(1.4)	(1.4)	(1.6)
Fair value of plan assets at December 31	\$ 28.2	\$ 26.3	\$ 6.1	\$ 4.5
Funded status at December 31	\$ (15.6)	\$ (11.8)	\$ (15.4)	\$ (15.1)

The amounts recognized on our balance sheets at December 31 related to the funded status of benefit plans were as follows:

<i>(Millions)</i>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	2011	2010	2011	2010
Noncurrent liabilities	\$15.6	\$11.8	\$15.4	\$15.1

The accumulated benefit obligation for all defined benefit pension plans was \$35.5 million and \$29.5 million at December 31, 2011, and 2010, respectively. Information for pension plans with an accumulated benefit obligation in excess of plan assets is presented in the following table:

<i>(Millions)</i>	December 31	
	2011	2010
Projected benefit obligation	<b>\$43.8</b>	\$38.1
Accumulated benefit obligation	<b>35.5</b>	29.5
Fair value of plan assets	<b>28.2</b>	26.3

The following table shows the amounts that had not yet been recognized in our net periodic benefit cost as of December 31:

<i>(Millions)</i>	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	2011	2010	2011	2010
<b>Net regulatory assets</b>				
Net actuarial loss	<b>\$12.7</b>	\$7.4	<b>\$1.3</b>	\$0.3
Prior service credit	-	-	<b>(0.1)</b>	-
Total	<b>\$12.7</b>	\$7.4	<b>\$1.2</b>	\$0.3

Effective with the 2010 rate order, we reflect pension and other postretirement benefit costs in rates using Integrys Energy Group's accounting basis, which was established at the time of the February 2007 PELLC merger. Pursuant to the 2010 rate order, a regulatory asset was established for the remaining cumulative difference that existed between our accounting basis and the accounting basis of Integrys Energy Group in our pension and other postretirement benefit obligations. This regulatory asset, composed of unrecognized benefit costs that existed prior to the PELLC merger, is not included in the amounts in the table above. Also, the amortization of this regulatory asset over the average remaining service lives of the participating employees is not included as a component of net periodic benefit cost.

The estimated net actuarial losses for defined benefit pension plans that will be amortized as a component of net periodic benefit cost during 2012 are \$0.9 million.

The following table shows the components of net periodic benefit cost (including amounts capitalized to our balance sheets) for our benefit plans:

<i>(Millions)</i>	<u>Pension Benefits</u>			<u>Other Benefits</u>		
	2011	2010	2009	2011	2010	2009
<b>Net periodic benefit cost</b>						
Service cost	\$1.7	\$1.5	\$1.3	\$1.3	\$1.0	\$0.8
Interest cost	2.1	2.0	1.8	1.1	1.0	0.9
Expected return on plan assets	(2.4)	(1.7)	(1.2)	(0.4)	(0.2)	(0.1)
Amortization of transition obligation	-	-	-	-	-	0.1
Amortization of prior service cost	-	-	0.2	-	-	-
Amortization of net actuarial loss	0.4	0.1	0.2	-	-	-
<b>Net periodic benefit cost</b>	<b>1.8</b>	<b>1.9</b>	<b>2.3</b>	<b>2.0</b>	<b>1.8</b>	<b>1.7</b>
Effects of lump sum settlements upon retirement	-	-	0.4	-	-	-
<b>Net benefit cost</b>	<b>\$1.8</b>	<b>\$1.9</b>	<b>\$2.7</b>	<b>\$2.0</b>	<b>\$1.8</b>	<b>\$1.7</b>

## Assumptions – Pension and Other Postretirement Benefit Plans

The weighted-average assumptions used at December 31 to determine benefit obligations for the plans were as follows:

	<u>Pension Benefits</u>		<u>Other Benefits</u>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Discount rate	<b>5.10%</b>	5.80%	<b>4.80%</b>	5.45%
Rate of compensation increase	<b>4.14%</b>	4.14%	<b>N/A</b>	N/A
Assumed medical cost trend rate (under age 65)	<b>N/A</b>	N/A	<b>7.00%</b>	7.50%
Ultimate trend rate	<b>N/A</b>	N/A	<b>5.00%</b>	5.00%
Year ultimate trend rate is reached	<b>N/A</b>	N/A	<b>2016</b>	2016
Assumed medical cost trend rate (over age 65)	<b>N/A</b>	N/A	<b>7.50%</b>	8.00%
Ultimate trend rate	<b>N/A</b>	N/A	<b>5.50%</b>	5.50%
Year ultimate trend rate is reached	<b>N/A</b>	N/A	<b>2016</b>	2016
Assumed dental cost trend rate	<b>N/A</b>	N/A	<b>5.00%</b>	5.00%

The weighted-average assumptions used to determine the net periodic benefit cost for the plans were as follows:

	<u>Pension Benefits</u>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Discount rate	<b>5.80%</b>	6.15%	6.45%
Expected return on assets	<b>8.25%</b>	8.50%	8.50%
Rate of compensation increase	<b>4.14%</b>	4.14%	4.17%

  

	<u>Other Benefits</u>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Discount rate	<b>5.45%</b>	5.80%	6.45%
Expected return on assets	<b>8.25%</b>	8.50%	8.50%
Assumed medical cost trend rate (under age 65)	<b>7.50%</b>	8.00%	9.00%
Ultimate trend rate	<b>5.00%</b>	5.00%	5.00%
Year ultimate trend rate is reached	<b>2016</b>	2013	2013
Assumed medical cost trend rate (over age 65)	<b>8.00%</b>	8.50%	9.50%
Ultimate trend rate	<b>5.50%</b>	5.50%	5.50%
Year ultimate trend rate is reached	<b>2016</b>	2013	2013
Assumed dental cost trend rate	<b>5.00%</b>	5.00%	5.00%

We establish our expected return on asset assumption based on consideration of historical and projected asset class returns, as well as the target allocations of the benefit trust portfolios.

Assumed health care cost trend rates have a significant effect on the amounts we report for the health care plans. For the year ended December 31, 2011, a one-percentage-point change in assumed health care cost trend rates would have had the following effects:

<i>(Millions)</i>	<b>One-Percentage-Point</b>	
	<b>Increase</b>	<b>Decrease</b>
Effect on total of service and interest cost components of net periodic postretirement health care benefit cost	\$0.3	\$(0.3)
Effect on the health care component of the accumulated postretirement benefit obligation	2.4	(2.0)

### **Pension and Other Postretirement Benefit Plan Assets**

Integrus Energy Group's investment policy includes various guidelines and procedures designed to ensure assets are invested in an appropriate manner to meet expected future benefits to be earned by participants. The investment guidelines consider a broad range of economic conditions. The policy is established and administered in a manner that is compliant at all times with applicable regulations.

Central to the policy are target allocation ranges by major asset categories. The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters and to achieve asset returns that meet or exceed the plans' actuarial assumptions and that are competitive with like instruments employing similar investment strategies. The portfolio diversification provides protection against significant concentrations of risk in the plan assets. The target asset allocations for pension and other postretirement benefit plans that have significant assets are: 70% equity securities and 30% fixed income securities. Equity securities primarily include investments in large-cap and small-cap companies. Fixed income securities primarily include corporate bonds of companies from diversified industries, United States government securities, and mortgage-backed securities.

The Board of Directors of Integrus Energy Group established the Employee Benefits Administrator Committee (composed of members of Integrus Energy Group and its subsidiaries' management) to manage the operations and administration of all its and its subsidiaries' benefit plans and trusts. The committee periodically reviews the asset allocation and the portfolio is rebalanced when necessary.

Pension and other postretirement benefit plan investments are recorded at fair value. Information regarding the fair value hierarchy and the classification of fair value measurements based on the types of inputs used are discussed in Note 1(n), "*Summary of Significant Accounting Policies – Fair Value.*"

The following tables provide the fair value of our investments by asset class:

December 31, 2011								
<i>(Millions)</i>	Pension Plan Assets				Other Benefit Plan Assets			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Asset Class</b>								
Cash and cash equivalents	\$0.1	\$ 0.6	\$ -	\$ 0.7	\$ -	\$0.2	\$ -	\$0.2
Equity securities:								
United States equity	3.3	8.3	-	11.6	-	2.2	-	2.2
International equity	1.8	6.4	-	8.2	-	1.2	-	1.2
Fixed income securities:								
United States government	-	2.4	-	2.4	1.5	-	-	1.5
Foreign government	-	0.5	0.1	0.6	-	-	-	-
Corporate debt	-	4.1	0.1	4.2	-	-	-	-
Asset-backed securities	-	1.4	-	1.4	-	-	-	-
Other	-	0.2	-	0.2	-	-	-	-
	<b>5.2</b>	<b>23.9</b>	<b>0.2</b>	<b>29.3</b>	<b>1.5</b>	<b>3.6</b>	<b>-</b>	<b>5.1</b>
401(h) other benefit plan assets invested as pension assets <sup>(1)</sup>	<b>(0.2)</b>	<b>(0.8)</b>	<b>-</b>	<b>(1.0)</b>	<b>0.2</b>	<b>0.8</b>	<b>-</b>	<b>1.0</b>
<b>Total</b> <sup>(2)</sup>	<b>\$5.0</b>	<b>\$23.1</b>	<b>\$0.2</b>	<b>\$28.3</b>	<b>\$1.7</b>	<b>\$4.4</b>	<b>\$ -</b>	<b>\$6.1</b>

<sup>(1)</sup> Pension trust assets are used to pay other postretirement benefits as allowed under Internal Revenue Code Section 401(h).

<sup>(2)</sup> Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets.

**December 31, 2010**

<i>(Millions)</i>	<b>Pension Plan Assets</b>				<b>Other Benefit Plan Assets</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Asset Class</b>								
Cash and cash equivalents	\$0.1	\$ 0.8	\$ -	\$ 0.9	\$ -	\$0.3	\$ -	\$0.3
Equity securities:								
United States equity	3.1	7.5	-	10.6	-	2.1	-	2.1
International equity	1.9	6.2	-	8.1	-	-	-	-
Fixed income securities:								
United States government	-	1.8	-	1.8	-	0.3	-	0.3
Foreign government	-	0.3	0.2	0.5	-	-	-	-
Corporate debt	-	3.6	0.1	3.7	-	0.5	-	0.5
Asset-backed securities	-	1.3	-	1.3	-	0.1	-	0.1
Other	-	0.1	-	0.1	-	-	-	-
Real estate securities	-	-	0.7	0.7	-	-	-	-
	5.1	21.6	1.0	27.7	-	3.3	-	3.3
401(h) other benefit plan assets invested as pension assets <sup>(1)</sup>	(0.2)	(1.0)	-	(1.2)	0.2	1.0	-	1.2
<b>Total</b> <sup>(2)</sup>	<b>\$4.9</b>	<b>\$20.6</b>	<b>\$1.0</b>	<b>\$26.5</b>	<b>\$0.2</b>	<b>\$4.3</b>	<b>\$ -</b>	<b>\$4.5</b>

(1) Pension trust assets are used to pay other postretirement benefits as allowed under Internal Revenue Code Section 401(h).

(2) Investments do not include accruals or pending transactions that are included in the table reconciling the change in fair value of plan assets.

The following tables set forth a reconciliation of changes in the fair value of pension plan assets categorized as Level 3 measurements:

<i>(Millions)</i>	<b>Foreign Government Debt</b>	<b>Corporate Debt</b>	<b>Real Estate Securities</b>	<b>Total</b>
<b>Beginning balance at December 31, 2010</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>\$0.7</b>	<b>\$1.0</b>
Net realized and unrealized gains	-	-	0.1	0.1
Purchases	-	0.1	-	0.1
Sales	(0.1)	(0.1)	(0.8)	(1.0)
<b>Ending balance at December 31, 2011</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$ -</b>	<b>\$0.2</b>
<b>Net unrealized gains related to assets still held at the end of the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<i>(Millions)</i>	Foreign Government Debt	Corporate Debt	Real Estate Securities	Total
Beginning balance at December 31, 2009	\$ -	\$0.1	\$0.4	\$0.5
Net realized and unrealized gains	-	-	0.3	0.3
Purchases, sales, and settlements	0.2	-	-	0.2
<b>Ending balance at December 31, 2010</b>	<b>\$0.2</b>	<b>\$0.1</b>	<b>\$0.7</b>	<b>\$1.0</b>
<b>Net unrealized gains related to assets still held at the end of the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$0.3</b>	<b>\$0.3</b>

### Cash Flows Related to Pension and Other Postretirement Benefit Plans

Our funding policy is to contribute at least the minimum amounts that are required to be funded under the Employee Retirement Income Security Act, but not more than the maximum amounts that are currently deductible for income tax purposes. We do not expect to contribute to our pension plans in 2012, and expect to contribute \$10.9 million to other postretirement benefit plans in 2012, dependent upon various factors affecting us, including our liquidity position and tax law changes.

The following table shows the payments, reflecting expected future service, that we expect to make for pension and other postretirement benefits. These amounts do not include the participants' share of the cost. In addition, the table shows the expected federal subsidies, provided under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which will partially offset other postretirement benefits.

<i>(Millions)</i>	Pension Benefits	Other Benefits	Federal Subsidies
2012	\$ 3.5	\$1.1	\$(0.1)
2013	3.9	1.2	(0.1)
2014	3.4	1.3	(0.1)
2015	3.3	1.4	(0.1)
2016	3.4	1.6	(0.1)
2017-2021	20.0	9.7	(0.6)

### Defined Contribution Plans

Integrus Energy Group maintains a 401(k) Savings Plan that covers substantially all of our full-time employees. A percentage of employee contributions are matched through an employee stock ownership plan or cash contribution up to certain limits. Employees who are no longer eligible to participate in the defined benefit pension plan participate in a defined contribution pension plan, in which certain amounts are contributed to an employee's account based on the employee's wages, age, and years of service. Our share of the total costs incurred under these plans was \$0.4 million, \$0.4 million, and \$0.3 million for 2011, 2010, and 2009, respectively.

### NOTE 11—PREFERRED STOCK

We have 160,000 shares of preferred stock with a \$100 par value authorized for issuance, of which none were issued and outstanding at December 31, 2011.

#### NOTE 12—COMMON EQUITY

Various laws, regulations, and financial covenants impose restrictions on our ability to pay dividends to the sole holder of our common stock, PELLC.

Our long-term debt obligations contain provisions and covenants restricting the payment of cash dividends and the purchase or redemption of capital stock. As of December 31, 2011, these provisions resulted in total restricted net assets of approximately \$6.9 million.

Except for the restrictions described above and subject to applicable law, we do not have any other significant dividend restrictions. During the twelve months ended December 31, 2011, we paid common stock dividends of \$9.4 million to PELLC.

Rates established in the 2012 ICC rate order reflect a common equity ratio of 50% in our regulatory capital structure. We may request ICC authorization to issue additional common stock to PELLC and may return capital in order to maintain utility common equity levels consistent with our current rate order.

#### NOTE 13—FAIR VALUE

##### Fair Value Measurements

The following tables show financial assets and liabilities that were accounted for at fair value on a recurring basis, categorized by level within the fair value hierarchy:

<i>(Millions)</i>	December 31, 2011			Total
	Level 1	Level 2	Level 3	
Risk management assets				
Natural gas contracts	\$ -	\$1.2	\$ -	\$1.2
Risk management liabilities				
Natural gas contracts	-	6.8	-	6.8

<i>(Millions)</i>	December 31, 2010					Balance Sheet Presentation
	Level 1	Level 2	Level 3	Total	Netting *	
Risk management assets						
Natural gas contracts	\$ -	\$0.7	\$ -	\$0.7	\$0.1	\$0.6
Risk management liabilities						
Natural gas contracts	-	3.8	-	3.8	0.1	3.7

\* Derivative accounting rules permit the netting of risk management assets and liabilities when a legally enforceable netting agreement exists and, when assets and liabilities are netted, require the netting of related cash collateral positions against the net derivative positions.

The risk management assets and liabilities listed in the tables above include swaps, options, and natural

gas purchase contracts used to manage volatility in natural gas supply costs. We also use financial option contracts to manage volatility in the costs of gasoline and diesel fuel used by our utility vehicles. The fair value of these financial option contracts was not significant at December 31, 2011 and 2010. NYMEX contracts are valued using the NYMEX end-of-day settlement price, which is a Level 1 input. Certain derivative instruments are valued using broker quotes or prices for similar contracts at the reporting date, which are Level 2 inputs. The valuation of certain contracts also includes an adjustment related to transportation, and our financial fixed price options are valued using the Black-76 model, incorporating mid-market prices obtained from the NYMEX. These contracts are also classified in Level 2. For more information on our derivative instruments, see Note 2, "Risk Management Activities." There were no transfers between the levels of the fair value hierarchy during 2011.

### Fair Value of Financial Instruments

The following table shows the financial instruments included on our Balance Sheets that are not recorded at fair value:

<i>(Millions)</i>	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$74.6	\$77.4	\$74.8	\$76.1

The fair value of long-term debt is estimated based on the quoted market price for the same or similar issues, or on the current rates offered to us for debt of the same remaining maturity.

Due to the short-term nature of cash and cash equivalents, accounts receivable, accounts payable, notes payable, and outstanding commercial paper, the carrying amount for each such item approximates fair value.

### NOTE 14—MISCELLANEOUS INCOME

Our total miscellaneous income was as follows at December 31:

<i>(Millions)</i>	2011	2010	2009
Environmental carrying charge	\$0.3	\$0.5	\$0.3
Interest and dividend income	-	-	0.1
Other	0.1	-	-
Total miscellaneous income	\$0.4	\$0.5	\$0.4

### NOTE 15—REGULATORY ENVIRONMENT

#### 2012 Rates

On January 10, 2012, the ICC issued a final order authorizing a retail natural gas rate increase of \$1.9 million, effective January 21, 2012. The rates reflect a 9.45% return on common equity and a common equity ratio of 50.00% in our regulatory capital structure. The rate order also approved a permanent decoupling mechanism. However, the appeal of the original decoupling order is pending and, depending on the outcome, could impact the current rate order provision for decoupling. The rate

order is subject to rehearing requests, which have been filed by NSG and certain interveners, and possible appeal. The Illinois Attorney General filed a motion to stay the implementation of the permanent decoupling mechanism.

### 2010 Rates

On January 21, 2010, the ICC issued a final order authorizing a retail natural gas rate increase of \$13.9 million, effective January 28, 2010. The rates reflected a 10.33% return on common equity and a common equity ratio of 56.00% in our regulatory capital structure. The rate order also approved the recovery of net dismantling costs of property, plant, and equipment over the life of the asset rather than when incurred.

### 2009 Illinois Legislation

In July 2009, Illinois Senate Bill (SB) 1918 was signed into law. Under SB 1918, we filed a bad debt rider with the ICC in September 2009 to recover or refund the incremental difference between the rate case authorized uncollectible expense and the actual uncollectible expense reported to the ICC each year. The ICC approved the rider in February 2010. SB 1918 also requires a percentage of income payment plan for low-income utility customers, which became a permanent program in the fourth quarter of 2011. Additionally, SB 1918 requires an energy efficiency program to meet specified energy efficiency standards, which the ICC approved in May 2011. The first program year began June 2011. Finally, SB 1918 requires an on-bill financing program that we will operate with our energy efficiency program. It will allow certain residential customers to borrow funds from a third-party lender to invest in energy saving measures and to pay the funds back over time through a charge on their utility bill.

### **NOTE 16—SEGMENTS OF BUSINESS**

At December 31, 2011, we reported two segments. Our utility operations are reported in the natural gas utility segment. Our nonutility operations are reported in the other segment. No significant items were reported in the other segment for any of the years presented.

### **NOTE 17—RELATED PARTY TRANSACTIONS**

We routinely enter into transactions with related parties, including Integrys Energy Group and its subsidiaries.

Under the ICC-approved Services and Transfers Agreement (STA), we can provide to and receive from PGL; our parent, PELLC; and other wholly owned subsidiaries of PELLC, certain facilities, services, and assets. Services between PGL and us are priced at fully distributed cost. Otherwise, if we provide facilities or services, we charge the receiving party an amount equal to or greater than the fully distributed cost. If we receive facilities or services, we are charged the prevailing market price but no more than fully distributed cost. Costs are based on direct charges or an allocation method. For asset transfers between PGL and us, the transferring party charges its current net book value. For transactions involving other parties, the charge is the fair market value. Asset transfers to a nonutility are charged at the prevailing market price. Asset transfers involving us may require prior ICC approval. The ICC must approve changes or amendments to the STA.

Under an ICC-approved affiliated interest agreement (Regulated Agreement), we can provide to and receive from Integrys Energy Group and its regulated utility subsidiaries, certain services. All services are provided at cost. The ICC must approve changes or amendments to the Regulated Agreement.

IBS provides 15 categories of services (including financial, human resources, and administrative) to us pursuant to an affiliated interest agreement (IBS AIA), which has been approved, or from which we have been granted appropriate waivers, by the appropriate regulators. As required by FERC regulations for centralized service companies, IBS renders services at cost. The appropriate public utility commissions, including the ICC, must be notified prior to making changes to the services offered under and the allocation methods specified in the IBS AIA, and other changes would require prior ICC approval. Recovery of allocated costs is addressed in our rate cases.

In 2010, a new affiliated interest agreement (Non-IBS AIA) that would govern the provision of intercompany services, other than IBS services, within Integrys Energy Group, was submitted to the appropriate regulators for approval. (A previous filing in 2008 was withdrawn.) The Non-IBS AIA was written primarily to limit the scope of services that had been provided under current agreements that are now being provided by IBS. The Non-IBS AIA would replace the current agreements (except for the IBS AIA) referred to above, after proper approvals. The pricing methodologies from the current agreements would carry forward to the new agreement. The ICC approved the Non-IBS AIA on December 15, 2010, but it cannot take effect until it is approved in all jurisdictions and compliance filings are made.

The following table shows activity associated with related party transactions:

<i>(Millions)</i>	2011	2010	2009
Natural gas sales to Integrys Energy Services	\$0.1	\$0.1	\$0.2
Interest expense to Integrys Energy Group, PGL, and PELLC	0.1	-	0.1

We manage our liquidity by maintaining adequate financing commitments with related parties. We have the ability to borrow up to \$50.0 million from PELLC and to loan to or borrow from PGL up to \$50.0 million. The table below includes information related to short-term debt and remaining available capacity as of December 31:

<i>(Millions)</i>	2011	2010
Total short-term credit capacity under revolving short-term notes payable	\$100.0	\$100.0
Less: Loans outstanding from PGL	8.9	-
Less: Loans outstanding from PELLC	-	10.6
Available capacity under existing agreements	\$ 91.1	\$ 89.4

The year-end interest rate on the short-term notes payable to related parties was 0.3% in 2011 and 0.4% in 2010. The interest rate is that which we would pay if we borrowed the money on our own by issuing the like amount in overnight commercial paper.

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Name of Respondent NORTH SHORE GAS COMPANY		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
<b>SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>				
Line No.	Item (a)	Total (b)	Electric (c)	
1	<b>UTILITY PLANT</b>			
2	<b>In Service</b>			
3	Plant In Service (Classified) (Includes ARO)	421,829,715		
4	Property Under Capital Leases	-		
5	Plant Purchased or Sold	-		
6	Completed Construction not Classified	-		
7	Experimental Plant Unclassified	-		
8	TOTAL (Enter total of lines 3 thru 7)	421,829,715		
9	<b>Leased to Others</b>			
10	Held for Future Use			
11	Construction Work in Progress	2,060,446		
12	Acquisition Adjustments			
13	TOTAL Utility Plant (Enter total of lines 8 thru 12)	423,890,161		
14	Accumulated Provision for Depreciation, Amortization & Depletion (1)	173,372,611		
15	Net Utility Plant (Enter total of line 13 less 14)	250,517,550		
16	<b>DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION</b>			
17	<b>In Service</b>			
18	Depreciation	173,372,611		
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights			
20	Amortization of Underground Storage Land and Land Rights			
21	Amortization of Other Utility Plant			
22	TOTAL In Service (Enter total of lines 18 thru 21)	173,372,611		
23	<b>Leased to Others</b>			
24	Depreciation			
25	Amortization & Depletion			
26	TOTAL Leased to Others (Enter total of lines 24 and 25)			
27	<b>Held for Future Use</b>			
28	Depreciation			
29	Amortization			
30	TOTAL Held for Future Use (Enter total of lines 28 thru 29)			
31	Abandonment of Leases (Natural Gas)			
32	Amort. Of Plant Acquisition Adjustment			
33	TOTAL Accumulated Provision (Should agree with line 14 above) (Enter total of lines 22, 26, 30, 31 and 32)	173,372,611		

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011	
<b>SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (continued)</b>				
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Common (h)	Line No.
				1
				2
421,829,715				3
				4
				5
				6
				7
421,829,715				8
				9
				10
2,060,446				11
				12
423,890,161				13
173,372,611				14
250,517,550				15
				16
				17
173,372,611				18
				19
				20
				21
173,372,611				22
				23
				24
				25
				26
				27
				28
				29
				30
				31
				32
173,372,611				33

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106)**

1. Report below the original cost of gas plant in service according to prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified) this page and the next include Account 102 - Gas Plant Purchased or Sold; Account 103 - Experimental Gas Plant Unclassified; and Account 106-Completed Construction Not Classified - Gas.
3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions or prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	<b>1. Intangible Plant</b>		
2	301 Organization		
3	302 Franchises and Consents		
4	303 303 Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant	-	-
6	<b>2. Production Plant</b>		
7	<b>Natural Gas Production and Gathering Plant</b>		
8	321 Asset Retirement Costs for Manufactured Gas Production Plants	267,274	
9	325.1 Producing Lands		
10	325.2 Producing Leaseholds		
11	325.3 Gas Rights		
12	325.4 Rights-of-Way		
13	325.5 Other Land and Land Rights		
14	326 Gas Well Structures		
15	327 Field Compressor Station Structure		
16	328 Field Measure and Reg. Station Structure		
17	329 Other Structures		
18	330 Producing Gas Wells - Well Construction		
19	331 Producing Gas Wells - Well Equipment		
20	332 Field Lines		
21	333 Field Compressor Station Equipment		
22	334 Field Measure and Reg. Station Equipment		
23	335 Drilling and Cleaning Equipment		
24	336 Purification Equipment		
25	337 Other Equipment		
26	338 Unsuccessful Exploration & Development Costs		
27	339 Asset Retirement Costs for Natural Gas Production and Gathering Plant		
28	TOTAL Production and Gathering Plant	267,274	-
29	<b>Products Extraction Plant</b>		
30	340 Land and Land Rights		
31	341 Structures and Improvements		
32	342 Extraction and Refining Equipment		
33	343 Pipe Lines		
34	344 Extracted Products Storage Equipment		
35	345 Compressor Equipment		
36	346 Gas Measuring and Regulating Equipment		
37	347 Other Equipment		
38	348 Asset Retirement Costs for Products Extraction Plant		
39	TOTAL Products Extraction Plant	-	-
40	TOTAL Natural Gas Production Plant	267,274	-
41	Mfd Gas Production Plant (Submit Supplemental Statement)	6,741,372	281,320
42	TOTAL Production Plant	7,008,646	281,320

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (continued)**

Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassification or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			-	301 2
			-	302 3
			-	303 4
-	-	-	-	5
				6
				7
			267,274	321 8
			-	325.1 9
			-	325.2 10
			-	325.3 11
			-	325.4 12
			-	325.5 13
			-	326 14
			-	327 15
			-	328 16
			-	329 17
			-	330 18
			-	331 19
			-	332 20
			-	333 21
			-	334 22
			-	335 23
			-	336 24
			-	337 25
			-	338 26
			-	339 27
-	-	-	267,274	28
				29
				30
			-	340 31
			-	341 32
			-	342 33
			-	343 34
			-	344 35
			-	345 36
			-	346 37
			-	347 38
-	-	-	-	348 39
-	-	-	267,274	40
(857)	-	-	7,021,835	41
(857)	-	-	7,289,109	42

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
43	<b>3. Natural Gas Storage and Processing Plant</b>			
44	<b>Underground Storage Plant</b>			
45	350.1 Land			
46	350.2 Rights-of-Way			
47	351 Structures and Improvements			
48	352 Wells			
49	352.1 Storage Leaseholds and Rights			
50	352.2 Reservoirs			
51	352.3 Non-recoverable Natural Gas	10,105,535		
52	353 Lines			
53	354 Compressor Station Equipment			
54	355 Measuring and Regulating Equipment			
55	356 Purification Equipment			
56	357 Other Equipment			
57	358 Asset Retirement Costs for Underground Storage Plant			
58	TOTAL Underground Storage Plant	10,105,535		-
59	<b>Other Storage Plant</b>			
60	360 Land and Land Rights			
61	361 Structures and Improvements			
62	362 Gas Holders			
63	363 Purification Equipment			
64	363.1 Liquefaction Equipment			
65	363.2 Vaporizing Equipment			
66	363.3 Compressor Equipment			
67	363.4 Measuring And Regulating Equipment			
68	363.5 Other Equipment			
69	363.6 Asset Retirement Costs for Other Storage Plant			
70	TOTAL Other Storage Plant	-		-
71	<b>Base Load Liquefied Natural Gas Terminating and Processing Plant</b>			
72	364.1 Land and Land Rights			
73	364.2 Structures and Improvements			
74	364.3 LNG Processing Terminal Equipment			
75	364.4 LNG Transportation Equipment			
76	364.5 Measuring and Regulating Equipment			
77	364.6 Compressor Station Equipment			
78	364.7 Communications Equipment			
79	364.8 Other Equipment			
80	364.9 Asset Retirement Costs for Baseload Liquefied Natural Gas Terminating &			
81	TOTAL Base Load Liquefied Natural Gas	-		-
82				
83	TOTAL Natural Gas Storage And Processing Plant	10,105,535		-
84	<b>4. Transmission Plant</b>			
85	365.1 Land and Land Rights	451,016		
86	365.2 Rights-of-Way	7,706,996		
87	366 Structures and Improvements	585,361		
88	367 Mains	18,199,871		861,898
89	368 Compressor Station Equipment			
90	369 Measuring and Regulating Station Equipment	3,085,719		167,149
91	370 Communications Equipment			
92	371 Other Equipment			
93	372 Asset Retirement Costs for Transmission Plant			
94	TOTAL Transmission Plant	30,028,963		1,029,047

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (continued)**

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. no.	Line No.
					43
					44
			-	350.1	45
			-	350.2	46
			-	351	47
			-	352	48
			-	352.1	49
			-	352.2	50
			10,105,535	352.3	51
			-	353	52
			-	354	53
			-	355	54
			-	356	55
			-	357	56
			-	358	57
-	-	-	10,105,535		58
					59
			-	360	60
			-	361	61
			-	362	62
			-	363	63
			-	363.1	64
			-	363.2	65
			-	363.3	66
			-	363.4	67
			-	363.5	68
			-	363.6	69
-	-	-	-		70
					71
			-	364.1	72
			-	364.2	73
			-	364.3	74
			-	364.4	75
			-	364.5	76
			-	364.6	77
			-	364.7	78
			-	364.8	79
			-	364.9	80
-	-	-	-		81
					82
-	-	-	10,105,535		83
					84
			451,016	365.1	85
			7,706,996	365.2	86
			585,361	366	87
			19,061,769	367	88
			-	368	89
		27,510	3,280,378	369	90
			-	370	91
			-	371	92
			-	372	93
-	-	27,510	31,085,520		94

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (continued)</b>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
95	<b>5. Distribution Plant</b>			
96	374 Land and Land Rights	3,403,614		
97	375 Structures and Improvements	9,581,609	106,377	
98	376 Mains	159,951,596	3,616,370	
99	377 Compressor Station Equipment			
100	378 Meas. And Reg. Station Equipment - General	3,850,053	201,420	
101	379 Meas. And Reg. Station Equipment - City Gate	596,785		
102	380 Services	121,956,450	4,613,616	
103	381 Meters	34,846,791	938,444	
104	382 Meter Installations			
105	383 House Regulators	5,384,930	11,292	
106	384 House Regulator Installations			
107	385 Industrial Meas. And Reg. Station Equipment	324,479		
108	386 Other Property On Customers' Premises			
109	387 Other Equipment			
110	388 Asset Retirement Costs for Distribution Plant (1)	16,008,627	(3,508,748)	
111	TOTAL Distribution Plant	355,904,934	5,978,771	
112	<b>6. General Plant</b>			
113	389 Land and Land Rights	136,422		
114	390 Structures and Improvements	3,022,470		
115	391 Office Furniture and Equipment	379,243	579,110	
116	392 Transportation	5,966,899	564,841	
117	393 Stores Equipment			
118	394 Tools, Shop and Garage Equipment	1,652,556	176,667	
119	395 Laboratory Equipment			
120	396 Power Operated Equipment	2,077,349	319,560	
121	397 Communication Equipment	125,705	22	
122	398 Miscellaneous Equipment			
123	Subtotal	13,360,644	1,640,200	
124	399 Other Tangible Property			
125	399.1 Asset Retirement Costs for General Plant			
126	TOTAL General Plant	13,360,644	1,640,200	
127	TOTAL (Accounts 101 and 106)	416,408,722	8,929,338	
128	Gas Plant Purchased (See Instruction 8)			
129	(Less) Gas Plant Sold (See Instruction 8)			
130	Experimental Gas Plant Unclassified			
131	TOTAL Gas Plant in Service	416,408,722	8,929,338	

(1) Changes to both costs estimates and the timing of removal of ARO's for gas mains and services resulted in a decrease in the ARO liability and a corresponding decrease in the ARO asset recorded as part of Property, Plant, and Equipment.

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report	
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011	
<b>GAS PLANT IN SERVICE (Accounts 101, 102, 103 and 106) (continued)</b>					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Acct. No.	Line No.
					95
			3,403,614	374	96
(56,690)			9,631,296	375	97
(561,185)			163,006,781	376	98
				377	99
(399,986)		(27,510)	3,623,977	378	100
			596,785	379	101
(374,397)			126,195,669	380	102
(715,562)			35,069,673	381	103
				382	104
(116,396)			5,279,826	383	105
				384	106
(2,984)			321,495	385	107
				386	108
				387	109
			12,499,879	388	110
(2,227,200)	-	(27,510)	359,628,995		111
					112
			136,422	389	113
			3,022,470	390	114
(192,189)			766,164	391	115
(396,345)			6,135,395	392	116
				393	117
(166,050)		50,010	1,713,183	394	118
				395	119
(525,704)		(50,010)	1,821,195	396	120
			125,727	397	121
				398	122
(1,280,288)	-	-	13,720,556		123
				399	124
				399.1	125
(1,280,288)	-	-	13,720,556		126
(3,508,345)	-	-	421,829,715		127
					128
					129
					130
(3,508,345)	-	-	421,829,715		131

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**MANUFACTURED GAS PRODUCTION PLANT - SUPPLEMENTAL SCHEDULE**

**SEE PAGE 204, LINE 41**

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)
1	<b>PRODUCTION PLANT</b>						
2	Manufactured Gas Production Plant						
3	(304) Land and Land Rights	69,538					69,538
4	(305) Structures and Improvements	1,143,567	278,664	(857)			1,421,374
5	(306) Boiler Plant Equipment						
6	(307) Other Power Equipment						
7	(308) Coke Ovens						
8	(309) Producer Gas Equipment						
9	(310) Water Gas Generating Equipment						
10	(311) Liquefied Petroleum Gas Equipment	5,528,267	2,656				5,530,923
11	(312) Oil Gas Generating Equipment						
12	(313) Generating Equipment - Other Expenses						
13	(314) Coal, Coke and Ash Handling Equipment						
14	(315) Catalytic Cracking Equipment						
15	(316) Other Reforming Equipment						
16	(317) Purification Equipment						
17	(318) Residual Refining Equipment						
18	(319) Gas Mixing Equipment						
19	(320) Other Equipment						
20	<b>TOTAL Manufactured Gas Production Plant</b>	<b>6,741,372</b>	<b>281,320</b>				<b>7,021,835</b>

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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**GAS PLANT LEASED TO OTHERS (Account 104)**

Instructions:

- Report below the information called for concerning gas plant leased to others.
- In column (c) give the date of Commission authorization of the lease of gas plant to others

Line No.	Name of Lessee (Designate associated companies with an asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1	NONE				NONE
2					
3					
4					
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42					
43					
44					
45					
46					
47	TOTAL				NONE

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
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**GAS PLANT HELD FOR FUTURE USE**

Instructions:

- Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.
- For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location of Property (a)	Date Originally Included in the Account (b)	Date expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	NONE			NONE
2				
3				
4				
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43				
44				
45				
46				
47	TOTAL			NONE

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**CONSTRUCTION WORK IN PROGRESS (Account 107)**

Instructions:

1. Report below descriptions and balances at end of year of projects in process of construction (107).
2. Show items relating to "research, development, and demonstration" projects last, under a caption " Research, Development, and Demonstration" (see Account 107 of the Uniform System of Accounts).
3. Minor projects (less than \$500,000) may be grouped.

Line No.	Description of Project (a)	Construction Work in Progress - Gas (Acct. 107) (b)	Estimated Additional Cost of Project (c)
1	Gas Operations Main Project - Park Avenue West Main Relocation	620,636	0
2			
3			
4			
5			
6			
7			
8			
9			
10			
11	Projects With Balances Less Than \$500,000	1,439,810	Not Available
12			
13			
14			
15			
16			
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20			
21			
22			
23			
24			
25			
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43			
44	TOTAL	2,060,446	Not Available

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)**

Instructions:

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 13, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Line No.	Item (a)	Total (c + d + e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
<b>Section A. Balances and Changes During the Year</b>					
1	Balance Beginning of Year	167,853,136	167,853,136		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	9,507,548	9,507,548		
4	(413) Exp. Of Gas Plant Leased to Others				
5	Transportation Expense - Clearing	590,517	590,517		
6	Other Clearing Accounts				
7	Other Accounts (Specify):				
8	(182) ARO Depreciation Expense	399,098	399,098		
9	(182) Contra Reg Asset ARO Depr Expense (included in 403 above)	(1,041,218)	(1,041,218)		
10	Capitalized Depreciation Transferred	38,366	38,366		
11	TOTAL Deprec. Prov. For Year (Enter total of lines 3 thru 10)	9,494,311	9,494,311		
12	Net Charges for Plant Retired:				
13	Book Cost of Plant Retired	(3,508,345)	(3,508,345)		
14	Cost of Removal	(471,735)	(471,735)		
15	Salvage (Credit)	356,601	356,601		
16	TOTAL Net Charges for Plant Ret. (Enter total of lines 13 thru 15)	(3,623,479)	(3,623,479)		
17	Other Debit or Credit Items (Describe):				
18	Reclass of Cost of Removal collected through rates for legal AROs (Account 254485 to 182376)	(351,357)	(351,357)		
19	TOTAL Other Debit or Credit Items (Enter total if line 18)	(351,357)	(351,357)		
20	Balance End of Year (Enter total of lines 1,11,16, & 19) (1)	173,372,611	173,372,611		
<b>Section B. Balances at End of Year According to Functional Classifications</b>					
21	Production - Manufactured Gas	4,133,868	4,133,868		
22	Production and Gathering - Natural Gas				
23	Products Extraction - Natural Gas				
24	Underground Gas Storage	6,631,102	6,631,102		
25	Other Storage Plant				
26	Base Load LNG Term. And Processing Plant				
27	Transmission	10,159,839	10,159,839		
28	Distribution	145,474,034	145,474,034		
29	General	6,973,768	6,973,768		
30	TOTAL (Enter total of lines 21 thru 29)	173,372,611	173,372,611		

(1) Cost of Removal was authorized in ICC Docket 09-0166/09-0167 (consolidated). The Ending Reserve Balance for Cost of Removal is reclassified from Account 254 to Account 108.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**GAS STORED (Accounts 117, 164.1, 164.2, and 164.3)**

- Instructions:
1. If during the year adjustment was made to the stored gas inventory (such as to correct cumulative inaccuracies of gas measurement), furnish in a footnote an explanation of the reason for the adjustment, the Mcf and dollar amount of adjustment, and the account charged or credited.
  2. Give in a footnote a concise statement of the facts and the accounting performed with respect to any encroachment of withdrawals during the year, or restoration of previous encroachment, upon native gas constituting the "gas cushion" of any storage reservoir.
  3. If the company uses a "base stock" in connection with its inventory accounting, give a concise statement of the basis of establishing such "base stock" and the inventory basis and the accounting performed with respect to any encroachment of withdrawals upon "base stock" or restoration of previous encroachment, including brief particulars of any such accounting during the year.
  4. If the company has provided accumulated provision for stored gas, which may not eventually be fully recovered from any storage project, furnish a statement showing: (a) date of Commission authorization of such accumulated provision, (b) explanation of circumstances requiring such provision, (c) basis of provision and factors of calculation, (d) estimated ultimate accumulated provision accumulation, and (e) a summary showing balance of accumulated provision and entries during year.
  5. Report pressure base of gas volumes as 14.73 psia at 60 degrees F.

Line No.	Description (a)	Noncurrent (Account 117) (b)	Current (Account 164.1) (c)	LNG (Account 164.2) (d)	LNG (Account 164.3) (e)	Total (f)
1	Balance Beginning of Year	\$ 531,899	\$ 7,726,208	None	None	\$ 8,258,107
2	Gas Delivered to Storage (Contra Account)		48,791,947			48,791,947
3	Gas Withdrawn from Storage (Contra Account)		46,105,644			46,105,644
4	Other Debits or Credits (Net)					
5	Balance at End of Year	\$ 531,899	\$ 10,412,511	None	None	\$ 10,944,410
6	Mcf @ 1,000 BTU	484,386	7,278,246			7,762,632
7	Amount Per Mcf	\$ 1.098	\$ 1.431			\$ 1.410

8 State basis of segregation of inventory between Current and Noncurrent portions:

Injections to maintain deliverability pressure are classified as non-current. Other activity is classified as current.

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**INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)**

1. Report below investments in Account 123.1 - Investments in Subsidiary Companies.
2. Provide a subheading for each company and list there under the information called for below. Sub-total by company and give a total in columns (e), (f), (g) and (h).
  - (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
  - (b) Investment Advance - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
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41				
42	Total Cost of Account 123.1:			None

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (continued)**

4. For any securities, notes, or accounts that were pledged, designate such securities, notes or accounts in a footnote, and state the name of pledge and purpose of pledge.

5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.

6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.

7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including interest adjustment includible in Column (f).

8. Report on Line 42, column (a) the total cost of Account 123.1.

Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed Of (h)	Line No.
				1
				2
				3
				4
				5
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				10
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**PREPAYMENTS (Account 165)**

Instructions: 1. Report below the particulars (details) on each prepayment. 2. Report all payments for undelivered gas on line 5.		
Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)
1	Prepaid Insurance	314,261
2	Prepaid Taxes	26,879
3		
4		
5		
6		
7		
8		
9		
10	TOTAL	341,140

**EXTRAORDINARY PROPERTY LOSSES (Account 182.1)**

Line No.	Description of Extraordinary Loss (Include in the description the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo./yr. To mo./yr.)) (a)	Total Amount of Loss (b)	Losses Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
8						
9	TOTAL					None

**UNRECOVERED PLANT AND REGULATORY STUDY COSTS (Account 182.2)**

Line No.	Description of Unrecovered Plant and Regulatory Study Costs (Include in the description of costs the date of Commission authorization to use Account 182.2, and period of amortization (mo./ yr. To mo./yr.)) (a)	Total Amount of Charges (b)	Costs Recognized During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
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18						
19	TOTAL					None

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**OTHER REGULATORY ASSETS (Account 182.3)**

Instructions:

- Report below the particulars (details) called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
- For regulatory assets being amortized, show period of amortization in column (a).
- Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$50,000, whichever is less) may be grouped by classes.
- Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.
- Provide in a footnote, for each line item, the regulatory citation where authorization for the regulatory asset has been granted (e.g. Commission Order, court decisions)

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS			Balance at End of Year (g)
				Account Charged (d)	Amount Recovered (e)	Amount deemed Unrecoverable (f)	
1	Investigation and Removal of						
2	Manufactured Gas Residues (1)	7,026,445	34,198,469	Various	43,521,864		(2,296,950)
3							
4	Estimated Liability Costs						
5	Incurred Re: Manufactured						
6	Gas Residues - Net	92,957,400	2,113,097	253	14,306,797		80,763,700
7							
8	Utility Gas Cost Hedging Program	4,669,521	9,291,622	Various	6,058,864		7,902,279
9							
10	Pensions and Retiree Welfare Costs	7,698,463	14,343,423	Various	8,162,404		13,879,482
11							
12	Asset Retirement Obligations	6,179,338	1,945,332	Various	1,669,346		6,455,324
13							
14	Pre-Merger Pension and Welfare Costs	13,039,169		926	1,227,633		11,811,536
15	Amortization period Pension - January 2010 -						
16	February 2023 and Welfare - January 2010 -						
17	April 2019 (2)						
18							
19	Merger Costs						
20	Amortization period February 2008 -						
21	January 2013 (3)	474,156		930.2	228,776		245,380
22							
23	Charges for Rate Case filed in 2007						
24	Amortization period February 2008 -						
25	January 2013 (4)	921,542		928	433,960		487,582
26							
27	Charges for Rate Case filed in 2009	1,408,184	57,129	928	693,856		771,457
28	Amortization period February 2010 -						
29	January 2013 (5)						
30							
31							
32	Charges for Rate Case filed in 2011	293021	1,644,349				1,937,370
33	Amortization period February 2012 -						
34	April 2014 (6)						
35							
36	SB 1918 - Bad Debt Rider Adjustment (7)	9380	132,783	905	142,163		-
37							
38	SB 1918 - Energy and On-Bill Financing (8)	112,095	339,066	Various	354,881		96,280
39							
40	2010 Health Care Legislation (9)	884,435	77,448	Various			961,883
41							
42							
43							
44							
45	TOTAL	135,673,149	64,142,718		76,800,544		123,015,323

Note:

- Authorized by Commission Docket #91-0010
- Authorized by Commission Docket #06-0540
- Authorized by Commission Docket #06-0540
- Authorized by Commission Docket #07-0241/07-0242 (consolidated)
- Authorized by Commission Docket #09-0166/09-0167 (consolidated)
- Authorized by Commission Docket #11-0280/11-0281 (consolidated)
- Authorized by Commission Docket #09-0419/09-0420 (consolidated)
- Authorized by Commission Docket #10-0090 and 10-0564
- Under provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (the "2010 Act") beginning in 2013, a portion of the Company's expenditures for retiree prescription drug coverage would not be tax deductible. While these future prescription drug expenditures had yet to be realized at the date of enactment, they had been accrued for in prior years. Therefore, a deferred tax benefit and asset had been provided for in periods prior to the date of enactment of the 2010 Act. On the date of enactment (during Q1, of 2010) a re-measurement of the deferred tax asset was triggered. The tax provision and associated tax effects in this filing reflect deferral of re-measurement of the deferred tax asset for future benefit costs. The deferral is reflected following the principles of full normalization and average rate assumption method required by the Order in ICC Docket #83-0309 that has been consistently used by the Company to account for re-measurement of deferred taxes in similar cases.

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**MISCELLANEOUS DEFERRED DEBITS (Account 186)**

Instructions:

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$100,000) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Transportation Clearing - Accrued Items	41,247	831,316	Various	872,563	-
2						
3	Work Orders to be Billed	21,754	23,369	Various	13,775	31,348
4						
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49	<b>TOTAL</b>	63,001	854,685		886,338	31,348

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**ACCUMULATED DEFERRED INCOME TAXES (Account 190)**

- Report the information called for below concerning the respondent's accounting for deferred income taxes.
- At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 410.1/411.1 (d)
1	Electric			
2	Plant			
3	Other Than Plant			
4	Plant FAS 109			
5				
6				
7	Other			
8	TOTAL Electric (Enter Total of lines 2 thru 7)	-	-	-
9	Gas			
10	Plant/Other Than Plant	5,612,361	17,786,140	17,013,773
11	FAS 109	1,155,461		
12				
13				
14				
15	Other			
16	TOTAL Gas (Enter total of lines 10 thru 15)	6,767,822	17,786,140	17,013,773
17	Other (Specify)	(1,176)		
18	TOTAL (Acct. 190) (Total of lines 8, 16 and 17)	6,766,646	17,786,140	17,013,773
19	Classification of TOTAL			
20	Federal Income Taxes	5,932,266	15,952,212	14,575,475
21	State Income Taxes	834,380	1,833,928	2,438,298
22	Local Income Taxes			

NOTES

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**ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)**

3. If more space is needed, use separate pages as required.  
4. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
		282/283/254	182,675			4,657,319	10
				282/283/254	(45,361)	1,200,822	11
							12
							13
							14
							15
			182,675		(45,361)	5,858,141	16
30,250	45,864	282/283/254	10,788			3,650	17
30,250	45,864		193,463		(45,361)	5,861,791	18
							19
35,359	39,498		2,652		138,227	4,418,789	20
(5,109)	6,366		190,811		(183,588)	1,443,002	21
							22

NOTES (Continued)

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**CAPITAL STOCK (Accounts 201 and 204)**

For utilities with gas and electric operations who file this page in FERC Form 1, this page is optional. Please note on page, 'See FERC Form 1.'

- Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
- Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock, and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	Account 201			
2	Common Stock	5,000,000	No Par Value	N/A
3				
4	Account 204			
5	Preferred Stock	160,000	100.00	N/A
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Name of Respondent North Shore Gas	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**CAPITAL STOCK (Accounts 201 and 204) (Continued)**

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
3,625,887	24,803,360					2
						3
						4
	None					5
						6
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Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
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**OTHER PAID-IN-CAPITAL (Accounts 208 - 211, incl.)**

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) Donations Received from Stockholders (Account 208) - State amount and give brief explanation of the origin and purpose of each donation.

(b) Reduction in Par or Stated Value of Capital Stock (Account 209) - State amount and give brief explanation of the capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock, to which related.

(c) Gain on Resale or Cancellation of Recquired Capital Stock (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) Miscellaneous Paid-In Capital (Account 211) - Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Name (a)	Amount (b)
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40	TOTAL	None

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
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**RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME  
FOR FEDERAL INCOME TAXES**

- Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
- If the utility is a member of a group which files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the year (Page 117)	9,728,775
2	Reconciling Items for the Year	
3	Federal and State Income Taxes	5,870,617
4	Schedule M-1 Adjustments	1,869,086
5		
6	Federal Taxable Income	17,468,478
7		
8	Show Computation of Tax:	
9	Federal Tax Rate	35%
10	Federal Tax Liability	6,113,967
11	Tax Effect of Deferred Items	1,445,204
12	Current Year Additional Current Adj	(43,756)
13	Prior Year Current	(3,287,654)
14	Investment Tax Credit	(40,914)
15	Federal Tax Per Books	4,186,848
16		
17	Deduct:	
18	Federal Income Tax - Other Income & Deductions - Account 409.2	110,648
19	Tax Effect of Deferred Items	1,445,204
20		
21	Add:	
22	Investment Tax Credit - Account 411.4	40,914
23		
24	Total Federal Income Tax - Account 409.1	2,671,909
25		
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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR**

- Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
- Include on this page, taxes paid during the year and charged directly to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
- Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged directly to operations or accounts other than accrued and prepaid tax accounts.
- List the aggregate of each kind of tax in such manner. (more on next page)

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Incl. In Account 165) (c)
1	Federal Income Tax		2,584,383
2	State Income Tax Current Year		
3	State Income Tax Prior Year		539,931
4	Old Age Benefit	25,556	
5	Federal Unemployment	13,992	
6	Federal Excise		395
7	State Unemployment	(13,950)	
8	State Franchise		(9,898)
9	Supplemental Low Income/Renewable Energy	579,691	
10	State Public Utility	(271,940)	
11	Gross Revenue	(23,794)	100,829
12	Illinois Use		
13	Invested Capital	60,191	
14	Illinois Gas Use		
15	Real Estate	269,200	
16	Personal Property		
17	Municipal Utility	1,718,615	
18	Unauthorized Insurance		10,318
19	Other Miscellaneous Taxes		
20	Total	2,357,561	3,225,958

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Departments (Account 408.1, 409.1) (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1		2,671,909		110,648
2		1,502,962		25,879
3		55,709		7,580
4		1,297,502		
5		12,420		
6		443		
7		24,496		
8		(1,130)		
9				
10		35,909		
11				
12				
13		1,301,809		
14		5,436		
15		242,874		
16				
17				
18		20,173		
19		32		
20		7,170,543		144,107

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**TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (continued)**

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the tax accounts were distributed. Show both the utility department and number of account charged.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Items under \$50,000 for utilities with operating revenues of \$25,000,000 or less and under \$250,000 for utilities with operating revenues of more than \$25,000,000 may be grouped.
11. Report in column (q) the applicable effective state income tax rate.

+ Taxes Charged During Year (d)	- Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes (Incl. In Account 165) (h)	
2,782,557	(1,096,619)	(97,904)	1,392,697		1
1,528,841	243,340		1,285,501		2
63,289	(470,546)	165,385	(171,481)		3
14,562			40,118		4
1,733		13,990	1,735		5
443	582			534	6
2,319		(13,990)	2,358		7
27,900	24,756	29,030		15,988	8
1,783,900	1,779,495		584,096		9
6,232,140	5,515,235		444,965		10
198,333	217,722	(100,829)	(43,183)		11
					12
1,301,809	1,352,000		10,000		13
					14
296,282	267,982		297,500		15
					16
5,794,320	6,057,280		1,455,655		17
20,173	20,212		-	10,357	18
32	32				19
20,048,633	13,911,472	(4,318)	5,299,961	26,879	20

**DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)**

Extraordinary Items (Acct. 409.3) (m)	Other Utility Operating Income (Acct. 408.1, 409.1) (n)	Adjustments to Ret. Earnings (Acct. 439) (o)	Other (p)	State/Local Income Tax Rate (q)	Line No.
					1
					2
					3
			(1,282,940)		4
			(10,687)		5
					6
			(22,177)		7
			29,030		8
			1,783,900		9
			6,196,232		10
			198,333		11
					12
					13
			(5,436)		14
			53,408		15
					16
			5,794,320		17
					18
					19
			12,733,983		20

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**OTHER DEFERRED CREDITS (Account 253)**

Instructions:

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show period of amortization.
3. Minor items (less than \$100,000) may be grouped by classes.
4. For any undelivered gas obligations to customers under take-or-pay clauses of sale agreements, show the total amount on this page. Show also on this page, but as a separate item, any advance billings or receipts for gas sales or service classified in Account 253 but not related to take-or-pay arrangements.

Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1	Estimated Liability for Costs Incurred					
2	Re: Manufactured Gas Residues	92,957,400	182.3	14,306,797	2,113,097	80,763,700
3						
4	Post-Employment Benefits SFAS 112	418,104	926.3	59,418	48,145	406,831
5						
6	Outstanding Checks - Pending Escheatment	334,399	Various	244,217	32,237	122,419
7						
8	Reconnection Program	38,000	242.5	38,000		-
9						
10	Restricted Stock Grants	23,565	920	112,869	89,304	-
11						
12						
13						
14						
15						
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50	TOTAL	93,771,468		14,761,301	2,282,783	81,292,950

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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)**

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
- For Other (Specify), include deferrals relating to other income and deductions.
- Use separate pages as required.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric			
3	Gas	58,324,077	17,264,843	11,625,421
4	Other (Define)			
5	TOTAL (total of lines 2 thru 4)	58,324,077	17,264,843	11,625,421
6	Other (Specify)			
7				
8				
9	TOTAL Account 282 (Enter total of lines 5 thru 8)	58,324,077	17,264,843	11,625,421
10	Classification of TOTAL			
11	Federal Income Tax	52,023,244	15,449,372	10,553,110
12	State Income Tax	6,300,833	1,815,471	1,072,311
13	Local Income Tax			

NOTES:

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (continued)**

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
		254 / 190 / 283	(3,453,458)	254 / 190 / 283	(97,089)	67,319,868	3
			(3,453,458)		(97,089)	67,319,868	4
							5
							6
							7
			(3,453,458)		(97,089)	67,319,868	8
							9
			(2,808,837)		420,913	60,149,256	10
			(644,621)		(518,002)	7,170,612	11
							12
							13

NOTES (Continued):

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**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)**

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- For Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3				
4				
5				
6				
7				
8	Other			
9	TOTAL Electric (Total of lines 3 thru 8)			
10	Gas			
11	Plant/Other Than Plant	7,533,383	10,539,104	15,398,436
12				
13				
14				
15				
16				
17	Other			
18	TOTAL Gas (Total of lines 11 thru 17)	7,533,383	10,539,104	15,398,436
19	Other (Specify)			
20	TOTAL (Acct 283) (Total of lines 9, 18 and 19)	7,533,383	10,539,104	15,398,436
21	Classification of TOTAL			
22	Federal Income Tax	6,668,005	8,968,616	13,517,568
23	State Income Tax	865,378	1,570,488	1,880,868
24	Local Income Tax			

NOTES

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**ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (continued)**

3. Provide in the space below explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.

4. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
		254 / 282	3,588,519			(914,468)	11
							12
							13
							14
							15
							16
							17
			3,588,519			(914,468)	18
							19
			3,588,519			(914,468)	20
							21
			2,918,201			(799,148)	22
			670,318			(115,320)	23
							24

NOTES (continued)

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**OTHER REGULATORY LIABILITIES (Account 254)**

- Report below the particulars (details) called for concerning other regulatory liabilities that are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
- For regulatory liabilities being amortized, show period of amortization in column (a).
- Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.
- Provide in a footnote, for each item, the regulatory citation where the respondent was directed to refund the regulatory liability (e.g. Commission Order, court decision)

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning Of Year (b)	DEBITS		CREDITS		Balance at End of Year (g)
			Account Credited (c)	Amount (d)	Amount Refunded (e)	Amount deemed non-refundable (f)	
1	Future Rate Reduction - Taxes	1,660,847	Various	1,190,837	1,328,859		1,798,869
2							
3	Utility Gas Cost Hedging Program				966,554		966,554
4							
5	Uncollectible Expense Adjustment Rider (1)	355,504	Various	210,430		559,170	704,244
6	For 2009 - Amortize June 2010 - May 2011						
7	For 2010 - Amortize June 2011 - May 2012						
8	For 2011 - Amortize June 2012 - May 2013						
9							
10	Rider EOA Annual Reconciliation (2)					221,580	221,580
11							
12	Rider EEP Annual Reconciliation (3)					35,000	35,000
13							
14	Non-ARO Cost of Removal (4)	1,073,695	Various	2,668,110	1,594,415		-
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
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29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40	<b>TOTAL</b>	<b>3,090,046</b>		<b>4,069,377</b>	<b>3,889,828</b>		<b>3,726,247</b>

(1) Illinois Commerce Commission approved Rider UEA (Uncollectible Expense Adjustment). Authorized by ICC Docket 09-0419/09-0420 (consolidated). Debit amount shown in column (d) represents the actual Rider UEA refund/amortization amount during 2011. Credit amount shown in column (f) is the estimated Rider UEA regulatory liability amount accrued during 2011 for future refund period June 2012 through May 2013. The actual refund amount will be adjusted to the final annual reconciliation adjustment amount.

(2) Authorized by ICC Docket 10-0564. Company did not have any Rider EOA refund/amortization amount during 2011. Credit amount shown in column (f) is the Rider EOA regulatory liability amount accrued during 2011 for future refund period June 2012 through May 2013. The actual refund/recovery amount will be adjusted to the final annual reconciliation adjustment amount.

(3) Authorized by ICC Docket 07-0241/07-0242 (consolidated). Credit amount shown in column (f) is the estimated Rider EEP expenses that were set aside as the regulatory liability that, based on expectations, at the time, this amount could be disallowed in the future given a Commission order in an earlier case; however, based on evidence filed in 2012, it is likely that the amount disallowed will be less than \$200. The actual refund/recovery amount will be adjusted to the final annual reconciliation adjustment amount. Account 242 is used to track the actual refund of the prior program years' Rider EEP billed amounts in excess of expenses. The amount refunded in 2011 was \$205,398 and the outstanding December 31, 2011 balance for refund period, through June 30, 2012, is \$368,449.

(4) Docket 09-0166/09-0167 (consolidated). Reclassified to FERC account 108.

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**GAS OPERATING REVENUES (Account 400)**

Instructions:

- Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.
- Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The average number of customers means then average of twelve figures at the close of each month.
- Report quantities of natural gas sold in Therms (14.73 psia at 60° F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Therms.
- If increases or decreases from previous year (column (c), (e) and (g)), are not derived from previously reported figures, explain inconsistencies in a footnote.

Line No.	Title of Account (a)	OPERATING REVENUES	
		Amount for Year (b)	Amount for Previous Year (c)
1	<b>GAS SERVICE REVENUES</b>		
2	480 Residential Sales	153,410,664	163,206,315
3	481 Commercial & Industrial Sales		
4	Small (or Comm.) (See Instruction 6)	22,856,557	25,028,827
5	Large (or Ind.) (See Instruction 6)	3,965,640	4,084,520
6	482 Other Sales to Public Authorities		
7	484 Interdepartmental Sales		
8	TOTAL Sales to Ultimate Consumers	180,232,861	192,319,662
9	483 Sales for Resale		
10	TOTAL Nat. Gas Service Revenues	180,232,861	192,319,662
11	Revenues from Manufactured Gas		
12	TOTAL Gas Service Revenues	180,232,861	192,319,662
13	<b>OTHER OPERATING REVENUES</b>		
14	485 Intracompany Transfers		
15	487 Forfeited Discounts	686,400	652,873
16	488 Misc. Service Revenues	491,944	516,960
17	489.1 Rev. from Trans. Of Gas of others through gathering facilities		
18	489.2 Rev. from Trans. Of Gas of others through transmission facilities		
19	489.3 Rev. from Trans. Of Gas of others through distribution facilities	18,178,772	18,763,126
20	489.4 Rev. from storing gas of others		
21	490 Sales of Prod. Ext. from Natural Gas		
22	491 Rev. from Natural Gas Proc. By Others		
23	492 Incidental Gasoline and Oil Sales		
24	493 Rent from Gas Property		
25	494 Interdepartmental Rents		
26	495 Other Gas Revenues	1,832,903	(992,419)
27	TOTAL Other Operating Revenues	21,190,019	18,940,540
28	TOTAL Gas Operating Revenues	201,422,880	211,260,202
29	(Less) 496 Provision for Rate Refunds		
30	TOTAL Gas Operating Revenues Net of Provision for Refunds	201,422,880	211,260,202
31	Dist. Type Sales by States (Incl. Main Line Sales to Resid. And Comm. Customers)	180,232,861	192,319,662
32	Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities)		
33	Sales for Resale		
34	Other Sales to Pub. Auth. (Local Dist. Only)		
35	Interdepartmental Sales		
36	TOTAL (Same as Line 10, columns (b) and (d))	180,232,861	192,319,662

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**GAS OPERATING REVENUES (Account 400) (continued)**

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf. Per year or approximately 800 Mcf per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)  
7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

THERMS OF NATURAL GAS SOLD		AVERAGE NO. OF NAT. GAS CUSTOMERS PER MO.		Line No.
Quantity for Year (d)	Quantity for Previous Year (e)	Number for Year (f)	Number for Previous Year (g)	
				1
181,764,404	178,065,236	136,686	135,924	2
				3
30,815,620	30,681,352	9,154	9,085	4
5,724,615	5,275,889	644	638	5
				6
				7
218,304,639	214,022,477	146,484	145,647	8
				9
218,304,639	214,022,477	146,484	145,647	10

Note: Quantities of natural gas sold in columns (d) and (e) are reported in therms in 14.65 psia at 60 ° F. Therms must be multiplied by 0.994568907 (14.65/14.73) to convert to therms in 14.73 psia at 60 ° F.  
Monthly BTU factors used for converting from MCF to therms during the years are as shown:

	<u>BTU Factors for Year</u>	<u>BTU Factors for Previous Year</u>
JAN	1.006	1.012
FEB	1.006	1.011
MAR	1.007	1.009
APR	1.007	1.009
MAY	1.008	1.008
JUN	1.009	1.007
JUL	1.010	1.006
AUG	1.010	1.006
SEP	1.010	1.006
OCT	1.010	1.006
NOV	1.011	1.006
DEC	1.011	1.006

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**RESIDENTIAL AND COMMERCIAL SPACE HEATING CUSTOMERS**

Instructions: A residential space heating customer is a customer whose major fuel for heating is gas.

Line No.	Item (a)	Residential (b)	Commercial (c)
1	Average Number of Space Heating Customers for the Year (Estimate if not known. Designate with an asterisk if estimated.)	134,772	8,877
2	For Space Heating Only, Estimated Average Mcf (14.73 psia at 60° F). Per Customer for the Year	132	336
3	Number of Space Heating Customers Added During the Year	781	714
4	Number of Unfilled Applications for Space Heating at End of Year	None	None

**INTERRUPTIBLE, OFF PEAK AND FIRM SALES TO DISTRIBUTION SYSTEM INDUSTRIAL CUSTOMERS**

- Report below the average number of interruptible, off peak, and firm industrial customers on local distribution systems of the respondent, and the Mcf of gas sales to these customers for the year.
- Interruptible customers are those to whom service may be interrupted under terms of the customer's gas contract, or to whom service is required to be interrupted, regardless of contractual arrangements in emergency periods, by law, ordinance, directive or other requirement of government authority. State in a footnote the basis on which interruptible customers are reported.
- Off peak sales are seasonal and other sales which do not occur during wintertime demands.
- Report pressure base of gas volumes at 14.73 psia at 60° F.

Line No.	Item (a)	Number/Amount (b)
1	Interruptible Customers	
2	Average Number of Customers for the Year	
3	Mcf of Gas Sales for the Year	
4	Off Peak Customers	
5	Average Number of Customers for the Year	
6	Mcf of Gas Sales for the Year	
7	Firm Customers	
8	Average Number of Customers for the Year	644
9	Mcf of Gas Sales for the Year	564,274
10	TOTAL Industrial Customers	
11	Average Number of Customers for the Year	644
12	Mcf of Gas Sales for the Year	564,274

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NORTH SHORE GAS COMPANY			Dec. 31, 2011
<b>Other Gas Revenues (Account 495)</b>			
Instructions: Report below transactions included in Account 495, Other Gas Revenues.			
Line No.	Description of Transaction (a)	Amount (b)	
1	Commissions on Sale or Distribution of Gas of Others		
2	Compensation for Minor or Incidental Services Provided for Others		
3	Profit or Loss on Sale of Material and Supplies not Ordinarily Purchased for Resale		
4	Sales of Steam, Water, or Electricity, including Sales or Transfers to Other Departments		
5	Miscellaneous Royalties		
6	Revenues from Dehydration and Other Processing of Gas of Others except as provided for in the Instructions to Acct 495		
7	Revenues for Rights and/or Benefits Received from Others Realized through Research, Development, & Demonstration Ventures		
8	Gains on Settlements of Imbalance Receivables and Payables		
9	Revenues from Penalties earned Pursuant to Tariff Provisions, including Penalties Associated with Cash-out Settlements		
10	Revenues from Shipper Supplied Gas		
11	Volume Balancing Adjustments - Accruals and Reconciliation	1,557,330	
12	Municipal Utility Tax and Gas Use Tax Service Fee	198,306	
13	Illinois Gas Use Tax Service Fee	45,096	
14	Other revenues: Miscellaneous contract services	32,171	
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	TOTAL	1,832,903	

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**SALES FOR RESALE NATURAL GAS (Account 483)**

Instructions:

- Report particulars (details) concerning sales of natural gas during the year to other gas utilities and to pipeline companies for resale. Sales to each customer should be subdivided by service classifications, identified in column (c) where applicable, by rate schedule designation contained in the company's tariff.
- Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.
- In either column (a) or (b), provide separate subheadings and total for each State in addition to a grand total for all sales to other gas utilities.
- Enter in column (b), point of delivery, the name of city or town and State, and such other designation necessary to enable identification on maps of respondent's pipeline system.
- Designate with an asterisk and footnote any sales which are other than firm sales, i.e., sales for storage, etc.
- Monthly billing demands, as used in column (g) are the number of Mcf in the respective months actually used in computing the demand portion of the customer's bills; such quantity of Mcf is multiplied by the demand portion of the tariff rate. Report in column (g) the sum of the monthly billing demands for the number of months the customer received service or was subject to demand charges.
- Where consolidated bills for more than one point of delivery are rendered under a rate shedule, indicate the several points of delivery in column (b) and report the remainder of the columns on a consolidated basis corresponding to the billing. Where, however, consolidated bills for more than one point of delivery are not rendered under FERC rate schedule, the required information (columns) shall be furnished for each point of delivery

Line No.	Name of Other Gas Utility (Designate associated companies with an asterisk) (a)	Point of Delivery (City or Town, and State) (b)	Tariff Rate Schedule Designation (c)	Mcf of Gas Sold (Approx. Btu per cu. Ft.) (d)	Revenue for Year (See Instr. 5) (e)
1	None				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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**SALES FOR RESALE NATURAL GAS (Account 483) (continued)**

Instructions (continued):

8. Designate in a footnote if Btu per cubic foot of gas is different for any delivery point from that shown in the heading of column (d).

9. For each firm sale of \$25,000 or more for the year at each point of delivery, shown in column (i) peak day volume of gas, at pressure base indicated in column (d), and in column (h) show the date of such peak delivery. If an estimate is used for any peak day delivery, state the basis for such estimate. If deliveries are made to one customer at more than one delivery point, show the peak day delivery, and date thereof for each delivery point if billing is on a non-conjunctive basis, and show the total for each such customer if billing is on a conjunctive basis.

10. Summarize total sales as follows: A. Field sales subdivided by deliveries to (i) interstate pipeline companies and (ii) other; B. Transmission system sales divided by deliveries to (i) interstate pipeline companies, (ii) intrastate pipeline companies and gas utilities for resale under FERC rate schedules, and (iii) others. "Field sales" means sales made from wells from points along gathering lines in gas field or production areas or from points along transmission lines within fields or production areas. "Transmission sales" means sales made from points along transmission lines within gas fields or production areas.

11. Enter Mcf at 14.73 psia at 60 degrees F.

Average Revenue per Mcf (in cents) (f)	Sum of Monthly Billing Demands Mcf (g)	Peak Day Delivery to Customers			Line No.
		Mcf			
		Date (h)	Noncoincidental (i)	Coincidental (j)	
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
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					28
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					30

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**Discounted Rate Services and Negotiated Rate Services**

1. In column b, report the revenues from discounted rate services.
2. In column c, report the volumes of discounted rate services.
3. In column d, report the revenues from negotiated rate services.
4. In column e, report the volumes of negotiated rate services.

Line No.	Account (a)	Discounted Rate Services		Negotiated Rate Services	
		Revenue (b)	Volumes (c)	Revenue (d)	Volumes (e)
1	Account 489.1, Revenues from transportation of gas of others through gathering facilities.	None	None	None	None
2	Account 489.2, Revenues from transportation of gas of others through transmission facilities.	None	None	None	None
3	Account 489.4, Revenues from storing gas of others.	None	None	None	None
4	Account 495, Other gas revenues.	None	None	None	None
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
Total					

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE</b>				
Instructions: If amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	<b>1. PRODUCTION EXPENSES</b>			
2	<b>A. Manufactured Gas Production</b>			
3	<b>Manufactured Gas Production (Submit Supplemental Statement)</b>	242,888	309,885	
4	<b>B. Natural Gas Production</b>			
5	<b>B1. Natural Gas Production and Gathering</b>			
6	<b>Operation</b>			
7	750 Operation Supervision and Engineering			
8	751 Production Maps and Records			
9	752 Gas Wells Expenses			
10	753 Field Lines Expenses			
11	754 Field Compressor Station Expenses			
12	755 Field Compressor Station Fuel and Power			
13	756 Field Measuring and Regulating Station Expenses			
14	757 Purification Expenses			
15	758 Gas Well Royalties			
16	759 Other Expenses			
17	760 Rent			
18	TOTAL Operation (Enter total of lines 7 thru 17)			
19	<b>Maintenance</b>			
20	761 Maintenance Supervision and Engineering			
21	762 Maintenance of Structures and Improvements			
22	763 Maintenance of Producing Gas Wells			
23	764 Maintenance of Field Lines			
24	765 Maintenance of Field Compressor Station Equipment			
25	766 Maintenance of Field Meas. And Reg. Sta.			
26	767 Maintenance of Purification Equipment			
27	768 Maintenance of Drilling and Cleaning Equipment			
28	769 Maintenance of Other Equipment			
29	TOTAL Maintenance (Enter total of lines 20 thru 28)			
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)			
31	<b>B2. Products Extraction</b>			
32	<b>Operation</b>			
33	770 Operation Supervision and Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies and Expenses			
40	777 Gas Processed by Others			
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchased for Resale			
44	781 Variation in Products Inventory			
45	(Less) 782 Extracted Products Used by the Utility - Credit			
46	783 Rents			
47	TOTAL Operation (Enter total of lines 33 thru 46)			

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NORTH SHORE GAS COMPANY			Dec. 31, 2011
1	<b>PRODUCTION EXPENSES</b>		
2	<b>SUPPLEMENTAL STATEMENT FOR</b>		
3	<b>A. MANUFACTURED GAS PRODUCTION EXPENSES</b>		
4			
5		<u>Amount for</u>	<u>Amount for</u>
6		<u>Current Year</u>	<u>Previous Year</u>
7	<b>A1. STEAM PRODUCTION</b>		
8	Operation		
9	700 Operation Supervision and Engineering		
10	701 Operation Labor		
11	702 Boiler Fuel		
12	703 Miscellaneous Steam Expenses		
13	704 Steam Transferred - Credit		
14	Total Operation		
15	Maintenance		
16	705 Maintenance Supervision and Engineering		
17	706 Maintenance of Structures and Improvements		
18	707 Maintenance of Boiler Plant Equipment		
19	708 Maintenance of Other Steam Production Plant		
20	Total Maintenance		
21	Total Steam Production		
22			
23	<b>A2. MANUFACTURED GAS PRODUCTION</b>		
24	Operation		
25	710 Operation Supervision and Engineering		
26	Production Labor and Expenses		10,784
27	711 Steam Expenses		
28	712 Other Power Expenses		
29	713 Coke Oven Expenses		
30	714 Producer Gas Expenses		
31	715 Water Gas Generating Expenses		
32	716 Oil Gas Generating Expenses		
33	717 Liquefied Petroleum Gas Expenses	5,577	6,575
34	718 Other Process Production Expenses		
35	Gas Fuels		
36	719 Fuel Under Coke Ovens		
37	720 Producer Gas Fuel		
38	721 Water Gas Generator Fuel		
39	722 Fuel For Gas Oil		
40	723 Fuel For Liquefied Petroleum Gas Process	547	65
41	724 Other Gas Fuels		
42	Gas Raw Materials		
43	725 Coal Carbonized in Coke Ovens		
44	726 Oil For Water Gas		
45	727 Oil For Oil Gas		
46	728 Liquefied Petroleum Gas	3,628	25,278
47	729 Raw Materials For Other Gas Processes		
48	730 Residuals Expenses		
49	731 Residuals Produced - Credit		
50	732 Purification Expenses		
51	733 Gas Mixing Expenses		
52	734 Duplicate Charges - Credit		
53	735 Miscellaneous Production Expenses	63,105	95,755
54	736 Rents		
55	Total Operation	<u>72,857</u>	<u>138,457</u>
56	Maintenance		
57	740 Maintenance Supervision and Engineering	109,435	103,064
58	741 Maintenance of Structures and Improvements	8,846	11,274
59	742 Maintenance of Production Equipment	51,750	57,090
60	Total Maintenance	<u>170,031</u>	<u>171,428</u>
61	Total Manufactured Gas Production	<u>242,888</u>	<u>309,885</u>
62			

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE (continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
	<b>B2. Products Extraction (continued)</b>			
48	<b>Maintenance</b>			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Reg. Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Enter total of lines 49 thru 56)			
58	TOTAL Products Extraction (Enter total of lines 47 and 57)			
59	<b>C. Exploration and Development</b>			
60	<b>Operation</b>			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration and Development (Enter total of lines 61 thru 64)			
66	<b>Operation</b>			
67	800 Natural Gas Well Head Purchases			
68	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
69	801 Natural Gas Field Line Purchases			
70	802 Natural Gas Gasoline Plant Outlet Purchases			
71	803 Natural Gas Transmission Line Purchases			
72	804 Natural Gas City Gate Purchases	121,440,567	126,917,624	
73	804.1 Liquefied Natural Gas Purchases			
74	805 Other Gas Purchases			
75	(Less) 805.1 Purchased Gas Cost Adjustments			
76				
77	TOTAL Purchased Gas (Enter total of lines 67 to 76)	121,440,567	126,917,624	
78	806 Exchange Gas			
79	<b>Purchased Gas Expenses</b>			
80	807.1 Well Expenses - Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Enter total of lines 80 thru 84)			
86	808.1 Gas Withdrawn for Storage - Debit	46,105,644	53,294,578	
87	(Less) 808.2 Deliveries of Natural Gas for Processing - Credit	(48,791,947)	(52,221,440)	
88	809.1 Withdrawals of Liquefied Natural Gas for Processing - Debit			
89	(Less) 809.2 Deliveries of Natural Gas for Processing			
90	<b>Gas Used in Utility Operations - Credit</b>			
91	810 Gas Used for Compressor Station Fuel - Credit	(626,146)	(845,186)	
92	811 Gas Used for Products Extraction - Credit			
93	812 Gas Used for Other Utility Operations - Credit	(706,206)	(756,888)	
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)	(1,332,352)	(1,602,074)	
95	813 Other Gas Supply Expenses			
96	TOTAL Other Gas Supply Exp. (total of lines 77,78,85,86 thru 89,94,95)	117,421,912	126,388,688	
97	TOTAL Production Expenses (Enter total of lines 3,30,58,65 and 96)	117,664,800	126,631,573	

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NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE (continued)</b>				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
98	<b>2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES</b>			
99	<b>A. Underground Storage Expenses</b>			
100	<b>Operation</b>			
101	814	Operation Supervision and Engineering		
102	815	Maps and Records		
103	816	Wells Expenses		
104	817	Lines Expenses		
105	818	Compressor Station Expenses		
106	819	Compressor Station Fuel and Power		
107	820	Measuring and Regulating Station Expenses		
108	821	Purification Expenses		
109	822	Exploration and Development		
110	823	Gas Losses		
111	824	Other Expenses (1)		
112	825	Storage Well Royalties		
113	826	Rents		
114	TOTAL Operation (Enter total of lines 101 thru 113)			
115	<b>Maintenance</b>			
116	830	Maintenance Supervision and Engineering		
117	831	Maintenance of Structures and Improvements		
118	832	Maintenance of Reservoirs and Wells		
119	833	Maintenance of Lines		
120	834	Maintenance of Compressor Station Equipment		
121	835	Maintenance of Measuring and Regulating Station Equipment		
122	836	Maintenance of Purification Equipment		
123	837	Maintenance of Other Equipment		
124	TOTAL Maintenance (Enter total of lines 116 thru 123)			
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)			
126	<b>B. Other Storage Expenses</b>			
127	<b>Operation</b>			
128	840	Operation Supervision and Engineering		
129	841	Operation Labor and Expenses		
130	842	Rents		
131	842.1	Fuel		
132	842.2	Power		
133	842.3	Gas Losses		
134	TOTAL Operation (Enter total of lines 128 thru 133)			
135	<b>Maintenance</b>			
136	843.1	Maintenance Supervision and Engineering		
137	843.2	Maintenance of Structures and Improvements		
138	843.3	Maintenance of Gas Holders		
139	843.4	Maintenance of Purification Equipment		
140	843.5	Maintenance of Liquefaction Equipment		
141	843.6	Maintenance of Vaporizing Equipment		
142	843.7	Maintenance of Compressor Equipment		
143	843.8	Maintenance of Measuring and Regulating Equipment		
144	843.9	Maintenance of Other Equipment		
145	TOTAL Maintenance (Enter total of lines 136 thru 144)			
146	TOTAL Other Storage Expenses (Enter total of lines 134 and 145)			

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NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE (continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
147	<b>C. Liquefied Natural Gas Terminaling and Processing Expenses</b>			
148	<b>Operation</b>			
149	844.1 Operation Supervision and Engineering			
150	844.2 LNG Processing Terminal Labor and Expenses			
151	844.3 Liquefaction Processing Labor and Expenses			
152	844.4 Liquefaction Transportation Labor and Expenses			
153	844.5 Measuring and Regulating Labor and Expenses			
154	844.6 Compressor Station Labor and Expenses			
155	844.7 Communication System Expenses			
156	844.8 System Control and Load Dispatching			
157	845.1 Fuel			
158	845.2 Power			
159	845.3 Rents			
160	845.4 Demurrage Charges			
161	(Less) 845.5 Wharfage Receipts - Credit			
162	845.6 Processing Liquefied or Vaporized Gas by Others			
163	846.1 Gas Losses			
164	846.2 Other Expenses			
165	TOTAL Operation (Enter total of lines 149 thru 164)			
166	<b>Maintenance</b>			
167	847.1 Maintenance Supervision and Engineering			
168	847.2 Maintenance of Structures and Improvements			
169	847.3 Maintenance of LNG Processing Terminal Equipment			
170	847.4 Maintenance of LNG Transportation Equipment			
171	847.5 Maintenance of Measuring and Regulating Equipment			
172	847.6 Maintenance of Compressor Station Equipment			
173	847.7 Maintenance of Communication Equipment			
174	847.8 Maintenance of Other Equipment			
175	TOTAL Maintenance (Enter total of lines 167 thru 174)			
176	TOTAL Liquefied Nat. Gas Terminaling and Processing Exp. (Lines 165 & 175)			
177	TOTAL Natural Gas Storage (Enter total of lines 125, 146 and 176)			
178	<b>3. TRANSMISSION EXPENSES</b>			
179	<b>Operation</b>			
180	850 Operation Supervision and Engineering	(19,071)	19,857	
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Station			
186	856 Mains Expenses	235,662	45,474	
187	857 Measuring and Regulating Station Expenses			
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Enter total of lines 180 thru 190)	216,591	65,331	

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NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE (continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
<b>3. TRANSMISSION EXPENSES (Continued)</b>				
192	<b>Maintenance</b>			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains	138,945		-
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Reg. Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Enter total of lines 193 thru 199)	138,945		
201	TOTAL Transmission Expense (Enter total of lines 191 and 200)	355,536		65,331
202	<b>4. DISTRIBUTION EXPENSES</b>			
203	<b>Operation</b>			
204	870 Operation Supervision and Engineering	389,726		586,886
205	871 Distribution Load Dispatching	50,754		79,597
206	872 Compressor Station Labor and Expenses			
207	873 Compressor Station Fuel and Power			
208	874 Mains and Services Expenses	2,281,621		1,877,046
209	875 Measuring and Regulating Station Expenses - General			
210	876 Measuring and Regulating Station Expenses - Industrial			
211	877 Measuring and Regulating Station Expenses - City Gate Check Stn			
212	878 Meter and House Regulator Expenses	2,123,610		1,906,503
213	879 Customer Installations Expenses	860,409		627,535
214	880 Other Expenses	4,471,918		3,388,332
215	881 Rents	14,439		23,923
216	TOTAL Operation (Enter total of lines 204 thru 215)	10,192,477		8,489,822
217	<b>Maintenance</b>			
218	885 Maintenance Supervision and Engineering	97,184		1,016,872
219	886 Maintenance of Structures and Improvements	40,605		35,125
220	887 Maintenance of Mains	1,316,400		1,122,205
221	888 Maintenance of Compressor Station Equipment			
222	889 Maintenance of Meas. And Reg. Sta. Equip - General	59,778		49,034
223	890 Maintenance of Meas. And Reg. Sta. Equip - Industrial			
224	891 Maintenance of Meas. And Reg. Sta. Equip - City Gate Check Stn	124,672		103,283
225	892 Maintenance of Services	1,210,656		1,204,719
226	893 Maintenance of Meters and House Regulators	65,522		52,442
227	894 Maintenance of Other Equipment	-		800
228	TOTAL Maintenance (Enter total of lines 218 thru 227)	2,914,817		3,584,480
229	TOTAL Distribution Expenses (Enter total of lines 216 and 228)	13,107,294		12,074,302
230	<b>5. CUSTOMER ACCOUNTS EXPENSE</b>			
231	<b>Operation</b>			
232	901 Supervision	491,076		536,021
233	902 Meter Reading Expenses	604,645		575,782
234	903 Customer Records and Collection Expenses	4,266,053		3,989,429
235	904 Uncollectible Accounts	1,090,221		1,344,469
236	(1) 905 Miscellaneous Customer Accounts Expense	1,200,153		1,701,634
237	TOTAL Customer Accounts Expense (Enter total of lines 232 thru 236)	7,652,148		8,147,335

(1) Account 905 includes a \$570K current year and \$288K prior year credit adjustment pursuant to section 19-145 of the Public Utilities Act. Also included in 905 is \$212K current year and \$482K prior year of amortization related to net refunds/recoveries from prior periods.

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NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>GAS OPERATION AND MAINTENANCE EXPENSE (continued)</b>				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
238	<b>6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES</b>			
239	<b>Operation</b>			
240	907 Supervision	93,418	113,274	
241	908 Customer Assistance Expenses	371,378	246,571	
242	909 Informational and Instructional Expenses	9,757	81,430	
243	910 Miscellaneous Customer Service and Informational Expenses	152,645	64,702	
244	TOTAL Customer Service and Informational Expenses (Lines 240 thru 243)	627,198	505,977	
245	<b>7. SALES EXPENSES</b>			
246	<b>Operation</b>			
247	911 Supervision			
248	912 Demonstrating and Selling Expenses			
249	913 Advertising Expenses			
250	(Less) 914 Revenues from merchandising, jobbing and contract work			
251	915 Cost and Expenses of merchandising, jobbing and contract work			
252	916 Miscellaneous Sales Expenses			
253	TOTAL Sales Expenses (Enter total of lines 247 thru 252)			
254	<b>8. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
255	<b>Operation</b>			
256	920 Administrative and General Salaries	5,148,912	5,640,770	
257	921 Office Supplies and Expenses	1,393,039	914,802	
258	(Less) 922 Administrative Expenses Transferred - Credit			
259	923 Outside Services Employed	801,290	1,470,739	
260	924 Property Insurance	33,374	35,831	
261	925 Injuries and Damages	852,508	911,125	
262	926 Employee Pensions and Benefits	7,371,835	8,267,021	
263	927 Franchise Requirements	1,081,357	1,137,035	
264	928 Regulatory Commission Expenses	1,127,809	1,026,274	
265	(Less) 929 Duplicate Charges - Credit	375,151	380,147	
266	930.1 General Advertising Expenses	10,233	10,792	
267	930.2 Miscellaneous General Expenses	11,470,103	14,318,110	
268	931 Rents	883,679	921,163	
269	TOTAL Operation (Enter total of lines 256 thru 268)	29,798,988	34,273,515	
270	<b>Maintenance</b>			
271	932 Maintenance of General Plant		766	
272	TOTAL Administrative and General Exp (Total of lines 269 and 271)	29,798,988	34,274,281	
273	TOTAL Gas O. and M. Exp (Lines 97,177,201,229,237,244,253 and 272)	169,205,964	181,192,822	
Note: Report below the amount of donations for charitable, social or community welfare purposes included in above Account 930.2-Miscellaneous General Expenses. \$2,300 and \$200 for 2011 and 2010 respectively.				

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NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas)</b>				
1	Industry Association Dues			129,098
2	Experimental and general research expenses			
3	Publishing and distributing information and reports to stockholders, trustee, registrar and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent.			299,391
4	Other expenses (items of \$50,000 or more for utilities with operating revenue of \$25,000,000 or less and items of \$250,000 or more for utilities with operating revenue of \$25,000,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$50,000 for utilities with operating revenues of \$25,000,000 or less and amounts less than \$250,000 for utilities with operating revenues of more than \$25,000,000 may be grouped by Classes if the number of items so grouped is shown)			
5	Other expenses:			
6	Amortization of Incremental Costs of Investigation and Removal of Manufactured Gas Residues			5,944,474
7	Associated Company Billings from Integrys Business Support, LLC			3,483,230
8	Energy Efficiency and On-Bill Financing Adjustment			708,217
9	Rider EEP - Enhanced Efficiency Program			496,679
10	Amortization of Merger Costs			228,776
11	Telecom Services			142,337
12	Contractor Services			26,348
13	Other			11,553
14				
15				
16				
17				
18				
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48				
49			Total	11,470,103

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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT (Accounts 403, 403.1, 404.1, 404.2, 404.3, and 405)  
(Except Amortization of Acquisition Adjustments)**

Instructions:

- Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.
- Report all available information called for in Section B for the current year.  
Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the manner in which column (b) balances are obtained. If average balances, state the method of averaging used.

**Section A. Summary of Depreciation, Depletion and Amortization Charges**

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (d)	Amortization of Underground Storage and Land Rights (Account 404.2) (e)
1	Intangible Plant and Leasehold Improvements				
2	Production Plant, Manufactured Gas	76,058			
3	Production and Gathering Plant, Natural Gas				
4	Products Extraction Plant				
5	Underground Gas Storage Plant	116,214			
6	Other Storage Plant				
7	Base Load LNG Terminaling and Processing Plant				
8	Transmission Plant	563,662			
9	Distribution Plant	8,366,838			
10	General Plant	384,776			
11	Common Plant-Gas				
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	9,507,548			

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT (Accounts 403, 403.1, 404.1, 404.2, 404.3, and 405)  
(Except Amortization of Acquisition Adjustments)**

Instructions:  
For column (d), report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (d) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.  
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

**Section A. Summary of Depreciation, Depletion and Amortization Charges**

Amortization of Other Limited-term Gas Plant (Account 404.3) (f)	Amortization of Other Gas Plant (Account 405) (g)	Total (b to g) (h)	Functional Classification (a)	Line No.
			Intangible Plant and Leasehold Improvements	1
		76,058	Production Plant, Manufactured Gas	2
			Production and Gathering Plant, Natural Gas	3
			Products Extraction Plant	4
		116,214	Underground Gas Storage Plant	5
			Other Storage Plant	6
			Base Load LNG Terminaling and Processing Plant	7
		563,662	Transmission Plant	8
		8,366,838	Distribution Plant	9
		384,776	General Plant	10
			Common Plant-Gas	11
				12
				13
				14
				15
				16
				17
				18
				19
				20
				21
				22
				23
				24
		9,507,548	TOTAL	25

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT (Continued)**  
**Section B. Factors Used in Estimating Depreciation Charges**

Line No.	Functional Classification (a)	Depreciation Plant Base (Thousands) (b)	Applied Depr. Rate(s) (Percent) (c)
1	Intangible Plant and Leasehold Improvements		
2	Production Plant, Manufactured Gas	6,812	1.12
3	Production and Gathering Plant, Natural Gas		
4	Products Extraction Plant		
5	Underground Gas Storage Plant	10,106	1.15
6	Other Storage Plant		
7	Base Load LNG Terminaling and Processing Plant		
8	Transmission Plant	30,106	1.87
9	Distribution Plant	342,829	2.45
10	General Plant	5,404	7.12
		395,257	

Notes to Depreciation, Depletion and Amortization of Gas Plant

North Shore Gas Company calculates monthly Provision for Depreciation using accrual rates calculated on the average monthly plant balance of each depreciation group. The Functional Class totals consist of calculations from multiple depreciation groups. The composite rates (column c) were calculated using the Provision for Depreciation over the Average Plant Balance (column b). For simplicity, the composite rates shown on this schedule use mid-year plant balances.

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NORTH SHORE GAS COMPANY			Dec. 31, 2011

**PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS**

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

- (a) Miscellaneous Amortization (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortization charges for the year, and the period of amortization.
- (b) Miscellaneous Income Deductions - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1-Donations, 426.2-Life Insurance, 426.3-Penalties, 426.4-Expenditures for Certain Civic, Political and Related Activities and 426.5-Other Deductions of the Uniform System of Accounts. Amounts of less than \$50,000 for utilities with operating revenues of \$25,000,000 or less and amounts of less than \$250,000 for utilities with operating revenues of \$25,000,000 or more may be grouped by classes within the above accounts.
- (c) Interest on Debt to Associated Companies (Account 430) - For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open accounts, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.
- (d) Other Interest Expense (Account 431) - Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1	Account 425 Miscellaneous Amortization	None
2		
3	Account 426.1 Donations	101,300
4		
5	Account 426.2 Life Insurance	None
6		
7	Account 426.3 Penalties	1,897
8		
9	Account 426.4 Expenditures for Certain Civic, Political and Related Activities	
10	Lobbying expenses - Miscellaneous	24,038
11		
12	Account 426.5 Other Deductions	
13	Unrealized Loss Fleet Fuel Hedge	5,834
14		
15	Account 430 Interest on Debt to Associated Companies	
16	Interest to Integrys Energy Group, Inc. (amortization of credit facility fee)	107,103
17	Interest to Peoples Energy LLC (Up to \$75,000 Notes Payable @ 0.34% - 0.37%)	552
19	Interest to The Peoples Gas & Light Coke Company (Up to \$8,900,000 Notes Payable @ 0.21% - 0.35%)	5,123
20	Total	112,778
21		
22	Account 431 Other Interest Expense	
23	Interest on credit line (various rates)	106,211
24	Imputed interest on gas charge refunds (0.5%)	14,333
25	Interest accrued on customers' budget accounts (0.5%)	17,784
26	Interest accrued on gas bill credit deposits (0.5%)	12,094
27	FIN 48 Adjustment	(64,280)
28	Deferred Compensation Interest Expense	20,451
29		
30		
31	Total	106,593
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report	
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011	
<b>REGULATORY COMMISSION EXPENSES</b>					
Instructions:					
1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.					
2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.					
Line No.	Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expenses to Date (d)	Deferred in Account 182.3 or 186 at Beginning of Year (e)
1	Rate Case (Docket #07-0241/07-0242 (cons.))		2,169,800	2,169,800	921,542
2					
3	Rate Case (Docket #09-0166/09-0167 (cons.))		2,057,553	2,057,553	1,408,184
4					
5	Rate Case (Docket #11-0280/11-0281 (cons.))		1,937,370	1,937,370	293,021
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39					
40	Total		6,164,723	6,164,723	2,622,747

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**REGULATORY COMMISSION EXPENSES (continued)**

Instructions:  
3. Show in column (d) any expenses incurred in prior years that are being amortized. List in column (a) the period of amortization.  
4. List in column (f), (g) and (h) expenses incurred during year which were charged currently to income, plant or other accounts.  
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR				AMORTIZED DURING YEAR			Line No.
CHARGED CURRENTLY TO			Deferred to Acct 182.3 or 186 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 or 186 End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
				928	433,960	487,582	1
							2
			57,129	928	693,856	771,457	3
							4
			1,644,349			1,937,370	5
							6
							7
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			1,701,478		1,127,816	3,196,409	40

Name of Respondent NORTH SHORE GAS COMPANY		This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
<b>Employee Pensions and Benefits (Account 926)</b>				
Instructions: Report below the items contained in Account 926, Employee Pensions and Benefits.				
Line No.	Description of Transaction (a)	Amount (b)		
1	Pensions- defined benefit plans	2,592,304		
2	Pensions-other (defined contribution plans)	361,388		
3	Postretirement benefits other than pensions (PBOP)	2,440,069		
4	Post-employment benefit plans	49,175		
5	Other - Welfare benefits for active employees	1,379,811		
6	Other - Capitalized benefits	(1,251,101)		
7	Other - IBS billed benefit costs	1,721,313		
8	Other - Miscellaneous	78,875		
9				
10				
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26				
27				
<b>Total</b>		<b>7,371,835</b>		

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Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>DISTRIBUTION OF SALARIES AND WAGES</b>				
Instructions:				
1. Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	<b>Electric</b>			
2	<b>Operation</b>			
3	Production			
4	Transmission			
5	Distribution			
6	Customer Accounts			
7	Customer Service and Information			
8	Sales			
9	Administrative and General			
10	TOTAL Operation (Total of lines 3 thru 9)			
11	<b>Maintenance</b>			
12	Production			
13	Transmission			
14	Distribution			
15	Administrative and General			
16	TOTAL Operation and Maintenance			
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)			
19	Transmission (Total of lines 4 and 13)			
20	Distribution (Total of lines 5 and 14)			
21	Customer Accounts (Line 6)			
22	Customer Service and Information (Line 7)			
23	Sales (Line 8)			
24	Administrative and General (Total of lines 9 and 15)			
25	TOTAL Oper. And Maint. (Total of lines 18 thru 24)			
26	<b>Gas</b>			
27	<b>Operation</b>			
28	Production - Manufactured Gas	48,113	3,111	51,224
29	Production - Natural Gas (Including Expl. And Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminaling and Processing			
32	Transmission	23,232	812	24,044
33	Distribution	5,614,024	1,013,279	6,627,303
34	Customer Accounts	632,221	24,253	656,474
35	Customer Service and Information			
36	Sales			
37	Administrative and General	(39,120)	28	(39,092)
38	TOTAL Operation (Total of lines 28 thru 37)	6,278,470	1,041,483	7,319,953
39	<b>Maintenance</b>			
40	Production - Manufactured Gas	117,647	4,439	122,086
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminaling and Processing			
44	Transmission			
45	Distribution	1,455,015	305,019	1,760,034
46	Administrative and General			
47	TOTAL Maint. (Total of lines 40 thru 46)	1,572,662	309,458	1,882,120

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>DISTRIBUTION OF SALARIES AND WAGES (continued)</b>				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
	Gas (continued)			
48	Total Operation and Maintenance			
49	Production - Manufactured Gas (Lines 28 and 40)	165,760	7,550	173,310
50	Production - Natural Gas (Including Expl & Dev.)(Lines 29 and 41)			
51	Other Gas Supply (Lines 30 and 42)			
52	Storage, LNG Terminating and Processing (Lines 31 and 43)			
53	Transmission (Lines 32 and 44)	23,232	812	24,044
54	Distribution (Lines 33 and 45)	7,069,039	1,318,298	8,387,337
55	Customer Accounts (Line 34)	632,221	24,253	656,474
56	Customer Service and Information (Line 35)			
57	Sales (Line 36)			
58	Administrative and General (Lines 37 and 46)	(39,120)	28	(39,092)
59	TOTAL Operation and Maintenance (Total of lines 49 thru 58)	7,851,132	1,350,941	9,202,073
60	Other Utility Department			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59 and 61)	7,851,132	1,350,941	9,202,073
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	2,050,050	581,709	2,631,759
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	2,050,050	581,709	2,631,759
69	Plant Removal (By Utility Departments)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)			
74	Other Accounts (Specify)			
75	Account 146 Accounts Receivable from Associated Companies			
76	Cross Charged to Wisconsin Public Service Corporation	21		21
77	Cross Charged to Minnesota Energy Resources Corporation			
78	Cross Charged to Michigan Gas Utilities Corporation			
79	Cross Charged to Upper Peninsula Power Company			
80	Cross Charged to The Peoples Gas Light & Coke Company	47,126	414	47,540
81	Cross Charged to Integrys Business Support			
82	Total	47,147	414	47,561
83				
84	Deferred Labor Accrual		157	157
85	Account 228.2 Accumulated Provision for Injuries and Damages			
86	Injuries and Damages Reserve	3,360		3,360
87	Account 242 Miscellaneous Current and Accrued Liabilities			
88	Vacation Accrual	(6,118)		(6,118)
89	Total	(6,118)		(6,118)
90	Account 400 Operating Revenue			
91	Other Gas Revenue		2,458	2,458
92				
93	TOTAL Other Accounts	44,389	3,029	47,418
94				
96				
96				
97				
98				
99	TOTAL SALARIES AND WAGES	9,945,571	1,935,679	11,881,250

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**AUXILIARY PEAKING FACILITIES**

- Report below auxiliary peaking facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.
- For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted. For other facilities, report the rated maximum daily delivery capacities.
- For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by General Instruction 12 of the Uniform System of Accounts.

Line No.	Location Facility (a)	Type of Facility (b)	Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60°F (c) (1)	Cost of Facility (In Dollars) (d)	Was Facility Operated on Day of Highest Transmission Peak Delivery	
					Yes (e)	No (f)
1	Peterson Road Plant- Libertyville, IL	Liquefied Petroleum Gas	40,365 (2)	7,021,835		X
2						
3						
4						
5						
6						
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25						
26	Notes:					
27	(1) Mcf at 1,000 BTU					
28	(2) Net of Fuel					
29						
30						
31						
32						
33						

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2011
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**MAINS IN ILLINOIS**

1. Report below information called for with respect to mains.

Line No.	Size (inches) (a)	Kind of Pipe (b)	Feet In Use Beginning of Year (c)	Net Change Increase or (Decrease) (d)	Feet In Use End of Year (e)
1	<u>DISTRIBUTION MAINS</u>				
2	Less than 3"		7,413,130	7,141	7,420,271
3	3"		0	0	0
4	4"		2,705,728	2,099	2,707,827
5	6"		1,031,286	8,124	1,039,410
6	8"		510,733	88	510,821
7	10"		116,218	0	116,218
8	12"		219,119	0	219,119
9	16"		201,356	7,976	209,332
10	20"		25,690	0	25,690
11	24"		66,793	0	66,793
12	26"		0	0	0
13	30"		70,386	0	70,386
14	TOTAL FEET		12,360,439	25,428	12,385,867
15	MILES		2,341	5	2,346
16					
17					
18	<u>TRANSMISSION MAINS</u>				
19	8"		53	0	53
20	10"		63,265	0	63,265
21	20"		6	0	6
22	24"		79,126	0	79,126
23	26"		2	0	2
24	30"		2	0	2
25	TOTAL FEET		142,454	0	142,454
26	MILES		27	0	27
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44		TOTAL (FEET)	12,502,893	25,428	12,528,321
45		TOTAL (MILES)	2,368	5	2,373

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2011
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METERS IN ILLINOIS - GAS

1. Report below the information called for in each of the columns (a) to (d) inclusive.
2. All meters representing more than 1% of the total, except rotary displacement and orifice meters, shall be listed by size and kind in column (a). For rotary displacement and orifice meters, show only the total of all sizes and kinds.
3. Sizes and kinds by types of construction representing 1% or less of the total may be grouped.
4. Fill out separate sheets for meters owned and meters leased. (1)

Line No.	Size and Kind (a)	Number at Beginning of Year (b)	Net Change Increase or (Decrease) (c)	Number at End of Year (d)
1	Tinned Steel Case			
2	150 - 399 CFH	1	0	1
3	TOTAL	1	0	1
4				
5	Aluminum Case			
6	150 - 399 CFH	143,171	419	143,590
7	400 - 699 CFH	15,199	127	15,326
8	700 - 5999 CFH	3,993	(254)	3,739
9	TOTAL	162,363	292	162,655
10				
11	Rotary Displacement	2,381	79	2,460
12				
13	Orifice	0	0	0
14				
15				
16				
17				
18				
19				
20	TOTAL	164,745	371	165,116

Notes:

- (1) All meters are owned by Respondent.

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2011
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SERVICES IN ILLINOIS

1. Report below the information called for with respect to services in Illinois

Line No.	Item (a)	Total (b)
1	Total beginning of year	143,458
2	Installed during year	818
3	Purchased during year	0
4	Total	144,276
5	Retired during year	58
6	Sold during year	0
7	Total Retired or Sold	58
8	Adjustment(1)	(540)
9	Total End of Year (line 4 - line 7)	143,678
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20		
21		

(1) Adjustment due to transitioning from one software platform to another, whereby adjustments were made to reconcile prior discrepancies.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**SYSTEM LOAD STATISTICS IN ILLINOIS**

Instructions:  
1. Report below the information called for in this schedule.

Line No.	Description (a)	Total Therms (b)
1	Maximum Send Out In Any One Day:	
2	(a) Pipeline Flow (1)	1,343,070
3	(b) Underground Storage	1,555,410
4	(c) Local Storage	
5	(d) Liquefied Petroleum	
6	(e) Other (Specify) Line Pack	
7		
8	TOTAL	2,898,480
9	Interruptible Send Out on Maximum Day	
10	Date of such maximum 02/09/2011	
11	Maximum Send Out in Any Consecutive 3 Days	8,106,380
12	Date of such maximum 2/8/2011 through 2/10/2011	
13		
14	Maximum Daily Production Deliverability Capacity:	
15	Liquefied Petroleum Gas (2)	403,650
16	Other Manufactured Gas (specify kind)	
17		
18		
19		
20	TOTAL Manufactured Gas Products Capacity	403,650
21	Natural Gas	
22	Maximum Daily Purchase Capacity	1,199,290
23	TOTAL Maximum Daily Production Deliverability and Purchase Capacity	1,602,940
24	Maximum Daily Available Send Out Capacity from Storage	
25	Underground Storage	2,326,370
26		
27		
28	Local Storage	
29	TOTAL Maximum Daily Storage Withdrawal Quantity	2,326,370
30	TOTAL Daily Available Send Out Deliverability	3,929,310
31	Monthly Send Out	Therms
32	January	66,328,490
33	February	52,310,220
34	March	45,296,430
35	April	29,735,430
36	May	19,684,920
37	June	12,432,420
38	TOTAL Send Out Twelve Months	361,059,720

Notes: (1) Includes customer owned gas delivered to the company.  
(2) Net of Fuel.

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>UNDERGROUND GAS STORAGE</b>			

Instructions:

- Report below the specified information called for in this schedule.
- Indicate unit of measure where applicable. (1)

Line No.	Item (a)	Total (b)	(2)		(3)		(4)		Project Location (g)
			Project Location (c)	Project ANR Location (d)	Project NGPL Location (e)	Project Location (f)			
1	Storage Account (350)								
2	Land and Land Rights (350)								
3	Structures and Improvements (351)								
4	Wells (352)								
5	Nonrecoverable Natural Gas (352.3)	10,105,535	10,105,535						
6	Lines (353)								
7	Other Storage Equipment: (354-7)								
8									
9	TOTAL Storage Expenses	10,105,535	10,105,535						
10									
11	Operation								
12	Maintenance								
13									
14	TOTAL								
15	Inventory Gas End of Year	72,782,460	13,413,060	46,040,130	13,329,270				
16	Estimated Noncurrent Gas in Storage Reservoir	96,877,630	96,877,630						
17	Total Gas in Reservoir (lines 14 plus 15)	169,660,090	110,290,690	46,040,130	13,329,270				
18	Authorized Storage Capacity (excluding Noncurrent gas)								
19	Reservoir Pressure at which Storage Capacity Computed								
20	Number of Storage Wells in Project								
21	Number of Acres of Storage Area								
22	Maximum Authorized Daily Withdrawal Quantity	2,326,370	626,370	1,250,000	450,000				
23	Maximum Day's Withdrawal from Storage	1,555,410	170,000	1,153,910	231,500				
24	Date of Maximum Day's Withdrawal	2/9/2011							
25	Maximum Daily Quantity of Any Leakage Recycled or Withdrawn								

- Notes: (1) Volumes in therms.  
(2) Storage Facilities owned by The Peoples Gas Light and Coke Company.  
(3) Storage Facilities owned by ANR Pipeline Company.  
(4) Storage Facilities owned by Natural Gas Pipeline Company of America.

Name of Respondent		This Report Is:		Date of Report (Mo./Da./Yr.)		Year of Report	
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission				Dec. 31, 2011	
<b>UNDERGROUND GAS STORAGE (continued)</b>							
Instructions:							
1. Report below the specified information called for in this schedule.							
2. Indicate unit of measure where applicable.							
Line No.	Item (a)	Total (b)	Mahomet, IL (1) Location (c)	ANR (2) Location (d)	NGPL (3) Location (e)	Project Location (f)	Project Location (g)
25	Storage Operations	Therms	Therms	Therms	Therms	Therms	Therms
26	Gas Delivered to Storage (Inventory):						
27	January	1,170,980		1,127,100	43,880		
28	February	1,227,040		1,183,160	43,880		
29	March	2,381,550	1,080,000	1,178,800	122,750		
30	April	7,889,410	2,055,000	5,548,330	286,080		
31	May	10,772,990	2,480,000	6,314,740	1,978,250		
32	June	14,637,490	1,800,000	10,598,210	2,239,280		
33	July	16,331,850	1,970,000	11,036,510	3,325,340		
34	August	17,609,510	1,860,000	11,035,570	4,713,940		
35	September	15,273,950	2,100,000	8,536,150	4,637,800		
36	October	11,032,360	2,170,000	6,214,360	2,648,000		
37	November	3,230,220	1,199,580	1,938,520	92,120		
38	December	1,815,420	303,880	1,467,420	44,120		
39	TOTAL	103,372,770	17,018,460	66,178,870	20,175,440		
40	Gas Withdrawn from Storage (Inventory):						
41	January	30,200,200	6,260,000	19,901,240	4,038,960		
42	February	27,524,120	4,786,830	17,763,940	4,973,350		
43	March	8,942,700	864,000	5,195,680	2,883,020		
44	April	3,015,050	99,880	782,300	2,132,870		
45	May	748,070		493,940	254,130		
46	June						
47	July	80			80		
48	August						
49	September	209,000		76,790	132,210		
50	October	4,042,240		842,060	3,200,180		
51	November	22,999,990	3,759,730	15,758,440	3,481,820		
52	December	97,681,450	15,770,440	60,814,390	21,096,620		
53	TOTAL						
Notes:							
(1) Storage facilities owned by The Peoples Gas Light and Coke Company.							
(2) Storage facilities owned by ANR Pipeline Company.							
(3) Storage facilities owned by Natural Gas Pipeline Company of America.							

Name of Respondent		This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY		(1) X An Original (2) A Resubmission		Dec. 31, 2011
<b>SUMMARY OF GAS ACCOUNT</b>				
Instructions:				
1. Report below the specified information called for in this schedule.				
Line No.	Account (a)	Total Company		
		(b)	(c)	
1	Gas on Hand, produced and purchased:			
2	On hand at beginning of year:			
3	Local Storage			
4	Underground Storage - Inventory (1)	67,091,140		
5	Total on hand beginning of year		67,091,140	
6	Production (gross)			
7	Natural Gas			
8	Liquified petroleum gas	5,530		
9	Other gas (specify kind)			
10				
11	Total production		5,530	
12	Purchases:			
13	Natural	233,872,850		
14	Manufactured			
15	Mixed, manufactured and natural gas			
16	Total purchases		233,872,850	
17	Less: Purchased gas used for reforming or for compressor fuel	5,378,440		
18	Purchased gas stored underground - noncurrent			
19	Total purchases (net)		228,494,410	
20	Customer owned gas received		138,251,100	
21	Total gas available for distribution		433,842,180	
22	Distribution of total gas available for distribution:			
23	Customer owned gas delivered		136,589,210	
24	Sales - line 14, page 148		218,304,640	
25	Gas used by respondent:			
26	Gas utility			
27	Electric utility			
28	Water utility			
29	Heating utility			
30	Other utility departments			
31	Common (office, shops, etc. serving 2 or more departments)			
32	Total gas used by respondent			
33	Gas supplied without charge		1,496,200	
34	Gas unaccounted for (approximately 1.08% of total gas per line 21)		4,669,670	
35	Total gas disposition		361,059,720	
36	On hand at end of year:			
37	Local Storage			
38	Underground Storage - Inventory	72,782,460		
39	Total on hand end of year		72,782,460	
40	Total gas disposition and on hand at end of year		433,842,180	
Notes: (1) Includes prepaid gas stored by ANR Pipeline Company and Natural Gas Pipeline Company of America. Includes gas stored by The Peoples Gas Light and Coke Company.				

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**SUMMARY OF REVENUES, THERMS AND CUSTOMERS BY GAS RATES**

Instructions:

Line No.	RATE			Revenue (d)	Therm (e)	Customer (Average) (f)
	I.C.C. No. (a)	Sheet No. (b)	Rate No (c)			
1	17	Fourth Revised Sheet No. 6	1	150,168,231	177,228,357	135,674
2		First Revised Sheet No. 7				
3						
4						
5	17	Fourth Revised Sheet No. 8	2	30,064,630	41,076,282	10,810
6		Second Revised Sheet No. 9				
7						
8						
9	17	Fourth Revised Sheet No. 10	3			
10		Fourth Revised Sheet No. 11				
11		Fifth Revised Sheet No. 12				
12						
13						
14						
15	17	First Revised Sheet No. 13	4			
16						
17						
18						
19	17	First Revised Sheet No. 16	6			
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40	TOTAL			180,232,861	218,304,639	146,484

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Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
-----------------------------------------------	------------------------------------------------------------	------------------------------	---------------------------------

**PURCHASED GAS (Accounts 800, 801, 802, 803, 804, 805)**

- Report below the information called for concerning gas purchased during the year.
- The quantities reported should be those shown by the type of purchase, i.e. spot supplier or firm supplier.
- Report the information called for separately for each contract in the event that gas is purchased from any vendor under two or more contracts. Special or supplemental arrangements applicable to gas to be resold on an interruptible supply basis or for other special purposes should be treated as separate contracts.

Line No.	Name of Vendor FERC Rate Description (Show Each Rate Designation on Separate Line) (a)	Assoc. Utilities (b)	Assoc. Non-Utilities (c)	Non-Assoc. Utilities (d)	Other Non-Utilities (e)	Non-Interruptible (f)	Interruptible (g)	Daily Contract Demand Quantity at Dec. 31 (in thousands Mcf) (h)	Other than Natural Gas (i)	Seasonal (j)	Average BTU per cu. Ft. (k) (1)	Therms (in thousands) (l)
1	Natural Gas Pipeline Company of America			x								
2												
3												
4												
5												
6	FERC Schedule DSS Storage Charges											
7	Add: Compressor Fuel											
8	Total											
9												
10												
11	ANR Pipeline Company			x								
12	FERC Schedule FSS Storage Charges											
13	Add: Compressor Fuel											
14	Total											
15												
16												
17	Various Producer/Broker Purchases Including Transportation			x	x	x	x				1.012	23,387
18												
19												
20												
21	The Peoples Gas Light and Coke Company Storage Charges	x										
22												
23												
24												
25	Gas Costs Recoverable or Refundable - Gas Charge Reconciliation Balance											
26												
27												
28												
29	Gas Costs Recoverable or Refundable - Transition Reconciliation Balance											
30												
31												
32												
33	Liability for Redelivery of Customer Owned Gas											
34												
35												
36	Total											23,387

Note: (1) At 14.65 pounds of pressure 60 ° F dry gas.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
-----------------------------------------------	------------------------------------------------------------	------------------------------	---------------------------------

**PURCHASED GAS (Accounts 800, 801, 802, 803, 804, 805) (continued)**

4. Furnish the nature and the amount of items reported in column (q).
5. It is intended that the information reported as to purchases from sellers under the jurisdiction of the Illinois Commerce Commission agree with information reported by such sellers as to their sales of gas to the respondent.
6. In column (n) report the Commission docket number or numbers wherein authorization, if any, was obtained for the purchase of gas from each seller.

Point of Receipt  (m)	Commission Authorization  (n)	COST OF GAS PURCHASED				Cents Cost per therm  (s)	Line  No.
		Demand Charges  (o)	Commodity Charges  (p)	Other Charges  (q)	Total  (r)		
							1
							2
							3
							4
							5
							6
				3,268,834	3,268,834		7
Grayslake, IL		11,540	190,193		201,733		8
Elk Grove Village, IL		11,540	190,193	3,268,834	3,470,567		9
							10
							11
				10,007,282	10,007,282		12
		24,278	400,135		424,413		13
Elk Grove Village, IL		24,278	400,135	10,007,282	10,431,695		14
							15
				142,632	142,632		16
							17
							18
							19
Grayslake, IL							20
Elk Grove Village, IL		6,304,544	102,639,225 (1)		108,943,768		21
							22
							23
Grayslake, IL							24
Elk Grove Village, IL	(2)			1,595,738	1,595,738		25
							26
							27
		(804,436)	(2,708,099)		(3,512,535)		28
							29
							30
							31
							32
							33
							34
				368,701	368,701		35
							36
							37
<b>TOTAL</b>		5,535,926	100,521,454	15,383,187	121,440,566		38

Notes: (1) Includes Variable Transportation Charges.  
(2) Illinois Commerce Commission Docket 87-0401.

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
-----------------------------------------------	------------------------------------------------------------	------------------------------	---------------------------------

**GAS PLANT ACQUISITION ADJUSTMENTS AND ACCUMULATED PROVISION FOR AMORTIZATION OF GAS PLANT ACQUISITION ADJUSTMENTS (Accounts 114, 115)**

Instructions:

- Report the balances at beginning and end of year and changes during the year for Account 114, Gas Plant Acquisition Adjustments, and Account 115, Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments.
- Explain each debit and credit during the year, give reference to any Commission orders or other authorizations concerning such amounts, and show contra account debited or credited.
- For acquisition adjustments arising during the year state the name of the company from which the property was acquired, date of transaction, and date journal entries clearing Account 102, Gas Plant Purchased or Sold, were accepted for filing by the Commission.
- Credits to Account 114 and debits to Account 115 should be enclosed in parentheses.
- In the blank space at the bottom of the schedule, explain the plan of disposition of acquisition adjustments. Give, also, date the Commission authorized use of Account 115, Accumulated Provision for Amortization of Gas Plant Acquisition Adjustments.

Line No.	Item (a)	Contra Account (b)	Acquisition Adjustments (Account 114) (c)	Accumulated Provision for Amortization (Account 115) (d)
1	Balance beginning of year		NONE	NONE
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	Balance end of year		NONE	NONE

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**FRANCHISE REQUIREMENTS (Account 927) (Gas)**

Instructions:

- Report below cash payments of \$2,500 or more to municipal or other governmental authorities, and the cost of gas, materials, supplies, and other items furnished such authorities during the year without reimbursement in compliance with franchise, ordinance, or similar requirements. For amounts less than \$2,500 the payments may be grouped provided the number of payments so grouped is shown.
- Give the basis of amounts entered in column (c) for gas supplied without charge.

Line No	Name of Municipal or Other Governmental Authority (a)	Cash Outlays (b)	Gas Supplied Without Charge (1) (c)	Other Items Furnished Without Charge (d)	Total (e)
1	BANNOCKBURN		4,283		4,283
2	BEACH PARK		9,943		9,943
3	BUFFALO GROVE		4,123		4,123
4	DEERFIELD		38,065		38,065
5	GLENCOE		60,635		60,635
6	GRAYSLAKE		27,416		27,416
7	GURNEE		79,342		79,342
8	HIGHLAND PARK		119,935		119,935
9	HIGHWOOD		21,821		21,821
10	LAKE BLUFF		26,675		26,675
11	LAKE FOREST		101,980		101,980
12	LIBERTYVILLE		49,299		49,299
13	LINCOLNSHIRE		22,321		22,321
14	LINDENHURST		18,104		18,104
15	MUNDELEIN		59,161		59,161
16	NORTH CHICAGO		49,233		49,233
17	RIVERWOODS		3,926		3,926
18	THIRD LAKE		1,146		1,146
19	VERNON HILLS		73,805		73,805
20	WADSWORTH		2,245		2,245
21	WAUKEGAN		144,498		144,498
22	WINNETKA		80,059		80,059
23	WINTHROP HARBOR		30,201		30,201
24	ZION		54,186		54,186
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43	Total		1,082,402 (2)		1,082,402

Note: (1) Amount of gas supplied without charge is based on the franchise agreements negotiated with each municipality.

(2) State Gross Revenue Tax in the amount of \$1,045 was not recorded in Account 927.

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**TERRITORY SERVED**

Instructions:

1. List below the names of cities, towns and villages in which respondent is furnishing gas service.
2. All communities for which respondent has gas rates on file with this Commission should be listed.

Line No.	City or Village	Line No.	City or Village	Line No.	City or Village
1	See Insert Page 712-1	51		101	
2		52		102	
3		53		103	
4		54		104	
5		55		105	
6		56		106	
7		57		107	
8		58		108	
9		59		109	
10		60		110	
11		61		111	
12		62		112	
13		63		113	
14		64		114	
15		65		115	
16		66		116	
17		67		117	
18		68		118	
19		69		119	
20		70		120	
21		71		121	
22		72		122	
23		73		123	
24		74		124	
25		75		125	
26		76		126	
27		77		127	
28		78		128	
29		79		129	
30		80		130	
31		81		131	
32		82		132	
33		83		133	
34		84		134	
35		85		135	
36		86		136	
37		87		137	
38		88		138	
39		89		139	
40		90		140	
41		91		141	
42		92		142	
43		93		143	
44		94		144	
45		95		145	
46		96		146	
47		97		147	
48		98		148	
49		99		149	
50		100		150	

**North Shore Gas Company**

**SCHEDULE OF RATES FOR GAS SERVICE**

**THIS RATE SCHEDULE APPLIES TO THE  
 MUNICIPALITIES AND UNINCORPORATED AREAS LISTED BELOW  
 AND/OR TO TERRITORIES CONTIGUOUS THERETO**

<u>Municipality or Unincorporated Area</u>	<u>County</u>	<u>Municipality or Unincorporated Area</u>	<u>County</u>
Antioch	Lake	Lincolnshire	Lake
Aptakisic	"	Lindenhurst	"
Bannockburn	"	Long Grove	"
Beach Park	"	Mettawa	"
Buffalo Grove	"	Millburn	"
Deerfield	"	Mundelein	"
Diamond Lake	"	Nimitz Village	"
Druce Lake	"	North Chicago	"
Forrestal Village	"	Northbrook	Cook
Fort Sheridan	"	Old Mill Creek	Lake
Gages Lake	"	Park City	"
Glencoe	Cook	Prairie View	"
Grayslake	Lake	Riverwoods	"
Great Lakes	"	Rondout	"
Green Oaks	"	Rosecrans	"
Gurnee	"	Round Lake Beach	"
Half Day	"	Russell	"
Halsey Village	"	Third Lake	"
Hawthorn Woods	"	Venetian Village	"
Highland Park	"	Vernon Hills	"
Highwood	"	Wadsworth	"
Indian Creek	"	Waukegan	"
Knollwood	"	Wheeling	"
Lake Bluff	"	Wildwood	"
Lake Forest	"	Winnetka	Cook
Lake Villa	"	Winthrop Harbor	Lake
Libertyville	"	Zion	"

**Date Issued:** FEBRUARY 8, 2008

**Date Effective:** FEBRUARY 14, 2008

**Issued by James F. Schott, Vice President**  
**130 East Randolph Street, Chicago, Illinois 60601**  
 Filed Pursuant to Order of Illinois Commerce Commission  
 Entered February 5, 2008 in Docket No. 07-0241  
 Page 712-1

Name of Respondent	This Report Is:	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2011

**TERRITORY SERVED (continued)**

Instructions:  
1. List below the names of cities, towns and villages in which respondent is furnishing gas service.  
2. All communities for which respondent has gas rates on file with this Commission should be listed.

Line No.	City or Village	Line No.	City or Village	Line No.	City or Village
151		201		251	
152		202		252	
153		203		253	
154		204		254	
155		205		255	
156		206		256	
157		207		257	
158		208		258	
159		209		259	
160		210		260	
161		211		261	
162		212		262	
163		213		263	
164		214		264	
165		215		265	
166		216		266	
167		217		267	
168		218		268	
169		219		269	
170		220		270	
171		221		271	
172		222		272	
173		223		273	
174		224		274	
175		225		275	
176		226		276	
177		227		277	
178		228		278	
179		229		279	
180		230		280	
181		231		281	
182		232		282	
183		233		283	
184		234		284	
185		235		285	
186		236		286	
187		237		287	
188		238		288	
189		239		289	
190		240		290	
191		241		291	
192		242		292	
193		243		293	
194		244		294	
195		245		295	
196		246		296	
197		247		297	
198		248		298	
199		249		299	
200		250		300	

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**CONSTRUCTION OVERHEADS-GAS**

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. On page 44 furnish information concerning construction overheads.
3. A respondent should not report "none" to this page. If no overhead apportionments are made, but rather should explain on page 44 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc. which are directly charged to construction.
4. Enter on this page engineering, supervision, administrative and allowance for funds used during construction, etc. which are first assigned to a blanket work order and then prorated to construction jobs.

Line No.	Description of Overhead (a)	Total Amount Charged for the Year (b)	Total Cost of Construction to which Overheads were Charged (Exclusive of Overhead Charges) (c)
1	Internal Design, Engineering and Supervision	1,085,698	
2	External Design, Engineering and Supervision	50,574	
3	Self-Constructed Property Costs	660,966	
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
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40			
41			
42			
43	Total	1,797,238	11,592,194

Name of Respondent NORTH SHORE GAS COMPANY	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report Dec. 31, 2011
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**UNCOLLECTIBLES ACCOUNTS EXPENSE**

1. In Column (b), provide the total amount charged to Account 904 for gas utility operations.
2. In Column (c), provide the amount charged to Account 904 that is incurred in providing utility services in Illinois.
3. In the comments section, provide an explanation or calculation of how the Illinois amount is derived.

Line No.	Description (a)	Total Gas Amount Charged for the Year (b)	Illinois Gas Amount Charged for the Year (c)
1	Account 904 Uncollectible Accounts	1,090,221	1,090,221
2			
3			
4			
5			

Explanation of how Illinois amount is derived:

The company only operates in Illinois. The amount is calculated based on a percentage of sales revenues.

Name of Respondent	This Report Is: (1) X An Original (2) A Resubmission	Date of Report (Mo./Da./Yr.)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2011

**Enterprise Zone Revenues**

In Column (b), provide the total amount of enterprise zone revenues as defined in Section 9-222.1 of the Public Utilities Act.

Line No.	Description (a)	ICC Account Number (b)	Amount Charged for the Year (c)
1	Enterprise Zone Revenues	481	11,404
2	Enterprise Zone Revenues	489.3	366,134
3			
4			
5	Total		377,538

Note: Reflects revenues recorded in the accounts shown in column (b). The Company does not record in the above ICC account numbers the amounts charged for revenue taxes, gas use taxes, Low Income Energy Assistance Fund charge ("LIEAF"), and Renewable Energy Resources and Coal Technology Fund ("RERC") charge. In addition, the Enterprise Zone revenues reflected on this page do not match the Enterprise Zone revenues shown on Page 14 due to the following two reasons: 1) difference in the way LIEAF and RERC are treated (they are reflected in the Page 14 numbers), and 2) the amounts shown on this page represent calendar year revenues, which include unbilled revenue estimates, whereas the amounts shown on page 14 represent the amounts actually billed to the customers.

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