

**North Shore Gas Company & The Peoples Gas Light and Coke Company**  
**Docket Nos. 12-0511/12-0512 (Cons.)**  
**CUB-City Exhibit 1.4**  
**Copies of Applicant's Responses to Discovery Requests**  
**Referenced in the Direct Testimony and Schedules of**  
**Ralph C. Smith**

<b>Discovery Request</b>	<b>Subject</b>	<b>Confidential</b>	<b>No. of Pages</b>	<b>Page No.</b>
	Indiana Michigan Power response to SDI 4-7 from IURC Cause No. 44075 regarding how the company treated its FIN 48 amounts for purposes of its rate case filings (without attachments)	No	1	2
NS AG 7.11	Number of actual and authorized North Shore employees for 2012 through September	No	3	3 - 5
PGL AG 7.29	Number of actual and authorized Peoples Gas employees for 2012 through September and projected for 2013	No	13	6 - 18
PGL AG 6.10	Number of actual and authorized IBS employees for 2012 through September 2012; Amount of labor expense included in the test year non-fuel O&M expenses for Peoples Gas and IBS; Amount of employee benefit and payroll tax expense included in the test year for Peoples Gas and IBS	No	16	19 - 34
NS JMO 13.05 & PGL 13.05 SUPP	Direct Payroll Expense by function for North Shore and Peoples Gas included in the test year	No	4	35 - 38
NS & PGL 13.06 SUPP	Direct Payroll Expense by function for affiliates of North Shore and Peoples Gas included in the test year	No	4	39 - 42
NS AG 6.05	Number of actual and authorized IBS employees for 2012 through September 2012; Amount of labor expense included in the test year non-fuel O&M expenses for North Shore and IBS; Amount of employee benefit and payroll tax expense included in the test year for North Shore and IBS	No	10	43 - 52
PGL AG 9.07	Peoples Gas Deferred State Income Taxes at lower State Income Tax Rates	No	3	53 - 55
NS AG 4.05	North Shore Deferred Income Taxes at lower than State Income Tax Rates	No	3	56 - 58
PGL JMO 15.01	Incentive Compensation expense included in the test year by component for Peoples Gas	No	4	59 - 62
NS JMO 15.02	Incentive Compensation expense included in the test year by component for North Shore	No	4	63 - 66
PGL JMO 1.10	Copies of Integrys Compensation Expense Plans used to develop the test year amounts for North Shore and Peoples Gas	No	67	67 - 133
NS & PGL JMO 1.08	Incentive Compensation expense included in the test year in total for North Shore and Peoples Gas	No	20	134 - 153
PGL JMO 15.06	Description of the Stock Option, Performance Shares, and Restricted Stock Plans; Explanation of how the award is determined for each incentive compensation plan; Explanation of whether the compensation plans are components of either the Executive Annual Incentive Plan or the Omnibus Incentive Compensation Plan	No	2	154 - 155
NS AG 8.10	Copy of North Shore's Invested Capital Tax Return for 2011	No	2	156 - 157
PGL AG 8.20	Copy of People Gas' Invested Capital Tax Return for 2011	No	2	158 - 159
NS AG 7.02	Calculation of North Shore's test year deferred state income tax expense using the liability method of accounting for Liberalized Depreciation and Basis Differences under the current State Income Tax rate (with excerpt of Attachment 4)	No	4	160 - 163
NS AG 10.13	North Shore's explanation of the Invested Capital Tax variances between the test year proposed level and the tax payable on the most recent actual tax return; Calculations of the differences between 2011 and 2013 Invested Capital Tax	No	2	164 - 165
PGL AG 7.20	Calculation of Peoples Gas' test year deferred state income tax expense using the liability method of accounting for Liberalized Depreciation and Basis Differences under the current State Income Tax rate (with excerpt of Attachment 4)	No	4	166 - 169
PGL BAP 5.01	Peoples Gas' explanation of whether its 2013 forecasted amount of Invested Capital Tax should be adjusted downward to more closely approximate annualized actuals from the first half of 2012 or historical year 2011	No	6	170 - 175
			Total Pages Including this Page	175

INDIANA MICHIGAN POWER COMPANY  
STEEL DYNAMICS, INC.  
DATA REQUEST SET NO. 4  
IURC CAUSE NO. 44075

DATA REQUEST NO Q-4-7

REQUEST

Accumulated Deferred Income Taxes.

- a. Please identify all amounts, by year, from 2007 through 2011 that the Company has reflected in ADIT for each of the following:
  - i) Repairs deductions
  - ii) Bonus tax depreciation
  - iii) Uncertain tax positions
- b. Please provide all FIN 48 amounts by account for each period: 2008, 2009, 2010, 2011 and the test year. Include both FIN 48 balance sheet accounts and expense accounts for any FIN 48 interest accruals.
- c. How has the Company treated FIN 48 amounts for purposes of its rate case filing? Please explain fully and provide references to where such treatment is reflected in the Company's filing.
- d. Has the Company attempted to not reflect any tax savings related to repairs deductions or any other tax deductions taken on an income tax return because of uncertainty?

RESPONSE

- a. See SDI 4-7, Attachment 1, for the Schedule M deductions for Repairs and Bonus Depreciation that have been included in the Federal Income Tax accruals for the requested years. These deductions net of the related book depreciation have been included in the ADFIT accounts of the Company. The FIN-48 ADIT balances (related to Uncertain tax positions) have not been included as discussed below.
- b. See SDI 4-7, Attachment 2.
- c. For purposes of the Company's filing, the FIN-48 ADIT balances have not been taken into consideration. The Company adheres to the guidance pursuant to FERC Docket No. AI07-2-000 which summarizes the accounting for uncertain tax positions. The accounting for uncertain tax positions represents accruals and recordation's of income taxes which will be ultimately resolved at a future unspecified time. Therefore, in the Company's rate filing, there are no amounts related to uncertain tax positions in rate base or income tax expense.
- d. No.

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

**REQUEST NO. AG 7.11:**

**Ref: Schedule G-5, page 8: O&M Costs – Labor (Number of Employees Forecast).** According to this Schedule, "The number of employees is projected to remain constant at 171 in calendar year 2013 compared to the forecast for the end of calendar year 2012. Actual headcount at December 31, 2011 was 166." Please provide the following additional information:

- a. An updated Schedule C-11.2, pages 3 and 4, substituting Actual for Forecast information for each month January through September 2012.
- b. Explanations of variances as of September 30, 2012 between Actual versus Authorized positions in each department, with a description of the Company's plans and actions taken to fill each authorized position.
- c. Revised Schedule C-11.2, pages 1 and 2, indicating the Company's most current updated estimate of actual staffing that will exist in 2013, given your responses to parts (a) and (b).
- d. Calculations of revised labor, benefits and payroll tax expenses associated with any revisions to 2013 test year staffing plans, as indicated in your response to part (c).

**RESPONSE:**

- a. See NS AG 7.11 Attach 01.
- b. See NS AG 7.11 Attach 01.
- c. There are no revisions to the originally filed staffing levels for 2013 on Schedule C-11.2, pages 1 and 2.
- d. See answer to part c.

North Shore Gas Company  
Number of Employees

Actual Year Ending December 31, 2012

Line No.	Department [A]	January		February		March		April		May		June		No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	<b>Operations</b>													1
2	B25 Meter Reading	8	8	8	8	8	8	8	8	8	8	8	8	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Full Time Equivalents for PT Employees (b)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	5
6	Total Full Time Equivalents (a)+(b)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	6
7	B45 Distribution Design	4	4	4	4	4	4	4	4	4	4	4	4	7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Full Time Equivalents for PT Employees (b)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	10
11	Total Full Time Equivalents (a)+(b)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	11
12	B53 Production Department	3	3	3	3	3	3	3	3	3	3	3	3	12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Full Time Equivalents for PT Employees (b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	15
16	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	16
17	B80 North Shore Operations	140	146	140	146	139	146	140	146	141	146	142	146	17
18	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	18
19	Part Time Employees	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	19
20	Full Time Equivalents for PT Employees (b)	140.68	146.68	140.68	146.68	139.68	146.68	140.68	146.68	141.68	146.68	142.68	146.68	20
21	Total Full Time Equivalents (a)+(b)	141.36	147.36	141.36	147.36	140.36	147.36	141.36	147.36	142.36	147.36	143.36	147.36	21
22	Total Operations	155	161	155	161	154	161	155	161	156	161	157	161	22
23	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	23
24	Part Time Employees	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	24
25	Full Time Equivalents for PT Employees (b)	155.68	161.68	155.68	161.68	154.68	161.68	155.68	161.68	156.68	161.68	157.68	161.68	25
26	Total Full Time Equivalents (a)+(b)	156.36	162.36	156.36	162.36	155.36	162.36	156.36	162.36	157.36	162.36	158.36	162.36	26
27	<b>Fleet and Supply Chain</b>													27
28	B02 Fleet	6	6	6	6	6	6	6	6	6	6	6	6	28
29	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Full Time Equivalents for PT Employees (b)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	31
32	Total Full Time Equivalents (a)+(b)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	32
33	B03 Supply Chain	3	3	3	3	3	3	3	3	3	3	3	3	33
34	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	34
35	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35
36	Full Time Equivalents for PT Employees (b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	36
37	Total Full Time Equivalents (a)+(b)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	37
38	Total Fleet and Supply Chain	9	9	9	9	9	9	9	9	9	9	9	9	38
39	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	39
40	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40
41	Full Time Equivalents for PT Employees (b)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	41
42	Total Full Time Equivalents (a)+(b)	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	42
43	<b>Total North Shore Gas Company</b>													43
44	Full Time Employees (a)	164	170	164	170	163	170	164	170	165	170	166	170	44
45	Part Time Employees	1	1	1	1	1	1	1	1	1	1	1	1	45
46	Full Time Equivalents for PT Employees (b)	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	0.68	46
47	Total Full Time Equivalents (a)+(b)	164.68	170.68	164.68	170.68	163.68	170.68	164.68	170.68	165.68	170.68	166.68	170.68	47



**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

**REQUEST NO. AG 7.29:**

**Ref: Schedule G-5, page 8; O&M Costs – Labor (Number of Employees Forecast).** According to this Schedule, "The number of employees is projected to remain constant in calendar year 2013 at 1,357 compared to the forecast for the end of calendar year 2012. Actual headcount at December 31, 2011 was 1,162." Please provide the following additional information:

- a. An updated Schedule C-11.2, pages 7-12, substituting Actual for Forecast information for each month January through September.
- b. Explanations of variances as of September 30, 2012 between Actual versus Authorized positions in each department, with a description of the Company's plans and actions taken to fill each authorized position.
- c. Revised Schedule C-11.2, pages 1-6, indicating the Company's most current updated estimate of actual staffing that will exist in 2013, given your responses to parts (a) and (b).
- d. Calculations of revised labor, benefits and payroll tax expenses associated with any revisions to 2013 test year staffing plans, as indicated in your response to part (c).

**RESPONSE:**

- a. See attached file.
- b. See attached file for explanations of the variances. Below is the Company's plan for filling the vacancies.  
Existing interview teams are currently in the process of selecting successful candidates for numerous job families described in the attached file such as Operations Specialist, Operations Supervisor, Engineer, Technicians, etc. We anticipate these teams successfully completing their work in line with the originally filed staffing levels for 2013. In addition, the Company has partnered with the City Colleges of Chicago and the UWUA Power for America Training Trust Fund and has created a Utility Workers Military Assistance Program at the Dawson Technical Institute in Chicago. There are currently three groups of students at various stages in their class work that will be available for hire over the next two to three months. Successful students from this program would be qualified to fill existing openings or to displace temporary employees.
- c. There are no revisions to the originally filed staffing levels for 2013 on Schedule C-11.2, pages 1 and 2.
- d. See answer to part c.

The Peoples Gas, Light, and Coke Company

Number of Employees

Actual Year Ending December 31, 2012

Line No	Department [A]	January		February		March		April		May		June		Line No
		Actual [B]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	<b>Officers and Administrative</b>													1
2	P06 Executive Office - President/COO													2
3	Full Time Employees (a)	4	2	4	2	2	2	2	2	2	2	2	2	3
4	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	4
5	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Total Full Time Equivalents (a)+(b)	4.00	2.00	4.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	6
7	<b>Operations</b>													7
8	<b>Executive Office</b>													8
9	P05 Executive Office - Gas Operations													9
10	Full Time Employees (a)	8	8	9	8	8	8	7	8	7	8	7	8	10
11	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	11
12	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12
13	Total Full Time Equivalents (a)+(b)	8.00	8.00	9.00	8.00	8.00	8.00	7.00	8.00	7.00	8.00	7.00	8.00	13
14	<b>Field Operations</b>													14
15	P50 Contractor Services													15
16	Full Time Employees (a)	8	12	8	12	6	12	9	12	10	12	10	12	16
17	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	17
18	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	18
19	Total Full Time Equivalents (a)+(b)	8.00	12.00	8.00	12.00	6.00	12.00	9.00	12.00	10.00	12.00	10.00	12.00	19
20	P52 Gas Operations													20
21	Full Time Employees (a)	19	19	19	19	19	19	19	19	19	19	19	19	21
22	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	22
23	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23
24	Total Full Time Equivalents (a)+(b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	24
25	P72 North District Operations													25
26	Full Time Employees (a)	316	346	319	372	337	392	335	392	339	392	344	392	26
27	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	27
28	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	28
29	Total Full Time Equivalents (a)+(b)	316.00	346.00	319.00	372.00	337.00	392.00	335.00	392.00	339.00	392.00	344.00	392.00	29
30	P73 South District Operations													30
31	Full Time Employees (a)	272	286	272	298	284	300	284	300	283	300	289	300	31
32	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	32
33	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33
34	Total Full Time Equivalents (a)+(b)	272.00	286.00	272.00	298.00	284.00	300.00	284.00	300.00	283.00	300.00	289.00	300.00	34
35	P79 Central District Operations													35
36	Full Time Employees (a)	265	280	264	293	273	297	289	297	293	297	298	297	36
37	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	37
38	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38
39	Total Full Time Equivalents (a)+(b)	265.00	280.00	264.00	293.00	273.00	297.00	289.00	297.00	293.00	297.00	298.00	297.00	39
40	Total Field Operations													40
41	Full Time Employees (e)	880	943	882	994	919	1,020	936	1,020	944	1,020	960	1,020	41
42	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	42
43	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	43
44	Total Full Time Equivalents (a)+(b)	880.00	943.00	882.00	994.00	919.00	1,020.00	936.00	1,020.00	944.00	1,020.00	960.00	1,020.00	44

The Peoples Gas Light and Coke Company

Number of Employees

Actual Year Ending December 31, 2012

Line No	Department [A]	January [B]		February [D]		March [F]		April [H]		May [J]		June [L]		Line No
		Actual [C]	Authorized [C]	Actual [D]	Authorized [E]	Actual [F]	Authorized [G]	Actual [H]	Authorized [I]	Actual [J]	Authorized [K]	Actual [L]	Authorized [M]	
1	<b>Field Support</b>													1
2	P23 Construction Planning	12	8	12	8	14	8	19	8	15	8	23	8	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Full Time Equivalents for PT Employees (b)													5
6	Total Full Time Equivalents (a)+(b)	12.00	8.00	12.00	8.00	14.00	8.00	19.00	8.00	15.00	8.00	23.00	8.00	6
7	<b>P48 Special Projects - Admin</b>													7
8	Full Time Employees (a)	13	11	13	11	12	11	10	11	12	11	13	11	8
9	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	13.00	11.00	13.00	11.00	12.00	11.00	10.00	11.00	12.00	11.00	13.00	11.00	11
12	<b>P49 Centralized Planning</b>													12
13	Full Time Employees (a)	53	55	57	57	60	57	46	57	45	57	45	57	13
14	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	53.00	55.00	57.00	57.00	60.00	57.00	46.00	57.00	45.00	57.00	45.00	57.00	16
17	<b>P55 Special Projects - Field Services</b>													17
18	Full Time Employees (a)	121	95	127	95	98	95	93	95	87	95	74	95	18
19	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	121.00	95.00	127.00	95.00	98.00	95.00	93.00	95.00	87.00	95.00	74.00	95.00	21
22	<b>P56 System Integrity</b>													22
23	Full Time Employees (a)	22	21	23	21	24	21	21	21	22	21	24	21	23
24	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	22.00	21.00	23.00	21.00	24.00	21.00	21.00	21.00	22.00	21.00	24.00	21.00	26
27	<b>P57 Energy Efficiency &amp; Commercial Account</b>													27
28	Full Time Employees (a)	6	6	6	6	6	6	6	6	6	6	6	6	28
29	Part Time Employees	0	0	0	0	0	0	0	0	0	0	0	0	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	31
32	<b>PC2 Business Support</b>													32
33	Full Time Employees (a)	10	11	10	11	11	11	11	11	11	11	12	11	33
34	Part Time Employees	0	1	0	1	1	1	0	1	0	1	0	1	34
35	Full Time Equivalents for PT Employees (b)	0.00	0.50	0.00	0.50	0.50	0.50	0.00	0.50	0.00	0.50	0.00	0.50	35
36	Total Full Time Equivalents (a)+(b)	10.00	11.50	10.00	11.50	11.50	11.50	11.00	11.50	11.00	11.50	12.00	11.50	36
37	<b>Total Field Support</b>													37
38	Full Time Employees (a)	237	207	248	209	225	209	206	209	198	209	197	209	38
39	Part Time Employees	0	1	0	1	1	1	0	1	0	1	0	1	39
40	Full Time Equivalents for PT Employees (b)	0.00	0.50	0.00	0.50	0.50	0.50	0.00	0.50	0.00	0.50	0.00	0.50	40
41	Total Full Time Equivalents (a)+(b)	237.00	207.50	248.00	209.50	225.50	209.50	206.00	209.50	198.00	209.50	197.00	209.50	41





The Peoples Gas Light and Coke Company

Number of Employees

Actual Year Ending December 31, 2012

Line No	Department (A)	July		August		September		Explanation	Line No
		Actual (B)	Authorized (C)	Actual (D)	Authorized (E)	Actual (F)	Authorized (G)		
1	<b>Field Support</b>								
2	P23 Construction Planning	23	8	22	8	22	8		1
3	Full Time Employees (a)	0	0	0	0	0	0		2
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00		3
5	Full Time Equivalents for PT Employees (b)								4
6	Total Full Time Equivalents (a)+(b)	23.00	8.00	22.00	8.00	22.00	8.00	14.00	5
7	P48 Special Projects - Admin								6
8	Full Time Employees (a)	13	11	30	11	31	11		7
9	Part Time Employees	0	0	0	0	0	0		8
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		9
11	Total Full Time Equivalents (a)+(b)	13.00	11.00	30.00	11.00	31.00	11.00	20.00	10
12	P49 Centralized Planning								11
13	Full Time Employees (a)	46	57	29	57	28	57		12
14	Part Time Employees	0	0	0	0	0	0		13
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		14
16	Total Full Time Equivalents (a)+(b)	46.00	57.00	29.00	57.00	28.00	57.00	(29.00)	15
17	P55 Special Projects - Field Services								16
18	Full Time Employees (a)	80	95	77	95	69	95		17
19	Part Time Employees	0	0	0	0	0	0		18
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		19
21	Total Full Time Equivalents (a)+(b)	80.00	95.00	77.00	95.00	69.00	95.00	(26.00)	20
22	P56 System Integrity								21
23	Full Time Employees (a)	24	21	23	21	23	21		22
24	Part Time Employees	0	0	0	0	0	0		23
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		24
26	Total Full Time Equivalents (a)+(b)	24.00	21.00	23.00	21.00	23.00	21.00	2.00	25
27	P57 Energy Efficiency & Commercial Account								26
28	Full Time Employees (a)	6	6	6	6	6	6		27
29	Part Time Employees	0	0	0	0	0	0		28
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		29
31	Total Full Time Equivalents (a)+(b)	6.00	6.00	6.00	6.00	6.00	6.00	0.00	30
32	PC2 Business Support								31
33	Full Time Employees (a)	12	11	12	11	12	11		32
34	Part Time Employees	0	1	0	1	0	1		33
35	Full Time Equivalents for PT Employees (b)	0.00	0.50	0.00	0.50	0.00	0.50	(0.50)	34
36	Total Full Time Equivalents (a)+(b)	12.00	11.50	12.00	11.50	12.00	11.50	0.50	35
37	Total Field Support								36
38	Full Time Employees (a)	204	209	199	209	191	209		37
39	Part Time Employees	0	1	0	1	0	1		38
40	Full Time Equivalents for PT Employees (b)	0.00	0.50	0.00	0.50	0.00	0.50	(18.50)	39
41	Total Full Time Equivalents (a)+(b)	204.00	209.50	199.00	209.50	191.00	209.50		40

Increase in headcount is due to inclusion of 10 service markers who will be transferred to P72, P73 and P79. In addition, operations specialists have been hired that were part of the restructuring and not part of the original budget

Moved 17 Dispatch employees from P49 to P48; added 3 Operations Specialists as part of restructuring which were not part of original budget

Moved 17 Dispatch employees from P49 to P48, remaining are operations specialists roles currently filled by contractors that will be replaced by employees

Variance is due to pending hires from Utility Workers school

Moved 2 employees from P05 to P56 Technology group

PGL AG 7.29  
Attachment

The Peoples Gas Light and Coke Company

Number of Employees

Actual Year Ending December 31, 2012

Line No	Department (A)	July		August		September		Explanation	Line No
		Actual (B)	Authorized (C)	Actual (D)	Authorized (E)	Actual (F)	Authorized (G)		
1	Total Operations	1,168	1,237	1,167	1,237	1,165	1,237		1
2	Full Time Employees (a)	0	1	0	1	0	1		2
3	Part Time Employees	0.00	0.50	0.00	0.50	0.00	0.50		3
4	Full Time Equivalents for PT Employees (b)	1,168.00	1,237.50	1,167.00	1,237.50	1,165.00	1,237.50		4
5	Total Full Time Equivalents (a)+(b)	1,168.00	1,237.50	1,167.00	1,237.50	1,165.00	1,237.50	(72.50)	5
6	<b>Fleet, Supply Chain, Facilities and Meter Testing</b>								6
7	P02 Fleet								7
8	Full Time Employees (a)	28	26	28	26	28	26		8
9	Part Time Employees	0	0	0	0	0	0		9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		10
11	Total Full Time Equivalents (a)+(b)	28.00	26.00	28.00	26.00	28.00	26.00	2.00 2 headcount were moved from P73 to P02	11
12	P03 Supply Chain								12
13	Full Time Employees (a)	10	10	9	10	11	10		13
14	Part Time Employees	0	0	0	0	0	0		14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		15
16	Total Full Time Equivalents (a)+(b)	10.00	10.00	9.00	10.00	11.00	10.00	1.00 Received approval to add 2 employees mainly due to AMRP material handling. 1 has been hired, the other is on process	16
17	P14 Facilities								17
18	Full Time Employees (a)	2	2	2	2	2	2		18
19	Part Time Employees	0	0	0	0	0	0		19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		20
21	Total Full Time Equivalents (a)+(b)	2.00	2.00	2.00	2.00	2.00	2.00	0.00	21
22	P53 Meter Testing								22
23	Full Time Employees (a)	16	17	15	17	14	17		23
24	Part Time Employees	0	0	0	0	0	0		24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		25
26	Total Full Time Equivalents (a)+(b)	16.00	17.00	15.00	17.00	14.00	17.00	(3.00) Vacancies due to a retirement and job transfers to other home centers. Requisitions for replacements are in progress	26
27	Total Fleet, Supply Chain, Facilities and Meter Testing								27
28	Full Time Employees (a)	56	55	54	55	55	55		28
29	Part Time Employees	0	0	0	0	0	0		29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00		30
31	Total Full Time Equivalents (a)+(b)	56.00	55.00	54.00	55.00	55.00	55.00	0.00	31
32	<b>Total Peoples Gas Light and Coke Company</b>								32
33	Full Time Employees (a)	1,226	1,294	1,223	1,294	1,222	1,294		33
34	Part Time Employees	0	1	0	1	0	1		34
35	Full Time Equivalents for PT Employees (b)	0.00	0.50	0.00	0.50	0.00	0.50		35
36	Total Full Time Equivalents (a)+(b)	1,226.00	1,294.50	1,223.00	1,294.50	1,222.00	1,294.50	(72.50)	36

The Peoples Gas Light and Coke Company

Line No	Department [A]	Number of Employees												Line No		
		January		February		March		April		May		June				
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]			
<u>Test Year Ending December 31, 2013</u>																
1	<b>Officers and Administrative</b>															
2	P06 Executive Office - President/COO	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Full Time Equivalents for PT Employees (b)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
6	Total Full Time Equivalents (a)+(b)															
7	<b>Operations</b>															
8	<b>Executive Office</b>															
9	P05 Executive Office - Gas Operations	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
10	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Full Time Equivalents for PT Employees (b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
13	Total Full Time Equivalents (a)+(b)															
14	<b>Field Operations</b>															
15	P50 Contractor Services	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
16	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Full Time Equivalents for PT Employees (b)	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
19	Total Full Time Equivalents (a)+(b)															
20	P52 Gas Operations	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
21	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Full Time Equivalents for PT Employees (b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
24	Total Full Time Equivalents (a)+(b)															
25	P72 North District Operations	402	402	402	402	402	402	402	402	402	402	402	402	402	402	402
26	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
27	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
28	Full Time Equivalents for PT Employees (b)	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00
29	Total Full Time Equivalents (a)+(b)															
30	P73 South District Operations	301	301	301	301	301	301	301	301	301	301	301	301	301	301	301
31	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
33	Full Time Equivalents for PT Employees (b)	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00
34	Total Full Time Equivalents (a)+(b)															
35	P79 Central District Operations	305	305	305	305	305	305	305	305	305	305	305	305	305	305	305
36	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
37	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
38	Full Time Equivalents for PT Employees (b)	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00
39	Total Full Time Equivalents (a)+(b)															
40	Total Field Operations	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
41	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
43	Full Time Equivalents for PT Employees (b)	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00
44	Total Full Time Equivalents (a)+(b)															

The Peoples Gas Light and Coke Company

Number of Employees

Test Year Ending December 31, 2013

Line No	Department [A]	January		February		March		April		May		June		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	<b>Field Support</b>													1
2	P23 Construction Planning	14	14	14	14	14	14	14	14	14	14	14	14	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Full Time Equivalents for PT Employees (b)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	5
6	Total Full Time Equivalents (a)+(b)													6
7	P48 Special Projects - Admin	20	20	20	20	20	20	20	20	20	20	20	20	7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Full Time Equivalents for PT Employees (b)	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	10
11	Total Full Time Equivalents (a)+(b)													11
12	P49 Centralized Planning	62	62	62	62	62	62	62	62	62	62	62	62	12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Full Time Equivalents for PT Employees (b)	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	15
16	Total Full Time Equivalents (a)+(b)													16
17	P55 Special Projects - Field Services	95	95	95	95	95	95	95	95	95	95	95	95	17
18	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19
20	Full Time Equivalents for PT Employees (b)	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	20
21	Total Full Time Equivalents (a)+(b)													21
22	P56 System Integrity	21	21	21	21	21	21	21	21	21	21	21	21	22
23	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24
25	Full Time Equivalents for PT Employees (b)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	25
26	Total Full Time Equivalents (a)+(b)													26
27	P57 Energy Efficiency & Commercial Account	6	6	6	6	6	6	6	6	6	6	6	6	27
28	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	28
29	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
30	Full Time Equivalents for PT Employees (b)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	30
31	Total Full Time Equivalents (a)+(b)													31
32	PC2 Business Support	19	19	19	19	19	19	19	19	19	19	19	19	32
33	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	33
34	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	34
35	Full Time Equivalents for PT Employees (b)	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	35
36	Total Full Time Equivalents (a)+(b)													36
37	Total Field Support	237	237	237	237	237	237	237	237	237	237	237	237	37
38	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	38
39	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	39
40	Full Time Equivalents for PT Employees (b)	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	40
41	Total Full Time Equivalents (a)+(b)													41

The Peoples Gas Light and Coke Company

Number of Employees

Test Year Ending December 31, 2013

Line No	Department [A]	January		February		March		April		May		June		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Total Operations	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1
2	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	2
3	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	3
4	Full Time Equivalents for PT Employees (b)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	4
5	Total Full Time Equivalents (a)+(b)	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	5
6	<b>Fleet Supply Chain, Facilities and Meter Testing</b>													6
7	P02 Fleet	26	26	26	26	26	26	26	26	26	26	26	26	7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	11
12	P03 Supply Chain	10	10	10	10	10	10	10	10	10	10	10	10	12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	16
17	P14 Facilities Services	2	2	2	2	2	2	2	2	2	2	2	2	17
18	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	21
22	P53 Meter Testing	19	19	19	19	19	19	19	19	19	19	19	19	22
23	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	26
27	Total Fleet, Supply Chain, Facilities and Meter Testing	57	57	57	57	57	57	57	57	57	57	57	57	27
28	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	28
29	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	31
32	<b>Total Peoples Gas Light and Coke Company</b>	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	32
33	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	33
34	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	34
35	Full Time Equivalents for PT Employees (b)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	35
36	Total Full Time Equivalents (a)+(b)	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	36

The Peoples Gas Light and Coke Company

Number of Employees

Test Year Ending December 31, 2013

Line No	Department [A]	July [B]		August [D]		September [F]		October [H]		November [J]		December [L]		Line No
		Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	
1	<b>Officers and Administrative</b>													1
2	P06 Executive Office - President/COO	2	2	2	2	2	2	2	2	2	2	2	2	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Full Time Equivalents for PT Employees (b)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	5
6	Total Full Time Equivalents (a)+(b)													6
7	<b>Operations</b>													7
8	<b>Executive Office</b>													8
9	P05 Executive Office - Gas Operations	19	19	19	19	19	19	19	19	19	19	19	19	9
10	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	10
11	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11
12	Full Time Equivalents for PT Employees (b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	12
13	Total Full Time Equivalents (a)+(b)													13
14	<b>Field Operations</b>													14
15	P50 Contractor Services	13	13	13	13	13	13	13	13	13	13	13	13	15
16	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	16
17	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17
18	Full Time Equivalents for PT Employees (b)	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	18
19	Total Full Time Equivalents (a)+(b)													19
20	P52 Gas Operations	19	19	19	19	19	19	19	19	19	19	19	19	20
21	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	21
22	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22
23	Full Time Equivalents for PT Employees (b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	23
24	Total Full Time Equivalents (a)+(b)													24
25	P72 North District Operations	402	402	402	402	402	402	402	402	402	402	402	402	25
26	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	26
27	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27
28	Full Time Equivalents for PT Employees (b)	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	402.00	28
29	Total Full Time Equivalents (a)+(b)													29
30	P73 South District Operations	301	301	301	301	301	301	301	301	301	301	301	301	30
31	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	31
32	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	32
33	Full Time Equivalents for PT Employees (b)	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	301.00	33
34	Total Full Time Equivalents (a)+(b)													34
35	P79 Central District Operations	305	305	305	305	305	305	305	305	305	305	305	305	35
36	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	36
37	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	37
38	Full Time Equivalents for PT Employees (b)	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	305.00	38
39	Total Full Time Equivalents (a)+(b)													39
40	Total Field Operations	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	40
41	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	41
42	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	42
43	Full Time Equivalents for PT Employees (b)	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	1,040.00	43
44	Total Full Time Equivalents (a)+(b)													44

The Peoples Gas Light and Coke Company

Number of Employees

Test Year Ending December 31, 2013

Line No	Department [A]	July [B]		August [D]		September [F]		October [H]		November [J]		December [L]		Line No
		Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	Forecast	Authorized	
1	<b>Field Support</b>													1
2	P23 Construction Planning	14	14	14	14	14	14	14	14	14	14	14	14	2
3	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4
5	Full Time Equivalents for PT Employees (b)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	5
6	Total Full Time Equivalents (a)+(b)													6
7	P48 Special Projects - Admin	20	20	20	20	20	20	20	20	20	20	20	20	7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Full Time Equivalents for PT Employees (b)	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	10
11	Total Full Time Equivalents (a)+(b)													11
12	P49 Centralized Planning	62	62	62	62	62	62	62	62	62	62	62	62	12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Full Time Equivalents for PT Employees (b)	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	62.00	15
16	Total Full Time Equivalents (a)+(b)													16
17	P55 Special Projects - Field Services	95	95	95	95	95	95	95	95	95	95	95	95	17
18	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19
20	Full Time Equivalents for PT Employees (b)	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	95.00	20
21	Total Full Time Equivalents (a)+(b)													21
22	P56 System Integrity	21	21	21	21	21	21	21	21	21	21	21	21	22
23	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24
25	Full Time Equivalents for PT Employees (b)	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	25
26	Total Full Time Equivalents (a)+(b)													26
27	P57 Energy Efficiency & Commercial Account	6	6	6	6	6	6	6	6	6	6	6	6	27
28	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	28
29	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
30	Full Time Equivalents for PT Employees (b)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	30
31	Total Full Time Equivalents (a)+(b)													31
32	PC2 Business Support	19	19	19	19	19	19	19	19	19	19	19	19	32
33	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	33
34	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	34
35	Full Time Equivalents for PT Employees (b)	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50	35
36	Total Full Time Equivalents (a)+(b)													36
37	Total Field Support	237	237	237	237	237	237	237	237	237	237	237	237	37
38	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	38
39	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	39
40	Full Time Equivalents for PT Employees (b)	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	237.50	40
41	Total Full Time Equivalents (a)+(b)													41

The Peoples Gas Light and Coke Company

Number of Employees

Test Year Ending December 31, 2013

Line No	Department [A]	July		August		September		October		November		December		Line No
		Forecast [B]	Authorized [C]	Forecast [D]	Authorized [E]	Forecast [F]	Authorized [G]	Forecast [H]	Authorized [I]	Forecast [J]	Authorized [K]	Forecast [L]	Authorized [M]	
1	Total Operations	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1,296	1
2	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	2
3	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	3
4	Full Time Equivalents for PT Employees (b)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	4
5	Total Full Time Equivalents (a)+(b)	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	1,296.50	5
6	<b>Fleet Supply Chain, Facilities and Meter Testing</b>													6
7	P02 Fleet	26	26	26	26	26	26	26	26	26	26	26	26	7
8	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	8
9	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9
10	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10
11	Total Full Time Equivalents (a)+(b)	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	11
12	P03 Supply Chain	10	10	10	10	10	10	10	10	10	10	10	10	12
13	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	13
14	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	14
15	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15
16	Total Full Time Equivalents (a)+(b)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	16
17	P14 Facilities Services	2	2	2	2	2	2	2	2	2	2	2	2	17
18	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	18
19	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19
20	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20
21	Total Full Time Equivalents (a)+(b)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	21
22	P53 Meter Testing	19	19	19	19	19	19	19	19	19	19	19	19	22
23	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	23
24	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	24
25	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25
26	Total Full Time Equivalents (a)+(b)	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	26
27	Total Fleet, Supply Chain, Facilities and Meter Testing	57	57	57	57	57	57	57	57	57	57	57	57	27
28	Full Time Employees (a)	0	0	0	0	0	0	0	0	0	0	0	0	28
29	Part Time Employees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	29
30	Full Time Equivalents for PT Employees (b)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30
31	Total Full Time Equivalents (a)+(b)	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	57.00	31
32	<b>Total Peoples Gas Light and Coke Company</b>	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	1,355	32
33	Full Time Employees (a)	1	1	1	1	1	1	1	1	1	1	1	1	33
34	Part Time Employees	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	34
35	Full Time Equivalents for PT Employees (b)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	35
36	Total Full Time Equivalents (a)+(b)	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	1,355.50	36

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 6.01-6.10**  
**Dated: October 5, 2012**

**REQUEST NO. AG 6.10:**

For each NSG, PGL and IBS responsibility with test year labor charges that are included in the Company's asserted revenue requirements, please provide a monthly analysis of the following data:

- a. Actual staffing levels in 2012, to date, through September 30, 2012.
- b. Comparable budgeted monthly staffing levels through September 30, 2012.
- c. Explanation of known reasons for the staff count vacancies and other variances revealed by comparison of your responses to parts (a) versus (b).
- d. Comparable test year projected staff count levels that are included in the rate case non-fuel O&M expenses.
- e. What amount of direct and indirect labor expense is included in test year non-fuel O&M expenses in connection with the staff count levels provided in your response to part (d), for each responsibility center (PGL and IBS allocated)?
- f. What amount of employee benefit and payroll tax expense is included in test year asserted revenue requirements in connection with the staff count levels provided in your response to part (d), for each responsibility center (PGL and IBS allocated)?

**RESPONSE:**

- a. Responsibility centers do not have headcounts, home centers do. North Shore understands this request to be asking for staffing levels for home centers. For North Shore's staffing levels, see North Shore's response to AG 7.11. For Peoples Gas' staffing levels, see Peoples Gas' response to AG 7.29. For IBS' staffing levels, see Attach 01.
- b. See part a.
- c. See part a.
- d. Headcount is not allocated to O&M expenses; total labor costs are allocated to O&M and capital. An employee can work on both O&M and capital in a given year.
- e. Based on the response to part d, Attach 02 includes the amount of labor expense by home center, not responsibility center that was charged to Peoples Gas' O&M expenses. The labor expense numbers do not include any incentive dollars.

**ICC Docket No. 12-0512**

**The Peoples Gas Light and Coke Company's Response to  
Attorney General Data Requests AG 6.01-6.10**

**Dated: October 5, 2012**

- f. The amount of benefit and payroll tax expense included in non-fuel O&M expense for the test year related to Peoples Gas employees is not recorded in individual home centers; it is booked in total. See Attach 03 for payroll and benefit costs related to Peoples Gas and IBS' allocated labor to Peoples Gas by home center, not responsibility center.







	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
AB0 IBS Environmental Services	30	30	30	30	30	30	30	30	30	30
AB2 Utility Group Exec Office	14	14	14	14	14	14	14	14	14	14
AC0 TEG Gas Engineering	4	4	4	4	5	6	6	6	6	9
AC1 TEG Director Gas Engineering	1	1	1	1	1	0	0	0	0	0
AC2 TEG GE Tech Train&Standards	21	21	20	19	21	22	22	22	22	22
AC3 TEG Gas Systems Support	13	13	13	13	13	13	14	12	12	12
AC4 TEG GE Distrib Design North	26	26	26	26	26	26	27	26	28	28
AC5 TEG GE Distrib Design South	23	21	29	28	35	31	30	28	28	28
AC6 TEG GE Engineering Services	12	15	8	9	10	10	9	9	10	10
AC7 Gas Engin Standardization	7	7	7	9	9	10	9	9	9	9
AC8 TEG GE Competitive Excellence	0	0	0	0	0	0	0	0	0	0
AD0 TEG Gas Supply	3	3	3	3	3	3	3	3	3	3
AD1 TEG Gas Supply-WPSC MGU	5	5	5	5	5	5	5	5	5	5
AD2 TEG Supply MERC	3	3	3	3	3	3	3	3	3	3
AD3 Gas Market Strat&Middle Office	7	7	7	8	8	8	8	8	8	8
AD4 Gas Plan Model Contract Admin	6	6	6	6	6	6	5	5	6	6
AD5 TEG Gas Control	25	25	28	28	29	29	29	29	29	29
AD6 TEG Gas Storage	39	39	39	38	38	38	38	39	39	39
AD7 TEG Gas Supply	6	6	6	6	7	7	7	6	6	6
AE0 Cust Relations Exec Office	3	3	3	3	3	3	3	3	3	3
AE1 TEG CR Strat&Bus Performance	20	20	20	20	20	20	20	20	20	20
AE8 TEG CR Call Center CHIC	9	9	9	9	9	9	9	9	9	8
AE9 TEG CR Contact Supp CHIC	32	32	32	32	32	32	29	29	28	28
AF0 CR Competitive Excellence & QA	17	17	16	16	16	16	18	16	16	16
AF3 TEG CR MGU & MERC	4	4	4	4	4	4	4	4	4	4
AF4 TEG M2C Billing CHIC	27	27	26	25	25	25	25	25	24	24
AF5 TEG M2C Collections CHIC	26	26	26	26	25	25	25	25	24	24
AF6 GTS	16	15	15	14	14	14	15	15	14	14
AG8 Business Performance Group	6	6	6	6	5	5	5	5	5	5
AH4 TEG Tax Strategy & Services	30	29	30	30	32	31	31	31	29	29
AH5 Customer Care-WI MI	27	27	27	27	27	27	27	27	27	27
AH6 Meter to Cash-WI MI	50	50	50	50	49	47	46	45	44	44
Total IBS	1305	1302	1305	1303	1324	1329	1324	1318	1307	1307

**IBS Headcount Variance**  
**2012 Test Year - 2012 Actuals**

Department	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Explanation
A01 TEG Executive Office	2	2	2	2	2	2	2	2	2	Two strategy managers were moved (late 2011) to another business unit, leaving two vacant positions in September. Currently backfilling with personnel from another Integy's business unit. Planning to hire strategist positions in 2012/2013.
A02 FINACTG	0	0	0	0	0	0	0	0	0	
A05 TEG Treasurer	2	2	1	0	0	0	0	0	0	Two permanent positions added in earlier in 2012 (Treasury Specialist & Risk Analyst); included in 2013

**IBS Headcount Variance  
2012 Test Year - 2012 Actuals**

Department	Functional Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Explanation
A06 TEG Corporate Controller	CFO Service	-1	-1	-1	0	-1	-3	-2	-2	-1	Retiree in 2012, not replaced in 2013. Shifting of intern start and stop -1 dates.
A07 TEG Investor Relations	CFO Service	0	0	0	0	0	0	0	0	0	
A08 TEG Internal Audit	CFO Service	0	0	0	0	-1	-1	-1	-1	0	Utilized intern in 2012 to offset Deloitte direct assistance audit hours
A13 TEG External Affairs	External Affairs	0	0	0	0	0	0	0	0	0	
A14 TEG Corporate Communications	External Affairs	0	1	1	1	1	0	0	0	0	
A15 TEG Government Relations	External Affairs	0	0	0	0	0	-1	-1	-1	0	
A16 TEG Regulatory Affairs	External Affairs	0	0	1	0	0	1	-1	-2	-2	Shifting of interns and open positions in 2012. One intern vacant as of Sept 2012. Plan to hire open positions in 2012/2013.
A21 IBS-Finance & Accounting	CFO Service	0	0	0	-1	0	0	0	0	0	Overlap of interns in 2012, not reflected in 2013
A22 IBS-Fin Sys Planning&Coordin	CFO Service	0	0	0	0	0	1	1	1	1	2013 includes intern headcount not in 2012
A23 IBS-GL Accounting	CFO Service	2	2	1	1	1	0	0	1	1	Actual open position (vacancy), to be filled in 2013
A25 IBS-Property Accounting	CFO Service	0	1	1	0	0	0	0	0	0	
A26 IBS-Accounts Payable	CFO Service	2	2	2	2	2	2	2	2	2	One retiree in 2012, currently backfilling with stafflogix (contractor).
A27 IBS-Fuel&Supply Accounting	CFO Service	0	0	0	1	0	0	0	0	0	Addition of intern in 2013
A28 IBS-Benefits Accounting	CFO Service	0	0	0	0	0	0	0	0	0	
A40 IBS-HR Services	Human Resources	0	0	0	0	0	0	1	1	1	Vacancy in July 2012, planned to fill position in 2012/2013
A41 IBS-Client&Workforce Relations	Human Resources	2	2	0	-1	-1	-1	-1	-1	-1	Recruiter hired in 2012 that was not in the 2013 headcount
A42 IBS-Benefits	Human Resources	0	0	-1	-1	0	-1	-1	0	1	
A43 IBS-Compensation	Human Resources	0	0	1	1	1	1	1	1	1	Planning to utilize intern earlier in 2013 than in 2012 actuals
A44 IBS-HR Services & Admin	Human Resources	1	1	2	3	1	0	0	0	0	2013 includes the addition of a Business Consultant
A45 IBS-Safety Health&Wellness	Human Resources	2	2	2	2	0	0	0	0	0	0 Safety Consultant and vacancy filled in 2012
A46 IBS-Workforce&Organiz Develop	Human Resources	0	0	0	0	-1	-1	-1	-1	-1	2012 includes an intern, that is not planned for in 2013
A51 Legal & Governance Services	Legal & Governance	2	1	1	2	3	3	4	1	0	Vacancies in early in 2012 all filled by August (staff attorney, associate general counsel and counsel)
A53 IBS IT Infrastructure	Information Technology	0	2	3	4	5	7	8	7	5	Vacancies in 2012. Plan to use Interns in June, July, & August of 2013. Only actively recruiting 1 of the 5 vacancies
A54 IBS IT Operations	Information Technology	14	14	16	17	16	18	18	18	17	11 positions shifted to A56. 6 Vacancies in 2012 due to Gas Mgmt System & GIS (including 1 intern). Currently using Stafflogix as backfill. Actively recruiting 5 at this time.
A55 IBS IT Architecture	Information Technology	1	0	0	0	0	0	0	1	1	One Vacant position in 2012, backfilling with stafflogix contractor
A56 IBS ITS Applied Technology	Information Technology	-8	-8	-10	-10	-11	-11	-11	-11	-11	Positions (security team) added in 2012 (from A54). These positions -11 are offset in A54.
A57 IBS App Dev TEG Serv Develop	Information Technology	1	1	1	1	1	1	0	0	0	
A58 IBS IT Operations Development	Information Technology	1	1	1	3	3	3	3	2	1	Addition of employee for WAM - scheduled end date of 12/31/12. Not in 2013 test year.
A59 IBS IT CVS Development C-First	Information Technology	0	1	1	4	4	4	4	5	6	Shifting of personnel to A63.
A60 IBS IT CVS Development Open-C	Information Technology	-2	-2	-1	-1	0	0	1	0	0	Vacancies in 2012 for meter records project and community pilot/energy efficiency programs; actively recruiting
A61 IBS E-Business Development	Information Technology	1	1	1	1	1	0	0	-1	-1	3 interns in 2012, only planning for 2 in 2013

**IBS Headcount Variance  
2012 Test Year - 2012 Actuals**

Department	Functional Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Explanation
A62 IBS IT Planning	Information Technology	0	0	0	0	0	0	0	0	0	
A63 IBS IT Cust Relations Develop	Information Technology	0	0	0	-5	-5	-5	-5	-5	-5	-5 Shifting of personnel from A59.
A70 IBS Supply Chain Services	Supply Chain Services	0	0	0	0	0	0	0	0	0	
A71 IBS Fleet Services	Supply Chain Services	1	1	1	1	1	1	1	1	1	Open Fleet position in 2012 for retiree - backfilling with contractor
A72 IBS SCS Materials Management	Supply Chain Services	0	0	0	0	0	0	0	0	0	
A73 IBS SCS Strategic Sourcing	Supply Chain Services	0	1	0	1	1	0	0	1	0	Open student position early in 2012
A75 IBS Administrative Services	Administrative Services	0	0	0	0	0	0	0	0	0	
A76 IBS Real Estate	Administrative Services	0	0	0	0	-1	-1	-1	-1	-1	WPS Eagle River Designer eliminated. Does not impact IL rate case
A77 IBS Corporate Security	Administrative Services	0	0	0	1	0	0	0	0	0	
A79 IBS-GB Facilities	Administrative Services	0	0	0	0	0	0	0	0	-1	Hired MERC Facilities Coordinator in 2012 to fill open position. Does not impact IL rate case
A80 IBS-Chic Facilities	Administrative Services	0	0	0	0	0	0	0	0	0	
A81 IBS-Office Services	Administrative Services	0	0	0	0	0	1	1	1	1	Employee resigned in June 2012. This FTE position was filled with the MERC Facilities Coordinator position. Does not impact IL rate case
A82 IBS-Print Shop	Administrative Services	0	0	0	0	0	0	0	0	0	
A83 IBS-GB Operating Facilities	Administrative Services	0	0	0	0	0	0	0	0	0	
A89 Project Services	Project Services	3	3	3	4	7	3	3	4	0	Impacted by vacancy and seasonals earlier in the year.
AB0 IBS Environmental Services	Environmental	0	0	0	0	0	0	0	0	0	
AB2 Utility Group Exec Office	Utility Group	0	0	0	0	0	0	0	0	0	
AC0 TEG Gas Engineering	Engineering Services	1	1	1	0	0	-1	-1	-1	-4	Combined ACO & AC1. Shifting of personnel for CE for AMRP
AC1 TEG Director Gas Engineering	Engineering Services	0	0	0	0	0	1	1	1	1	Employee transferred into ACO
AC2 TEG GE Tech Train&Standards	Engineering Services	9	9	10	11	9	8	8	8	8	Addition of employees to replace contractors to perform quality control field audits. Currently completed by contractors.
AC3 TEG Gas Systems Support	Engineering Services	0	0	1	0	1	1	0	2	2	Two employees transferred to PGL. Will be replaced.
AC4 TEG GE Distrib Design North	Engineering Services	0	1	1	1	2	2	1	2	-1	Shifting of interns between 2012 and 20113
AC5 TEG GE Distrib Design South	Engineering Services	7	9	2	4	-3	1	2	4	4	Increased staffing primarily to support AMRP work
AC6 TEG GE Engineering Services	Engineering Services	-4	-5	2	1	0	0	1	1	0	
AC7 Gas Engin Standardization	Engineering Services	0	0	2	0	0	-1	0	0	0	
AC8 TEG GE Competitive Excellence	Engineering Services	0	0	0	0	0	0	0	0	0	
AD0 TEG Gas Supply	Utility Group	0	0	0	0	0	0	0	0	0	
AD1 TEG Gas Supply-WPSC MGU	Utility Group	0	0	0	0	0	0	0	0	0	
AD2 TEG Supply MERC	Utility Group	0	0	0	0	0	0	0	0	0	
AD3 Gas Market Strat&Middle Office	Utility Group	0	0	1	0	0	0	0	0	0	Summer Intern budgeted in HC AD4, was assigned to HC AD7. In July and August, there was an employee that transferred from AD4. She was replaced in Sept, 2012
AD4 Gas Plan Model Contract Admin	Utility Group	0	0	0	0	1	1	2	2	0	Employee turnover due to resignations of employees.
AD5 TEG Gas Control	Utility Group	0	0	1	1	0	0	0	0	0	Summer interns not used and normal employee turnover.
AD6 TEG Gas Storage	Utility Group	0	0	0	1	3	3	3	2	0	Summer Intern originally budgeted in HC AD4
AD7 TEG Gas Supply	Utility Group	0	0	0	0	-1	-1	-1	0	0	

**IBS Headcount Variance  
2012 Test Year - 2012 Actuals**

Department	Functional Area	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Explanation
AE0 Cust Relations Exec Office	Customer Value	0	0	0	0	0	0	0	0	0	
AE1 TEG CR Strat&Bus Performance	Customer Value	0	0	0	0	0	0	0	0	0	Numerous vacancies in call center, backfilling with contractors where possible. Shifting of positions due to team future.
AE8 TEG CR Call Center CHIC	Customer Value	22	22	22	22	22	22	22	22	23	
AE9 TEG CR Contact Supp CHIC	Customer Value	-4	-4	-4	-4	-4	-1	-1	-1	0	
AF0 CR Competitive Excellence & QA	Customer Value	0	0	1	1	1	1	-1	1	1	Vacancies in 2012, backfilling with contractors where possible
AF3 TEG CR MGU & MERC	Customer Value	0	0	0	0	0	0	0	0	0	
AF4 TEG M2C Billing CHIC	Customer Value	-1	-1	0	1	1	1	1	1	2	Vacancies in 2012, backfilling with contractors where possible
AF5 TEG M2C Collections CHIC	Customer Value	-12	-12	-12	-12	-11	-11	-11	-11	-10	Shifting of positions due to team future
AF6 GTS	Customer Value	1	2	2	3	3	3	2	2	3	Vacancies in 2012, backfilling with contractors where possible
AG8 Business Performance Group	Corporate Development	1	1	1	1	2	2	2	2	2	Vacancies in 2012, backfilling with contractors where possible Vacancy in September 2012, plan to fill position (due to tax law changes)
AH4 TEG Tax Strategy & Services	CFO Service	0	1	0	0	-2	-1	-1	-1	1	
AH5 Customer Care-WI MI	Customer Value	1	1	1	1	1	1	1	1	1	Vacancies in 2012, backfilling with contractors where possible
AH6 Meter to Cash-WI MI	Customer Value	-1	-1	-1	-1	0	2	3	4	5	Vacancies in 2012, backfilling with contractors where possible
<b>Total IBS Increase in 2013 Test Year Headcount over 2012</b>		<b>46</b>	<b>54</b>	<b>60</b>	<b>64</b>	<b>64</b>	<b>53</b>	<b>58</b>	<b>64</b>	<b>58</b>	

\* A signed Request for Position Approval Form must be completed for each vacancy prior to posting all positions.

PGL AG 6.10  
Attach 02

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels		
Row Labels	PGL Direct	IBS Direct and Allocated	PGL Total
A01		616,836.75	616,836.75
A02		118,298.92	118,298.92
A05		618,052.15	618,052.15
A06		703,881.28	703,881.28
A07		124,910.59	124,910.59
A08		354,900.40	354,900.40
A09		91,642.76	91,642.76
A13		89,802.67	89,802.67
A14		846,259.56	846,259.56
A15		411,609.23	411,609.23
A16		401,598.76	401,598.76
A21		124,896.46	124,896.46
A22		87,104.91	87,104.91
A23		421,148.28	421,148.28
A25		344,350.22	344,350.22
A26		176,266.10	176,266.10
A27		184,488.61	184,488.61
A28		99,425.38	99,425.38
A40		138,720.06	138,720.06
A41		649,316.88	649,316.88
A42		250,173.37	250,173.37
A43		149,277.92	149,277.92
A44		353,256.72	353,256.72
A45		613,865.00	613,865.00
A46		448,459.62	448,459.62
A51		1,172,016.67	1,172,016.67
A53		1,467,433.82	1,467,433.82
A54		762,099.94	762,099.94
A55		1,065,727.61	1,065,727.61
A56		106,515.22	106,515.22
A57		619,671.36	619,671.36
A58		664,672.81	664,672.81
A59		2,335,984.62	2,335,984.62
A60		150,244.45	150,244.45
A61		786,125.06	786,125.06
A62		347,303.97	347,303.97
A70		155,401.68	155,401.68

PGL AG 6.10  
Attach 02

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels	IBS Direct and	PGL Total
Row Labels	PGL Direct	Allocated	
A73		329,863.20	329,863.20
A75		179,191.79	179,191.79
A76		120,821.23	120,821.23
A77		486,163.94	486,163.94
A79		27,050.17	27,050.17
A80		14,216.90	14,216.90
A81		45,059.54	45,059.54
A82		166,525.41	166,525.41
A89		512,566.53	512,566.53
A99		2,801,901.03	2,801,901.03
AB0		248,488.02	248,488.02
AB2		460,219.48	460,219.48
AC0		193,322.37	193,322.37
AC1		4,460.82	4,460.82
AC2		1,526,146.97	1,526,146.97
AC3		1,112,872.24	1,112,872.24
AC4		70,112.69	70,112.69
AC5		460,649.19	460,649.19
AC6		329,723.16	329,723.16
AC7		603,943.16	603,943.16
AD0		191,609.79	191,609.79
AD3		257,210.57	257,210.57
AD4		294,797.00	294,797.00
AD5		1,741,289.35	1,741,289.35
AD6		3,136,693.28	3,136,693.28
AD7		503,776.34	503,776.34
AE0		145,017.34	145,017.34
AE1		919,451.40	919,451.40
AE8		1,383,408.06	1,383,408.06
AE9		1,343,987.11	1,343,987.11
AF0		1,183,558.46	1,183,558.46
AF3		4,321.25	4,321.25
AF4		1,254,133.56	1,254,133.56
AF5		747,961.50	747,961.50
AF6		1,083,933.55	1,083,933.55
AG8		178,424.24	178,424.24
AH2		70,724.72	70,724.72

PGL AG 6.10  
Attach 02

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels		
Row Labels	PGL Direct	IBS Direct and Allocated	PGL Total
AH4		370,310.32	370,310.32
AH5		20,377.87	20,377.87
AH6		27,799.76	27,799.76
P02	7,929.93		7,929.93
P03	2,626.04		2,626.04
P05	1,918,292.71		1,918,292.71
P06	274,110.49		274,110.49
P14	616.28		616.28
P23	82,328.83		82,328.83
P48	1,061,739.71		1,061,739.71
P49	2,219,066.18		2,219,066.18
P50	84,501.24		84,501.24
P52	1,462,473.99		1,462,473.99
P53	921,139.77		921,139.77
P55	4,280,886.19		4,280,886.19
P56	1,369,844.48		1,369,844.48
P57	522,405.62		522,405.62
P72	16,562,702.24		16,562,702.24
P73	12,908,875.35		12,908,875.35
P79	12,446,828.08		12,446,828.08
PC2	8,105,630.34		8,105,630.34
Grand Total	64,231,997.47	42,603,823.12	106,835,820.59

The Peoples Gas Light and Coke Company

Employee Benefits

Test Year Ending December 31, 2013

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 13,772,000	\$ 4,460,000	32.38%	\$ 9,312,000	67.62%
2	Group Insurance - Retiree	Pre and Post-65 Retirees	12,171,000	3,941,000	32.38%	8,230,000	67.62%
3	Post Employment Benefits	All	130,000	42,000	32.31%	88,000	67.69%
4	Pension Plan	All	30,011,000	9,719,000	32.38%	20,292,000	67.62%
5	Savings and Investment Plan	All	5,267,000	1,705,000	32.37%	3,562,000	67.63%
6	Other Welfare and Social Benefits	Active Employees	816,000	242,000	29.66%	574,000	70.34%
7	IBS Benefits Billed	Active Employees	10,403,000	-	0.00%	10,403,000	100.00%
8	TOTAL		\$ 72,570,000	\$ 20,109,000	27.71%	\$ 52,461,000	72.29%
	TOTAL O&M Peoples Gas Employees Benefit Costs					\$ 42,058,000	

PGL AG 6.10  
Attach 03

Sum of Sum Total Amt	Column Labels
Row Labels	1100
408020	(299,944.05)
408021	5,061,041.62
408022	19,012.29
408023	266,280.11
408029	(26,155.59)
Grand Total	5,020,234.38

PGL AG 6.10  
Attach 03

Unit	1100
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Sum of Sum Total Amt	FERC	
	Payroll Taxes	Benefits
Home		
A01	46,997.25	150,098.37
A02	9,013.29	28,786.38
A05	47,096.98	150,416.94
A06	53,737.00	171,623.16
A07	9,517.04	30,395.20
A08	27,040.14	86,359.93
A09	6,986.59	22,313.56
A13	6,853.73	21,889.16
A14	64,499.70	205,997.01
A15	31,360.73	100,159.28
A16	30,608.59	97,756.74
A21	9,515.95	30,391.77
A22	6,636.57	21,195.74
A23	32,123.39	102,594.66
A25	26,249.57	83,835.05
A26	13,472.96	43,029.55
A27	14,056.30	44,892.66
A28	7,575.31	24,193.71
A40	10,575.70	33,776.27
A41	49,480.14	158,028.36
A42	19,180.29	61,257.40
A43	11,376.26	36,333.12
A44	27,003.41	86,242.71
A45	46,774.41	149,386.71
A46	34,177.38	109,154.73
A51	89,364.70	285,410.32
A53	111,804.86	357,078.96
A54	58,418.89	186,576.51
A55	81,198.57	259,329.56
A56	8,115.47	25,918.93
A57	47,213.20	150,788.09
A58	50,641.91	161,738.59
A59	177,980.38	568,428.33
A60	11,447.23	36,559.84
A61	59,895.46	191,292.25
A62	26,461.35	84,511.44
A70	11,840.16	37,814.78
A73	25,162.30	80,362.59
A75	13,652.76	43,603.80
A76	9,205.48	29,400.12
A77	37,083.50	118,436.20

A79	2,060.98	6,582.29
A80	1,083.20	3,459.50
A81	3,433.16	10,964.57
A82	12,748.21	40,714.78
A89	39,052.84	124,725.69
A99	213,805.09	682,844.17
AB0	18,935.15	60,474.52
AB2	35,064.44	111,987.80
AC0	14,729.37	47,042.24
AC1	339.87	1,085.49
AC2	116,477.22	372,001.35
AC3	84,996.88	271,460.36
AC4	5,355.26	17,103.45
AC5	35,097.19	112,092.38
AC6	25,191.54	80,456.04
AC7	46,014.85	146,960.89
AD0	14,613.63	46,672.58
AD3	19,609.85	62,629.35
AD4	22,467.83	71,757.12
AD5	134,364.67	429,129.66
AD6	243,343.00	777,181.30
AD7	38,392.52	122,616.91
AE0	11,066.77	35,344.69
AE1	70,053.69	223,735.29
AE8	106,070.14	338,763.52
AE9	103,122.07	329,348.09
AF0	90,198.46	288,073.08
AF3	329.24	1,051.52
AF4	96,390.76	307,849.85
AF5	57,350.52	183,164.38
AF6	83,068.90	265,302.93
AG8	13,594.26	43,416.99
AH1		(0.12)
AH2	5,388.55	17,209.82
AH3	(0.01)	
AH4	28,214.20	90,109.66
AH5	1,552.59	4,958.65
AH6	2,118.08	6,764.68
Grand Total	3,257,089.87	10,402,393.95

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Staff Data Requests JMO 13.01-13.06**  
**Dated: September 12, 2012**

**REQUEST NO. JMO 13.05:**

Referring to Schedule C-11.1, Direct Payroll by Function, Column (B), line 13 for Peoples Gas and Line 12 for North Shore, please provide the amount of Total Payroll included in:  
a) Schedule B-1 by line and column reference, and b) Schedule C-1 by line and column reference.

**RESPONSE:**

See NS JMO 13.05 Attach 01.

North Shore Gas Company

Direct Payroll by Function

Line No.	Category [A]	Test Year Ending December 31, 2013 [B]	Schedule B-1 Reference [C]	Schedule C-1 Reference [D]	Line No.
1	Operations and Maintenance				1
2	Production	\$ 222,000		Line 15, Column C	2
3	Storage	-			3
4	Transmission	-			4
5	Distribution	6,751,000		Line 18, Column C	5
6	Customer Accounts	601,000		Line 20, Column C	6
7	Sales	-			7
8	Administrative and General	-		Line 23, Column C	8
9	Total Operations and Maintenance	<u>7,574,000</u>			9
10	Total Construction	2,951,000	Line 1, Column E		10
11	Total Other	2,974,000	(1)	(1)	11
12	Total Payroll	<u>\$ 13,499,000</u>			12
13	Total Payroll included in Schedule B-1	<u>\$ 3,888,000</u>			13
14	Total Payroll included in Schedule C-1	<u>\$ 9,611,000</u>			14

Note: (1) Total Other is all found on schedules B-1 and C-1.

Total Other	Schedule B-1 Reference	Schedule C-1 Reference
\$ 9,000		Line 15, Column C
1,828,000		Line 18, Column C
200,000		Line 21, Column C
937,000	Line 1, Column E	
<u>\$ 2,974,000</u>		

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 13.01-13.06**  
**Dated: September 12, 2012**

**REQUEST NO. JMO 13.05:**

Referring to Schedule C-11.1, Direct Payroll by Function, Column (B), line 13 for Peoples Gas and Line 12 for North Shore, please provide the amount of Total Payroll included in:  
a) Schedule B-1 by line and column reference, and b) Schedule C-1 by line and column reference.

**RESPONSE:**

See the attached spreadsheet.

**SUPPLEMENTAL RESPONSE:**

See revised attachment. Schedule C11.1 has been revised and submitted.

The Peoples Gas Light and Coke Company

Direct Payroll by Function

Line No.	Category [A]	Test Year Ending December 31, 2013 [B]	Schedule B-1 Reference [C]	Schedule C-1 Reference [D]	Line No.
1	Operations and Maintenance				1
2	Production	\$ -		Line 14, Column C	2
3	Storage	-		Line 15, Column C	3
4	Transmission	252,000		Line 16, Column C	4
5	Distribution	61,688,000		Line 17, Column C (1)	5
6	Customer Accounts	2,906,000		Line 19, Column C (1)	6
7	Customer Service and Informational Services	70,000		Line 20, Column C (1)	7
8	Sales	-			8
9	Administrative and General	1,029,000		Line 22, Column C (1)	9
10	Total Operations and Maintenance	<u>65,945,000</u>			10
11	Total Construction	31,221,000	Line 1, Column E		11
12	Total Other	15,693,000	(2)	(2)	12
13	Total Payroll	<u>\$ 112,859,000</u>			13
14	Total Payroll included in Schedule B-1	<u>\$ 36,159,000</u>			14
15	Total Payroll included in Schedule C-1	<u>\$ 76,381,000</u>			15

Note: (1) The amount of \$308,000 is not found on schedules B-1 or C-1 because the charges are billed from PGL to another company.

Category	Operations & Maintenance not on Schedules B-1 or C-1
Distribution	\$ 30,000
Customer Accounts	94,000
Customer Service and Informational Services	11,000
Administrative and General	173,000
Total Operations and Maintenance	<u>\$ 308,000</u>

(2) Total Other is made of \$15,862,000 that is found on schedules B-1 and C-1 and \$11,000 that is not found on either schedule.

Total Other	Schedule B-1 Reference	Schedule C-1 Reference
\$ 10,165,000		Line 17, Column C
579,000		Line 19, Column C
4,809,000	Line 1, Column E	
120,000	Line 5, Column E	
9,000	Line 13, Column E	
<u>\$ 15,682,000</u>		

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Staff Data Requests JMO 13.01-13.06**  
**Dated: September 12, 2012**

**REQUEST NO. JMO 13.06:**

Referring to Schedule C-11.1, Direct Payroll by Function, does this schedule include all labor charges from the Companies' affiliates? If yes, provide the schedule in the same format, but break apart the affiliate labor from the direct Company labor. If no, explain why the schedule does not include affiliate labor, and provide a schedule of all test year, 2011 and 2010 affiliate labor. The test year data should be referenced by line and column to Schedules B-1 and C-1.

**RESPONSE:**

Schedule C-11.1 does not include affiliate labor. Consistent with past rate cases and the Part 285 instructions, North Shore assumes that direct labor is labor that is related to North Shore employees, not labor that is received from affiliated company.

See the attached spreadsheet for labor charged from affiliates.

**SUPPLEMENTAL RESPONSE:**

Some affiliate labor dollars were missing from the original response. See revised attachment.

North Shore Gas Company

Affiliate Labor (1)

Line No.	Category [A]	Test Year Ending December 31, 2013 [B]	Schedule B-1 Reference [C]	Schedule C-1 Reference [D]	Historical Year Ended December 31, 2011 [E]	Historical Year Ended December 31, 2010 [F]	Line No.
1	Operations and Maintenance						1
2	Production	\$ 202,000		Line 15, Column C	\$ 110,000	\$ 26,000	2
3	Storage	4,000			-	-	3
4	Transmission	-			-	-	4
5	Distribution	1,144,000		Line 18, Column C	1,041,000	1,350,000	5
6	Customer Accounts	2,283,000		Line 20, Column C	1,760,000	1,912,000	6
7	Customer Service and Informational Services	302,000		Line 21, Column C	345,000	334,000	7
8	Sales	-			-	-	8
9	Administrative and General	5,639,000		Line 23, Column C	5,042,000	5,363,000	9
10	Total Operations and Maintenance	9,574,000			8,298,000	8,985,000	10
11	Total Construction	138,000	Line 1, Column E		279,000	71,000	11
12	Total Other	331,000	(2)	(2)	766,000	733,000	12
13	Total Affiliate Labor	\$ 10,043,000			\$ 9,343,000	\$ 9,789,000	13

Note: (1) This schedule includes incentive dollars that originated in a Peoples Gas home center. Peoples Gas' Schedule C11.1 is based on labor that is related to Peoples Gas employees regardless of what company is receiving the charges. As a result, the dollars below are included in both this schedule and in Peoples Gas' Schedule C11.1.

Test Year Ending December 31, 2013	Forecasted Year Ending December 31, 2012 (2)	Historical Year Ended December 31, 2011	Historical Year Ended December 31, 2010
\$ 319,000	\$ 308,000	\$ 394,000	\$ 275,000

(2) Total Other is made of \$202,000 that is found on schedules B-1 and C-1 and \$129,000 that is not found on either schedule.

Total Other	Schedule B-1 Reference	Schedule C-1 Reference
\$ 2,000		Line 15, Column C
128,000		Line 18, Column C
5,000		Line 20, Column C
67,000	Line 1, Column E	
129,000		
\$ 331,000		

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 13.01-13.06**  
**Dated: September 12, 2012**

**REQUEST NO. JMO 13.06:**

Referring to Schedule C-11.1, Direct Payroll by Function, does this schedule include all labor charges from the Companies' affiliates? If yes, provide the schedule in the same format, but break apart the affiliate labor from the direct Company labor. If no, explain why the schedule does not include affiliate labor, and provide a schedule of all test year, 2011 and 2010 affiliate labor. The test year data should be referenced by line and column to Schedules B-1 and C-1.

**RESPONSE:**

Schedule C-11.1 does not include affiliate labor. Consistent with past rate cases and the Part 285 instructions, Peoples Gas assumes that direct labor is labor that is related to Peoples Gas employees, not labor that is received from affiliated company employees.

See the attached spreadsheet for labor charged from affiliates.

**SUPPLEMENTAL RESPONSE:**

Some affiliate labor dollars were missing from the original response. See revised attachment.

The Peoples Gas Light and Coke Company

Affiliate Labor

Line No.	Category [A]	Test Year Ending December 31, 2013 [B]	Schedule B-1 Reference [C]	Schedule C-1 Reference [D]	Historical Year Ended December 31, 2011 [E]	Historical Year Ended December 31, 2010 [F]	Line No.
1	Operations and Maintenance						1
2	Production	\$ 996,000		Line 14, Column C	\$ 608,000	\$ 153,000	2
3	Storage	3,355,000		Line 15, Column C	3,215,000	3,208,000	3
4	Transmission	1,108,000		Line 16, Column C	446,000	573,000	4
5	Distribution	5,558,000		Line 17, Column C	5,128,000	4,737,000	5
6	Customer Accounts	11,639,000		Line 19, Column C	9,486,000	10,591,000	6
7	Customer Service and Informational Services	1,416,000		Line 20, Column C	1,178,000	1,577,000	7
8	Sales	-			-	-	8
9	Administrative and General	27,807,000		Line 22, Column C	25,127,000	25,473,000	9
10	Total Operations and Maintenance	51,879,000			45,188,000	46,312,000	10
11	Total Construction	3,418,000	Line 1, Column E		2,794,000	715,000	11
12	Total Other	1,054,000	(1)	(1)	2,293,000	1,151,000	12
13	Total Affiliate Labor	\$ 56,351,000			\$ 50,275,000	\$ 48,178,000	13

Note: (1) Total Other is made of \$1,010,000 that is found on schedules B-1 and C-1 and \$44,000 that is not found on either schedule.

Total Other	Schedule B-1 Reference	Schedule C-1 Reference
\$ 723,000		Line 17, Column C
34,000		Line 19, Column C
253,000	Line 1, Column E	
44,000		
\$ 1,054,000		

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 6.01-6.10**  
**Dated: October 5, 2012**

**REQUEST NO. AG 6.05:**

For each NSG, PGL and IBS responsibility with test year labor charges that are included in the Company's asserted revenue requirements, please provide a monthly analysis of the following data:

- a. Actual staffing levels in 2012, to date, through September 30, 2012.
- b. Comparable budgeted monthly staffing levels through September 30, 2012.
- c. Explanation of known reasons for the staff count vacancies and other variances revealed by comparison of your responses to parts (a) versus (b).
- d. Comparable test year projected staff count levels that are included in the rate case non-fuel O&M expenses.
- e. What amount of direct and indirect labor expense is included in test year non-fuel O&M expenses in connection with the staff count levels provided in your response to part (d), for each responsibility center (NSG, PGL allocated and IBS allocated)?
- f. What amount of employee benefit and payroll tax expense is included in test year asserted revenue requirements in connection with the staff count levels provided in your response to part (d), for each responsibility center (NSG, PGL allocated and IBS allocated)?

**RESPONSE:**

- a. Responsibility centers do not have headcounts, home centers do. North Shore understands this request to be asking for staffing levels for home centers. For North Shore's staffing levels, see North Shore's response to AG 7.11. For Peoples Gas' staffing levels, see Peoples Gas' response to AG 7.29. For IBS' staffing levels, Peoples Gas' response to AG 6.10, see Attach 01.
- b. See part a.
- c. See part a.
- d. Headcount is not allocated to O&M expenses; total labor costs are allocated to O&M and capital. An employee can work on both O&M and capital in a given year.
- e. Based on the response to part d, Attach 01 to this data request includes the amount of labor expense by home center, not responsibility center that was charged to North Shore's O&M expenses. The labor expense numbers do not include any incentive dollars.

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 6.01-6.10**  
**Dated: October 5, 2012**

- f. The amount of benefit and payroll tax expense included in non-fuel O&M expense for the test year related to North Shore employees is not recorded in individual home centers; it is booked in total. See Attach 02 to this data request for payroll and benefit costs related to North Shore, PGL allocated labor to North Shore and IBS allocated labor to North Shore by home center, not responsibility center.

NS AG 6.05  
Attachment 1

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels			1200 Total
	NSG Direct	PGL Direct	IBS Direct and Allocated	
Row Labels				
A01			110,030.85	110,030.85
A02			32,391.37	32,391.37
A05			154,639.82	154,639.82
A06			205,753.08	205,753.08
A07			21,053.43	21,053.43
A08			67,040.98	67,040.98
A09			15,456.04	15,456.04
A13			16,877.69	16,877.69
A14			129,210.41	129,210.41
A15			95,434.13	95,434.13
A16			210,057.31	210,057.31
A21			24,966.33	24,966.33
A22			14,677.15	14,677.15
A23			125,209.65	125,209.65
A25			78,349.99	78,349.99
A26			34,358.68	34,358.68
A27			105,106.89	105,106.89
A28			13,967.11	13,967.11
A40			18,507.89	18,507.89
A41			114,506.16	114,506.16
A42			33,712.53	33,712.53
A43			20,080.58	20,080.58
A44			47,583.37	47,583.37
A45			101,221.09	101,221.09
A46			103,000.59	103,000.59
A51			255,884.67	255,884.67
A53			253,612.27	253,612.27
A54			110,215.57	110,215.57
A55			208,941.79	208,941.79
A56			15,499.56	15,499.56
A57			128,543.21	128,543.21
A58			126,589.65	126,589.65
A59			449,100.18	449,100.18
A60			26,912.02	26,912.02
A61			112,795.47	112,795.47
A62			62,209.67	62,209.67
A70			28,608.13	28,608.13

NS AG 6.05  
Attachment 1

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels			1200 Total
	NSG Direct	PGL Direct	IBS Direct and Allocated	
Row Labels				
A73			32,848.99	32,848.99
A75			9,566.72	9,566.72
A76			5,786.14	5,786.14
A77			16,834.92	16,834.92
A79			194.99	194.99
A80			363.42	363.42
A81			1,433.09	1,433.09
A82			28,747.44	28,747.44
A89			47,924.49	47,924.49
A99			505,486.18	505,486.18
AB0			186,595.10	186,595.10
AB2			160,206.04	160,206.04
AC0			21,187.62	21,187.62
AC1			152.75	152.75
AC2			226,867.56	226,867.56
AC3			20,139.75	20,139.75
AC4			28,709.13	28,709.13
AC5			14,442.96	14,442.96
AC6			252,886.09	252,886.09
AC7			88,980.01	88,980.01
AD0			39,755.09	39,755.09
AD3			86,498.20	86,498.20
AD4			102,989.71	102,989.71
AD5			199,552.07	199,552.07
AD7			109,058.80	109,058.80
AE0			27,901.65	27,901.65
AE1			220,032.76	220,032.76
AE8			214,176.83	214,176.83
AE9			258,675.04	258,675.04
AF0			227,811.20	227,811.20
AF3			826.29	826.29
AF4			241,395.92	241,395.92
AF5			143,965.30	143,965.30
AF6			208,526.36	208,526.36
AG8			30,072.79	30,072.79
AH2			14,910.89	14,910.89
AH4			207,948.50	207,948.50

NS AG 6.05  
Attachment 1

FERC (Multiple Items)  
Res Type (All)

Sum of Sum Total Amt	Column Labels			1200 Total
	NSG Direct	PGL Direct	IBS Direct and Allocated	
Row Labels				
AH5			3,896.68	3,896.68
AH6			5,315.84	5,315.84
B02	10,399.57			10,399.57
B03	29.60			29.60
B25	320,632.83			320,632.83
B45	192,231.05			192,231.05
B53	256,686.71			256,686.71
B80	6,755,021.78			6,755,021.78
P06		68,207.50		68,207.50
P49		93,924.18		93,924.18
P53		30,272.04		30,272.04
P57		95,550.40		95,550.40
Grand Total	7,535,001.54	287,954.12	7,664,768.62	15,487,724.28

North Shore Gas Company

Employee Benefits

Test Year Ending December 31, 2013

Line No.	Description of Benefit [A]	Employee Classification Receiving the Benefit [B]	Total Costs [C]	Amount Capitalized [D]	Percentage Capitalized [E]	Amount Expensed [F]	Percentage Expensed [G]
1	Group Insurance - Active	Active Employees	\$ 1,777,000	\$ 496,000	27.91%	\$ 1,281,000	72.09%
2	Group Insurance - Retiree	Pre and Post-65 Retirees	1,881,000	525,000	27.91%	1,356,000	72.09%
3	Post Employment Benefits	All	(22,000)	(6,000)	27.27%	(16,000)	72.73%
4	Pension Plan	All	3,589,000	1,002,000	27.92%	2,587,000	72.08%
5	Savings and Investment Plan	All	701,000	196,000	27.96%	505,000	72.04%
6	Other Welfare and Social Benefits	Active Employees	147,000	28,000	19.05%	119,000	80.95%
7	IBS Benefits Billed	Active Employees	1,868,000	-	0.00%	1,868,000	100.00%
8	TOTAL		\$ 9,941,000	\$ 2,241,000	22.54%	\$ 7,700,000	77.46%
	TOTAL O&M North Shore Employees Benefit Costs					\$ 5,832,000	

NS AG 6.05

Attach 02

Sum of Sum Total Amt	Column Labels
Row Labels	1200
408020	(50,995.20)
408021	682,143.49
408022	3,935.40
408023	13,826.42
408029	(41.92)
Grand Total	648,868.19

NS AG 6.05  
Attach 02

Sum of Sum Total Amt	Res Type	
	Benefits	Payroll Taxes
Home		
P05	6,403.32	766.14
P06	41,582.81	4,975.24
P49	57,261.02	6,851.07
P53	18,455.38	2,208.12
P57	58,252.39	6,969.70
Grand Total	181,954.92	21,770.27

NS AG 6.05  
Attach 02

Unit	1200
------	------

Sum of Sum Total Amt	FERC	
	Payroll Taxes	Benefits
Home		
A01	8,383.34	26,774.43
A02	2,467.93	7,881.98
A05	11,783.29	37,633.19
A06	15,708.70	50,169.77
A07	1,604.09	5,123.06
A08	5,107.91	16,313.47
A09	1,178.45	3,763.74
A13	1,287.90	4,113.19
A14	9,867.19	31,513.43
A15	7,271.21	23,222.55
A16	16,004.43	51,114.44
A21	1,902.20	6,075.24
A22	1,118.28	3,571.47
A23	9,545.85	30,487.27
A25	5,972.50	19,074.86
A26	2,626.17	8,387.40
A27	8,008.15	25,576.24
A28	1,064.17	3,398.73
A40	1,410.96	4,506.35
A41	8,725.37	27,866.95
A42	2,584.31	8,253.76
A43	1,530.31	4,887.44
A44	3,637.12	11,616.06
A45	7,712.57	24,632.21
A46	7,848.85	25,067.48
A51	19,512.28	62,317.81
A53	19,322.90	61,712.99
A54	8,453.57	26,998.81
A55	15,919.45	50,842.94
A56	1,180.95	3,771.60
A57	9,793.78	31,279.17
A58	9,645.00	30,803.84
A59	34,217.29	109,282.11
A60	2,050.46	6,548.67
A61	8,593.96	27,447.18
A62	4,739.80	15,137.81
A70	2,179.67	6,961.39
A73	2,505.23	8,001.15
A75	728.93	2,327.97
A76	440.86	1,407.96
A77	1,282.66	4,096.56

A79	14.85	47.45
A80	27.70	88.42
A81	109.22	348.74
A82	2,201.95	7,032.43
A89	3,651.44	11,661.75
A99	38,572.20	123,190.75
AB0	14,218.73	45,411.28
AB2	12,206.20	38,983.86
AC0	1,614.29	5,155.71
AC1	11.64	37.17
AC2	17,314.77	55,299.43
AC3	1,536.36	4,906.81
AC4	2,192.83	7,003.36
AC5	1,100.41	3,514.49
AC6	19,324.01	61,716.44
AC7	6,779.46	21,652.01
AD0	3,031.93	9,683.32
AD3	6,594.67	21,061.86
AD4	7,849.31	25,068.93
AD5	15,309.31	48,894.45
AD7	8,311.24	26,544.25
AE0	2,129.29	6,800.37
AE1	16,764.47	53,541.78
AE8	16,441.07	52,509.01
AE9	19,847.75	63,389.14
AF0	17,361.39	55,448.26
AF3	62.97	201.08
AF4	18,553.30	59,255.06
AF5	11,038.67	35,254.92
AF6	15,980.72	51,038.84
AG8	2,291.25	7,317.77
AH1		(0.02)
AH2	1,136.07	3,628.35
AH3	(0.01)	
AH4	15,843.77	50,601.28
AH5	296.89	948.19
AH6	405.01	1,293.53
Grand Total	585,043.17	1,868,493.14

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 9.01-9.22**  
**Dated: October 24, 2012**

**REQUEST NO. AG 9.07:**

Referring to the response to PGL AG 2.38, please show how Peoples calculates the test year deferred income taxes under FAS 109 that represent the estimated liability that will be paid when the temporary differences related to the deferred income taxes turn around and the resulting adjustment to deferred tax amounts resulting from FAS 109.

**RESPONSE:**

Peoples Gas utilized tax provision software from Power Plan Consultants labeled PowerTax Provision to compute the adjustments required to be booked under FAS 109. As mentioned in the response to PGL AG 2.38, Peoples Gas computes its deferred taxes consistent with the Commission's order in Docket 83-0309. That Order requires deferred income taxes to be reversed at the average rate provided. This method is commonly called Average Rate Assumption Method ("ARAM"). In the Utilities' 2011 rate cases (Docket Nos. 11-0280/0281 (cons.)), the Utilities explained how ARAM works as it relates to the deferred income tax re-measurement associated with the Patient Protection and Affordable Care Act ("PPACA"), and the Health Care and Education Affordability Reconciliation Act of 2010 ("HCEARA") (together, "the Health Care Reform Legislation"). See Docket Nos. 11-0280/0281 (cons.), PGL Ex. 10.0 at 2-6. Additionally, ARAM is a very common method for utilities to account for deferred income taxes. It was the method of choice by the federal government for normalization rules related to the excess deferred income taxes resulting from the Tax Reform Act of 1986.

Most utilities, including North Shore and Peoples Gas, use PowerTax to compute plant related deferred taxes because it has built in functionality to compute ARAM deferred income taxes. In addition, the company that makes PowerTax also makes tax provision software called PowerTax Provision. Again, this software comes with functionality to compute deferred income taxes under ARAM for all deferred income taxes.

While utilities generally compute deferred income taxes using ARAM, and while Illinois utilities are required to use ARAM, the resulting balance in deferred income taxes would not reflect the same balance computed under FAS 109. ASC 980-740-25-2 (former paragraph 29 of FAS 109) requires regulatory assets or regulatory liabilities be utilized if it is probable the amounts required to be recorded under FAS 109 will be recovered or returned to ratepayers. The Commission's order in Docket 83-0309 results in the amounts being recovered or returned to ratepayers over the pattern that ARAM creates.

As a result, adjustments are made to deferred income taxes with the contra entry to regulatory assets or liabilities. Again, this is also common for utilities, and the system can generally compute this adjustment automatically.

In order to compute the adjustment, the system takes the cumulative temporary difference and multiplies that amount by the currently enacted tax rate. The difference between that

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 9.01-9.22**  
**Dated: October 24, 2012**

amount and the balance that exists using ARAM is recorded to deferred taxes with a contra entry to regulatory asset or liability.

The only thing the system cannot compute is the complexity that was created when Illinois enacted a "temporary" tax increase. Because of this, Peoples Gas had to "schedule" deferred taxes over a period up to 2024. We do this annually and only for significant deferred taxes such as those related to plant and benefits that have long lives. While we do this annually, we still want to take advantage of the system to record offsetting activity that flows through under ARAM.

The scheduling exercise Peoples Gas does helps to derive a blended rate that can be inputted into the system. The system first computes the FAS 109 amounts using the 9.5% enacted rate. For those categories of deferred taxes, we input an entry that reverses the amount at 9.5%. An additional entry is made to input a new adjustment at the blended scheduled rate.

PG AG 4.05 Attach 01 is the PowerTax Provision system report that computes the FAS 109 adjustments. It ties to the amounts related to FAS 109 included in this case. We have noted the special records that are used to compute the FAS 109 amounts using the scheduled rate.

The last time the annual scheduling activity occurred was in December 2011.

Please see PG AG 4.05 Attach 02 for the scheduled amounts and the derived rate used by the system as highlighted in PG AG 4.05 Attach 01 on the line labeled "Plant composite."

Please see PG AG 4.05 Attach 03 for the derived rate used by the system as highlighted in attachment 1 under the line labeled "Benefits Composite."

Peoples Gas Light and Coke Company  
Fas 109  
Deferred Tax Rate Computation  
Plant Rate Scheduling Summary

	Cumltv M1	Cumltv Dtx	Reversals	Calc Def Tax	Def Tax Rate	6.175000000% 2012-2014	5.037500000% 2015-2024	4.745000000% 2025-Beyond
Common	-	-	-	-	0.000000000%	-	-	-
Electric	-	-	-	-	0.000000000%	-	-	-
Gas	(915,872,284.56)	(42,048,892.72)	915,872,284.56	46,486,213.51	5.075621822%	127,164,879.94	413,543,880.29	375,163,524.33
Nonutility	-	-	-	-	0.000000000%	-	-	-
Non-Common	-	-	-	-	0.000000000%	-	-	-
Non-Ele	-	-	-	-	0.000000000%	-	-	-
Non-Gas	-	-	-	-	0.000000000%	-	-	-
ITC	(915,872,284.56)	(42,048,892.72)	915,872,284.56	46,486,213.51	5.075621822%	127,164,879.94	413,543,880.29	375,163,524.33
	(22,007,545.67)					2,206,538.95	7,113,163.50	12,687,843.22
	(937,879,830.23)					129,371,418.89	420,657,043.79	387,851,367.55
						100.00000%	100.00000%	100.00000%
					APPORTIONMENT	9.50%	7.75%	7.30%
					RATE	65.00%	65.00%	65.00%
					FEDERAL BENEFIT	\$ (7,988,685.12)	\$ (21,190,598.58)	\$ (18,403,547.39)
					DEFERRED TAX	5.07345%		
					APPORTIONED AVERAGE RATE			

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 4.01-4.10**  
**Dated: October 4, 2012**

**REQUEST NO. AG 4.05:**

Referring to the response to NS AG 2.11, please show how North Shore calculates the test year deferred income taxes under FAS 109 that represent the estimated liability that will be paid when the temporary differences related to the deferred income taxes turn around and the resulting adjustment to deferred tax amounts resulting from FAS 109.

**RESPONSE:**

North Shore utilized tax provision software from Power Plan Consultants labeled Powertax Provision to compute the adjustments required to be booked under FAS 109. As mentioned in the response to NS AG 2.11, North Shore computes its deferred taxes consistent with the Commission's order in Docket 83-0309. That Order requires deferred income taxes to be reversed at the average rate provided. This method is commonly called Average Rate Assumption Method ("ARAM"). In the Utilities' 2011 rate cases (Docket Nos. 11-0280/0281 (cons.)), the Utilities explained how ARAM works as it relates to the deferred income tax re-measurement associated with the Patient Protection and Affordable Care Act ("PPACA"), and the Health Care and Education Affordability Reconciliation Act of 2010 ("HCEARA") (together, "the Health Care Reform Legislation"). See Docket Nos. 11-0280/0281 (cons.), NS Ex. 10.0 at 2-6. Additionally, ARAM is a very common method for utilities to account for deferred income taxes. It was the method of choice by the federal government for normalization rules related to the excess deferred income taxes resulting from the Tax Reform Act of 1986.

Most utilities, including North Shore and Peoples Gas, use Powertax to compute plant related deferred taxes because it has built in functionality to compute ARAM deferred income taxes. In addition, the company that makes Powertax also makes tax provision software called Powertax Provision. Again, this software comes with functionality to compute deferred income taxes under ARAM for all deferred income taxes.

While utilities generally compute deferred income taxes using ARAM, and while Illinois utilities are required to use ARAM, the resulting balance in deferred income taxes would not reflect the same balance computed under FAS 109. ASC 980-740-25-2 (former paragraph 29 of FAS 109) requires regulatory assets or regulatory liabilities be utilized if it is probable the amounts required to be recorded under FAS 109 will be recovered or returned to ratepayers. The Commission's order in Docket 83-0309 results in the amounts being recovered or returned to ratepayers over the pattern that ARAM creates.

As a result, adjustments are made to deferred income taxes with the contra entry to regulatory assets or liabilities. Again, this is also common for utilities, and the system can generally compute this adjustment automatically.

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 4.01-4.10**  
**Dated: October 4, 2012**

In order to compute the adjustment, the system takes the cumulative temporary difference and multiplies that amount by the currently enacted tax rate. The difference between that amount and the balance that exists using ARAM is recorded to deferred taxes with a contra entry to regulatory asset or liability.

The only thing the system cannot compute is the complexity that was created when Illinois enacted a "temporary" tax increase. Because of this, North Shore had to "schedule" deferred taxes over a period up to 2024. We do this annually and only for significant deferred taxes such as those related to plant and benefits that have long lives. While we do this annually, we still want to take advantage of the system to record offsetting activity that flows through under ARAM.

The scheduling exercise North Shore does helps to derive a blended rate that can be inputted into the system. The system first computes the FAS 109 amounts using the 9.5% enacted rate. For those categories of deferred taxes, we input an entry that reverses the amount at 9.5%. An additional entry is made to input a new adjustment at the blended scheduled rate.

NS AG 4.05 Attach 01 is the Powertax Provision system report that computes the FAS 109 adjustments. It ties to the amounts related to FAS 109 included in this case. We have noted the special records that are used to compute the FAS 109 amounts using the scheduled rate.

The last time the annual scheduling activity occurred was in December 2011.

Please see NS AG 4.05 Attach 02 for the scheduled amounts and the derived rate used by the system as highlighted in NS AG 4.05 Attach 01 on the line labeled "Plant composite."

Please see NS AG 4.05 Attach 03 for the derived rate used by the system as highlighted in attachment 1 under the line labeled "Benefits Composite."

North Shore Gas Company  
 Fas 109  
 Deferred Tax Rate Computation  
 Plant Rate Scheduling Summary

	Cumltv M1	Cumltv Dtx	Reversals	Calc Def Tax	Def Tax Rate	6.17500000% 2012-2014	5.03750000% 2015-2024	4.74500000% 2025-Beyond
Common	-	-	-	-	0.00000000%	-	-	-
Electric	-	-	-	-	0.00000000%	-	-	-
Gas	(146,917,515.65)	(7,016,163.65)	146,917,515.65	7,306,709.98	4.97334164%	11,863,371.24	56,693,239.44	78,360,904.97
Nonutility	-	-	-	-	0.00000000%	-	-	-
Non-Common	-	-	-	-	0.00000000%	-	-	-
Non-Ele	-	-	-	-	0.00000000%	-	-	-
Non-Gas	-	-	-	-	0.00000000%	-	-	-
ITC	(146,917,515.65)	(7,016,163.65)	146,917,515.65	7,306,709.98	4.97334164%	11,863,371.24	56,693,239.44	78,360,904.97
	(2,632,424.90)					304,683.16	984,071.69	1,343,670.05
	(149,549,940.55)					12,168,054.40	57,677,311.13	79,704,575.02
					APPORTIONMENT	100.0000%	100.0000%	100.0000%
					RATE	9.50%	7.75%	7.30%
					FEDERAL BENEFIT	65.00%	65.00%	65.00%
					DEFERRED TAX	\$ (751,377.36)	\$ (2,905,494.55)	\$ (3,781,982.08)
					APPORTIONED AVERAGE RATE	4.9741604%		

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 15.01-15.06**  
**Dated: September 24, 2012**

**REQUEST NO. JMO 15.01:**

Referring to the response PGL JMO 1.08 Attach 01, (test year incentive compensation) please provide the following information:

- a) Summarize the amounts on Schedules B-1 and C-1 by incentive plan;
- b) Describe what is contained in the tabs that support the amounts on Schedules B-1 and C-1; and
- c) For each supporting tab summarize the amounts that apply to each incentive plan.

**RESPONSE:**

- a) See Attachment 1.
- b) The Total Incentives tab brings together the data in the Direct Billed Incentive, Allocated Incentive and Other Incentive tabs in order to get a Total Incentive number to put on Schedules B-1 and C-1. The Total Incentive tab also takes the clearing balance sheet accounts and does the redistribution of the dollars between O&M and capital in order to put them in the correct lines on Schedules B-1 and C-1.

The Direct Billed Incentive tab has incentive dollars that are either direct billed to PGL from another company or PGL's employees incentive dollars. The home center will determine if it is billed from another company or if it is PGL's own dollars.

The Allocated Incentive tab contains dollars allocated to PGL from IBS.

The Other Incentive tab shows the dollars for the executive plans such as performance shares, stock options, restricted stock and annual incentive plan.

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 15.01-15.06**  
**Dated: September 24, 2012**

c) The Total Incentives tab includes the following:

Annual Incentive Plan	\$11,361,034
Stock Options	104,394
Performance Shares	277,582
Restricted Stock	<u>858,410</u>
Incentive Compensation	\$12,601,420

The Direct Billed Incentive tab includes \$4,580,425 of the Annual Incentive Plan. (\$4,616,898 less the amount in FERC 182527 of \$36,473).

The Allocated Incentive tab includes \$6,293,780 of the Annual Incentive Plan. (\$3,722,848 plus \$2,336,841 less the amounts in FERC 419000, 421130 and 431320 of (\$234,091)).

The Other Incentive tab includes the following:

Annual Incentive Plan	\$ 486,829
Stock Options	104,394
Performance Shares	277,582
Restricted Stock	<u>858,410</u>
Incentive Compensation	\$1,727,215

The Peoples Gas Light and Coke Company  
JURISDICTIONAL RATE BASE SUMMARY BY ICC ACCOUNT

Line No.	Supporting Schedule [A]	ICC Account [B]	Rate Base Component [C]	2013 Annual Incentive Plan [D]	2013 Stock Options [E]	2013 Performance Shares [F]	2013 Restricted Stock [G]	2013 Incentive Compensation [H]
1	B-5	101,106,107,117	Gross Utility Plant	\$ 1,152,766				\$ 1,152,766
2	B-6	108,111,254	Accumulated Provision for Depreciation and Amortization	-				-
3			Net Utility Plant (Line 1 minus Line 2)	1,152,766	-	-	-	1,152,766
4	B-8	131	Cash Working Capital					
5	B-8.1	154,163	Materials and Supplies, Net of Account Payables (3)					
6	B-1.1	164.1, 164.2, 165	Gas in Storage, Net of Accounts Payable (3)					
7	B-1.2	129,182,228,242,254	Retirement Benefits, Net					
8	B-14	142,242	Budget Plan Balances (3)					
9			Subtotal (Lines 4 to 8)	-	-	-	-	-
10	B-9	190,282,283	Accumulated Deferred Income Taxes					
11	B-13	235	Customer Deposits					
12	B-1.3	252	Customer Advances for Construction					
13	B-1.4	228.2	Reserve for Injuries and Damages	348				348
14			Subtotal (Lines 10 to 13)	348	-	-	-	348
15			Total Rate Base (Lines 3 + 9 +14)	\$ 1,153,114	\$ -	\$ -	\$ -	\$ 1,153,114

The Peoples Gas Light and Coke Company

Jurisdictional Operating Income Summary

<u>Line No.</u>	<u>J.C.C. Acc. No.</u> [A]	<u>Description</u> [B]	<u>2013 Annual Incentive Plan</u> [C]	<u>2013 Stock Options</u> [D]	<u>2013 Performance Shares</u> [E]	<u>2013 Restricted Stock</u> [F]	<u>2013 Incentive Compensation</u> [G]
1	480-495	Operating Revenues					
2		Operating Expenses					
3	800-813	Cost of Gas					
4		Other Operation and Maintenance:					
5	700-813	Other Production	\$ 78,198				\$ 78,198
6	814-847.9	Storage	195,580				195,580
7	850-867	Transmission	67,794				67,794
8	870-894	Distribution	2,475,279				2,475,279
9	901-905	Customer Accounts	986,775				986,775
10	907-910	Customer Services and Informational Services	116,838				116,838
11	911-916	Sales	-				-
12	920-932	Administrative and General	6,287,457	104,394	277,582	858,410	7,527,843
13		Total Other Operation and Maintenance	\$ 10,207,920	\$ 104,394	\$ 277,582	\$ 858,410	\$ 11,448,306

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Staff Data Requests JMO 15.01-15.06**  
**Dated: September 24, 2012**

**REQUEST NO. JMO 15.02:**

Referring to the response NS JMO 1.08 Attach 01, (test year incentive compensation expense) please provide the following information:

- a) Summarize the amounts on Schedules B-1 and C-1 by incentive plan;
- b) Describe what is contained in the tabs that support the amounts on Schedules B-1 and C-1; and
- c) For each supporting tab summarize the amounts that apply to each incentive plan.

**RESPONSE:**

- a) See Attachment 1.
- b) The Total Incentives tab brings together the data in the Direct Billed Incentive, Allocated Incentive and Other Incentive tabs in order to get a Total Incentive number to put on Schedules B-1 and C-1. The Total Incentive tab also takes the clearing balance sheet accounts and does the redistribution of the dollars between O&M and capital in order to put them in the correct lines on Schedules B-1 and C-1.

The Direct Billed Incentive tab has incentive dollars that are either direct billed to NSG from another company or NSG's employees incentive dollars. The home center will determine if it is billed from another company or if it is NSG's own dollars.

The Allocated Incentive tab contains dollars allocated to NSG from IBS.

The Other Incentive tab shows the dollars for the executive plans such as performance shares, stock options, restricted stock and annual incentive plan.

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Staff Data Requests JMO 15.01-15.06**  
**Dated: September 24, 2012**

c) The Total Incentives tab includes the following:

Annual Incentive Plan	\$1,697,546
Stock Options	12,841
Performance Shares	34,016
Restricted Stock	<u>142,103</u>
Incentive Compensation	\$1,886,506

The Direct Billed Incentive tab includes \$548,180 of the Annual Incentive Plan. (\$549,220 less the amount in FERC 182527 of \$1,040).

The Allocated Incentive tab includes \$1,093,481 of the Annual Incentive Plan. (\$627,860 plus \$426,159 less the amounts in FERC 419000, 421130 and 431320 of (\$39,462)).

The Other Incentive tab includes the following:

Annual Incentive Plan	\$ 55,885
Stock Options	12,841
Performance Share	34,016
Restricted Stock	<u>142,103</u>
Incentive Compensation	\$ 244,845

North Shore Gas Company

JURISDICTIONAL RATE BASE SUMMARY BY ICC ACCOUNT

Line No.	Supporting Schedule [A]	ICC Account [B]	Rate Base Component [C]	2013 Annual Incentive Plan [D]	2013 Stock Options [E]	2013 Performance Shares [F]	2013 Restricted Stock [G]	2013 Incentive Compensation [H]
1	B-5	101,106,107,117	Gross Utility Plant	\$ 96,197				\$ 96,197
2	B-6	108,111,254	Accumulated Provision for Depreciation and Amortization	-				-
3			Net Utility Plant (Line 1 minus Line 2)	96,197	-	-	-	96,197
4	B-8	131	Cash Working Capital					
5	B-8.1	154,163	Materials and Supplies, Net of Account Payables (3)					
6	B-1.1	164.1, 164.2, 165	Gas in Storage, Net of Accounts Payable (3)					
7	B-1.2	129,182,228,242,254	Retirement Benefits, Net					
8	B-14	142,242	Budget Plan Balances (3)					
9			Subtotal (Lines 4 to 8)	-	-	-	-	-
10	B-9	190,282,283	Accumulated Deferred Income Taxes					
11	B-13	235	Customer Deposits					
12	B-1.3	252	Customer Advances for Construction					
13	B-1.4	228.2	Reserve for Injuries and Damages					
14			Subtotal (Lines 10 to 13)	-	-	-	-	-
15			Total Rate Base (Lines 3 + 9 +14)	\$ 96,197	\$ -	\$ -	\$ -	\$ 96,197

North Shore Gas Company

Jurisdictional Operating Income Summary

<u>Line No.</u>	<u>I.C.C. Acc. No.</u> [A]	<u>Description</u> [B]	<u>2013 Annual Incentive Plan</u> [C]	<u>2013 Stock Options</u> [D]	<u>2013 Performance Shares</u> [E]	<u>2013 Restricted Stock</u> [F]	<u>2013 Incentive Compensation</u> [G]
1	480-495	Operating Revenues					
2		Operating Expenses					
3	800-813	Cost of Gas					
4		Other Operation and Maintenance:					
5	700-813	Other Production	\$ 27,830				\$ 27,830
6	814-847.9	Storage	-				-
7	850-867	Transmission	-				-
8	870-894	Distribution	245,502				245,502
9	901-905	Customer Accounts	195,935				195,935
10	907-910	Customer Services and Informational Services	24,268				24,268
11	911-916	Sales	-				-
12	920-932	Administrative and General	1,107,814	12,841	34,016	142,103	1,296,774
13		Total Other Operation and Maintenance	\$ 1,601,349	\$ 12,841	\$ 34,016	\$ 142,103	\$ 1,790,309

**ICC Docket No. 12-xxxx**  
**The Peoples Gas Light and Coke Company's Response to  
Staff Data Requests JMO 1.01-1.14**  
**Dated: August 1, 2012**

**REQUEST NO. JMO 1.10:**

Please provide copies of all incentive compensation expense plans used to develop the test year amounts reported in response to Staff DR JMO 1.08.

**RESPONSE:**

See the following attachments:

- PGL JMO 1.10 Attach 01 – Integrys 2012 Non-executive Incentive Plan;
- PGL JMO 1.10 Attach 02 – Integrys 2012 Executive Incentive Plan; and
- Integrys 2010 Omnibus Incentive Plan (see pages 1 through 41 of PGL JMO 1.11 Attach 06).

1/10/12

# **INTEGRYS**

**2012**

## **IBS & Regulated Non-Executive Incentive Plan**

## **EFFECTIVE DATE**

The 2012 IBS & Regulated Non-Executive Incentive Plan (the “Plan”), shall become effective on January 1, 2012. The Plan shall operate on the basis of a plan year that will begin on January 1, 2012 and will end on December 31, 2012 (the “Plan Year”). Payouts will be based on Plan Year performance results, except as otherwise provided herein.

## **PURPOSE**

The Plan provides eligible employees with an opportunity to receive cash short term incentive compensation based upon the achievement of short-term goals that support Integrys Energy Group, Inc. (the “Company”), and those direct and indirect subsidiaries of the Company that have been designated by the Company for participation in this Plan. The purpose of the Plan is to focus eligible employees on reducing the costs of operations, improving reliability to customers, and supporting an emphasis on safety in all we do. Payouts for Plan participants will be determined based on the Plan provisions and the results of performance measurements from Participating Subsidiaries (as defined below).

## **ELIGIBILITY**

Eligibility is limited to employees who are classified by the Company or a Participating Subsidiary as active regular administrative full-time or part-time employees of the Company or a Participating Subsidiary for the period of time during the Plan Year that they are employed in an eligible classification. Employees of the Company’s non-regulated direct and indirect subsidiaries, including Integrys Energy Services, Inc., are not eligible to participate in the Plan. Further, employees who participate in another short-term Company or Participating Subsidiary incentive plan (other than a plan that compensates the employee on a commission basis) are not eligible to participate in this Plan with respect to the portion of the Plan Year that is also covered under such other plan. Performance measures, weightings and threshold, target and superior payout levels by pay grade are listed in the Plan Appendix.

Employees who are covered by a collective bargaining agreement, assigned by the Company to a limited term or temporary status (e.g. limited-term employees) and persons who provide services to the Company or a Participating Subsidiary but who are classified as non-employee service providers (e.g. contractors and consultants) are not eligible for the Plan.

Any employee who first becomes eligible and is added to the Plan after the start of the Plan Year will be eligible to participate with respect to that Plan Year, but any payout under the Plan will be based solely on the employee’s Pay during the portion of the Payroll Year (as defined below) for which the employee was employed in an eligible classification.

If an employee transfers during the Plan Year from employment covered by a collective bargaining agreement to employment in a regular position eligible for participation in the Plan, or vice versa, the employee will be eligible to participate with respect to that Plan Year, but any

payout under the Plan will be based on the employee's Pay during the portion of the Payroll Year for which the employee was employed in an eligible classification.

Except as provided in the Employment Termination section below, employees must be actively employed through December 31 of the Plan Year to be eligible for a payout under the Plan with respect to that Plan Year. Those who are not actively employed through December 31 of the Plan Year for reasons other than retirement, disability, approved leave of absence or death, will not be eligible to receive a payout from the Plan. An employee does not earn a right to a Plan payment (whether on a pro rata basis or otherwise) based upon length of service or mere completion of service during the Plan Year. Rather, a payout is earned based upon the achievement by the applicable Participating Subsidiary (or other business unit) of pre-determined performance goals measured over the course of the entire Plan Year as a result of the efforts of eligible employees who contribute toward the achievement of such goals. An employee's participation in the Plan, and the opportunity to earn a payout in accordance with the terms and conditions of the Plan, does not represent an unequivocal promise on the part of the Company to pay incentive compensation other than to the extent that applicable performance goals have been satisfied and the employee satisfies the eligibility conditions specified herein.

Eligible Plan participants who during the Plan Year change employment status from one eligible status to another eligible status but qualify to participate in the current Integrys Pay Protection policy will be eligible to participate (a) at the annual incentive percentage target level payout that has been assigned to their prior, higher pay grade with respect to eligible employment during the portion of the Plan Year that is prior to the Change in Status Date and (b) at the annual incentive percentage target level payout that has been assigned to their new, lower pay grade with respect to eligible employment during the portion of the Plan Year that is on or after the Change in Status Date.

## **PARTICIPATING SUBSIDIARIES**

The participating subsidiaries (each, a "Participating Subsidiary", and collectively, the "Participating Subsidiaries") are: Integrys Business Support LLC (IBS), Minnesota Energy Resources Corporation (MER), Michigan Gas Utilities, Inc. (MGU), North Shore Gas Company (NSG), the Peoples Gas Light & Coke Company (PGL), Upper Peninsula Power Company (UPPCO), Wisconsin Public Service Corporation (WPS) and any other corporation or entity designated by the Chief Executive Officer of the Company (the "CEO") for participation in the Plan.

When evaluating performance during the Plan Year, the performance of all such Participating Subsidiaries shall be included. In the event that any such Participating Subsidiary is sold or otherwise divested during the Plan Year, the target metric and actual performance for such Participating Subsidiary will include the full period prior to such sale or divestiture and thereafter performance of such Participating Subsidiary will be excluded. Unless the CEO determines otherwise, in the event of an acquisition of a new subsidiary or other corporate transaction involving the merger with or acquisition of a business by TEG, performance related to such acquired business shall not be considered when evaluating performance for the Plan Year. As such, when evaluating IBS performance during the year, the respective weighting percentages

assigned to each Participating Subsidiary shall be adjusted as necessary, consistent with the language above.

## **PAYROLL YEAR**

The Payroll Year that is associated with the Plan Year, that will be used to determine eligible Pay for payout calculations, is from December 25, 2011 through December 22, 2012.

## **EMPLOYMENT TERMINATION**

Termination of employment at any time during the Plan Year (other than termination on account of retirement or death) will disqualify the participant from receiving a payout from the Plan.

Absence from active employment during the Plan Year on account of disability or approved unpaid leave of absence will not disqualify the participant from receiving a payout of any award that has otherwise been earned, but the amount payable to or on behalf of the participant will be based upon the participant's Pay that is recognized for purposes of the Plan.

Similarly, if termination of employment occurs during the Plan Year due to retirement or death, the participant will receive a payout of any award that has otherwise been earned, but the amount payable to or on behalf of the participant will be based upon the participant's Pay during the participant's period of active service during the year.

The words "retire" or "retirement" mean the participant terminates employment on or after the date on which the participant has satisfied the requirements for "retirement" under the Company's group health care plans in which the participant is eligible to participate.

The word "disability" means that the participant's active service has been interrupted as a result of the participant being totally disabled (as defined in the Company's or Participating Subsidiary's long-term disability plan applicable to the employee).

In all cases, eligibility for any earned payout is based upon the employee's Pay during the portion of the Payroll Year for which the employee was employed in an eligible classification.

Any earned Plan payout to or on behalf of a participant who terminated employment during the Plan Year on account of retirement or death, or who is absent from active service on account of disability or an approved unpaid leave of absence, will be paid at the same time as payment is made to active employees whose employment with the Company or a Participating Subsidiary has continued. In the event of a participant's death, any earned Plan payout will be distributed at such time in a lump sum to the participant's estate.

## **DEFINITION OF PAY**

Plan payouts are expressed and calculated as a percentage of the eligible employee's Pay for the Payroll Year or applicable portion of the Payroll Year while a Plan participant. For the purposes of the Plan, "Pay" is defined as base pay and overtime earnings from the Company actually paid

(or that would have been payable except for the employee's election to defer receipt of base pay earnings) during the Payroll Year or applicable portion of the Payroll Year for services performed in an eligible employment position (including short term salary continuation or short-term disability benefits or paid leave of absence earnings paid by the Company or a Participating Subsidiary). All other payments such as, without limitation, long-term disability or other sickness or disability benefits not paid by the Company or a Participating Subsidiary, reimbursed expenses, termination pay, relocation allowances or reimbursements, deferred compensation (other than base pay earnings voluntarily deferred during the Plan Year at the election of the employee), pension restoration, supplemental retirement or similar accruals or benefits, stock options, performance shares, restricted stock, restricted stock unit or other equity compensation, retention agreements/bonuses, signing bonuses, and any contributions paid by the Company to any employee benefit plan (within the meaning of ERISA), and imputed income resulting from participation in a Company or Participating Subsidiary benefit or compensation program, shall be excluded. Only amounts paid by the Company or a Participating Subsidiary and otherwise eligible in accordance with the foregoing provisions of this paragraph will be recognized as pay; other payments and benefits, e.g., long-term disability benefits paid by a third party insurer, are not recognized as Pay.

## **PLAN PERFORMANCE MEASURES**

Plan payouts will be based on the various Company, NSG, PGL, MER, MGU, UPPCO, and WPS operational performance measures. Each goal is weighted, representing a proportional share of the potential payout. No payout will be made with respect to a particular performance goal if performance with respect to that goal does not exceed the threshold level of performance. To receive a target award for a goal, the target performance goal level must be attained. To receive a superior award for a goal, the superior performance goal level must be attained. For performance that exceeds threshold but is less than target or greater than target but less than superior the payout amount will be pro-rated. IBS will share outcomes of the regulated utility subsidiaries on a prorated basis as related to Customer Satisfaction, Employee Safety and the various reliability measures. The respective weighting percentages by Participating Subsidiary for the Plan Year are: MER 5.3%, MGU 4.0%, NSG 5.3%, PGL 32.0%, UPPCO 3.5% and WPS 49.9%. These weightings will be used to calculate IBS payouts.

General descriptions of the performance measures to be utilized in determining payouts for the Plan Year are set forth below. Not every performance measure applies with respect to each Participating Subsidiary or each eligible employee of a Participating Subsidiary, nor will the weightings applied with respect to a performance measure necessarily be the same between Participating Subsidiaries or between employee groups who are employed at a particular Participating Subsidiary. In addition, the performance measures can be specific to a group, and may include measures as approved by the CEO.

## **OPERATIONAL MEASURES**

**Integrys Energy Group-Utility and IBS FERC-based non-fuel Operation and Maintenance expense – Adjusted Before Annual Incentives**

The annual forecasted ***Combined Utility and IBS FERC-based non-fuel Operation and Maintenance (O&M) expense – Adjusted Before Annual Incentives*** is determined based upon the combined Utility and IBS FERC-based non-fuel O&M included in the budget accepted by the Integrys Board of Directors on December 15, 2011 adjusted for:

- (1) Budgeted annual incentive plan compensation expense, expected to be accrued at target-level performance related to the executive and non-executive annual incentive compensation plans for employees of IBS and the Regulated Utilities,
- (2) Amounts recorded for (a) costs recovered directly through regulatory trackers such as bad debt, demand side management, energy efficiency programs, and manufactured gas plant clean up, (b) electric transmission (wheeling) costs, and (c) bad debt expense not recovered through trackers.
- (3) The performance levels required to achieve threshold, target, and maximum payout levels for performance on Combined Utility and IBS FERC-based non-fuel Operations and Maintenance (O&M) expense-Adjusted Before Annual Incentives are attached in Appendix A hereto.

The ***Calculated Combined Utility and IBS FERC-based non-fuel Operation and Maintenance expense – Adjusted Before Annual Incentives*** used to determine if desired performance has been achieved will be calculated based upon the combined Utility and IBS FERC-based non-fuel O&M included in the final 2012 audited financial results for Integrys Energy Group, Inc. adjusted for:

- (1) Incentive plan compensation expense included in the actual results related to the executive and non-executive annual incentive compensation plan for employees of IBS and the Regulated Utilities,
- (2) Where applicable to O&M, the pre-tax impact of adjustments reflected in Integrys Energy Group's 2012 EPS-Adjusted as reported in the Company's earnings release for fiscal year 2012, and
- (3) Amounts recorded for (a) costs recovered directly through regulatory trackers such as bad debt, demand side management, energy efficiency programs, and manufactured gas plant clean up, (b) electric transmission (wheeling) costs, and (c) bad debt expense not recovered through trackers, and
- (4) Budget to actual variances for costs related to various long term equity-based incentive compensation arrangements for plan participants who are employees of IBS and the Regulated Utilities (in order to avoid incentive arrangements that would reward employees under the annual incentive plan for a declining stock price, etc.).

**Customer Satisfaction Measure**

The continued success of the Company will ultimately be determined by our customers, requiring customer satisfaction to be the focal point of our efforts. Customer satisfaction will be measured for residential customers of MERC, MGU, NSG, PGL, UPPCO and WPS and compared against the satisfaction survey results of other regional benchmark energy suppliers. Surveys will be conducted by J.D. Power and Associates. The surveys measure overall customer satisfaction in categories such as power quality and reliability, communications, corporate citizenship, price, billing and payment, customer service and field service. Survey category results are combined into an overall score for each utility. The incentive measure compares each of our electric and gas utilities' score against the Midwest regional average utility score. IBS employees' incentive measure will be a weighted combination of all of our utilities' scores – the score weighting based on the ratio of IBS costs allocated to each utility.

### **Employee Safety**

Employee safety will be measured with a rate calculated by multiplying the number of recordable cases over a given period of time by 200,000. That total is subsequently divided by the number of total hours worked by the identified business unit to obtain the final rate. An injury or illness is considered recordable if it meets standard criteria set by Occupational Safety and Health Administration (OSHA) regulations. For purposes of determining results for 2012, the rate is measured over a calendar year basis.

The recordable incident rates are further analyzed against viable industry benchmarks, and final targets are reviewed and approved by business unit management to promote consistency and improvement. Regulated utility subsidiaries – measure will rely on the individual metrics of MER, MGU, NSG, PGL, UPPCO and WPS. IBS employees will use each utility's score as a portion of their score, weighted to reflect the ratio of IBS costs allocated to the utility.

**VARIABLE OPERATIONS RELIABILITY MEASURES (see below)** IBS employees will use each utility's score as a portion of their score, weighted to reflect the ratio of IBS costs allocated to the utility.

### **UPPCO, WPS - System Reliability**

The System Reliability measure includes two components, electric system and gas system reliability which measure our ability to deliver quality services to our customers by reducing the frequency and duration of planned and unplanned service interruptions. The electric system component will apply to UPPCO and WPS. The gas system component will apply to WPS. They are defined as follows:

The electric system measurement is the annual System Average Interruption Duration Index (SAIDI), excluding major event days as defined by the IEEE (Institute of Electrical and Electronics Engineers) Standard 1366-2003. The SAIDI is the cumulative customer minutes of outage, on average, per customer served per year. It excludes the customer minutes of outage due to major event days such as large storms, and includes the customer minutes of outage due to events originating on the transmission, substation, and distribution systems. The 2012 incentive levels of threshold, target and superior are determined by the average annual SAIDI values from 2007 through 2010.

The gas system component measure is based on the percentage of customer and public odor complaints with employee response times less than 60 minutes.

**PGL - Reduction in Class 2 System Leaks**

A Class 2 leak is a gas leak that is recognized as being non-hazardous at the time of detection, but justifies more frequent monitoring and scheduled repair based on probable future hazard. The fewer the number of Class 2 gas leaks, the less exposure to a future risk. There would also be some cost savings through the reduction in frequency of future required leak rechecks. The metric for this measure will be based on the percentage of Class 2 gas leaks pending repair as a ratio to the total number of Class 2 and Class 3 pending repair. A Class 3 leak is one that is nonhazardous at the time of detection and can be reasonably expected to remain non-hazardous.

**NSG – Reduction in Total Leaks**

Leaks not requiring immediate action are recognized as being non-hazardous at the time of detection. However these non hazardous leaks require frequent monitoring and scheduled repair based on probable future hazard. Reducing the total number of non-hazardous leaks pending reduces the risk of leak migration between rechecks and improves overall system safety. There is also cost savings when expediently repairing leaks through the reduction in the number of rechecks required to be performed. The metric for this measure would be the total number of leaks pending. The results would be measured as an average of the total leaks pending repair on the last day of each month.

**NSG, PGL - Reduction in 2<sup>nd</sup> and 3<sup>rd</sup> Party Damages**

Damage prevention is an operational measure with a significant safety component and will be critical for development of a strong distribution integrity management program. Elimination of third party damages is a major initiative across the natural gas industry. Reducing damages by others to company gas facilities improves safety for our own employees as well as for the general public and avoids outages to our customers. The metric for this measure will be based on the total number of excavation damages caused by second parties (company contractors) and third parties (other excavators) to company-owned facilities per 1,000 locates performed by the company.

**NSG, PGL – Reduction in Damages caused by Company Crews**

Installing and maintaining natural gas facilities requires company crews to work in close proximity to other utilities. Performing this work safely is essential to ensure employee and customer safety. This can be achieved by proper jobsite preparedness and safe excavation practices. Cost savings can also be achieved through reduced claim expenses. The metric for this measure will be the number of damages caused by company crews to other utilities, below and above ground, as well as to company facilities.

**MER - Meter Set Remediation**

This multi-year metric is based on meter set remediation as identified in MERC's meter set surveys. For 2012 the measure will focus on stop valve readily accessible; in 2011 the measure focused on active atmospheric corrosion. The remediation targets are number of meter sets remediated based on budget and resources.

### **MGU - Improved Pipeline Locating Productivity**

This measure is intended to improve the efficiency and accuracy of pipeline locating. The productivity of locating is currently being measured by: (expected hours/unit) / (actual hours/unit). The efficiency goal will be to improve this productivity rate. Accuracy will be measured as the percent reduction of non-billable 3<sup>rd</sup> party damages which are primarily caused by mislocating facilities. Each portion of the goal will be weighted 50% for eligible MGU employees.

### **WPS - Market Effectiveness Measure**

The WPS Market Effectiveness measure is specific to WPS Energy Supply Operations participants, and selected participants in Energy Supply & Control. It is based on the energy price weighted availability of all WPS's generation facilities, the comparison of what WPS electric generation earns in 2012 versus what it could have earned if all units had been available 100% as needed.

## **PAYMENT OF INCENTIVE AWARD EARNED**

The President of the Company or of a Participating Subsidiary (or, if there is no President of a Participating Subsidiary, the highest ranking officer of the Participating Subsidiary) shall have discretion to determine that an eligible employee of the Company or applicable Participating Subsidiary is ineligible in total or in part for a Plan payout if the employee has earned less than a "fully successful" performance evaluation rating for the Plan Year or is otherwise being counseled concerning documented insufficient performance. This is the only circumstance in which an amount that would otherwise be payable as a result of the achievement of performance objectives might not be paid assuming employment continues through the end of the Plan Year.

## **PLAN PAYOUTS**

Following the close of the Plan Year and after the audited financial results are available, the CEO will certify the extent to which the performance measures have been satisfied and will authorize Plan payouts. Payouts, less tax withholdings, will be paid no later than March 15<sup>th</sup> of the year following the Plan Year. No payout will be made with respect to a particular performance measure if performance with respect to that measure does not exceed the threshold level of performance. To receive a target payout for a measure, the target performance level must be attained. To receive a superior payout for a measure, the superior performance level must be attained.

An employee who during the Plan Year changes employment status from one eligible status to another eligible status, other than a change that the Company or applicable Participating Subsidiary determines to be short-term or temporary assignment that does not represent a long-

term change in the employee's regular role, will be subject, with respect to employment on or after the date the change in employment status is reflected in the PeopleSoft System (the "Change in Status Date"), to the Plan payout target and/or incentive measures applicable to the employment status into which the employee has transferred. Any payout applicable to eligible employment during the Plan Year prior to the Change in Status Date will be based upon the employee's payout targets and/or incentive measures applicable to the employee prior to the Change in Status Date and the employee's pay prior to the Change in Status Date. Any payment applicable to eligible employment during the Plan Year but on or after the Change in Status Date will be based upon the employee's payout target and/or incentive measures applicable to the employee on or after the Change in Status Date and the employee's Pay on or after the Change in Status Date. Short-term or temporary assignments (as determined by the Company or applicable Participating Subsidiary) will not change the incentive plan or level that an employee is assigned to. The employee will remain in his or her regular role for payout calculation purposes.

## **RELATIONSHIP TO OTHER COMPANY PLANS**

Employees who participate in another short term incentive plan (for example, an incentive plan at Integrys Energy Services, Inc.) are not eligible to participate in this Plan until the time their participation in the other short term incentive plan terminates.

For employees participating in the Company's defined benefit retirement plan, payouts made under this Plan generally will be included in earnings used to determine retirement benefits if paid while an active employee in accordance with the retirement plan. If an employee retires and receives a payout under this Plan subsequent to the employee's retirement, that payout will not be used in calculation of retirement benefits, except as specifically provided in the applicable retirement plan document. Nothing in this Plan shall be construed as an amendment of or modification to (or otherwise operate to supersede) the terms of any retirement plan in which an employee participates. A participant's retirement benefits shall in all cases be determined in accordance with the terms of the applicable retirement plan document.

401(k) and deferred compensation plan participants may defer a portion of the Plan payout into the Company's 401(k) and (if the participant is eligible) deferred compensation plans, subject to the terms of the respective plan and tax law limits. 401(k) deferrals are not available to participants who are not active employees at the time of payout. Nothing in the Plan shall be construed as an amendment of or modification to (or otherwise operate to supersede) the terms of any 401(k) or deferred compensation plan in which an employee participates.

## **RIGHTS OF PARTICIPANTS & FORFEITURE**

Nothing in this Plan shall:

- (1) Confer upon any employee any right with respect to continuation of employment with the Company;
- (2) Interfere in any way with the right of the Company or the Participating Subsidiaries or any other affiliate to terminate his/her employment at any time; or

- (3) Confer upon any employee or any other person any claim or right to any distribution under the Plan except to the extent that a payment has been earned based upon the achievement of the measures applicable to the employee and the employee otherwise satisfies the eligibility requirements of the Plan.

No right or interest of any employee in the Plan shall, prior to actual payment or distribution to the employee, be assignable or transferable in whole or in part, either voluntarily or by operation of law or otherwise, or be subject to payment of debts of any employee by execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner.

## **ADMINISTRATION**

The Compensation Committee of the Board of Directors has delegated to the CEO its authority and responsibility with respect to the Plan. Accordingly, the CEO is authorized to 1) interpret and apply the Plan's terms and conditions, 2) determine who will participate in the Plan and the level of participation, and 3) approve, within the first 90 days of the Plan Year, the performance measures that are applicable to a covered employee's participation. The CEO's authority does not include the authority to 1) modify the performance measures once initially established and approved within the first 90 days of the Plan Year, or 2) to adjust payout amounts that have been earned under the Plan provisions.

**2012 IBS & Regulated Non-Executive Incentive Plan**

**Integrys Energy Group-Utility and IBS FERC-based non-fuel Operation and Maintenance  
expense – Adjusted Before Annual Incentives**

**Appendix A**

Utility and IBS FERC-based non-fuel O&M included in the budget	\$ 997.4
Less:	
Wheeling costs	129.2
Demand side management costs	53.8
Bad debt expense including tracker impact	38.0
Manufactured gas plant clean-up costs	28.1
Energy efficiency costs	17.1
Annual incentives	<u>17.8</u>
<b>Utility and IBS FERC-based non-fuel O&amp;M – adjusted</b>	
Target	\$ 713.4
Threshold (5% increase to Target)	\$ 749.1
Superior (5% decrease from Target)	\$ 677.7

**2012 IBS & Regulated Non-Executive Incentive Plan Measures Weighting**

PERFORMANCE GOAL	MERC	MGU	NSG	PGL	UPPCo	WPS	WPS
	Weighting	Weighting	Weighting	Weighting	Weighting	Weighting	Weighting
<u>O &amp; M-Adjusted (millions)</u>	50%	50%	50%	50%	50%	50%	50%
<u>Employee Safety</u>							
OSHA-Recordable Incident Rates**	15%	15%	15%	15%	15%	15%	15%
<u>Customer Satisfaction</u>							
Subsidiary-Specific	15%	15%	15%	15%	15%	15%	15%
<u>Subsidiary Variable</u>							
Electric Reliability					20%	10%	10%
Gas Reliability				10%			
Reduction in Class II System Leaks			5%	5%			
Reduction in Damages by Company Crews			5%	5%			
Reduction in Damages by 2nd, 3rd Party Crews			10%				
Reduction in Total Leaks							
Meter Set Remediation	20%						
Pipeline Locates-Efficiency		10%					
Pipeline Locates-Accuracy		10%					
Market Effectiveness							20%
<b>IBS participants payout weighting by subsidiary outcome:</b>	<b>4.35%</b>	<b>3.64%</b>	<b>5.54%</b>	<b>32.89%</b>	<b>3.98%</b>	<b>24.80%</b>	<b>24.80%</b>

**Notes on WPS:**

WPS Electric & Gas reliability variable measures apply to all WPS participants except Energy Supply Operations, and ES & C; WPS Market Effectiveness variable measure applies only to Energy Supply Operations, and ES & C. O & M-Adjusted, Employee Safety and Customer Satisfaction goals are the same for all WPS participants.



1/1/12

# **INTEGRYS**

**2012**

## **Executive Incentive Plan**

## **EFFECTIVE DATE**

The 2012 Executive Incentive Plan (the “Plan”), shall become effective on January 1, 2012. The Plan shall operate on the basis of a plan year that will begin on January 1, 2012 and will end on December 31, 2012 (the “Plan Year”). Payouts will be based on Plan Year performance results, except as otherwise provided herein.

## **PURPOSE**

The purpose of the Plan is to provide short term incentive compensation to:

- (1) Focus key executives on assisting Integrys Energy Group, Inc. (“TEG”) and its Subsidiaries (collectively referred to as the “Company”) in achieving objectives key to their success;
- (2) Recognize the performance of key employees in achieving the Company’s financial and operating objectives; and
- (3) Provide compensation opportunities that closely reflect the pay levels at companies in the custom peer group of utility companies as approved by the Compensation Committee of the Integrys Energy Group, Inc. Board of Directors (the “Committee”).

Payouts for Plan participants will be determined based on the Plan provisions and the results of Company performance measurements, subject to Committee adjustment (to the extent that any such adjustment is consistent with the terms and conditions of the Plan).

## **ELIGIBILITY**

Eligibility for Plan participation will be limited to employees who (1) are employed in executive positions that have ultimate responsibility for the financial and operating performance of the Company, and (2) have been specifically identified by the Committee as being eligible for Plan participation. However, employees who participate in another short term Company incentive plan (other than a plan that compensates the employee on a commission basis) are not eligible to participate in this Plan with respect to the portion of the Plan Year that is also covered under such other plan. Names of approved Plan participants, measurement data points for threshold, target and superior performance levels, measurement applications and their weightings by each executive are identified in the Plan Appendix.

Employees who are covered by a collective bargaining agreement, assigned by the Company to a limited term or temporary status (e.g. limited term employees), and persons who provide services to the Company but who are classified by the Company as non-employee service providers (e.g. contractors and consultants) are not eligible for the Plan.

Any employee who first becomes eligible and is added to the Plan after the start of the Plan Year will be eligible to participate with respect to that Plan Year, but any payout under the Plan will

be based solely on the employee's Pay during the portion of the Payroll Year (as defined below) for which the employee was employed in an eligible classification.

Except as provided in the Employment Termination section below, employees must be actively employed through December 31 of the Plan Year to be eligible for a payout under the Plan with respect to that Plan Year. Those who are not actively employed through December 31 of the Plan Year for reasons other than retirement, disability, approved leave of absence or death, will not be eligible to receive a payout from the Plan. An employee does not earn a right to a Plan payment (whether on a pro rata basis or otherwise) based upon length of service or mere completion of service during the Plan Year. Rather, a payout is earned based upon the achievement by the Company or applicable Subsidiary (or other business unit) of pre-determined performance goals measured over the course of the entire Plan Year as a result of the efforts of eligible employees who contribute toward the achievement of such goals. An employee's participation in the Plan, and the opportunity to earn a payout in accordance with the terms and conditions of the Plan, does not represent an unequivocal promise on the part of the Company to pay incentive compensation other than to the extent that applicable performance goals have been satisfied, the employee satisfies the eligibility conditions specified herein, and the Committee has authorized a payout to the employee.

## **SUBSIDIARIES**

For purposes of the Plan, the Company's subsidiaries include: Integrys Business Support, LLC (IBS), Integrys Energy Services, Inc. (TEGE), Minnesota Energy Resources Corporation (MER), Michigan Gas Utilities, Inc. (MGU), North Shore Gas Company (NSG), The Peoples Gas Light & Coke Company (PGL), Upper Peninsula Power Company (UPPCO), Wisconsin Public Service Corporation (WPS), Integrys Transportation Fuels, LLC, Trillium USA, LLC, Pinnacle CNG Systems, LLC and any other corporation or entity designated as a subsidiary for purposes of the Plan. Each such entity is individually referred to as a "Subsidiary" and collectively as the "Subsidiaries."

When evaluating performance on Financial and Non-Financial Measures during the Plan Year, the performance of all such Subsidiaries shall be included. In the event that any such Subsidiary is sold or otherwise divested during the Plan Year, the target metric and actual performance for such Subsidiary will include the full period prior to such sale or divestiture and thereafter performance of such Subsidiary will be excluded. Unless the Committee determines otherwise, in the event of an acquisition of a new subsidiary or other corporate transaction involving the merger with or acquisition of a business by TEG, performance related to such acquired business shall not be considered when evaluating performance on the Financial and Non-Financial Measures for the Plan Year.

## **PAYROLL YEAR**

The Payroll Year that is associated with the Plan Year, and that will be used to determine eligible Pay for payout calculations, is from December 25, 2011 through December 22, 2012.

## **EMPLOYMENT TERMINATION**

Termination of employment at any time during the Plan Year (other than termination on account of retirement or death) will disqualify the participant from receiving a payout from the Plan.

Absence from active employment during the Plan Year on account of disability or approved unpaid leave of absence will not disqualify the participant from receiving a payout of any award that has otherwise been earned and approved by the Committee, but the amount payable to or on behalf of the participant will be based upon the participant's Pay that is recognized for purposes of the Plan.

Similarly, if termination of employment occurs during the Plan Year due to retirement or death, the participant will receive a payout of any award that has otherwise been earned and approved by the Committee, but the amount payable to or on behalf of the participant will be based upon the participant's Pay during the participant's period of active service during the year.

The words "retire" or "retirement" means the participant terminates employment on or after the date on which the participant has satisfied the requirements for "retirement" under the Company's group health care plans in which the participant is eligible to participate.

The word "disability" means that the participant's active service has been interrupted as a result of the participant being totally disabled (as defined in the Company's long-term disability plan applicable to the employee).

In all cases, eligibility for any earned payout is based upon the employee's Pay during the portion of the Payroll Year for which the employee was employed in an eligible classification.

Any approved Plan payout to or on behalf of a participant who terminated employment during the Plan Year on account of retirement or death, or who is absent from active service on account of disability or an approved unpaid leave of absence, will be paid at the same time as payment is made to active employees whose employment with the Company has continued. In the event of a participant's death, any approved Plan payout will be distributed at such time in a lump sum to the participant's estate.

## **DEFINITION OF PAY**

Plan payouts are expressed and calculated as a percentage of the eligible employee's Pay for the Payroll Year or applicable portion of the Payroll Year while a Plan participant. For the purposes of the Plan, "Pay" is defined as base pay earnings from the Company actually paid (or that would have been payable except for the employee's election to defer receipt of base pay earnings) during the Payroll Year or applicable portion of the Payroll Year for services performed in an eligible employment position (including short term salary continuation or short-term disability benefits or paid leave of absence earnings paid by the Company). All other payments such as, without limitation, long-term disability or other sickness or disability benefits not paid by the Company, reimbursed expenses, termination pay, relocation allowances or reimbursements,

deferred compensation (other than base pay earnings voluntarily deferred during the Plan Year at the election of the employee), pension restoration, supplemental retirement or similar accruals or benefits, stock options, performance shares, restricted stock, restricted stock unit or other equity compensation, retention agreements/bonuses, signing bonuses, any contributions paid by the Company to any employee benefit plan (within the meaning of ERISA), and any imputed income resulting from participation in a Company benefit or compensation program, shall be excluded. Only amounts paid by the Company and otherwise eligible in accordance with the foregoing provisions of this paragraph will be recognized as Pay; other payments and benefits, e.g., long-term disability benefits paid by a third party insurer, are not recognized as Pay.,

## **PLAN PERFORMANCE MEASURES**

The Plan design includes financial and non-financial measures that are approved by the Committee, provided that with respect to any Plan payout that is intended to constitute performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, such measures shall be approved in the first ninety (90) days of the Plan Year. Measurement performance levels will be monitored throughout the Plan Year. Following the end of the Plan Year, results will be presented to the TEG Chief Executive Officer (the “CEO”) and Committee for approval. The performance measures can be specific to an individual or apply to a group, and may include operational and/or financial measures as approved by the Committee. Weightings can vary by eligible executive as approved by the Committee.

The following provides a general description of each of the financial and non-financial performance measures for the Plan Year. Measures reflect operations of the Company and will apply to one or more Plan participants. With respect to any Plan payout that is intended to constitute performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, the Committee may at any time exercise negative discretion to adjust the performance measures (or the amount payable upon satisfaction of one or more performance measures) to reflect the effects of extraordinary items, non-recurring items or any other items that the Committee feels should be considered in determining performance results if the result is to reduce the amount payable relative to the performance measures as originally approved. The Committee also has the discretion to approve additional or alternative performance measures on a participant by participant basis that will supplement or replace any or all of the performance measures set forth below, including, without limitation, the authority to incorporate the terms of any objective performance measure used under another Company incentive program. To the extent that the Committee acts to incorporate the terms of any objective performance measure used under another Company incentive program, the terms and conditions of such other plan defining the performance measure are incorporated into this Plan by reference; provided that all other terms and conditions of this Plan shall continue to apply, including, without limitation, the application of any threshold financial requirement on the payment of incentive awards, the requirements regarding compliance with Internal Revenue Code Section 162(m) and terms and conditions set forth in this Plan regarding participation and eligibility for a payout of amounts otherwise payable in accordance with the objective performance measure that is incorporated from the other program.

## ***FINANCIAL MEASURE***

### **Calculated Diluted EPS-Adjusted, Before Annual Incentives – targets**

The financial measure to be utilized in establishing performance threshold, target and superior levels is annual TEG Consolidated Diluted Earnings Per Share-Adjusted (Diluted EPS-Adjusted), Before Annual Incentives, subject to adjustments as set forth below. The 2012 Diluted EPS-Adjusted, Before Annual Incentives target is to be derived from the budgeted Diluted EPS-Adjusted accepted by the Integrys Energy Group, Inc. Board of Directors on December 15, 2011. The Diluted EPS-Adjusted, Before Annual Incentives target is based upon budgeted net income available for common shareholders, adjusted on an after-tax basis for:

- (1) The budgeted annual incentive plan compensation expense related to all of the Company's annual incentive compensation plans (except for Integrys Energy Services, Inc. plans that are commission related); and
- (2) The effects of (a.) charges for reorganizing and restructuring, (b.) discontinued operations, (c.) charges from asset write-downs, (d.) gains or losses on the disposition of a business or business segment or arising from the sale of assets outside the ordinary course of business, (e.) changes in tax or accounting rules, regulations or laws, (f.) extraordinary, unusual, transition, one-time and/or non-recurring items of gain or loss, (g.) mergers, acquisitions or dispositions, (h.) lower of cost or market adjustments related to inventory, and (i.) unrealized mark to market adjustments related to commodity hedging activity, provided that, for each of the items (2.)(a.) through (2.)(i.), the Company shall have identified that it anticipates it will reflect such adjustments for investors in its audited financial statements (including footnotes), its earnings release or in the management discussion and analysis section of the Company's Form 10-K for fiscal year 2012.

The foregoing describes the process that the Committee, in setting threshold, target and superior performance levels, will follow in establishing Calculated Diluted EPS-Adjusted, Before Annual Incentives. The actual performance targets, including the Payout Governor and any other performance goals defining threshold, target and superior levels of performance, will be established and fixed by the Committee within the first ninety (90) days of the Plan Year with respect to any Plan payout that is intended to constitute performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code.

### **Calculated Diluted EPS-Adjusted, Before Annual Incentives**

TEG Calculated Diluted EPS-Adjusted, Before Annual Incentives used to determine if desired performance has been achieved will be calculated based off of Generally Accepted Accounting Principles ("GAAP") net income available for common shareholders reported in the Company's Form 10-K for fiscal year 2012, adjusted on an after-tax basis to exclude:

- (1) The annual incentive plan compensation expense related to all of the Company's annual incentive plans (except for Integrys Energy Services, Inc. plans that are commission-related); and
- (2) The effects of (a.) charges for reorganizing and restructuring, (b.) discontinued operations, (c.) charges from asset write-downs, (d.) gains or losses on the disposition of a business or business segment or arising from the sale of assets outside the ordinary course of business, (e.) changes in tax or accounting rules, regulations or laws, (f.) extraordinary, unusual, transition, one-time and/or non-recurring items of gain or loss, (g.) mergers, acquisitions or dispositions, (h.) lower of cost or market adjustments related to inventory, and (i.) unrealized mark to market adjustments related to commodity hedging activity, provided that, for each of the items (2.)(a.) through (2.)(i.), the Company shall have disclosed such adjustments in its audited financial statements (including footnotes), its earnings release or in the management discussion and analysis section of the Company's Form 10-K for fiscal year 2012; and
- (3) Budget to actual variances for costs related to various long-term equity-based incentive compensation arrangements (in order to avoid incentive arrangements that would reward employees under the annual incentive plan for a declining stock price, etc.).

## ***NON-FINANCIAL MEASURES***

### **Customer Satisfaction Measure**

The continued success of the Company will ultimately be determined by our customers, requiring customer satisfaction to be the focal point of our efforts. Customer satisfaction will be measured for residential customers of MER, MGU, NSG, PGL, UPPCO and WPS and compared against the satisfaction survey results of other regional benchmark energy suppliers. Surveys will be conducted by J.D. Power and Associates. The surveys measure overall customer satisfaction in categories such as power quality and reliability, communications, corporate citizenship, price, billing and payment, customer service and field service. Survey category results are combined into an overall score for each utility. The incentive measure compares each of our electric and gas utilities' score against the Midwest regional average utility score.

### **Employee Safety**

Employee safety will be measured with a rate calculated by multiplying the number of recordable cases over a given period of time by 200,000. That total is subsequently divided by the number of total hours worked by the identified business unit to obtain the final rate. An injury or illness is considered recordable if it meets standard criteria set by Occupational Safety and Health Administration (OSHA) regulations. For purposes of determining results for 2012, the rate is measured over a calendar year basis.

The recordable incident rates are further analyzed against viable industry benchmarks, and final targets are reviewed and approved by business unit management to promote consistency and improvement. The recordable incident rate will be measured at the following levels:

- (1) Regulated utility subsidiaries – measure will rely on the individual metrics of MER, MGU, NSG, PGL, UPPCO and WPS.
- (2) A Consolidated Regulated Utility subsidiaries and non-regulated subsidiaries measure applicable only to identified executives will be dependent upon the combined results of all regulated subsidiaries and non-regulated subsidiaries.
- (3) A combined Gas regulated subsidiaries measure applicable only to identified executives will be dependent on the combined results of MER, MGU, NSG and PGL.
- (4) A combined Electric regulated subsidiaries measure applicable only to identified executives will be dependent on the combined results of UPPCO and WPS only.
- (5) A combined Gas regulated subsidiaries measure applicable only to identified executives will be dependent on the combined results of MER and MGU.
- (6) A combined Gas regulated subsidiaries measure applicable only to identified executives will be dependent on the combined results of PGL and NSG.

### **Environmental Impact**

In accordance with our corporate environmental vision to create energy solutions for a sustainable tomorrow, this measure will be based on a reduction of annual emissions of carbon dioxide (CO<sub>2</sub>) and other greenhouse gases resulting from:

- (1) Implementing energy efficiency and conservation activities that will reduce greenhouse gas emissions from the energy we use.
- (2) Making improvements in our processes to generate and transmit electricity and natural gas with reduced greenhouse gas emissions.

### **Integrus Energy Services – Customer Delight**

The Customer Delight measure is defined as “the result of service that surpasses simple satisfaction by surprising the customer through offering products and service at a level either not thought possible or in a form or manner the consumer did not realize they wanted or needed,” based on the average of quarterly (four) TEGE customer surveys to be done in 2012. The incentive target baseline will be set by taking the average of the four 2011 survey results and applying an improvement amount equal to half of one Confidence Interval (CI) at 95% probability. Superior will be set at 2012 target measure plus one CI, and threshold will be set by subtracting one CI from the 2012 target measure.

### **Subsidiary Specific Annual Leadership Incentive Plan Results**

This measure is defined as the final Percentage of Plan Achievement for the Annual Leadership Plan of the subsidiary lead by the named Executive. The final Percentage of Plan Achievement used to calculate the Executive’s results will be the same achievement used for all the specific

Plan's participants. For 2012, the specific subsidiary plans included are the 2012 Integrys Transportation Fuels Incentive Plan and the Integrys Energy Services 2012 Leadership Incentive Plan.

## **PAYOUT GOVERNOR**

Notwithstanding anything to the contrary, a payout with respect to a particular performance measure will be reduced or eliminated, even if performance with respect to that particular performance measure would otherwise indicate a payout, if the annual TEG Consolidated "Calculated Diluted EPS – Adjusted, Before Annual Incentives" (as defined above) for 2012 does not meet the threshold requirement established by the Committee. This is referred to as the Overall Threshold Requirement. If the Overall Threshold Requirement is not attained, there will be no payout with respect to any financial performance measure. If the Overall Threshold Requirement is not met, any payout for actual non-financial performance measure results will be reduced by fifty (50) percent.

## **PLAN PAYOUTS**

Following the close of the Plan Year and after the audited financial results are available, the Committee will meet and certify the extent to which the performance measures have been satisfied (including application of the Payout Governor) and will authorize Plan payouts. Payouts, less tax withholdings, will be paid no later than March 15<sup>th</sup> of the year following the Plan Year. To receive a target payout for a measure, the target performance level must be attained. To receive a superior payout for a measure, the superior performance level must be attained. The Committee has discretion to determine if any additional payouts shall be made for performance between threshold, target and superior levels; provided that if the payout is intended to satisfy the requirements of Internal Revenue Code Section 162(m) with respect to a "covered executive" with respect to whom the Company is subject to the requirements of Section 162(m), the Company shall establish, within the first 90 days of the performance period, the manner in which performance between threshold, target and superior levels impacts the payout.

An employee who during the Plan Year changes employment status from one eligible status to another eligible status, other than a change that the Company or applicable Subsidiary determines to be short-term or temporary assignment that does not represent a long-term change in the employee's regular role, will be subject, with respect to employment on or after the date the change in employment status is reflected in the PeopleSoft System (the "Change in Status Date"), to the Plan payout target and/or incentive measures applicable to the employment status into which the employee has transferred. Any payout applicable to eligible employment during the Plan Year prior to the Change in Status Date will be based upon the employee's payout targets and/or incentive measures applicable to the employee prior to the Change in Status Date and the employee's Pay prior to the Change in Status Date. Any payment applicable to eligible employment during the Plan Year but on or after the Change in Status Date will be based upon the employee's payout target and/or incentive measures applicable to the employee on or after the Change in Status Date and the employee's Pay on or after the Change in Status Date. Short-term or temporary assignments (as determined by the Company or applicable Subsidiary) will

not change the incentive plan or level that an employee is assigned to. The employee will remain in his or her regular role for payout calculation purposes.

Any Plan payout is subject to any recoupment or clawback policy that may be adopted by the Company from time to time and to any requirement of applicable law, regulation or listing standard that requires the Company to recoup or claw back compensation paid pursuant to the Plan.

Note: Section 162(m) of the Internal Revenue Code limits the tax deduction for compensation paid to a “covered executive” to \$1,000,000 unless certain requirements are met. In order for compensation in excess of \$1,000,000 to be deductible by the Company, that compensation must satisfy the requirements to be treated as qualified performance-based compensation under Section 162(m). With respect to any payout opportunity that is made to a “covered executive” and that is intended to constitute qualified performance-based compensation for purposes of Section 162(m), those requirements include, without limitation, (1) a requirement that the Plan be administered by the Committee which consists entirely of outside directors, (2) a requirement that compensation in excess of \$1,000,000 must be based upon the attainment of objective performance goals approved by shareholders, and (3) a requirement that the objective performance goals and measures be established no later than ninety (90) days following the beginning of the performance period, and that such objective formula or standard preclude discretion to increase the amount of compensation due upon attainment of the goal. The Committee may always exercise “negative discretion”, i.e., discretion that reduces or eliminates a payout from the amount that would otherwise be payable in the absence of Committee discretion.

## **RELATIONSHIP TO OTHER COMPANY PLANS**

For employees participating in the Company’s defined benefit retirement plan, payouts made under this Plan generally will be included in earnings used to determine retirement benefits if paid while an active employee in accordance with the retirement plan. If an employee retires and receives a payout under this Plan subsequent to the employee’s retirement, that payout will not be used in calculation of retirement benefits, except as specifically provided in the applicable retirement plan document. Nothing in this Plan shall be construed as an amendment of or modification to (or otherwise operate to supersede) the terms of any retirement plan in which an employee participates. A participant’s retirement benefits shall in all cases be determined in accordance with the terms of the applicable retirement plan document.

401(k) and deferred compensation plan participants may defer a portion of the Plan payout into the Company’s 401(k) and (if the employee is eligible) deferred compensation plans, subject to the terms of the respective plan and tax law limits. 401(k) deferrals are not available to participants who are not active employees at the time of payout. Nothing in this Plan shall be construed as an amendment of or modification to (or otherwise operate to supersede) the terms of any 401(k) or deferred compensation plan in which an employee participates.

## **RIGHTS OF PARTICIPANTS & FORFEITURE**

Nothing in this Plan shall:

- (1) Confer upon any employee any right with respect to continuation of employment with the Company;
- (2) Interfere in any way with the right of the Company to terminate his/her employment at any time; or
- (3) Confer upon any employee or any other person any claim or right to any distribution under the Plan except to the extent that a payment has been earned based upon the achievement of the measures applicable to the employee, the employee otherwise satisfies the eligibility requirements of the Plan, and the Committee has authorized the payment of an payout to the employee.

No right or interest of any employee in the Plan shall, prior to actual payment or distribution to the employee, be assignable or transferable in whole or in part, either voluntarily or by operation of law or otherwise, or be subject to payment of debts of any employee by execution, levy, garnishment, attachment, pledge, bankruptcy, or in any other manner.

## **ADMINISTRATION**

The TEG Board of Directors (the “Board”) is responsible for the establishment of the Plan, and the Board has the right to amend or terminate the Plan at any time, as it deems appropriate. Further, the Committee is authorized to 1) interpret and apply the Plan’s terms and conditions, 2) determine who will participate in the Plan and the level of participation, and 3) approve the performance measures that are applicable to a covered employee’s participation and approve payments for employees covered by the Plan. The Committee will report to the Board substantive actions taken.

Any authority granted to the Committee may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any payout that is intended to be qualified performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code to cease to qualify for exemption under such section. To the extent that any permitted action taken by the Board conflicts with any action taken by the Committee, the Board action shall control.

**2012 Executive Regulated Incentive Plan Measure Weightings**

	<b>Financial Measure (70%)</b>	<b>Operational Measures (30%)</b>		
<i>Measure</i>	<b>Calculated Diluted EPS-Adjusted</b>	<b>Employee Safety % Weighting</b>	<b>Customer Satisfaction</b>	<b>Environmental % Weighting</b>
<i>Weighting</i>	70%	10%	10%	10%

Note - No Financial Measures Payouts for any Participants unless Calculated Diluted EPS-Adjusted Threshold is Exceeded. If Diluted EPS-Adjusted Threshold is NOT Reached, any Earned Non-Financial Measures Payouts will be Reduced by Fifty (50) Percent.

**INTEGRYS ENERGY GROUP, INC.**  
**2010 OMNIBUS INCENTIVE COMPENSATION PLAN**

**Section 1. PURPOSE AND DEFINITIONS**

(a) Purpose. The purpose of the Integrys Energy Group, Inc. 2010 Omnibus Incentive Compensation Plan is to promote the interests of the Company and its shareholders by (a) attracting and retaining executives and other key employees and directors of outstanding training, experience and ability; (b) motivating them, by means of performance-related incentives, to achieve performance goals; and (c) enabling them to participate in the growth and financial success of the Company. It is intended that this purpose be effected via performance-based incentives and through awards or grants of stock options and various other rights with respect to shares of the Company's common stock, as provided herein, to such eligible employees and directors (as defined in subsection (b) below).

(b) Definitions. The following terms shall have the following respective meanings unless the context requires otherwise:

(1) An "Affiliate" of, or a person "affiliated" with, a specified person is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified and the term "Associate" used to indicate a relationship with any person, means (i) any corporation or organization (other than the registrant or a majority-owned subsidiary of the registrant) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (ii) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the registrant or any of its parents or subsidiaries.

(2) The term "Annual Performance Right" shall mean the right to receive up to the amount of compensation described in the Participant's award agreement, taking into account the Target Award and the Performance Formula, upon the attainment of one or more

specified Performance Goals over a period of time determined by the Committee, subject to the terms and conditions of the award agreement and the Plan.

(3) A person shall be deemed to be the “Beneficial Owner” of any securities:

(A) which such Person or any of such Person’s Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided, however*, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person’s Affiliates or Associates until such tendered securities are accepted for purchase or (B) securities issuable upon exercise of any rights agreement that the Company may have in effect at a time before the issuance of such securities;

(B) which such Person or any of such Person’s Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has “beneficial ownership” of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Act), including pursuant to any agreement, arrangement or understanding; *provided, however*, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this subparagraph (ii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Act and (B) is not also then reportable on a Schedule 13D under the Act (or any comparable or successor report); or

(C) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in Section paragraph (B) above) or disposing of any voting securities of the Company.

(4) The term "Board" shall mean the Board of Directors of the Company.

(5) The term "Cause" for termination by the Company or a Subsidiary of a Participant's employment in connection with or following a Change in Control shall be limited to the following:

(A) the engaging by the Participant in intentional conduct not taken in good faith which has caused demonstrable and serious financial injury to the Company and/or a Subsidiary, as evidenced by a determination in a binding and final judgment, order or decree of a court or administrative agency of competent jurisdiction, in effect after exhaustion or lapse of all rights of appeal, in an action, suit or proceeding, whether civil, criminal, administrative or investigative;

(B) conviction of a felony (as evidenced by binding and final judgment, order or decree of a court of competent jurisdiction, in effect after exhaustion of all rights of appeal) which substantially impairs the Participant's ability to perform his duties or responsibilities;

(C) continuing willful and unreasonable refusal by the Participant to perform the Participant's duties or responsibilities (unless significantly changed without the Participant's consent);

(D) material violation of the Company's Code of Conduct.

(6) The term “Change in Control” shall mean the occurrence of any one of the following:

(A) any Person (other than any employee benefit plan of Integrys Energy Group, Inc. or of any subsidiary of Integrys Energy Group, Inc., any Person organized, appointed or established pursuant to the terms of any such benefit plan or any trustee, administrator or fiduciary of such a plan) is or becomes the Beneficial Owner of securities of Integrys Energy Group, Inc. representing at least 30% of the combined voting power of the then outstanding securities of Integrys Energy Group, Inc.;

(B) one-half or more of the members of the Board are not Continuing Directors;

(C) there shall be consummated any merger, consolidation, or reorganization of Integrys Energy Group, Inc. with any other corporation as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity are owned by the former shareholders of Integrys Energy Group, Inc. other than a shareholder who is an Affiliate or Associate of any party to such consolidation or merger;

(D) there shall be consummated any merger of Integrys Energy Group, Inc. or share exchange involving Integrys Energy Group, Inc. in which Integrys Energy Group, Inc. is not the continuing or surviving corporation other than a merger of Integrys Energy Group, Inc. in which each of the holders of Common Stock of Integrys Energy Group, Inc. immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger;

(E) there shall be consummated any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of Integrys Energy Group, Inc. to a

Person which is not a wholly owned subsidiary of Integrys Energy Group, Inc.; or

(F) the shareholders of Integrys Energy Group, Inc. approve any plan or proposal for the liquidation or dissolution of Integrys Energy Group, Inc.

If a Plan Award is considered deferred compensation subject to the provisions of Code Section 409A, and if a payment under such Plan Award would be accelerated or otherwise triggered upon a “change in control”, then the foregoing definition is modified, to the extent necessary to avoid the imposition of an excise tax under Section 409A, to mean a “change in control event” as such term is defined for purposes of Code Section 409A.

(7) The term “Code” shall mean the Internal Revenue Code of 1986, or any successor thereto, as the same may be amended and in effect from time to time.

(8) The term “Committee” shall mean the committee appointed pursuant to Section 2 to administer the Plan.

(9) The term “Company” shall mean Integrys Energy Group, Inc., or any successor thereto.

(10) The term “Continuing Director” shall mean (i) any member of the Board of Directors of Integrys Energy Group, Inc. who was a member of such Board on the day following the Effective Date of this Plan, (ii) any successor of a Continuing Director who is recommended to succeed a Continuing Director by a majority of the Continuing Directors then on such Board, and (iii) additional directors elected or recommended for membership by a majority of the Continuing Directors then on such Board.

(11) The term “Covered Executive” shall mean, with respect to each taxable year of the Company, an individual who, on the last day of the taxable year, is the Chief Executive Officer of the Company or among the three highest compensated officers of the Company and its subsidiaries (other than the Chief Executive Officer or Chief Financial Officer), as determined pursuant to the executive compensation disclosure rules under the Exchange Act.

(12) The term “Employee” shall mean an employee of the Company or any Subsidiary or a member of the Board of Directors of either the Company or a Subsidiary. The term “Employee” shall also be deemed to include any person who is an employee of any joint venture corporation or partnership, or comparable entity, in which the Company or a Subsidiary has a substantial equity interest; provided that with respect to the granting of an Option or Stock Appreciation Right; a person who is employed by a joint venture corporation, partnership or comparable entity in which the Company or a Subsidiary has an ownership interest shall be considered to be an Employee only if such corporation, partnership or entity itself constitutes a Subsidiary.

(13) The term “Exchange Act” shall mean the Securities Exchange Act of 1934, or any successor thereto, as the same may be amended and in effect from time to time.

(14) The term “Fair Market Value” shall mean the closing price at which a share of Stock shall have been sold on the New York Stock Exchange on the date of grant of any Option, date of grant and date of exercise of a Stock Appreciation Right, or other relevant valuation date. In the event that any Option or Stock Appreciation Right shall be granted, or a Stock Appreciation Right exercised, or other relevant valuation date shall occur, on a date on which there were no such sales of Stock on the New York Stock Exchange, the Fair Market Value of a share of Stock shall be deemed to be the closing price at which a share of Stock shall have been sold on the New York Stock Exchange on the next preceding day on which there were such sales. If the Stock is not listed on the New York Stock Exchange but is traded on another national securities exchange or through an over-the-counter market, the last sales price on such exchange on the applicable date as described above shall be used in determining Fair Market Value.

(15) The term “Final Award” shall mean the amount of compensation or the number of shares of Stock to be awarded finally to the Participant who holds an Annual Performance Right or a Performance Stock Right, as determined by the Committee taking into account the extent to which the Participant has achieved the Performance Goals.

(16) The term “Option” or “Options” shall mean the option to purchase Stock in accordance with Section 6 and such other terms and conditions as may be prescribed by

the Committee. An Option may be either an “incentive stock option”, as such term is defined in the Code, or shall otherwise be designated as an option entitled to favorable treatment under the Code (“ISO”) or a “nonqualified stock option” (“NQO”). ISOs and NQOs are individually called an “Option” and collectively called “Options”.

(17) The term “Other Stock-Based Awards” shall mean awards of Stock (including Restricted Stock) or other rights (including “stock units” or “phantom stock”) made in accordance with Section 7.

(18) The term “Participant” shall mean an Employee who has been designated for participation in the Plan.

(19) The term “Performance Goals” shall mean, with respect to any Annual Performance Right or Performance Stock Right that is granted to a Participant who is a Covered Executive and that intended to constitute performance-based compensation for purposes of Code Section 162(m), a performance measure that is based upon one or more of the following objective business criteria established by the Committee with respect to the Company and/or any Subsidiary, division, business unit or component thereof: asset charge, asset turnover, capital employed in the business, capital spending, cash flow (including operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment), cost structure improvements, complexity reductions, customer loyalty, customer value, diversity, debt (or the ratio of debt to equity or to another financial measure that appears on the Company’s financial statements or is derived from one or more amounts that appear on the Company’s financial statements), dividend payouts, earnings (before or after one or more of interest, taxes depreciation, amortization or extraordinary items), earnings growth, earnings per share, economic value-added (or other measure of productivity that considers the cost of capital employed), employee wellness, environmental health or performance, expense targets or reductions, gross profit, increase in customer base, level of parental guarantees, market efficiency, energy price weighted availability of generation facilities, market share, net cash balance, net earnings or net income (whether before or after tax, and including variations of net income, such as net income from continuing operations), net income margin, net operating cash flow, margins (including operating profit margin), occupational health reportable incidents,

operations and maintenance reduction, electric and/or gas utility rate levels, productivity, response time, profits before tax, quality/customer satisfaction, realized return (including return on assets, return on capital, return on equity, return on invested capital, return on net operating assets, return on revenue, return on sales, or return on another financial measure that appears in the Company's financial statements or is derived from one or more amounts that appear in the Company's financial statements), revenue, sales or revenue growth, safety, sales margin, sales volume, stock price, system reliability, total shareholder return, variable margin, value at risk, workers compensation costs,, and working capital (including accounts receivable, inventories, accounts payable or other components of working capital). With respect to each financial Performance Goal, the relevant measurement of performance shall be computed in accordance with generally accepted accounting principles, if applicable; provided that unless otherwise determined by the Committee, which determination may be made at any time with respect to a Plan Award that is not intended to constitute performance-based compensation for purposes of Code Section 162(m) and not later than 90 days after the beginning of the Performance Period with respect to a Plan Award that is intended to constitute performance-based compensation for purposes of Code Section 162(m), the measurement of the Performance Goal shall exclude, to the extent applicable under the particular Performance Goal, the effects of (1) extraordinary, unusual and/or non-recurring items of income or expense, (2) gains or losses on the disposition of a business or business unit, (3) changes in tax or accounting laws or regulations, or (iv) a merger or acquisition. With respect to any Annual Performance Right or Performance Stock Right granted to a Participant who is not a Covered Executive, or with respect to any Annual Performance Right or Performance Stock Right that is granted to a Participant who is a Covered Executive but the Committee determines that the Annual Performance Right or Performance Stock Right either is not eligible for or is not to be considered "performance-based compensation" for purposes of Code Section 162(m), the Performance Goals may be based on one or more of the business criteria described above or any other criteria based on individual, business unit, Subsidiary, group or Company performance selected by the Committee. The Performance Goals may be expressed, without limitation, in terms of attaining a specified level of the particular criterion or the attainment of an increase or decrease (expressed as absolute numbers or as a percentage) in the particular criterion or achievement in relation to a peer group or other index.

(20) The term “Performance Formula” shall mean a formula to be applied in relation to the Performance Goals in determining the percentage of the Target Award earned by the Participant with respect to a Plan Award.

(21) The term “Performance Period” shall mean the period of time for which performance with respect to one or more Performance Goals with respect to any Annual Performance Right or Performance Stock Right is to be measured.

(22) The terms “Performance Stock Rights” or “Performance Shares” shall mean the right to receive, without payment to the Company, up to the number of shares of Stock described in the Participant’s award agreement, taking into account the Target Award and the Performance Formula, upon the attainment of one or more specified Performance Goals, subject to the terms and provisions of the award agreement and the Plan.

(23) The term “Person” shall mean any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert; provided, that in the case of a merger, consolidation or reorganization of the Company with any other corporation or a share exchange involving the Company, the shareholders of the other corporation that is a party to the merger, consolidation, reorganization or share exchange shall not be considered to be acting in concert for purposes of applying Section 1(b)(6)(A).

(24) The term “Plan” shall mean the Integrys Energy Group, Inc. 2010 Omnibus Incentive Compensation Plan as the same may be amended and in effect from time to time.

(25) The term “Plan Awards” shall mean awards or grants of incentive compensation, whether in cash or in the form of Options, Stock Appreciation Rights, Performance Shares, Restricted Stock, or Other Stock Based Awards.

(26) The term “Restricted Stock” or “Restricted Shares” shall mean shares of Stock delivered to (or held in escrow or in a book account for the benefit of) a Participant, subject to such restrictions on the Participant’s right to retain the shares as the Committee shall, in its discretion, determine.

(27) The term “Right” shall mean an Annual Performance Right or a Performance Stock Right, as required by the context.

(28) The term “Stock Appreciation Right” shall mean the right to receive, without payment to the Company, an amount of cash or Stock as determined in accordance with Section 6, based on the amount by which the Fair Market Value of a share of Stock on the relevant valuation date exceeds the grant price.

(29) The term “Subsidiary” shall mean any corporation, limited liability company or other limited liability entity in an unbroken chain of entities beginning with the Company if each of the entities (other than the last entity or entities in the chain) owns the stock or equity interest possessing at least fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other entities in the chain. In addition, solely for purposes of determining those individuals to whom an Option (other than an Option that is designated as an incentive stock option for purposes of the Code) or a Stock Appreciation Right may be granted, the term “Subsidiary” includes an entity that would be a Subsidiary if the preceding sentence were applied by substituting “at least twenty percent (20%)” in lieu of “at least fifty percent (50%)” if the Committee determines that there are legitimate business reasons for extending Options or Stock Appreciation Rights to individuals employed by such an entity.

(30) The term “Stock” shall mean shares of the Company’s common stock, par value \$1.00 per share.

(31) The term “Target Award” shall mean the amount of compensation or the number of shares of Stock, subject to adjustment pursuant to Section 12, to be earned by a Participant under an Annual Performance Right or a Performance Stock Right if all of the Performance Goals are achieved at the targeted level of performance.

## **Section 2. ADMINISTRATION**

(a) Committee. The Plan shall be administered by the Compensation Committee of the Board consisting of not less than two (2) members of the Board who meet the “outside” director requirements of Section 162(m) of the Code, the independence standards of the New York Stock Exchange and the “non-employee director” requirements of Rule 16b-

3(b)(3) under the Exchange Act, or by any other committee appointed by the Board, *provided* the members of such committee meet such requirements. The Committee shall administer the Plan and perform such other functions as are assigned to it under the Plan. The Committee is authorized, subject to the provisions of the Plan, from time to time, to establish such rules and regulations as it may deem appropriate for the proper administration of the Plan, and to make such determinations under, and such interpretations of, and to take such steps in connection with, the Plan and the Plan Awards as it may deem necessary or advisable, in each case in its sole discretion. The Committee's decisions and determinations under the Plan need not be uniform and may be made selectively among Participants, whether or not they are similarly situated. Any authority granted to the Committee may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any qualified performance-based award to cease to qualify for exemption under Section 162(m) of the Code. To the extent that any permitted action taken by the Board conflicts with any action taken by the Committee, the Board action shall control.

(b) Effective Date of Plan Awards. Unless otherwise determined by the Committee at the time of grant, a Plan Award approved by the Committee shall become effective, and the grant shall occur on the date on which the Plan Award is ratified by the Board.

(c) Delegation of Authority. To the extent permitted by law, the Committee may delegate any or all of its powers and duties under the Plan, including, but not limited to, its authority to make awards under the Plan or to grant waivers pursuant to Section 9, to one or more of its members or to one or more officers of the Company as it shall appoint, and with any such delegation to be subject to such conditions or limitations as the Committee may establish; *provided, however*, that the Committee shall not delegate its authority to act on non-ministerial matters affecting any Participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act, or the liability provisions of Section 16(b) of the Exchange Act (any such Participant being called a "Section 16 Person"). Further, no person to whom authority has been delegated shall grant a Plan Award to himself or herself or otherwise administer or interpret a Plan Award that has been previously granted to such person. To the extent of any such delegation, the term "Committee" when used herein shall mean and include (except for purposes of subsection (c) below) any such delegate.

(d) Eligibility of Board Members. Notwithstanding anything in the Plan to the contrary, a member of the Board shall be eligible to hold or receive a Plan Award; provided that with respect to any Plan Award for a non-employee member of the Board, the Plan Award shall be reviewed and recommended by the Governance Committee, and shall be effective upon approval by the Board.

### **Section 3. ANNUAL PERFORMANCE RIGHTS AND FINAL AWARDS**

(a) Grant of Annual Performance Rights. The Committee, at any time and from time to time while the Plan is in effect, may grant or authorize the granting of, Annual Performance Rights to such officers of the Company and any Subsidiary, and other Employees, whether or not members of the Board, as it may select and in such amount as it shall designate, subject to the provisions of this Section 3.

(b) Maximum Awards. The maximum amount that may be granted to a Covered Executive as a Final Award with respect to one or more Annual Performance Rights during any calendar year during any part of which the Plan is in effect, whether such Final Award is payable in cash or credited to the Covered Executive's account under the Integrys Energy Group, Inc. Deferred Compensation Plan in accordance with subsection (d) below, shall be \$5 million.

(c) Terms and Provisions of Annual Performance Rights. Prior to the grant of any Annual Performance Right, the Committee shall determine the terms and provisions of such Right, including, without limitation (1) the Target Award; (2) one or more Performance Goals to be used to measure performance under such Right, and the Performance Formula to be applied against the Performance Goals in determining the amount of compensation earned under such Right as a percentage of the Target Award; (3) the Performance Period; and (4) the effect of the Participant's termination of employment or death. With respect to any Right that is intended to constitute qualified performance-based compensation for purposes of Code Section 162(m), such actions must be completed within 90 days of the commencement of the Performance Period. The Committee may establish a minimum threshold objective for any Performance Goal for such Performance Period which, if not met, would result in no Final Award being made to any Participant with respect to such Performance Goal for such Performance Period. During and

after the Performance Period, but prior to the Committee's final determination of the Participant's Final Award as provided in subsection (d), the Committee may adjust the Performance Goals, Performance Formula and Target Award and otherwise modify the terms and provisions of a Right subject to the terms and conditions of the Plan; *provided* that if the Committee acts more than 90 days following commencement of the Performance Period, to adjust or modify the terms and provisions of a Right granted to a Participant who is a Covered Executive, other than to decrease the amount of compensation that may be paid under such Right, any Final Award with respect to such Right shall not constitute qualified performance-based compensation for purposes of Code Section 162(m). Each Right shall be evidenced by an award agreement that is consistent with the terms and conditions approved by the Committee.

(d) Final Awards.

(1) As soon as practicable following the completion of the Performance Period relating to any Annual Performance Right, but not later than 12 months following such completion, the Committee shall determine the extent to which the Participant achieved the Performance Goals and the amount of compensation to be awarded as a Final Award to the Participant who holds such Right. In making such determination, the Committee shall apply the applicable Performance Formula for the Participant for the Performance Period against the accomplishment of the related Performance Goals. The Committee may, in its sole discretion, reduce the amount of any Final Award that otherwise would be awarded to any Participant for any Performance Period. In addition, the Committee may, in its sole discretion, increase the amount of any Final Award that otherwise would be awarded to any Participant; *provided* that if the Committee acts to increase the amount of any Final Award that would otherwise be awarded to a Participant who is a Covered Executive, the Award shall not constitute qualified performance-based compensation for purposes of Code Section 162(m). Any such determination shall take into account (A) the extent to which the Performance Goals provided in such Right were, in the Committee's sole opinion, achieved, (B) the individual performance of such Participant during the related Performance Period and (C) such other factors as the Committee may deem relevant, including, without limitation, any change in circumstances or unforeseen events, relating to the Company, the economy or otherwise, since the date of grant of

such Right. The Committee shall notify such Participant of such Participant's Final Award as soon as practicable following such determination.

(2) Following the determination of each Final Award, unless the Participant has elected to defer all or a portion of the Final Award in accordance with the procedures set forth in the Integrys Energy Group, Inc. Deferred Compensation Plan, the Final Award will be payable to the Participant in cash.

#### **Section 4. STOCK AVAILABLE FOR PLAN AWARDS**

(a) Stock Subject to Plan. The Stock issued under the Plan in satisfaction of Plan Awards may be either authorized and unissued or held in the treasury of the Company.

(1) Aggregate Share Limit. The maximum number of shares of Stock that may be issued under the Plan in satisfaction of Plan Awards, subject to adjustment in accordance with the provisions of Section 12, shall be equal to the sum of (A) three million (3,000,000) shares not previously authorized for issuance under any plan, plus (B) the number of shares remaining for issuance under the Integrys Energy Group, Inc. 2007 Omnibus Incentive Compensation Plan ("2007 Plan") but not subject to outstanding awards as of May 13, 2010, plus (C) the number of shares subject to awards outstanding under the 2007 Plan and the Integrys Energy Group, Inc. 2005 Omnibus Incentive Compensation Plan ("2005 Plan") as of May 13, 2010, but only to the extent that such outstanding awards are forfeited, unearned, expire, or otherwise terminate without the issuance of such shares of Stock. All such shares may be issued pursuant to the exercise of nonqualified or incentive stock options. Upon this Plan being approved by the Company's shareholders in accordance with Section 23, no further Plan Awards shall be granted under or pursuant to the 2007 Plan; *provided*, that the 2007 Plan will continue to operate in accordance with its terms with respect to Plan Awards previously granted.

(2) Limit on Full-Value Awards. Of the shares of Stock authorized for issuance under Section 4(a)(1) above, no more than the following number of such shares shall be granted as Plan Awards other than Options or Stock Appreciation Rights, where such number is: the sum of (A) nine hundred thousand (900,000) shares, plus (B) the number of shares remaining available for grant as Performance Shares, Restricted Stock or Other Stock-Based Awards

pursuant to Section 4(a)(2) of the 2007 Plan as of May 13, 2010, plus (C) the number of shares subject to awards as Performance Shares, Restricted Stock or Other Stock-Based Awards outstanding under the 2007 Plan and the 2005 Plan as of May 13, 2010, but only to the extent that such outstanding awards are forfeited, unearned, expire, or otherwise terminate without the issuance of such shares of Stock.

(3) Limits on Plan Awards to Covered Executives. In addition to the aggregate share limitations sets forth in Section 4(a)(1) and 4(a)(2) above, the following individual limitations shall apply with respect to Plan Awards granted to any Covered Executive:

(A) The maximum number of shares subject to Options, with or without any related Stock Appreciation Rights, or Stock Appreciation Rights (not related to Options) that may be granted pursuant to Section 6 to any Covered Executive during any calendar year during any part of which the Plan is in effect shall be one million (1,000,000), subject to adjustment in accordance with the provision of Section 12; and

(B) The maximum number of shares of Stock that may be granted as Final Awards pursuant to Section 5 or as Code Section 162(m) performance-based awards under Section 7 to any Covered Executive during any calendar year during any part of which the Plan is in effect shall be 250,000, subject to adjustment in accordance with the provision of Section 12.

(b) Computation of Stock Available for Plan Awards. For the purpose of computing the total number of shares of Stock remaining available for Plan Awards at any time while the Plan is in effect, there shall be debited against the total number of shares determined to be available pursuant to this Section 4, (1) the maximum number of shares of Stock subject to Options or Stock Appreciation Rights granted under this Plan, (2) the maximum number of shares of Stock issuable under Performance Stock Rights granted under this Plan, and (3) the number of shares of Stock related to Other Stock-Based Awards granted under this Plan, as determined by the Committee in each case as of the dates on which such Plan Awards were granted. Further, and for the avoidance of doubt, the following rules shall apply:

(1) Stock Appreciation Rights Settled in Stock. With respect to a Stock Appreciation Right that is exercised or otherwise become payable and that is settled in shares of Stock, the number of shares of Stock subject to the Stock Appreciation Right shall be counted against the reserve of shares of Stock available for issuance under the Plan, even though the number of shares of Stock actually issued to settle the Stock Appreciation Right might be less.

(2) Shares Tendered or Withheld in Payment of Option Exercise Price. With respect to an Option or other Plan Award that is exercised or becomes payable and for which the Participant tenders shares of Stock, or shares of Stock are otherwise withheld, as full or partial payment of the Option exercise price or other price of a Plan Award, the number of shares of Stock subject to the Option or other Plan Award shall be counted against the reserve of shares of Stock available or issuance under the Plan, even though the number of shares of Stock actually issued upon exercise or settlement of the Option or other Plan Award might be less. The shares of Stock tendered by or withheld for payment of the Option exercise or other purchase price shall not be available for issuance under the Plan.

(3) Shares Tendered or Withheld in Payment of Tax Obligations. With respect to any Plan Award with respect to which the Participant tenders shares of Stock, or shares of Stock are otherwise withheld, as full or partial payment of the Participant's tax withholding or tax payment obligations, the number of shares of Stock subject to the Plan Award, prior to the satisfaction of tax withholding or tax payment obligations through the tender or withholding of shares of Stock, shall be counted against the reserve of shares of Stock available or issuance under the Plan, even though the number of shares of Stock actually issued upon exercise or settlement of the Plan Award might be less. The shares of Stock tendered by or withheld for payment of tax withholding or tax payment obligations shall not be available for issuance under the Plan.

(c) Terminated, Expired, Unearned or Forfeited Plan Awards. The shares involved in the unexercised or undistributed portion of any terminated, expired, unearned or forfeited Plan Award shall be reinstated to the pool of available shares, and any applicable limit against which such shares are counted, and shall be made available for further Plan Awards.

Notwithstanding the foregoing, in the event any Plan Award granted to a Covered Executive is canceled, the number of shares of Stock subject to such canceled Plan Award shall continue to count against the individual limit specified in subsection (a)(4), in accordance with the requirements of Code Section 162(m).

(d) Plan Awards Settled in Cash. The shares involved in any Plan Award that is settled in cash shall be reinstated to the pool of available shares, and any applicable limit against which such shares are counted, and shall be made available for further Plan Awards. Notwithstanding the foregoing, in the event any Plan Award is settled in cash, the number of shares of Stock subject to such Plan Award shall continue to count against the individual limit specified in subsection (a)(4), in accordance with the requirements of Code Section 162(m).

(e) Certain Mergers and Acquisitions. Without affecting the number of shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Committee may authorize the issuance of awards under this Plan upon such terms and conditions as it may deem appropriate in exchange for the cancellation, exchange or assumption of awards held by individuals affected by such merger, consolidation, acquisition or reorganization.

## **Section 5. PERFORMANCE STOCK RIGHTS AND FINAL AWARDS**

(a) Grant of Performance Stock Rights. The Committee, at any time and from time to time while the Plan is in effect, may grant, or authorize the granting of, Rights to such officers of the Company and any Subsidiary, and other Employees, whether or not members of the Board, as it may select and for such numbers of shares as it shall designate, subject to the provisions of this Section 5 and Section 4.

(b) Terms and Provisions of Performance Stock Rights. Prior to the grant of any Right, the Committee shall determine the terms and provisions of each Right, including, without limitation (1) the Target Award; (2) one or more Performance Goals to be used to measure performance under such Right, and the Performance Formula to be applied against the Performance Goals in determining the number of shares of Stock earned under such Right as a percentage of the Target Award; (3) the Performance Period; (4) the period of time, if any,

during which the disposition of shares of Stock issuable under such Right shall be restricted as provided in subsection (a) of Section 10, *provided, however*, that the Committee may establish restrictions applicable to any Right at the time of or at any time prior to the granting of the related Final Award rather than at the time of granting such Right; and (5) the effect of the Participant's termination of employment or death. With respect to any Right that is intended to constitute qualified performance-based compensation for purposes of Code Section 162(m), such actions must be completed within 90 days of the commencement a Performance Period. The Committee may establish a minimum threshold objective for any Performance Goal for such Performance Period which, if not met, would result in no Final Award being made to any Participant with respect to such Performance Goal for such Performance Period. During and after the Performance Period, but prior to the Committee's final determination of the Participant's Final Award as provided in subsection (d), the Committee may adjust the Performance Goals, Performance Formula and Target Award and otherwise modify the terms and provisions of a Right, subject to the terms and conditions of the Plan; *provided* that if the Committee acts, more than 90 days following commencement of the Performance Period, to adjust or modify the terms and provisions of a Right granted to a Participant who is a Covered Executive, other than to decrease the amount of compensation that may be paid under such Right, any Final Award with respect to such Right shall not constitute qualified performance-based compensation for purposes of Code Section 162(m). Each Right shall be evidenced by an award agreement that is consistent with the terms and conditions approved by the Committee.

(c) Dividend Equivalents on Stock Performance Rights.

(1) If the Committee shall determine, each Participant to whom a Right is granted shall be entitled to receive payment of the same amount of cash that such Participant would have received as cash dividends if, on each record date during the Performance Period relating to such Right, such Participant had been the holder of record of a number of shares of Stock equal to 100% of the related Target Award (as adjusted pursuant to Section 12). Any such dividend equivalent shall be deferred until the date that a Final Award is determined, and shall only be paid to the extent that the Stock underlying the Plan Award is paid out upon satisfaction of the Performance Goals. all as determined by the Committee in its sole discretion. Such cash payments are hereinafter called "dividend equivalents". Notwithstanding anything to

the contrary herein, if the Committee determines that Dividend Equivalents should be granted with respect to any “stock right” within the meaning of Code Section 409A, the terms and conditions of the Dividend Equivalent rights shall be set forth in a separate writing, and to the extent that the Dividend Equivalents are considered deferred compensation subject to Code Section 409A, the writing shall include terms and conditions, including payment terms, that comply with the provisions of Code Section 409A.

(2) Notwithstanding the provisions of subsection (c)(1), the Committee may determine that, in lieu of receiving all or any portion of any such dividend equivalent in cash, a Participant shall receive an award of full shares of Stock having a Fair Market Value approximately equal to the portion of such dividend equivalent that was not paid in cash. Certificates for shares of Stock so awarded may be issued as of the payment date for the related cash dividend or may be deferred until the date that the Final Award is determined, and the shares of Stock covered thereby may be subject to the terms and conditions of the Right to which it relates (including but not limited to the attainment of the Performance Goals) and the terms and conditions of the Plan (including but not limited to Sections 5, 9, 10 and 12), all as determined by the Committee in its sole discretion.

(d) Final Awards.

(1) As soon as practicable following the completion of the Performance Period relating to any Right, but not later than 12 months following such completion, the Committee shall determine the extent to which the Participant achieved the Performance Goals and the number of shares of Stock to be awarded as a Final Award to the Participant who holds such Right. Each Final Award shall represent only full shares of Stock, and any fractional share that would otherwise result from such Final Award calculation shall be disregarded. In making such determination, the Committee shall apply the applicable Performance Formula for the Participant for the Performance Period against the accomplishment of the related Performance Goals. The Committee may, in its sole discretion, reduce the amount of any Final Award that otherwise would be awarded to any Participant for any Performance Period. In addition, the Committee may, in its sole discretion, increase the amount of any Final Award that otherwise would be awarded to any Participant; *provided* that if the Committee acts

to increase the amount of any Final Award that would otherwise be awarded to a Participant who is a Covered Executive, the Award shall not constitute qualified performance-based compensation for purposes of Code Section 162(m). Any such determination shall take into account (A) the extent to which the Performance Goals provided in such Right were, in the Committee's sole opinion, achieved, (B) the individual performance of such Participant during the related Performance Period and (C) such other factors as the Committee may deem relevant, including, without limitation, any change in circumstances or unforeseen events, relating to the Company, the economy or otherwise, since the date of grant of such Right. The Committee shall notify such Participant of such Participant's Final Award as soon as practicable following such determination.

(2) Following the determination of each Final Award, unless the Participant has elected to defer all or a portion of the Final Award in accordance with the procedures set forth in the Integrys Energy Group, Inc. Deferred Compensation Plan or unless the Committee has directed an alternate form of distribution, the Company shall issue or cause to be issued certificates for the number of shares of Stock representing such Final Award, registered in the name of the Participant who received such Final Award. Such Participant shall thereupon become the holder of record of the number of shares of Stock evidenced by such certificates, entitled to dividends, voting rights and other rights of a holder thereof, subject to the terms and provisions of the Plan, including, without limitation, the provisions of this subsection (d) and Sections 9, 10 and 12. The Committee may require that such certificates bear such restrictive legend as the Committee may specify and be held by the Company in escrow or otherwise pursuant to any form of agreement or instrument that the Committee may specify. If the Committee has determined that deferred dividend equivalents shall be payable to a Participant with respect to any Right pursuant to subsection (c) of this Section 5, then concurrently with the issuance of such certificates, the Company shall deliver to such Participant a cash payment or additional shares of Stock in settlement of such dividend equivalents.

## **Section 6. OPTIONS AND STOCK APPRECIATION RIGHTS**

### (a) Grant of Options.

(1) The Committee, at any time and from time to time while the Plan is in effect, may authorize the granting of Options to such officers of the Company and any Subsidiary, and other Employees, whether or not members of the Board, as it may select, and for such numbers of shares as it shall designate, subject to the provisions of this Section 6 and Section 4. Each Option granted pursuant to the Plan shall be a NQO unless the Option is both (A) granted to an Employee who is eligible to receive an ISO under the Code, and (B) designated by the Committee at the time of grant as an ISO.

(2) The date on which an Option shall be granted shall be the date on which the Board ratifies the Committee's approval of such grant or such later date as may be determined by the Committee at the time such grant is authorized. The Committee may not approve a grant of an Option with a grant date that is effective prior to the date the Committee takes action to approve such Plan Award. Any individual may hold more than one Option.

(b) Price. In the case of each Option granted under the Plan the option price shall be the Fair Market Value of Stock on the date of grant of such Option; *provided, however*, that the Committee may in its discretion fix an option price in excess of (but not lower than) the Fair Market Value of Stock on such date.

### (c) Grant of Stock Appreciation Rights.

(1) The Committee, at any time and from time to time while the Plan is in effect, may authorize the granting of Stock Appreciation Rights to such officers of the Company and any Subsidiary, and other salaried Employees, whether or not members of the Board, as it may select, and for such numbers of shares as it shall designate, subject to the provisions of this Section 6 and Section 4. The date on which a Stock Appreciation Right shall be granted shall be the date on which the Board ratifies the Committee's approval of such grant or such later date as may be determined by the Committee at the time such grant is authorized. The Committee may not approve a grant of a Stock Appreciation Right with a grant date that is effective prior to the date the Committee takes action to approve such Plan Award. Each Stock

Appreciation Right may relate to all or a portion of a specific Option granted under the Plan and may be granted concurrently with the Option to which it relates or at any time prior to the exercise, termination or expiration of such Option (a “Tandem SAR”), or may be granted independently of any Option, as determined by the Committee. If the Stock Appreciation Right is granted independently of an Option, the grant price of such Stock Appreciation Right shall be the Fair Market Value of Stock on the date of grant; *provided, however*, that the Committee may, in its discretion, fix a grant price in excess of (but not less than) the Fair Market Value of Stock on such grant date.

(2) Upon exercise of a Stock Appreciation Right, the Participant will be entitled to receive, without payment to the Company, either (A) that number of shares of Stock determined by dividing (i) the total number of shares of Stock subject to the Stock Appreciation Right being exercised by the Participant, multiplied by the amount by which the Fair Market Value of a share of Stock on the day the right is exercised exceeds the grant price (such amount being hereinafter referred to as the “Spread”), by (ii) the Fair Market Value of a share of Stock on the exercise date, or (B) cash in any amount determined by multiplying (i) the total number of shares of Stock subject to the Stock Appreciation Right being exercised by the Participant, by (ii) the amount of the Spread; or (C) a combination of shares of Stock and cash, in amounts determined as set forth in clauses (A) and (B) above, as determined by the Committee in its sole discretion; *provided, however*, that, in the case of a Tandem SAR, the total number of shares which may be received upon exercise of a Stock Appreciation Right for Stock shall not exceed the total number of shares subject to the related Option or relevant portion thereof, and the total amount of cash which may be received upon exercise of a Stock Appreciation Right for cash shall not exceed the Fair Market Value on the date of exercise of the total number of shares subject to the related Option or portion thereof that are subject to the cash exercise.

(d) Terms and Conditions.

(1) Each Option and Stock Appreciation Right granted under the Plan shall be exercisable on such date or dates, during such period, for such number of shares and subject to such further conditions as shall be determined pursuant to the provisions of the award agreement with respect to such Option and Stock Appreciation Right; *provided, however*, that a

Tandem SAR shall not be exercisable prior to or later than the time the related Option could be exercised; and *provided, further*, that in any event no Option or Stock Appreciation Right shall be exercised beyond ten years from the date of grant.

(2) The Committee may impose such conditions as it may deem appropriate upon the exercise of an Option or a Stock Appreciation Right, including, without limitation, a condition that the Stock Appreciation Right may be exercised only in accordance with rules and regulations adopted by the Committee from time to time.

(3) With respect to Options issued with Tandem SARs, the right of a Participant to exercise the Tandem SAR shall be cancelled if and to the extent the related Option is exercised, and the right of a Participant to exercise an Option shall be cancelled if and to the extent that shares covered by such Option are used to calculate the consideration received upon exercise of the Tandem SAR.

(4) The Participant shall not be entitled to dividends or dividend equivalents with respect to an Option or a Stock Appreciation Right prior to the date on which the Option or Stock Appreciation Right is exercised.

(5) If any fractional share of Stock would otherwise be payable to a Participant upon the exercise of an Option or Stock Appreciation Right, the Participant shall be paid a cash amount equal to the same fraction of the Fair Market Value of the Stock on the date of exercise.

(e) Award Agreement. Each Option and Stock Appreciation Right shall be evidenced by an award agreement that is consistent with the terms and conditions approved by the Committee.

(f) Payment for Option Shares.

(1) Payment for shares of Stock purchased upon exercise of an Option granted hereunder shall be made in such manner as is provided in the applicable award agreement or as otherwise permitted by the Committee, which may include payment through a cash-less exercise if the Committee has determined that the particular form of cashless exercise will not result in adverse accounting implications for the Company.

(2) Unless the Committee shall provide otherwise in any award agreement, any payment for shares of Stock purchased upon exercise of an Option granted hereunder may be made in cash, by delivery of shares of Stock beneficially owned by the Participant, or by a combination of cash and Stock, at the election of the Participant; *provided, however,* that, to the extent necessary to avoid adverse accounting implications for the Company, any shares of Stock so delivered shall have been beneficially owned by the Participant for a period of not less than six months prior to the date of exercise. Any such shares of Stock so delivered shall be valued at their Fair Market Value on the date of such exercise. The Committee shall determine whether and if so the extent to which actual delivery of share certificates to the Company shall be required.

## **Section 7. OTHER STOCK-BASED AWARDS**

(a) Grants of Other Stock-Based Awards. The Committee, at any time and from time to time while the Plan is in effect, may grant Other Stock-Based Awards to such officers of the Company and its Subsidiaries, and other Employees, whether or not members of the Board, as it may select. Such Plan Awards pursuant to which Stock is or may in the future be acquired, or Plan Awards valued or determined in whole or part by reference to, or otherwise based on, Stock, may include, but are not limited to, awards of Restricted Stock or Plan Awards denominated in the form of “stock units”, grants of so-called “phantom stock” and options containing terms or provisions differing in whole or in part from Options granted pursuant to Section 6. Other Stock-Based Awards may be granted either alone, in addition to, in tandem with or as an alternative to any other kind of Plan Award, grant or benefit granted under the Plan or under any other employee plan of the Company, including a plan of any acquired entity.

(b) Terms and Conditions. Subject to the provisions of the Plan, the Committee shall have the authority to determine the time or times at which Other Stock-Based Awards shall be made, the number of shares of Stock or stock units and the like to be granted or covered pursuant to such Plan Awards (subject to the provisions of Section 4) and all other terms and conditions of such Plan Awards, including, but not limited to, the vesting period (if any) applicable to such Plan Awards, and whether such Plan Awards shall be payable or paid in cash, Stock or otherwise.

(c) Consideration for Other Stock-Based Awards. In the discretion of the Committee, any Other Stock-Based Award may be granted (1) as a Stock bonus for no consideration other than services rendered or to be rendered, (2) in lieu of cash compensation, (3) subject to Code Section 409A, in exchange for another compensation right that the Participant has, or (4) on such other terms and conditions as determined by the Committee.

## **Section 8. CASH AWARDS TO EMPLOYEES OF FOREIGN SUBSIDIARIES OR BRANCHES OR JOINT VENTURES**

In order to facilitate the granting of Plan Awards to Participants who are foreign nationals or who are employed outside of the United States of America, the Committee may provide for such special terms and conditions, including without limitation substitutes for Plan Awards, as

the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Such substitutes for Plan Awards may include a requirement that the Participant receive cash, in such amount as the Committee may determine in its sole discretion, in lieu of any Plan Award or share of Stock that would otherwise have been granted to or delivered to such Participant under the Plan. The Committee may approve any supplements to, or amendments, restatements or alternative versions of the Plan as it may consider necessary or appropriate for purposes of this Section 8 without thereby affecting the terms of the Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such documents as having been approved and adopted pursuant to properly delegated authority; *provided, however*, that no such supplements, amendments, restatements or alternative versions shall include any provision that is inconsistent with the terms of the Plan as then in effect. Participants subject to the laws of a foreign jurisdiction may request copies of, or the right to view, any materials that are required to be provided by the Company pursuant to the laws of such jurisdiction.

#### **Section 9. PAYMENT OF PLAN AWARDS AND CONDITIONS THEREON**

(a) Effect of Competitive Activity. Anything contained in the Plan to the contrary notwithstanding, if the employment of any Participant shall terminate, for any reason other than death, while any Plan Award granted to such Participant is outstanding hereunder, and such Participant has not yet received the compensation or Stock covered by such Plan Award or otherwise received the full benefit of such Plan Award, such Participant, if otherwise entitled thereto, shall receive such Stock or compensation or benefit only if, during the entire period from the date of such Participant's termination to the date of such receipt, such Participant shall have (1) made himself or herself available, upon request, at reasonable times and upon a reasonable basis, to consult with, supply information to and otherwise cooperate with the Company or any Subsidiary with respect to any matter that shall have been handled by him or her or under his or her supervision while he or she was in the employ of the Company or of any Subsidiary, and (2) refrained from engaging in any activity that is directly or indirectly in competition with any activity of the Company or any Subsidiary.

(b) Nonfulfillment of Competitive Activity Conditions: Waivers Under the Plan. In the event of a Participant's non-fulfillment of any condition set forth in subsection (a) of this Section 9, such Participant's rights under any Plan Award shall be forfeited and cancelled forthwith; *provided, however*, that the nonfulfillment of such condition may at any time (whether before, at the time of or subsequent to termination of employment) be waived in the following manner:

(1) with respect to any such Participant who at any time shall have been a Section 16 Person, such waiver may be granted by the Committee upon its determination that in its sole judgment there shall not have been and will not be any substantial adverse effect upon the Company or any Subsidiary by reason of the nonfulfillment of such condition; and

(2) with respect to any other such Participant, such waiver may be granted by the Committee (or any delegate thereof) upon its determination that in its sole judgment there shall not have been and will not be any such substantial adverse effect.

(c) Effect of Inimical Conduct. Anything contained in the Plan to the contrary notwithstanding, all rights of a Participant under any Plan Award shall cease on and as of the date on which it has been determined by the Committee that such Participant at any time (whether before or subsequent to termination of such Participant's employment) acted in a manner inimical to the best interests of the Company or any Subsidiary.

(d) Taxes and Tax Withholding. Prior to any distribution of cash, Stock or Other Stock-Based Awards (including payments under Section 5(c)) to any Participant, arrangements deemed appropriate by the Committee shall be made for the payment of any taxes and other amounts required to be withheld by federal, state or local law. Such arrangements may include a requirement that the Company (or an Affiliate) withhold from cash or shares otherwise due the Participant with respect to a Plan Award. Alternatively, the Committee may require the Participant to pay to the Company or Affiliate, in cash and promptly upon demand, the aggregate amount of such taxes or other required amounts. If shares of the Company's stock are deliverable upon the Participant's exercise of or payment of a Plan Award, the Committee may, but need not, permit the Participant to satisfy all or a portion of the Federal, state and local tax withholding obligations resulting from such Plan Award by (1) withholding shares otherwise

deliverable under the Plan Award, (2) tendering back shares received in connection with the Plan Award, or (3) delivering other previously owned shares; *provided* that to the extent that the Committee determines that such action is necessary or appropriate in order to avoid an accounting charge, the Committee may require that previously owned shares have been held by the Participant for a minimum period of time prescribed by the Committee prior to being delivered in payment of the tax obligations, and the Committee may restrict the number of shares withheld, tendered back or delivered to the minimum Federal, state and local tax withholding obligation associated with the transaction. In any case, the Committee may defer making payment or delivery under any Plan Award until tax withholding and payment matters have been resolved to the Committee's satisfaction. Notwithstanding anything to the contrary, neither the Company nor the Committee nor any other person guarantees to any Participant or any other person with an interest in a Plan Award that (1) any Plan Award intended to be exempt from Code Section 409A shall be so exempt, (2) any Plan Award intended to comply with Code Section 409A or Code Section 422 shall so comply, or (3) any Plan Award shall receive specific tax treatment under the Code or other applicable tax law. Neither the Company nor the Committee nor any other person shall have any duty to indemnify, defend or hold harmless any individual with respect to the tax consequences of any Plan Award.

(e) Substitution. The Committee, in its sole discretion, may substitute a Plan Award (except ISOs) for another Plan Award or Plan Awards of the same or different type.

(f) Section 409A Separation from Service. For purposes of any Plan Award that is subject to Code Section 409A and with respect to which the terms and conditions of the Plan Award, as determined by the Committee (or if applicable, elected by the Participant) at the time of grant provide for distribution or settlement of the Plan Award upon the Participant's termination of employment, the Participant will be deemed to have terminated employment on the date on which the Participant incurs a "separation from service" within the meaning of Code Section 409A, and to the extent required in order to comply with Code Section 409A, no distribution or settlement of the Plan Award shall be made until the date that is six months and one day following the date of the Participant's "separation from service" A Participant's "separation from service" shall occur when the Company reasonably anticipates that no further services will be performed by the Participant for the Company after a certain date or that the

level of bona fide services the Participant will perform after such date will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed by the Participant (whether as an employee or independent contractor) for the Company over the immediately preceding thirty-six (36) month period (or such lesser period of actual service). For purposes of this definition, the term “Company” includes each other corporation, trade or business that, with Integrys Energy Group, Inc., constitutes a controlled group of corporations or group of trades or businesses under common control within the meaning of Code Sections 414(b) or (c). For this purpose, Code Sections 414(b) and (c) shall be applied by substituting “at least 50 percent” for “at least 80 percent” each place it appears therein or in the regulations promulgated thereunder. A Participant is not considered to have incurred a “separation from service” if the Participant is absent from active employment due to military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed the greater of (i) six (6) months, or (ii) the period during which the Participant’s right to reemployment by the Company or controlled group member is provided either by statute or by contract; provided that if the leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than six (6) months, where such impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, the leave may be extended for up to twenty-nine (29) months without causing a “separation from service”.

**Section 10. NON-TRANSFERABILITY OF PLAN AWARDS; RESTRICTIONS ON DISPOSITION AND EXERCISE OF PLAN AWARDS**

(a) Restrictions on Transfer of Rights or Final Awards. No Right or, until the expiration of any restriction period imposed by the Committee, no shares of Stock covered by any Final Award, shall be transferred, pledged, assigned or otherwise disposed of by a Participant, except as permitted by the Plan, without the consent of the Committee, otherwise than by will or the laws of descent and distribution; *provided, however*, that the Committee may permit, on such terms as it may deem appropriate, use of Stock included in any Final Award as partial or full payment upon exercise of an Option under the Plan or a stock option under any other stock option plan of the Company prior to the expiration of any restriction period relating to such Final Award.

(b) Restrictions on Transfer of Options or Stock Appreciation Rights. Unless the Committee determines otherwise, no Option or Stock Appreciation Right shall be transferable by a Participant otherwise than by will or the laws of descent and distribution, and during the lifetime of a Participant the Option or Stock Appreciation Right shall be exercisable only by such Participant or such Participant's guardian or legal representative.

(c) Restrictions on Transfer of Certain Other Stock-Based Awards. Unless the Committee determines otherwise, no Other Stock-Based Award shall be transferable by a Participant otherwise than by will or the laws of descent and distribution, and during the lifetime of a Participant any such Other Stock-Based Award shall be exercisable only by such Participant or such Participant's guardian or legal representative.

(d) No Transfers for Value. Notwithstanding anything in Section 10 to the contrary, in no event may a Right or Plan Award be transferred for value or consideration while the Right is outstanding or prior to the date on which any restriction period imposed by the Committee has lapsed.

(e) Attachment and Levy. No Plan Award shall be subject, in whole or in part, to attachment, execution or levy of any kind, and any purported transfer in violation hereof shall be null and void. Without limiting the generality of the foregoing, no domestic relations order purporting to authorize a transfer of a Plan Award, or to grant to any person other than the Participant the authority to exercise or otherwise act with respect to a Plan Award, shall be recognized as valid.

## **Section 11. DESIGNATION OF BENEFICIARIES**

Any benefits due and payable to a Participant following the Participant's death shall be paid to the executor or administrator of the Participant's estate (or to such person as the executor or administrator of the estate may certify as being eligible to receive such award as a result of the operation of the Participant's last will and testament or the application of the laws of intestate succession), and upon any such payment, the Company, the Plan, the Committee and the members thereof shall not be under any further liability to anyone. Notwithstanding the foregoing, the Committee may, but need not, permit a Participant to file with the Company a written designation of a beneficiary or beneficiaries under the Plan, subject to such limitations as to the classes and number of beneficiaries and contingent beneficiaries and such other limitations as the Committee from time to time may prescribe. A Participant may from time to time revoke or change any such designation of beneficiary. Any designation of a beneficiary under the Plan shall be controlling over any other disposition, testamentary or otherwise; *provided, however*, that if the Committee shall be in doubt as to the entitlement of any such beneficiary to receive any Right, Final Award, Option, Stock Appreciation Right or Other Stock-Based Award, or if applicable law requires the Company to do so, the Committee may recognize only the legal representative of such Participant as the sole beneficiary, in which case the Company, the Plan, the Committee and the members thereof shall not be under any further liability to anyone. In the event of the death of any Participant, the term "Participant" as used in the Plan shall thereafter be deemed to refer to the person entitled to payment pursuant to this Section 11 unless the context otherwise requires.

## **Section 12. MERGER, CONSOLIDATION, STOCK DIVIDENDS, ETC.**

(a) Adjustments In General. In the event of any merger, share exchange, consolidation, reorganization, recapitalization, stock split, stock dividend or other event in which the Stock is subdivided or combined, cash dividend the amount of which, on a per share basis, exceeds fifteen percent (15%) of the Fair Market Value of a share of Stock at the time the dividend is declared, or the Company shall effect any other dividend or other distribution of its Stock that the Board determines by resolution is extraordinary or special in nature or that is in connection with a transaction that the Company characterizes publicly as a recapitalization or

reorganization of the Shares or words of similar import, or any other event shall occur, which, in the judgment of the Committee necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, an appropriate adjustment, as the Committee may deem equitable and consistent with applicable law, shall be made in (1) the total number of shares available for Plan Awards and in all other provisions of the Plan that include a reference to a number of shares, (2) in the numbers of shares covered by, and other terms and provisions (including, but not limited to the grant or exercise price of any Plan Award) of outstanding Plan Awards, and (3) to the extent that the exercise of such discretion does not cause a Plan Award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such, the Performance Goals applicable to a Plan Award.

(b) Special Rules. The following supplement the adjustment rules set forth in Section 12(a) above:

(1) In the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, whether or not constituting a Change of Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Stock of the Company is not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Committee may substitute, on an equitable basis as the Committee determines, for each share of Stock then subject to a Plan Award and the shares of Stock subject to this Plan (if the Plan will continue in effect), the number and kind of shares of stock, other securities, cash or other property to which holders of Stock are or will be entitled in respect of each share of Stock pursuant to the transaction.

(2) Without affecting the number of shares of Stock otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or stock, or reorganization, the Committee may authorize the issuance or assumption of awards under this Plan upon such terms and conditions as it may deem appropriate.

(c) Committee Determinations. The foregoing adjustments and the manner of application of the foregoing provisions shall be determined by the Committee in its sole

discretion Any such adjustment may provide for the elimination of any fractional share which might otherwise become subject to a Plan Award. With respect to Plan Awards that are intended to qualify as ISOs, any such adjustment must satisfy Code Section 422(b).

### **Section 13. ACCELERATION OF PAYMENT OR MODIFICATION OF PLAN AWARDS**

(a) Acceleration and Modification. The Committee, in the event of the death of a Participant or in any other circumstance, may accelerate distribution of any Plan Award in its entirety or in a reduced amount, or modify or terminate any Plan Award, including the cancellation of an outstanding Plan Award in exchange for a cash payment, in each case on such basis and in such manner as the Committee may determine in its sole discretion; *provided, however,* that in no event shall the Committee (1) “re-price” an Option or Stock Appreciation Right to provide for a grant price that is less than the Fair Market Value of the Stock on the date on which the Option or Stock Appreciation Right was originally granted, except as permitted pursuant to Section 12, (2) cancel an Option or Stock Appreciation Right and replace the cancelled Option or Stock Appreciation Right with an Option, Stock Appreciation Right or other Plan Award having an exercise price or base price less than that of the cancelled Option or Stock Appreciation Right, or (3) make a cash payment in exchange for an Option or Stock Appreciation Right if the Fair Market Value of a share of Stock is less than the Option exercise price or Stock Appreciation Right base price. Notwithstanding the foregoing, unless determined otherwise by the Committee, any such action shall be taken in a manner that will enable a Plan Award that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable a Plan Award that is intended to comply with Code Section 409A to continue to so comply.

(b) Change in Control. If the Participant has in effect an employment, retention, change in control, severance or similar agreement with the Company or any Affiliate that discusses the effect of a Change in Control on the Participant’s Plan Awards, then such agreement shall control. In all other cases, unless provided otherwise in the Plan Award agreement or determined by the Committee prior to the occurrence of a Change in Control, in the event of a Change in Control:

(1) The successor or purchaser in the Change in Control transaction may assume a Plan Award or provide a substitute award with similar terms and conditions, and preserving the same benefits, as the Plan Award it is replacing. In such event, if the Participant is involuntarily terminated from employment or service for any reason other than Cause (or, in the case of a Participant who has in effect an employment, retention, change in control, severance or similar agreement with the Company or any Affiliate that provides for “good reason” termination and the Participant, in accordance with such agreement, terminates employment or service for “good reason”) within two years following the date of the Change in Control, then:

(A) each Option or SAR outstanding as of the date of the Change in Control shall become immediately and fully vested and exercisable as of the date of such termination;

(B) each other Plan Award (including an Annual Performance Right) outstanding as of the date of the Change in Control, and that is not then vested:

(i) shall become fully vested as of the date of termination, if vesting is based solely upon length of the employment relationship, or shall become fully vested as of the date of termination at the target level (or if greater, the then projected Final Award level), prorated for the portion of the Performance Period that has been completed as of the date of termination; provided that a Plan Award that relates to a Performance Period that was completed prior to the date of the Participant’s termination shall be paid in full in accordance with the terms of the Plan Award;

(ii) any restrictions or other conditions applicable to the Plan Award shall lapse as of the date of termination, and such Plan Award shall become free of all restrictions and conditions; and

(iii) such Plan Award shall be immediately paid to the Participant as of the date of termination.

(C) For purposes of this Section 13(b)(1) a Participant shall not be deemed to have been involuntarily terminated if the successor or purchaser in the Change in Control transaction offers the Participant employment on substantially similar terms and conditions as the Participant had with the Company (or Affiliate) and the Participant does not accept such offer employment.

(2) If the successor or purchaser in the Change in Control transaction does not assume the Plan Awards or issue replacement awards that are effective upon the Change in Control as provided in subsection (b)(1), then immediately prior to the Change in Control:

(A) each Option or Stock Appreciation Right that is then held by a Participant who is employed by or in the service of the Company or a Subsidiary shall become immediately and fully vested and exercisable, or, if so determined by the Committee, shall be cancelled on the date of the Change in Control in exchange for a cash payment equal to the excess of the Change in Control price of the Stock covered by the Option or Stock Appreciation Right that is so cancelled over the purchase or grant price of such Stock under the Plan Award;

(B) each other Plan Award (including an Annual Performance Right) that is then held by a Participant who is employed by or in the service of the Company or a Subsidiary, and that is not then vested:

(i) shall become fully vested as of the date of the Change in Control, if vesting is based solely upon length of the employment relationship, or shall become fully vested as of the date of the Change in Control at the target level (or if greater, the then projected Final Award level),

prorated for the portion of the Performance Period that has been completed as of the date of the Change in Control; provided that a Plan Award that relates to a Performance Period that was completed prior to the date of the Change in Control shall be paid in full in accordance with the terms of the Plan Award;

(ii) any restrictions or other conditions applicable to the Plan Award shall lapse as of the date of the Change in Control, and such Plan Award shall become free of all restrictions and conditions; and

(iii) such Plan Award shall be immediately paid to the Participant as of the date of the Change in Control.

Except as otherwise expressly provided in any agreement between a Participant and the Company or a Subsidiary, if the receipt of any payment by a Participant under the circumstances described above would result in the payment by the Participant of any excise tax provided for in Section 280G and Section 4999 of the Code, then the amount of such payment shall be reduced to the extent required to prevent the imposition of such excise tax.

Notwithstanding the foregoing provisions of Section 13(b), unless determined otherwise by the Committee, any such action shall be taken in a manner that will enable a Plan Award that is intended to be exempt from Code Section 409A to continue to be so exempt, or to enable a Plan Award that is intended to comply with Code Section 409A to continue to so comply.

#### **Section 14. RIGHTS AS A SHAREHOLDER**

A Participant shall not have any rights as a shareholder with respect to any Stock covered by any Plan Award until such Participant shall have become the holder of record of such Stock.

#### **Section 15. TERM, AMENDMENT, MODIFICATION AND TERMINATION OF THE PLAN AND AGREEMENTS**

(a) Term. No Plan Award shall be granted under the Plan on or after the tenth (10<sup>th</sup>) anniversary of the Effective Date of the Plan, or such earlier date on which the Plan is terminated pursuant to subsection (b) below.

(b) Amendment, Modification and Termination of Plan. The Board may, from time to time, amend or modify the Plan or any outstanding Plan Award, including without limitation, to authorize the Committee to make Plan Awards payable in other securities or other forms of property of a kind to be determined by the Committee, and such other amendments as may be necessary or desirable to implement such Plan Awards, or may terminate the Plan or any provision thereof; *provided, however*, that no such action of the Board, without approval of the shareholders of the Company, may (1) increase the total number of shares of Stock with respect to which Plan Awards may be granted under the Plan or increase the limits specified in Section 4, (2) extend the term of the Plan as set forth in subsection (a) of this Section 15, (3) permit the Committee to take any of the actions prohibited under items (1), (2) or (3) of subsection (a) of Section 13, or (4) take any other action to amend the Plan, if the Company determines that such amendment requires approval of the Company's shareholders in order to comply with Section 16 of the Exchange Act, Section 162(m) or other relevant section of the Code, the listing requirements of any principal securities exchange or market on which the Stock is then traded, or other applicable law.

(c) Limitation and Survival. The Committee's authority to act and to apply the terms of the Plan with respect to any Plan Award granted prior termination of the Plan, and a Participant's ability to exercise an outstanding Plan award granted prior to termination of the Plan and not otherwise cancelled by the Board, shall survive termination of the Plan.

(d) Amendments for Changes in Law. Notwithstanding anything to the contrary herein, the Board shall have the authority to amend outstanding Plan Awards and the Plan to take into account changes in law and tax and accounting rules as well as other developments, and to grant Plan Awards that qualify for beneficial treatment under such rules, without shareholder approval. Further, the provisions of Code Section 409A are incorporated into the Plan by reference to the extent necessary for any Plan Award that is subject to Code Section 409A to comply with such requirements, and except as otherwise determined by the Committee, the Plan shall be administered in accordance with Section 409A as if the requirements of Code Section 409A were set forth herein.

## **Section 16. INDEMNIFICATION AND EXCULPATION**

(a) Indemnification. Each person who is or shall have been a member of the Board, the Committee, or of any other committee of the Board administering the Plan or of any committee appointed by the foregoing committees, shall be indemnified and held harmless by the Company against and from any and all loss, cost, liability or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit or proceeding to which such person may be or become a party or in which such person may be or become involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by such person in settlement thereof (with the Company's written approval) or paid by such person in satisfaction of a judgment in any such action, suit or proceeding, except a judgment in favor of the Company based upon a finding of such person's lack of good faith; subject, however, to the condition that, upon the institution of any claim, action, suit or proceeding against such person, such person shall in writing give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's behalf. The foregoing right of indemnification shall not be exclusive of any other right to which such person may be entitled as a matter of law or otherwise, or any power that the Company may have to indemnify or hold such person harmless.

(b) Exculpation. Each member of the Board, the Committee, or of any other committee of the Board administering the Plan or any committee appointed by the foregoing committees, and each officer and employee of the Company, shall be fully justified in relying or

acting in good faith upon any information furnished in connection with the administration of the Plan by any appropriate person or persons other than such person. In no event shall any person who is or shall have been a member of the Board, the Committee, or of any other committee of the Board administering the Plan or of any committee appointed by the foregoing committees, or an officer or employee of the Company, be held liable for any determination made or other action taken or any omission to act in reliance upon any such information, or for any action (including the furnishing of information) taken or any failure to act, if in good faith.

#### **Section 17. EXPENSES OF PLAN**

The entire expense of offering and administering the Plan shall be borne by the Company and its participating Subsidiaries; *provided*, that the costs and expenses associated with the redemption or exercise of any Plan Award, including but not limited to commissions charged by any agent of the Company, may be charged to the Participants.

#### **Section 18. FINALITY OF DETERMINATIONS**

Each determination, interpretation, or other action made or taken pursuant to the provisions of the Plan by the Board, the Committee or any committee of the Board administering the Plan or any committee appointed by the foregoing committees, shall be final and shall be binding and conclusive for all purposes and upon all persons, including, but without limitation thereto, the Company, the shareholders, the Committee and each of the members thereof, and the directors, officers, and employees of the Company and its Subsidiaries, the Participants, and their respective successors in interest.

#### **Section 19. NO RIGHTS TO CONTINUED EMPLOYMENT OR TO PLAN AWARD**

(a) No Right to Employment. Nothing contained in this Plan, or in any booklet or document describing or referring to the Plan, shall be deemed to confer on any Participant the right to continue as an Employee or director of the Company or Subsidiary, whether for the duration of any Performance Period, the duration of any vesting period under a Plan Award, or otherwise, or affect the right of the Company or Subsidiary to terminate the employment of any Participant for any reason.

(b) No Right to Award. No Employee or other person shall have any claim or right to be granted a Plan Award under the Plan. Having received an Award under the Plan shall not give a Participant or any other person any right to receive any other Plan Award under the Plan. A Participant shall have no rights in any Plan Award, except as set forth herein and in the applicable award grant.

## **Section 20. GOVERNING LAW, LIMITATION ON ACTIONS, AND CONSTRUCTION**

The Plan and all actions taken hereunder shall be governed by, and the Plan shall be construed in accordance with the laws of the State of Illinois without regard to the principle of conflict of laws. As a condition of receiving benefits pursuant to any Plan Award, a Participant agrees, on behalf of the Participant and all persons or entities that may claim through the Participant, that (1) any legal action or other legal proceeding concerning the Plan or a Plan Award may only be heard in a “bench” trial, and (2) any right to a jury trial is waived. No legal action or other legal proceeding may be brought with respect to the Plan or any Plan Award more than one (1) year after the later of (1) the last date on which the act or omission giving rise to the legal action or proceeding occurred, or (2) the date on which the individual or entity bringing such legal action or proceeding had knowledge (or reasonably should have had knowledge) of the act of omission. Titles and headings to Sections are for purposes of reference only, and shall in no way limit, define or otherwise affect the meaning or interpretation of the Plan.

## **Section 21. SECURITIES AND STOCK EXCHANGE REQUIREMENTS**

(a) Restrictions on Resale. Notwithstanding any other provision of the Plan, no person who acquires Stock pursuant to the Plan may, during any period of time that such person is an affiliate of the Company (within the meaning of the rules and regulations of the Securities Exchange Commission) sell or otherwise transfer such Stock, unless such offer and sale or transfer is made (1) pursuant to an effective registration statement under the Securities Act of 1933 (“1933 Act”), which is current and includes the Stock to be sold, or (2) pursuant to an appropriate exemption from the registration requirements of the 1933 Act, such as that set forth in Rule 144 promulgated pursuant thereto.

(b) Registration, Listing and Qualification of Shares of Common Stock.

Notwithstanding any other provision of the Plan, if at any time the Committee shall determine that the registration, listing or qualification of the Stock covered by a Plan Award upon any securities exchange or under any foreign, federal, state or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of, or in connection with, the granting of such Plan Award or the purchase or receipt of Stock in connection therewith, no Stock may be purchased, delivered or received pursuant to such Plan Award unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any condition not acceptable to the Committee. Any person receiving or purchasing Stock pursuant to a Plan Award shall make such representations and agreements and furnish such information as the Committee may request to assure compliance with the foregoing or any other applicable legal requirements. The Company shall not be required to issue or deliver any certificate or certificates for Stock under the Plan prior to the Committee's determination that all related requirements have been fulfilled. The Company shall in no event be obligated to register any securities pursuant to the 1933 Act or applicable state or foreign law or to take any other action in order to cause the issuance and delivery of such certificates to comply with any such law, regulation, or requirement.

**Section 22. EFFECTIVE DATE**

The Plan shall become effective on the date on which affirmative shareholder approval pursuant to Section 23 is obtained.

**Section 23. VOTE REQUIRED**

The affirmative vote of the holders of a majority of the total votes cast on the proposal to approve the Plan at the 2010 annual meeting of shareholders of the Company will be required for approval of the Plan, *provided*, that the total votes cast on the proposal represents over fifty percent (50%) of all shares entitled to vote on the proposal.

**ICC Docket No. 12-xxxx**  
**North Shore Gas Company's Response to**  
**Staff Data Requests JMO 1.01-1.14**  
**Dated: August 1, 2012**

**REQUEST NO. JMO 1.08:**

Please provide the total amount of test year incentive compensation expense, including all allocated amounts from all affiliates, included in Schedules B-1 and C-1 by line and column reference. Include all supporting workpapers, calculations, allocations, and any other relevant explanations of the development of the amounts with the response. If applicable, provide workpapers and supporting documents in excel format with working formulas.

**RESPONSE:**

See the attached spreadsheet, NS JMO 1.08 Attach 01. The first two tabs show the incentive compensation expense included in Schedules B-1 and C-1 for the test year. The remaining tabs are back-up and support for the numbers.

North Shore Gas Company

Jurisdictional Rate Base Summary By ICC Account

Line No.	Supporting Schedule (A)	ICC Account (B)	Rate Base Component (C)	2013 Incentive Compensation
1	B-5	101,106,107,117	Gross Utility Plant	\$ 96,197
2	B-6	108,111,254	Accumulated Provision for Depreciation and Amortization	
3			Net Utility Plant (Line 1 minus Line 2)	<u>96,197</u>
4	B-8	131	Cash Working Capital	
5	B-8.1	151, 154, 163	Materials and Supplies, Net of Accounts Payable	
6	B-1.1	164	Gas in Storage, Net of Accounts Payable	
7	B-1.2	182,228,242,253,254	Retirement Benefits, Net	
8	B-14	142,242	Budget Plan Balances	
9			Subtotal (Lines 4 to 8)	<u>-</u>
10	B-9	190,282,283	Accumulated Deferred Income Taxes	
11	B-13	235	Customer Deposits	
12	B-1.3	252	Customer Advances for Construction	
13	B-1.4	228.2	Reserve for Injuries and Damages	
14			Subtotal (Lines 10 to 13)	<u>-</u>
15			Total Rate Base (Lines 3 + 9 + 14)	<u>\$ 96,197</u>

North Shore Gas Company

Jurisdictional Operating Income Summary

Line No.	I.C.C. Acc. No. [A]	Description [B]	2013 Incentive Compensation [C]
1	480-495	Operating Revenues	
2		Operating Expenses	
3	800-813	Cost of Gas	
4		Other Operation and Maintenance:	
5	700-813	Other Production	\$ 27,830
6	814-847.8	Storage	\$ -
7	850-867	Transmission	\$ -
8	870-894	Distribution	\$ 245,502
9	901-905	Customer Accounts	\$ 195,935
10	907-910	Customer Services and Informational Services	\$ 24,268
11	911-916	Sales	\$ -
12	920-932	Administrative and General	\$ 1,296,774
13		Total Other Operation and Maintenance	\$ 1,790,309

Section 285.5110  
WPE-6.1  
Page 1 of 1

Section 285.5110  
WPE-6.1  
Page 1 of 1

Direct Billed Incentive RT's (672 & 673)	107000 CWIP	27,303.12
	163000 Purchasing & Warehouse Costs	7,553.51
	182527 Reg Asset-2010 IL Rate Case LT	1,040.53
	184020 Transportation Costs	8,313.33
	184024 Supervisor - Clearing	193,240.24
	735000 Lique-Misc Production Expenses	2,079.71
	740000 Lique-Main Sup & Eng	9,762.02
	870000 Dist-Oper Sup & Eng	42,369.50
	871000 Dist-Distr Load Dispatching	15,412.24
	880000 Dist-Other Expenses	21,793.59
	885000 Dist-Maint Sup & Eng	14,047.74
	901000 Customer Accounts Supervision	7,525.24
	905000 Cust Acct-Misc Cust. Accounts Expense	21,884.39
	907000 Cust Serv-Supervision	1,418.50
	909000 Cust Serv-Info/Instr Advertising	5,880.97
	920000 Admin & General Salaries	168,334.47
	930100 A&G-General Advertising Exp	1,260.93
	Total	<u>549,220.03</u>

Allocated Incentives RT's 883 & 929	163000 Purchasing & Warehouse Costs	1,541.24
	184020 Transportation Costs	1,375.68
	419000 Misc. Int & Div Inc.	(43,059.27)
	421130 Gain/Loss on ETF's	(46,567.28)
	431320 Def Comp Res-Unallow Ratemakin	50,164.44
	813000 Other Gas Supply Expenses	15,788.22
	870000 Dist-Oper Sup & Eng	17,716.18
	880000 Dist-Other Expenses	6,722.78
	901000 Customer Accounts Supervision	18,329.58
	903000 Cust Acct-Cust Records & Collections	132,528.15
	905000 Cust Acct-Misc Cust. Accounts Expense	176.84
	907000 Cust Serv-Supervision	12,803.70
	908000 Cust Serv-Cust Assistance Expe	4,034.61
	909000 Cust Serv-Info/Instr Advertising	130.46
	920000 Admin & General Salaries	756,769.97
	925165 Workers Comp Reserve	4,254.12
	926050 Human Resources Dept. Gen	65,006.21
	930200 A&G-Assoc & Club Dues & Exps	56,303.42
	Total	<u>1,054,019.05</u>

Other Incentive	920000 Admin & General Salaries	244,845.28
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Total Incentive	107000 CWIP	27,303.12	O&M	Capital	Production	Distribution	Customers
163000 Purchasing & Warehouse Costs	9,094.75	49.75% O&M, 50.25% Capital	4,524.64	4,570.11		4,524.64	
182527 Reg Asset-2010 IL Rate Case LT	1,040.53	Do not put on B-1					
184020 Transportation Costs	9,689.01	82.71% O&M, 17.29% Capital	8,013.78	1,675.23	199.59	7,338.46	475.73
184024 Supervisor - Clearing	193,240.24	67.58% O&M, 32.42% Capital	130,591.75	62,648.49		115,576.99	15,014.77
419000 Misc. Int & Div Inc.	(43,059.27)	Not on C-1					
421130 Gain/Loss on ETF's	(46,567.28)	Not on C-1					
431320 Def Comp Res-Unallow Ratemakin	50,164.44	Not on C-1					
735000 Lique-Misc Production Expenses	2,079.71						
740000 Lique-Main Sup & Eng	9,762.02						
813000 Other Gas Supply Expenses	15,788.22						
870000 Dist-Oper Sup & Eng	60,085.68						
871000 Dist-Distr Load Dispatching	15,412.24						
880000 Dist-Other Expenses	28,516.37						
885000 Dist-Maint Sup & Eng	14,047.74						
901000 Customer Accounts Supervision	25,854.82						
903000 Cust Acct-Cust Records & Collections	132,528.15						
905000 Cust Acct-Misc Cust Accounts Expense	22,061.23						
907000 Cust Serv-Supervision	14,222.20						
908000 Cust Serv-Cust Assistance Expe	4,034.61						
909000 Cust Serv-Info/Instr Advertising	6,011.43						
920000 Admin & General Salaries	1,169,949.72						
925165 Workers Comp Reserve	4,254.12						
926050 Human Resources Dept. Gen	65,006.21						
930100 A&G-General Advertising Exp	1,260.93						
930200 A&G-Assoc & Club Dues & Exps	56,303.42						
Grand Total	<u>1,848,084.36</u>						
Total less 182527 and 419-431 accounts	<u>1,886,505.94</u>	Ties to B-1 plus C-1					

RATE_CA	96	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
								107000 Total			27,303.12
								163000 Total		WPE-6.1	
								182527 Total			
								184020 Total			8,313.33
								184024 Total			193,240.24
								735000 Total			2,079.71
								740000 Total			9,762.02
								870000 Total			42,369.50
								871000 Total			15,412.24
								880000 Total			21,793.59
								885000 Total			14,047.74
								901000 Total			7,525.24
								905000 Total			21,884.39
								907000 Total			1,418.50
								909000 Total			5,880.97
								920000 Total			168,334.47
								930100 Total			1,260.93
								Grand Total			546,341.44

Executive Inc Resid-Alloc

RATE_CASE_BUDGET	7	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
							419000 Total			(43,059.27)
							421130 Total			(46,567.28)
							431320 Total			50,164.44
							920000 Total			541,758.34
							925165 Total			4,254.12
							926050 Total			65,006.21
							930200 Total			WPE-6.1
							Grand Total			Page 1 of 1

IBS Allocated Incentive

RATE_CASE_BUDGET	92	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
							163000 Total			1,541.24
							184020 Total			1,375.68
							813000 Total			15,788.22
							870000 Total			17,716.18
							880000 Total			6,722.78
							901000 Total			18,329.58
							903000 Total			132,528.15
							905000 Total			176.84
							907000 Total			12,803.70
							908000 Total			4,034.61
							909000 Total			130.46
							920000 Total			215,011.63
							Grand Total			426,159.07

RATE_CAS	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
	1200	BUDGET-1	602007	A30	B07	575	920000	RATECASE	2013	39,204.00
	1200	BUDGET-1	602002	A30	B07	577	920000	RATECASE	2013	34,016.00
	1200	BUDGET-1	602004	A30	B07	723	920000	RATECASE	2013	12,841.00
	1200	BUDGET-1	602005	A30	B07	749	920000	RATECASE	2013	39,071.00
	1200	BUDGET-1	602005	A30	B07	750	920000	RATECASE	2013	103,032.00
	1200	BUDGET-1	602001	A47	B00	864	920000	RATECASE	2013	16,681.28
										244,845.28

Section 285.5110  
WPE-6.1  
Page 1 of 1

107000 107000 CWIP  
163000 163000 Purchasing & Warehouse Costs  
182527 182527 Reg Asset-2010 IL Rate Case LT  
184020 184020 Transportation Costs  
184024 184024 Supervisor - Clearing  
184301 184301 Bldg clearing operating  
184665 184665 Paving Inspection Clearing  
228210 228210 Workers Comp Claim Reserve  
419000 419000 Misc. Int & Div Inc.  
431320 431320 Def Comp Res-Unallow Ratemakin  
421130 421130 Gain/Loss on ETF's  
735000 735000 Lique-Misc Production Expenses  
740000 740000 Lique-Main Sup & Eng  
813000 813000 Other Gas Supply Expenses  
814000 814000 Gas Stor-Oper Sup & Eng (MIUI)  
816000 816000 Gas Stor-Wells  
818000 818000 Gas Stor-Compressor Station  
819000 819000 Gas Stor-Compress Sta F&Pwr  
820000 820000 Gas Stor-Meas&Regul Station  
821000 821000 Gas Stor-Purification Exp  
824000 824000 Gas Stor-Other Exp  
830000 830000 Gas Stor-Maint Superv&Engin  
831000 831000 Gas Stor-Maint Struct&Improve  
832000 832000 Gas Stor-Maint Reserv & Wells  
834000 834000 Gas Stor-Maint Compress Sta Eq  
835000 835000 Gas Stor-Maint Meas&Reg Equip  
836000 836000 Gas Stor-Maint Purific Equip  
837000 837000 Gas Stor-Maint Oth Equip  
840000 840000 Oth Stor-Oper Super & Engin  
841000 841000 Oth Stor-Oper Labor & Expenses  
843100 843100 Oth Stor-Maint Superv Engineer  
843800 843800 Oth Stor-Maint Meas&Regul Equi  
843900 843900 Oth Stor-Maint Oth Equip  
857000 857000 Gas Transm-Meas&Reg Station  
863000 863000 Gas Transm-Maint of Mains  
870000 870000 Dist-Oper Sup & Eng  
871000 871000 Dist-Distr Load Dispatching  
874000 874000 Dist-Mains and Services Expens  
878000 878000 METER & HOUSE REG MISC CHARGES  
879000 879000 Customer Installations Expense  
880000 880000 Dist-Other Expenses  
885000 885000 Dist-Maint Sup & Eng  
886000 886000 Dist-Maint of Struct & Improve  
887000 887000 Dist-Maint of Mains  
892000 892000 Maintenance of Services  
893000 893000 Dist-Maint of Mtrs & House Reg  
901000 901000 Customer Accounts Supervision  
903000 903000 Cust Acct-Cust Records & Collections  
905000 905000 Cust Acct-Misc Cust Accounts Expense  
907000 907000 Cust Serv-Supervision  
908000 908000 Cust Serv-Cust Assistance Expe  
909000 909000 Cust Serv-Info/Instr Advertising  
920000 920000 Admin & General Salaries  
925165 925165 Workers Comp Reserve  
926050 926050 Human Resources Dept. Gen  
930100 930100 A&G-General Advertising Exp  
930200 930200 A&G-Assoc & Club Dues & Exps

Section 285.5110  
WPE-6.1  
Page 1 of 1

**ICC Docket No. 12-xxxx**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 1.01-1.14**  
**Dated: August 1, 2012**

**REQUEST NO. JMO 1.08:**

Please provide the total amount of test year incentive compensation expense, including all allocated amounts from all affiliates, included in Schedules B-1 and C-1 by line and column reference. Include all supporting workpapers, calculations, allocations, and any other relevant explanations of the development of the amounts with the response. If applicable, provide workpapers and supporting documents in excel format with working formulas.

**RESPONSE:**

See the attached spreadsheet, PGL JMO 1.08 Attach 01. The first two tabs show the incentive compensation expense included in Schedules B-1 and C-1 for the test year. The remaining tabs are back-up and support for the numbers.

The Peoples Gas Light and Coke Company

JURISDICTIONAL RATE BASE SUMMARY BY ICC ACCOUNT

Line No.	Supporting Schedule (A)	ICC Account (B)	Rate Base Component (C)	2013 Incentive Compensation (D)
1	B-5	101,106,107,117	Gross Utility Plant	\$ 1,152,766
2	B-6	108,111,254	Accumulated Provision for Depreciation and Amortization	
3			Net Utility Plant (Line 1 minus Line 2)	<u>1,152,766</u>
4	B-8	131	Cash Working Capital	
5	B-8.1	154,163	Materials and Supplies, Net of Account Payables (3)	
6	B-1.1	164.1, 164.2, 165	Gas in Storage, Net of Accounts Payable (3)	
7	B-1.2	129,182,228,242,254	Retirement Benefits, Net	
8	B-14	142,242	Budget Plan Balances (3)	
9			Subtotal (Lines 4 to 8)	<u>-</u>
10	B-9	190,282,283	Accumulated Deferred Income Taxes	
11	B-13	235	Customer Deposits	
12	B-1.3	252	Customer Advances for Construction	
13	B-1.4	228.2	Reserve for Injuries and Damages	348
14			Subtotal (Lines 10 to 13)	<u>348</u>
15			Total Rate Base (Lines 3 + 9 +14)	<u>\$ 1,153,114</u>

The Peoples Gas Light and Coke Company  
Jurisdictional Operating Income Summary

Line No.	I.C.C. Acc. No. [A]	Description [B]	2013 Incentive Compensation [C]
1	480-495	Operating Revenues	
2		Operating Expenses	
3	800-813	Cost of Gas	
4		Other Operation and Maintenance:	
5	700-813	Other Production	\$ 78,198
6	814-847.9	Storage	\$ 195,580
7	850-867	Transmission	\$ 67,794
8	870-894	Distribution	\$ 2,475,279
9	901-905	Customer Accounts	\$ 986,775
10	907-910	Customer Services and Informational Services	\$ 116,838
11	911-916	Sales	\$ -
12	920-932	Administrative and General	\$ 7,527,843
13		Total Other Operation and Maintenance	\$ 11,448,306

Direct Billed Incentive	107000 CWIP	776,866.90
RT's (672 & 673)	163000 Purchasing & Warehouse Costs	28,640.34
	182527 Reg Asset-2010 IL Rate Case LT	36,472.54
	184020 Transportation Costs	37,621.82
	184024 Supervisor - Clearing	1,019,425.11
	184301 Bldg clearing operating	7,402.83
	184665 Paving Inspection Clearing	38,948.14
	228210 Workers Comp Claim Reserve	348.17
	814000 Gas Stor-Oper Sup & Eng (MIU)	48,939.53
	816000 Gas Stor-Wells	6,258.20
	818000 Gas Stor-Compressor Station	8,888.63
	819000 Gas Stor-Compress Sta F&Pwr	3,552.97
	820000 Gas Stor-Meas&Regul Station	7,105.92
	821000 Gas Stor-Purification Exp	8,888.63
	824000 Gas Stor-Other Exp	10,958.09
	830000 Gas Stor-Maint Superv&Engin	19,788.42
	831000 Gas Stor-Maint Struct&Improve	1,196.79
	832000 Gas Stor-Maint Reserv & Wells	12,329.41
	834000 Gas Stor-Maint Compress Sta Eq	9,050.71
	835000 Gas Stor-Maint Meas&Reg Equip	5,647.34
	836000 Gas Stor-Maint Purific Equip	6,569.88
	837000 Gas Stor-Maint Oth Equip	20,021.25
	840000 Oth Stor-Oper Super & Engin	5,613.07
	841000 Oth Stor-Oper Labor & Expenses	9,898.42
	843100 Oth Stor-Maint Superv Engineer	2,806.54
	843800 Oth Stor-Maint Meas&Regul Equi	2,443.43
	843900 Oth Stor-Maint Oth Equip	5,622.41
	857000 Gas Transm-Meas&Reg Station	26,225.25
	863000 Gas Transm-Maint of Mains	41,568.89
	870000 Dist-Oper Sup & Eng	110,598.85
	871000 Dist-Distr Load Dispatching	42,192.28
	874000 Dist-Mains and Services Expens	6,481.75
	878000 METER & HOUSE REG MISC CHARGES	1.02
	879000 Customer Installations Expense	1.00
	880000 Dist-Other Expenses	1,254,360.01
	885000 Dist-Maint Sup & Eng	119,382.08
	886000 Dist-Maint of Struct & Improve	1.00
	887000 Dist-Maint of Mains	55,276.80
	892000 Maintenance of Services	14,672.08
	893000 Dist-Maint of Mtrs & House Reg	1.00
	901000 Customer Accounts Supervision	40,851.23
	903000 Cust Acct-Cust Records & Collections	11,103.93
	905000 Cust Acct-Misc Cust Accounts Expense	106,755.00
	907000 Cust Serv-Supervision	5,375.14
	909000 Cust Serv-Info/Instr Advertising	23,258.99
	920000 Admin & General Salaries	617,486.26
	<b>Total</b>	<b>4,616,898.05</b>

<b>Allocated Incentives</b>		
RT's 883 & 929	163000 Purchasing & Warehouse Costs	13,648.02
	184020 Transportation Costs	7,681.25
	419000 Misc. Int & Div Inc.	(255,430.09)
	421130 Gain/Loss on ETF's	(276,239.85)
	431320 Def Comp Res-Unallow Ratemakin	297,578.54
	813000 Other Gas Supply Expenses	78,198.02
	870000 Dist-Oper Sup & Eng	92,520.91
	880000 Dist-Other Expenses	45,630.19
	901000 Customer Accounts Supervision	95,341.83
	903000 Cust Acct-Cust Records & Collections	688,495.41
	905000 Cust Acct-Misc Cust Accounts Expense	918.63
	907000 Cust Serv-Supervision	66,516.32
	908000 Cust Serv-Cust Assistance Expe	20,959.24
	909000 Cust Serv-Info/Instr Advertising	728.19
	920000 Admin & General Salaries	4,439,945.25
	925165 Workers Comp Reserve	23,580.76
	926050 Human Resources Dept. Gen	385,620.71
	930200 A&G-Assoc & Club Dues & Exps	333,995.27
	<b>Total</b>	<b>6,059,688.60</b>
<b>Other Incentive</b>		<b>1,727,214.80</b>

		O&M	Capital	Distribution	Customer
<b>Total Incentive</b>	<b>107000 CWIP</b>	<b>776,866.90</b>	<b>14,509.14</b>	<b>27,153.36</b>	<b>625.87</b>
	163000 Purchasing & Warehouse Costs	42,288.36	65.69% O&M, 34.31% Capital		
	182527 Reg Asset-2010 IL Rate Case LT	36,472.54	Do not put on B-1		
	184020 Transportation Costs	45,303.07	80.51% O&M, 19.49% Capital	34,013.54	2,459.96
	184024 Supervisor - Clearing	1,019,425.11	67.57% O&M, 32.43% Capital	648,660.20	40,165.35
	184301 Bldg clearing operating	7,402.83	See Below for details	6,817.53	57.71
	184665 Paving Inspection Clearing	38,948.14	44.97% O&M, 55.03% Capital	17,514.98	21,433.16
	228210 Workers Comp Claim Reserve	348.17			
	419000 Misc. Int & Div Inc.	(255,430.09)	Not on C-1		
	421130 Gain/Loss on ETF's	(276,239.85)	Not on C-1		
	431320 Def Comp Res-Unallow Ratemakin	297,578.54	Not on C-1		
	813000 Other Gas Supply Expenses	78,198.02			
	814000 Gas Stor-Oper Sup & Eng (MIU)	48,939.53			
	816000 Gas Stor-Wells	6,258.20			
	818000 Gas Stor-Compressor Station	8,888.63			
	819000 Gas Stor-Compress Sta F&Pwr	3,552.97			
	820000 Gas Stor-Meas&Regul Station	7,105.92			
	821000 Gas Stor-Purification Exp	8,888.63			
	824000 Gas Stor-Other Exp	10,958.09			
	830000 Gas Stor-Maint Superv&Engin	19,788.42			
	831000 Gas Stor-Maint Struct&Improve	1,196.79			

832000 Gas Stor-Maint Reserv & Wells	12,329.41
834000 Gas Stor-Maint Compress Sta Eq	9,050.71
835000 Gas Stor-Maint Meas&Reg Equip	5,647.34
836000 Gas Stor-Maint Purific Equip	6,569.88
837000 Gas Stor-Maint Oth Equip	20,021.25
840000 Oth Stor-Oper Super & Engin	5,613.07
841000 Oth Stor-Oper Labor & Expenses	9,898.42
843100 Oth Stor-Maint Superv Engineer	2,806.54
843800 Oth Stor-Maint Meas&Regul Equi	2,443.43
843900 Oth Stor-Maint Oth Equip	5,622.41
857000 Gas Transm-Meas&Reg Station	26,225.25
863000 Gas Transm-Maint of Mains	41,568.89
870000 Dist-Oper Sup & Eng	203,119.76
871000 Dist-Distr Load Dispatching	42,192.28
874000 Dist-Mains and Services Expens	6,481.75
878000 METER & HOUSE REG MISC CHARGES	1.02
879000 Customer Installations Expense	1.00
880000 Dist-Other Expenses	1,299,990.20
885000 Dist-Maint Sup & Eng	119,382.08
886000 Dist-Maint of Struct & Improve	1.00
887000 Dist-Maint of Mains	55,276.80
892000 Maintenance of Services	14,672.08
893000 Dist-Maint of Mtrs & House Reg	1.00
901000 Customer Accounts Supervision	136,193.06
903000 Cust Acct-Cust Records & Collections	699,599.34
905000 Cust Acct-Misc Cust Accounts Expense	107,673.63
907000 Cust Serv-Supervision	71,891.46
908000 Cust Serv-Cust Assistance Expe	20,959.24
909000 Cust Serv-Info/Instr Advertising	23,987.18
920000 Admin & General Salaries	6,784,646.31
925165 Workers Comp Reserve	23,580.76
926050 Human Resources Dept. Gen	385,620.71
930200 A&G-Assoc & Club Dues & Exps	333,995.27
Grand Total	<u>12,403,801.45</u>

Grand Total less 182527 and 419-431 accounts 12,601,420.31 Ties to B-1 plus C-1



184301 Bldg clearing

				O&M	Capital	Distribution	Customer
RC P11	300.12	32.60%	184020, 67.40% O&M	281.05	19.07	275.74	5.31
RC P12	400.15	20.74%	184020, 79.26% O&M	383.98	16.17	379.47	4.51
RC P13	400.15	17.98%	184020, 82.02% O&M	386.13	14.02	382.22	3.91
RC P60	300.12	100%	O&M	300.12		300.12	
RC P61	300.12	100%	O&M	300.12		300.12	
RC P63	5,001.90	18.91%	163000, 5.29% 184660, 11.04% 184020, 64.76% O&M	4,523.58	478.32	4,479.59	43.98
RC P66	300.12		880000	300.12		300.12	
RC P68	400.15	100%	O&M	400.15		400.15	
				O&M	Capital	Distribution	Customer
RC P11							
184020	97.84	80.51%	O&M, 19.49% Capital	78.77	19.07	73.46	5.31
O&M	202.28			202.28		202.28	
RC P12							
184020	82.99	80.51%	O&M, 19.49% Capital	66.82	16.17	62.31	4.51
O&M	317.16			317.16		317.16	
RC P13							
184020	71.95	80.51%	O&M, 19.49% Capital	57.92	14.02	54.02	3.91
O&M	328.20			328.20		328.20	
RC P63							
163000	945.86	65.69%	O&M, 34.31% Capital	621.33	324.52	607.34	14.00
184660	264.60	82.55%	O&M, 17.45% Capital	218.43	46.17	218.43	
184020	552.21	80.51%	O&M, 19.49% Capital	444.58	107.63	414.60	29.98
O&M	3,239.23			3,239.23		3,239.23	

RATE_C	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
							107000 Total			776,866.90
							163000 Total			28,640.34
							182527 Total			36,472.54
							184020 Total			37,621.82
							184024 Total			1,019,425.11
1100	BUDGET-1		184301	A80	P11	673	184301	RATECASE	2013	300.12
1100	BUDGET-1		184301	A80	P12	673	184301	RATECASE	2013	400.15
1100	BUDGET-1		184301	A80	P13	673	184301	RATECASE	2013	400.15
1100	BUDGET-1		184301	A80	P60	673	184301	RATECASE	2013	300.12
1100	BUDGET-1		184301	A80	P61	673	184301	RATECASE	2013	300.12
1100	BUDGET-1		184301	A80	P63	673	184301	RATECASE	2013	5,001.90
1100	BUDGET-1		184301	A80	P66	673	184301	RATECASE	2013	300.12
1100	BUDGET-1		184301	A80	P68	673	184301	RATECASE	2013	400.15
							184301 Total			7,402.83
							184665 Total			38,948.14
							228210 Total			348.17
							814000 Total			48,939.53
							816000 Total			6,258.20
							818000 Total			8,888.63
							819000 Total			3,552.97
							820000 Total			7,105.92
							821000 Total			8,888.63
							824000 Total			10,958.09
							830000 Total			19,788.42
							831000 Total			1,196.79
							832000 Total			12,329.41
							834000 Total			9,050.71
							835000 Total			5,647.34
							836000 Total			6,569.88
							837000 Total			20,021.25
							840000 Total			5,613.07
							841000 Total			9,898.42
							843100 Total			2,806.54
							843800 Total			2,443.43
							843900 Total			5,622.41
							857000 Total			26,225.25
							863000 Total			41,568.89
							870000 Total			110,598.85
							871000 Total			42,192.28
							874000 Total			6,481.75
							878000 Total			1.02
							879000 Total			1.00
							880000 Total			1,254,360.01
							885000 Total			119,382.08
							886000 Total			1.00
							887000 Total			55,276.80
							892000 Total			14,672.08
							893000 Total			1.00
							901000 Total			40,851.23
							903000 Total			11,103.93
							905000 Total			106,755.00
							907000 Total			5,375.14
							909000 Total			23,258.99
							920000 Total			617,486.26
							Grand Total			4,616,898.05

Executive Inc Resid-Alloc

RATE_CASE_BUDGET	7	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
								419000	Total		(255,430.09)
								421130	Total		(276,239.85)
								431320	Total		297,578.54
								920000	Total		3,213,742.63
								925165	Total		23,580.76
								926050	Total		385,620.71
								930200	Total		333,995.27
								<b>Grand Total</b>			<b>3,722,847.97</b>

IBS Allocated Incentive

RATE_CASE_BUDGET	92	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
								163000	Total		13,648.02
								184020	Total		7,681.25
								813000	Total		78,198.02
								870000	Total		92,520.91
								880000	Total		45,630.19
								901000	Total		95,341.83
								903000	Total		688,495.41
								905000	Total		918.63
								907000	Total		66,516.32
								908000	Total		20,959.24
								909000	Total		728.19
								920000	Total		1,226,202.62
								<b>Grand Total</b>			<b>2,336,840.63</b>

RATE_CA	Unit	Ledger	Account	Home	Resp	Res Type	FERC	Scenario	Year	Sum Total Amt
18	1100	BUDGET-1	602007	A30	P07	556	920000	RATECASE	2013	217,856.00
	1100	BUDGET-1	602002	A30	P07	557	920000	RATECASE	2013	175,256.00
	1100	BUDGET-1	602007	A30	P07	575	920000	RATECASE	2013	171,804.00
	1100	BUDGET-1	602007	A30	P07	576	920000	RATECASE	2013	(26,624.00)
	1100	BUDGET-1	602002	A30	P07	577	920000	RATECASE	2013	124,372.00
	1100	BUDGET-1	602002	A30	P07	578	920000	RATECASE	2013	(22,046.00)
	1100	BUDGET-1	602004	A30	P07	722	920000	RATECASE	2013	65,239.00
	1100	BUDGET-1	602004	A30	P07	723	920000	RATECASE	2013	39,155.00
	1100	BUDGET-1	602005	A30	P07	749	920000	RATECASE	2013	357,986.00
	1100	BUDGET-1	602005	A30	P07	750	920000	RATECASE	2013	500,424.00
	1100	BUDGET-1	602001	A47	P00	864	920000	RATECASE	2013	123,792.80
										<u>1,727,214.80</u>

107000 107000 CWIP  
163000 163000 Purchasing & Warehouse Costs  
182527 182527 Reg Asset-2010 IL Rate Case LT  
184020 184020 Transportation Costs  
184024 184024 Supervisor - Clearing  
184301 184301 Bldg clearing operating  
184665 184665 Paving Inspection Clearing  
228210 228210 Workers Comp Claim Reserve  
419000 419000 Misc. Int & Div Inc.  
431320 431320 Def Comp Res-Unallow Ratemakin  
421130 421130 Gain/Loss on ETF's  
813000 813000 Other Gas Supply Expenses  
814000 814000 Gas Stor-Oper Sup & Eng (MIUI)  
816000 816000 Gas Stor-Wells  
818000 818000 Gas Stor-Compressor Station  
819000 819000 Gas Stor-Compress Sta F&Pwr  
820000 820000 Gas Stor-Meas&Regul Station  
821000 821000 Gas Stor-Purification Exp  
824000 824000 Gas Stor-Other Exp  
830000 830000 Gas Stor-Maint Superv&Engin  
831000 831000 Gas Stor-Maint Struct&Improve  
832000 832000 Gas Stor-Maint Reserv & Wells  
834000 834000 Gas Stor-Maint Compress Sta Eq  
835000 835000 Gas Stor-Maint Meas&Reg Equip  
836000 836000 Gas Stor-Maint Purific Equip  
837000 837000 Gas Stor-Maint Oth Equip  
840000 840000 Oth Stor-Oper Super & Engin  
841000 841000 Oth Stor-Oper Labor & Expenses  
843100 843100 Oth Stor-Maint Superv Engineer  
843800 843800 Oth Stor-Maint Meas&Regul Equi  
843900 843900 Oth Stor-Maint Oth Equip  
857000 857000 Gas Transm-Meas&Reg Station  
863000 863000 Gas Transm-Maint of Mains  
870000 870000 Dist-Oper Sup & Eng  
871000 871000 Dist-Distr Load Dispatching  
874000 874000 Dist-Mains and Services Expens  
878000 878000 METER & HOUSE REG MISC CHARGES  
879000 879000 Customer Installations Expense  
880000 880000 Dist-Other Expenses  
885000 885000 Dist-Maint Sup & Eng  
886000 886000 Dist-Maint of Struct & Improve  
887000 887000 Dist-Maint of Mains  
892000 892000 Maintenance of Services  
893000 893000 Dist-Maint of Mtrs & House Reg  
901000 901000 Customer Accounts Supervision  
903000 903000 Cust Acct-Cust Records & Collections  
905000 905000 Cust Acct-Misc Cust Accounts Expense  
907000 907000 Cust Serv-Supervision  
908000 908000 Cust Serv-Cust Assistance Expe  
909000 909000 Cust Serv-Info/Instr Advertising  
920000 920000 Admin & General Salaries  
925165 925165 Workers Comp Reserve  
926050 926050 Human Resources Dept. Gen  
930200 930200 A&G-Assoc & Club Dues & Exps

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests JMO 15.01-15.06**  
**Dated: September 24, 2012**

**REQUEST NO. JMO 15.06:**

In regard to the following incentive plans from the Companies' prior rate cases: (1) Executive Annual Incentive Plan, (2) Stock Options, (3) Performance Shares, and (4) Restricted Stock, please provide:

- a) Whether the plans are a component of the Executive Incentive Plan or the Omnibus Incentive Compensation Plan;
- b) A description of the each plan;
- c) Explain how the award is determined for each plan; and
- d) Amount of test year incentive compensation included in Schedules B-1 and C-1 by line and column reference for each plan.

**RESPONSE:**

- a) (1) The Omnibus Incentive Plan controls the Executive Annual Incentive Plan;  
(2) Stock Options are granted under the Omnibus Incentive Compensation Plan;  
(3) Performance Shares are granted under the Omnibus Incentive Compensation Plan;  
(4) Restricted Stock Units are granted under the Omnibus Incentive Compensation Plan.
- b) (1) The Executive Incentive Plan Document was provided in Data Request JMO 1.10.  
  
(2) (3) (4) The Integrys Long Term Incentive Program (LTIP) is intended to reward executives and key employees for long term growth and success of the corporation. The grant overall value is based on market data converted to an accounting value as a % of base annual salary. The program delivers this value by utilizing stock options, performance shares and restricted stock. For executives, the current distribution level within overall equity grants is 20% in stock options, 60% in performance shares and 20% in restricted stock units. Non-executives receive only restricted stock unit grants.  
  
(2) Stock options vest 25% per year over four years and have a 10 year option life. The strike option price is based on the closing fair market price of Company stock at the date of the grant.

**ICC Docket No. 12-0512**

**The Peoples Gas Light and Coke Company's Response to  
Staff Data Requests JMO 15.01-15.06**

**Dated: September 24, 2012**

- (3) Performance share grants set targeted incentives at the start of the three year performance period based on ultimate Total Shareholder Return ("TSR"). Comparison of the Company's stockholder return to the stockholder return of a peer group of utilities determines the incentive payout. Under current policy, if Integrys TSR compared to the utility peer group is at the 50th percentile, program participants will receive 100% of the target award. TSR performance at the 25th percentile, participants will receive 50% of target award and relative performance at 90th percentile or higher, participants will receive the maximum at 200% of the target award.
- (4) Restricted stock units vest at 25% per grant anniversary with payout in the form of stock. Dividends are treated as reinvested in additional restricted stock units that are paid in stock when vesting occurs.
- c) (1) The Executive Annual Incentive Plan awards are determined using metric results of specific financial and operational measures with pre-determined numeric targets. Each metric is assigned a weight in the plan and all measure weights total 100%.
- (2) (3) (4) See Response to b) above
- d) See Peoples Gas' response to Staff data request JMO 15.01 (b).

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 8.01-8.20**  
**Dated: October 19, 2012**

**REQUEST NO. AG 8.10:**

**Ref: NSG Response to JMO 7.05, Attachment 1; Schedule C-18, line 8 (Invested Capital Tax).** Please provide the following additional information:

- a. A complete copy of the Company's most recently filed Invested Capital Tax return.
- b. Explain whether the methods used to estimate this tax for the 2013 test year include all elements of financial data that determine the actual tax liability on the Company's filed returns.
- c. Explain how the Company records this tax on its books, relative to the timing of actual tax payments.

**RESPONSE:**

- a. Please see the attached copy of the 2011 Illinois Invested Capital Tax return (NS AG 8.10 Attach 01). North Shore filed the return February 29, 2012.
- b. The estimated tax for the 2013 test year does include all elements of estimated financial data that should be included in the tax base. The calculation is a mirror image of the tax return. The only difference is projected financial data verses actual results.
- c. The Illinois Invested Capital tax is recorded on the books as a monthly accrual. The monthly accrual is based upon last year's tax divided by twelve (months). Additionally, quarterly estimated tax payments are made against this accrual. These quarterly estimated tax payments are also based upon last year's tax divided by four (quarters).



**Illinois Department of Revenue**  
**ICT-4 Electricity Distribution**  
**and Invested Capital Tax Return**

REV 1  
E S / /  
NS DP CA  
Station no. 070

Do not write above this line.

**Part 1: Identify your business**

1 Illinois Business Tax number (IBT no.): 0007 - 9456 6 Calendar year you are filing this return for: 2011  
 2 Federal Employer Identification number (FEIN): 36 - 1558720 7  Check here if your address has changed.  
 3 Invested Capital Tax (ICT) license no.: IG - 00014 8 Is this a final return?  yes  no  
 4 Business name: NORTH SHORE GAS CO "Final" indicates you will no longer conduct  
 5 Business address: 130 E. RANDOLPH ST, FLR 19 9 Daytime telephone: (312) 240 - 3753  
Number and street  
CHICAGO IL 60601  
City State ZIP

**Part 2: Figure your Invested Capital Tax**

10 Total amount of proprietary capital, stockholders' equity, or total equity  
 11 Total long-term debt  
 12 Add Lines 10 and 11.  
 13 Investments in and advances to all corporations  
 14 Subtract Line 13 from Line 12.  
 15 Add Column A, Line 14, and Column B, Line 14.  
 16 Multiply Line 15 by 50% (.50). This amount is the average of the balances.  
 17 Illinois apportionment factor shown on your business income tax return.  
 See General Information, "What should I attach to this return?"  
 18 Multiply Line 16 by Line 17.  
 19 Multiply Line 18 by .8% (.008).  
 20 If you are required to complete Worksheet A on the back of this return, write  
 the amount from Worksheet A, Line g. If not, write "1.00."  
 21 Multiply Line 19 by Line 20. This amount is your Invested Capital Tax due.

	Column A	Column B	
Balance at beginning of year		Balance at end of year	
10	94,987,313   28	10	95,501,570   46
11	73,825,120   10	11	73,767,218   21
12	168,812,433   38	12	169,268,788   67
13	21,681   12	13	0   00
14	168,790,752   26	14	169,268,788   67
15	338,059,540   93		
16	169,029,770   47		
17	1.000000		
18	169,029,770   47		
19	1,352,238   16		
20	1.000000		
21	1,352,238   16		

**Part 3: Figure your Electricity Distribution Tax** (for liabilities on or after January 1, 1998)

22 Kilowatt-hours (kwh) distributed 22 0.00  
 23 Amount from Worksheet B, Line i. This is your Electricity Distribution Tax due. 23 0 | 00

**Part 4: Figure your payment**

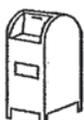
24 Add Lines 21 and 23. This amount is your tax due. 24 1,352,238 | 16  
 25 Estimated payments 25 1,352,000 | 00  
 26 If Line 25 is greater than Line 24, subtract Line 24 from Line 25. This amount is your overpayment. 26 0 | 00  
 27 If Line 25 is less than Line 24, subtract Line 25 from Line 24. This amount is your tax due. 27 238 | 16  
 28 Credit you wish to apply. 28 0 | 00  
 29 Subtract Line 28 from Line 27, and pay this amount. 29 238 | 16  
 Make your check payable to "Illinois Department of Revenue."

**Part 5: Sign below**

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Rala Hernandez 2/29/2012 (312) 240-3753  
 Taxpayer's signature Date Telephone (include area code.)  
 \_\_\_\_\_ / / ( ) -  
 Preparer's signature Date Telephone (include area code.)

**Part 6: Mail your return**



ATTN INVESTED CAPITAL TAX  
 ILLINOIS DEPARTMENT OF REVENUE  
 PO BOX 19019  
 SPRINGFIELD IL 62794-9019

This form is authorized by the Water Company Invested Capital Tax Act, Gas Revenue Tax Act, and Public Utilities Revenue Act. Disclosure of this information is REQUIRED. Failure to comply may result in a penalty. This form has been approved by the Forms Management Center. IL-492-0388

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 8.01-8.20**  
**Dated: October 19, 2012**

**REQUEST NO. AG 8.20:**

**Ref: NSG Response to JMO 7.05, Attachment 1; Schedule C-18, line 8 (Invested Capital Tax).** Please provide the following additional information:

- a. A complete copy of the Company's most recently filed Invested Capital Tax return.
- b. Explain whether the methods used to estimate this tax for the 2013 test year include all elements of financial data that determine the actual tax liability on the Company's filed returns.
- c. Explain how the Company records this tax on its books, relative to the timing of actual tax payments

**RESPONSE:**

- a. Please see the attached copy of the 2011 Illinois Invested Capital Tax return. Peoples Gas filed the return February 29, 2012.
- b. The estimated tax for the 2013 test year does include all elements of estimated financial data that should be included in the tax base. The calculation is a mirror image of the tax return. The only difference is projected financial data verses actual results.
- c. The Illinois Invested Capital tax is recorded on the books as a monthly accrual. The monthly accrual is based upon last year's tax divided by twelve (months). Additionally, quarterly estimated tax payments are made against this accrual. These quarterly estimated tax payments are also based upon last year's tax divided by four (quarters).



Illinois Department of Revenue

# ICT-4 Electricity Distribution and Invested Capital Tax Return

Station no. 070

REV 1  
E S / /  
NS DP CA

Do not write above this line.

## Part 1: Identify your business

1 Illinois Business Tax number (IBT no.): 0012 - 6616 6 Calendar year you are filing this return for: 2011

2 Federal Employer Identification number (FEIN): 36 - 1613900 7  Check here if your address has changed.

3 Invested Capital Tax (ICT) license no.: IG - 00015 8 Is this a final return?  yes  no  
"Final" indicates you will no longer conduct business.

4 Business name: THE PEOPLES GAS LIGHT & COKE CO

5 Business address: 130 E RANDOLPH ST FL 19 9 Daytime telephone: (312) 240 - 3753  
Number and street

CHICAGO IL 60601  
City State ZIP

## Part 2: Figure your Invested Capital Tax

10 Total amount of proprietary capital, stockholders' equity, or total equity

11 Total long-term debt

12 Add Lines 10 and 11.

13 Investments in and advances to all corporations

14 Subtract Line 13 from Line 12.

15 Add Column A, Line 14, and Column B, Line 14.

16 Multiply Line 15 by 50% (.50). This amount is the average of the balances.

17 Illinois apportionment factor shown on your business income tax return.  
See General Information, "What should I attach to this return?"

18 Multiply Line 16 by Line 17.

19 Multiply Line 18 by .8% (.008).

20 If you are required to complete Worksheet A on the back of this return, write the amount from Worksheet A, Line g. If not, write "1.00."

21 Multiply Line 19 by Line 20. This amount is your Invested Capital Tax due.

Column A		Column B	
Balance at beginning of year		Balance at end of year	
10	691,011,950   97	10	697,332,331   40
11	517,220,205   07	11	518,036,181   51
12	1,208,232,156   04	12	1,215,368,512   91
13	11,235,440   38	13	4,691,041   40
14	1,196,996,715   66	14	1,210,677,471
	15	2,407,674,187   17	
	16	1,203,837,093   58	
	17	1.000000	
	18	1,203,837,093   58	
	19	9,630,696   75	
	20	1.000000	
	21	9,630,696   75	

## Part 3: Figure your Electricity Distribution Tax (for liabilities on or after January 1, 1998)

22 Kilowatt-hours (kwh) distributed 22

23 Amount from Worksheet B, Line i. This is your Electricity Distribution Tax due. 23 0 | 00

## Part 4: Figure your payment

24 Add Lines 21 and 23. This amount is your tax due. 24 9,630,696 | 75

25 Estimated payments 25 9,780,000 | 00

26 If Line 25 is greater than Line 24, subtract Line 24 from Line 25. This amount is your overpayment. 26 149,303 | 25

27 If Line 25 is less than Line 24, subtract Line 25 from Line 24. This amount is your tax due. 27

28 Credit you wish to apply. 28

29 Subtract Line 28 from Line 27, and pay this amount. 29

Make your check payable to "Illinois Department of Revenue."

## Part 5: Sign below

Under penalties of perjury, I state that I have examined this return and, to the best of my knowledge, it is true, correct, and complete.

Taxpayer's signature Carla Hernandez Date 2/29/2012 Telephone (include area code.) 312 240 3753

Preparer's signature \_\_\_\_\_ Date / / Telephone (include area code.) ( ) -

## Part 6: Mail your return



ATTN INVESTED CAPITAL TAX  
ILLINOIS DEPARTMENT OF REVENUE  
PO BOX 19019  
SPRINGFIELD IL 62794-9019

This form is authorized by the Water Company Invested Capital Tax Act, Gas Revenue Tax Act, and Public Utilities Revenue Act. Disclosure of this information is REQUIRED. Failure to comply may result in a penalty. This form has been approved by the Forms Management Center. IL-492-0388

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

**REQUEST NO. AG 7.02:**

**Ref: NS Schedule C-5.3 (Deferred Income Tax Expense- Book vs. Tax Depreciation).** The referenced schedule provides a calculation of Deferred Income Taxes at Current Rates that are defined in Note 1 as including the statutory Federal rate of 35% plus the statutory current State and Replacement Tax rates totaling 9.5%. The amounts calculated at lines 14 (Federal) and 17 (State) appear to carry forward to lines 1-4 on Schedule C-5.2 and ultimately to lines 32 and 21 on Schedule C-5, for inclusion as part of test year income tax expenses. Please provide the following additional information:

- a. Confirm the flow of calculations described above, or explain and reconcile any inability to confirm.
- b. Explain whether the Company employs Generally Accepted Accounting Principles, including ASC 740 provisions that require deferred income taxes to be provided on a liability method of accounting using the tax rates expected to be applicable when book/tax timing differences reverse and taxes are payable in cash.
- c. If your response to part b is affirmative, explain each reason why the Company's deferred income tax expense calculations on Schedule C-5.3 at lines 1 through 13 apply currently high state income tax statutory rates of 9.5% to the Liberalized Depreciation and Basis Differences associated with long-lived utility plant assets, given that the reversal of such timing differences will largely occur in future years when state income tax rates are scheduled to be much lower.
- d. State and explain whether or not the Company will actually record on its books deferred income tax provisions in 2012 or 2013 using only currently effective statutory state income tax rates for liberalized depreciation and basis differences, or explain and quantify the tax rates that will actually be used on the books for such long-lived book/tax timing differences.
- e. Provide a copy of the Company's workpapers supporting its most recently recorded income tax expense provision, showing how the state income tax rates being used to record deferred income tax expense for liberalized depreciation and plant related basis differences.
- f. Provide a revised calculation of test year deferred income tax expenses, using the liability method of accounting for Liberalized Depreciation and Basis Differences and the effective income tax rates expected to be applied to the reversals of such test year timing differences.
- g. Provide detailed workpapers and supporting documentation for your response to part (f).

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

**RESPONSE:**

a: The flow is as described in the data request; however, while the deferred taxes computed at current rates in columns D and E of Schedule C-5.2 flow to Schedule C-5 in the computation of current taxes, amounts in columns H and I of Schedule C-5.2, which include the effects of average rate assumption method ("ARAM"), are what flow to Schedule C-1 to be included in cost of service.

b: The Company employs GAAP practices in ASC 740. The Company first computes deferred income taxes ARAM. The results of the income tax provision are reflected in the Company's income statement. To comply with ASC 740, which adopts a liability method, the Company computes the required deferred income taxes balance and then adjusts the balances. The Company uses Power Tax and Power Tax Provision to compute its income taxes for financial statement purposes and for this proceeding. PowerTax maintains all data related to plant-related timing differences. Because it is a utility system, it automatically computes regulatory taxes using ARAM. It also layers on balance sheet adjustments to also comply with GAAP. Similarly, PowerTax Provision also can compute non-plant deferred taxes using ARAM. Again, it tracks the regulatory computation and generates the required adjustments to bring the balances in line with GAAP. The contra accounts to those entries that are the required adjustments are 182.3 or 254 as appropriate. The Company has employed the same accounting since FAS 109 (now ASC 740) was adopted in 1993.

c: In compliance with the Commission's Order in Docket No 83-0309, the Company uses the ARAM methodology, which assumes that originating differences are built at the existing statutory rate.

d: The Company will record in its income statement deferred taxes consistent with the Commission's Order in Docket No. 83-0309. Specifically, originating differences will be provided at the statutory rate, and reversing differences will reverse at the weighted average provided. Any difference between this regulatory method and what would occur under FAS 109 are recorded in regulatory assets and liabilities as appropriate. The income statement will reflect the regulatory method. The balance sheet will be adjusted as provided in ASC 980-740-25-2. See the Company's response to subpart b of this data request.

e: See NS AG 7.02 Attach 01. This attachment traces the financial statement income taxes (see NS AG 7.02 Attach 02) back through to the general ledger ("GL") accounts ultimately to NS AG 7.02 Attach 03, which is a report by vintage and class that lays out the deferred income tax computation for plant. Wherever there is an amount in the column labeled "Provision" that amount is the building difference computed at the 7.0% or 2.5% components of the state income tax rate. The federal tax benefit rate is -3.325%. The amounts contained in the column labeled reversal are reversing differences computed using the column in the report labeled "ARAM." This demonstrates the amounts in North Shore's income statement for financial reporting purposes contain amounts computed utilizing ARAM as required by the Commission's Order in Docket No 83-0309.

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

f: If the information sought is what effect there would be on tax if the computation were done not using ARAM, but instead computed the expense that would result if the company recorded deferred tax expense under the liability method under ASC 740, North Shore can compute the maximum difference that would exist. The originating differences in the test year for plant are \$11,578,000. On a gross basis, the largest difference in tax rate is 2.2% (9.5% less 7.3%). When the federal tax effect is added, the difference becomes 1.43%. Multiplying the originating differences by 1.43% generates a maximum difference of \$166,000 ( $11,578,000 \times 1.43\%$ ). Note that computing deferred taxes in this manner causes a partial flow through, is not consistent with principles of full normalization, and is not consistent with Commission's Order in Docket No 83-0309.

g: See NS AG7.02 Attach 04.

North Shore Gas Company  
PowerTax Deferred Tax Recovery Report  
Rpt # 132 10/25/2012 3:26 PM  
PGL/NSG Fall 2011 RC #3328  
2013  
Grouped By: Total Tax Classes

Jurisdiction: CGO - State Deduct	Tax Recovery		Book Recovery		Current Difference		ARAM		Current Deferred Tax		Total	
	Type: State Ded - Tax Basis Or	Depreciation	Loss/(Gain)	Depreciation	Orig Diff	Depreciation	Orig Diff	Reversal	Provision	Trans/Adjust		
2002_JCA		\$3,917.25	\$0.00	\$0.00	\$0.00	\$3,917.25	\$0.00	-2.55%	\$0.00	(\$100.09)	\$0.00	(\$100.09)
G_IL-RAR-Disallowed Bonus		\$3,917.25	\$0.00	\$0.00	\$0.00	\$3,917.25	\$0.00	-2.51%	\$0.00	(\$100.09)	\$0.00	(\$100.09)
1999		\$7,163.19	\$0.00	\$0.00	\$0.00	\$7,163.19	\$0.00	-2.51%	\$0.00	(\$180.01)	\$0.00	(\$180.01)
2000		\$7,863.43	\$0.00	\$0.00	\$0.00	\$7,863.43	\$0.00	-2.51%	\$0.00	(\$197.61)	\$0.00	(\$197.61)
G_IL-RAR-Injuries & Damages		\$15,026.62	\$0.00	\$0.00	\$0.00	\$15,026.62	\$0.00	-2.55%	\$0.00	(\$377.62)	\$0.00	(\$377.62)
2003		\$3,183.59	\$0.00	\$0.00	\$0.00	\$3,183.59	\$0.00	-2.55%	\$0.00	(\$81.34)	\$0.00	(\$81.34)
G_IL-RAR-Repairs		\$3,183.59	\$0.00	\$0.00	\$0.00	\$3,183.59	\$0.00	-2.55%	\$0.00	(\$81.34)	\$0.00	(\$81.34)
Total Tax Classes		\$22,127.46	\$0.00	\$0.00	\$0.00	\$22,127.46	\$0.00	-2.55%	\$0.00	(\$559.05)	\$0.00	(\$559.05)
State Ded - Tax Basis On Total:		\$22,127.46	\$0.00	\$0.00	\$0.00	\$22,127.46	\$0.00	-2.55%	\$0.00	(\$559.05)	\$0.00	(\$559.05)
CGO - State Deduct Total:		\$14,715,436.52	(\$21,018.01)	\$11,458,654.73	(\$3,908,524.29)	\$3,256,781.79	\$3,887,506.28		(\$384,977.92)	\$106,238.83	\$0.00	(\$278,739.06)
Company Total:		\$44,146,309.56	(\$63,054.03)	\$34,375,964.19	(\$11,725,572.87)	\$9,770,345.37	\$11,662,518.84		\$714,959.15	(\$209,041.78)	\$0.00	\$505,917.39
Grand Total:		\$44,146,309.56	(\$63,054.03)	\$34,375,964.19	(\$11,725,572.87)	\$9,770,345.37	\$11,662,518.84		\$714,959.15	(\$209,041.78)	\$0.00	\$505,917.39

\$714,959 / 06175 state tax rate net of federal =  
\$11,578,000  
\$11,578,000 x .0143 = \$166,000

**ICC Docket No. 12-0511**  
**North Shore Gas Company's Response to**  
**Attorney General Data Requests AG 10.01-10.36**  
**Dated: October 26, 2012**

**REQUEST NO. AG 10.13:**

**Ref: Response to AG 8.20, Attachment 1; Sch. C-18, page 1 (Invested Capital Tax).**

Please explain each reason why the test year proposed level of Invested Capital Tax is so much higher than the tax payable on the Company's most recent actual tax return, indicating when the Company expects to actually record on its books the level of expenses being included in the proposed revenue requirement, given the statement in the response, "The monthly accrual is based upon last year's tax divided by twelve (months)."

**RESPONSE:**

The 2013 (test year) Invested Capital Tax proposed amount is \$1,764,000. The most recent actual tax return was filed on February 29, 2012, for the year ending December 31, 2011. The amount of 2011 Invested Capital Tax was \$1,352,238.16.

The increase in tax is a direct result of the projected increase in the taxable base. The projected increase in taxable base is based upon the budgeted financial statements.

A detailed calculation of the difference between 2011 and 2013 is attached. Please note this detailed calculation shows an increase in tax base from \$202,136,258 in 2011, to \$225,312,818 in 2013.

Current year monthly expenses are based upon the previous year's tax due divided by twelve. For example, during 2012 the monthly expense would be the amount from the 2011 Invested Capital Tax return, divided by twelve. However, since the 2011 tax return was filed on February 29, 2012, the January and February monthly expenses would be based on the 2010 return. Likewise, the 2013 monthly expense would be based on the 2011 tax return, until the 2012 return (which is due March 15<sup>th</sup>) is filed.

North Shore Gas Company  
AG 10.13

Below is a detailed calculation of the taxable base difference between the 2013 forecasted amount and the 2011 actual amount

	Estimated 2013	2011	2012	2013
From Budgeted Balance Sheet	225,312,818	(99,928)	(99,928)	(99,928)
	<u>225,312,818</u>	-	-	-
	<u>225,312,818</u>	-	-	-
BOY	219,502,305	24,756,721	24,756,721	24,756,721
EOY	<u>225,312,818</u>	(346)	(346)	(346)
	<u>444,815,123</u>	-	-	-
average balance	222,407,562	189,703,911	198,423,974	205,499,921
rate	0.008	-	-	-
Tax	1,779,260	(30,483)	(7,616)	7
rounded	<u>1,779,000</u>	(119,092,624)	(119,092,624)	(125,092,624)
1st	445,000	95,337,180	104,080,109	105,163,679
2nd	445,000	-	-	-
3rd	445,000	-	-	-
4th	444,000	-	-	-
Monthly Accrual	1,779,000	-	-	-
Mar-Dec 2013	148,300	-	-	-
Jan-Feb 2013	1,483,000	74,835,000	28,335,000	83,335,000
	<u>281,200</u>	-	-	-
	<u>1,764,200</u>	(4,268)	(1,064)	4
Estimated Quarterly Payments	421,750	-	-	-
	421,750	31,968,347	40,588,260	36,814,135
	421,750	-	-	-
	421,750	31,968,347	40,588,260	36,814,135
	2,831,250	-	-	-
		31,968,347	40,588,260	36,814,135
		<u>202,136,258</u>	<u>219,502,305</u>	<u>225,312,818</u>

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

**REQUEST NO. AG 7.20:**

**Ref: PGL Schedule C-5.3 (Deferred Income Tax Expense- Book vs. Tax Depreciation).** The referenced schedule provides a calculation of Deferred Income Taxes at Current Rates that are defined in Note 1 as including the statutory Federal rate of 35% plus the statutory current State and Replacement Tax rates totaling 9.5%. The amounts calculated at lines 14 (Federal) and 17 (State) appear to carry forward to lines 1-4 on Schedule C-5.2 and ultimately to lines 33 and 22 on Schedule C-5, for inclusion as part of test year income tax expenses. Please provide the following additional information:

- a. Confirm the flow of calculations described above, or explain and reconcile any inability to confirm.
- b. Explain whether the Company employs Generally Accepted Accounting Principles, including ASC 740 provisions that require deferred income taxes to be provided on a liability method of accounting using the tax rates expected to be applicable when book/tax timing differences reverse and taxes are payable in cash.
- c. If your response to part b is affirmative, explain each reason why the Company's deferred income tax expense calculations on Schedule C-5.3 at lines 1 through 13 apply currently high state income tax statutory rates of 9.5% to the Liberalized Depreciation and Basis Differences associated with long-lived utility plant assets, given that the reversal of such timing differences will largely occur in future years when state income tax rates are scheduled to be much lower.
- d. State and explain whether or not the Company will actually record on its books deferred income tax provisions in 2012 or 2013 using only currently effective statutory state income tax rates for liberalized depreciation and basis differences, or explain and quantify the tax rates that will actually be used on the books for such long-lived book/tax timing differences.
- e. Provide a copy of the Company's workpapers supporting its most recently recorded income tax expense provision, showing how the state income tax rates being used to record deferred income tax expense for liberalized depreciation and plant related basis differences.
- f. Provide a revised calculation of test year deferred income tax expenses, using the liability method of accounting for Liberalized Depreciation and Basis Differences and the effective income tax rates expected to be applied to the reversals of such test year timing differences.
- g. Provide detailed workpapers and supporting documentation for your response to part (f).

**ICC Docket No. 12-0512**

**The Peoples Gas Light and Coke Company's Response to  
Attorney General Data Requests AG 7.01-7.36**

**Dated: October 9, 2012**

**RESPONSE:**

a: The flow is as described in the data request; however, while the deferred taxes computed at current rates in columns D and E of Schedule C-5.2 flow to Schedule C-5 in the computation of current taxes, amounts in columns H and I of Schedule C-5.2, which include the effects of average rate assumption method ("ARAM"), are what flow to Schedule C-1 to be included in cost of service.

b: The Company employs GAAP practices in ASC 740. The Company first computes deferred income taxes ARAM. The results of the income tax provision are reflected in the Company's income statement. To comply with ASC 740, which adopts a liability method, the Company computes the required deferred income taxes balance and then adjusts the balances. The Company uses Power Tax and Power Tax Provision to compute its income taxes for financial statement purposes and for this proceeding. PowerTax maintains all data related to plant-related timing differences. Because it is a utility system, it automatically computes regulatory taxes using ARAM. It also layers on balance sheet adjustments to also comply with GAAP. Similarly, PowerTax Provision also can compute non-plant deferred taxes using ARAM. Again, it tracks the regulatory computation and generates the required adjustments to bring the balances in line with GAAP. The contra accounts to those entries that are the required adjustments are 182.3 or 254 as appropriate. The Company has employed the same accounting since FAS 109 (now ASC 740) was adopted in 1993.

c: In compliance with the Commission's Order in Docket No 83-0309, the Company uses the ARAM methodology, which assumes that originating differences are built at the existing statutory rate.

d: The Company will record in its income statement deferred taxes consistent with the Commission's Order in Docket No. 83-0309. Specifically, originating differences will be provided at the statutory rate, and reversing differences will reverse at the weighted average provided. Any difference between this regulatory method and what would occur under FAS 109 are recorded in regulatory assets and liabilities as appropriate. The income statement will reflect the regulatory method. The balance sheet will be adjusted as provided in ASC 980-740-25-2. See the Company's response to subpart b of this data request.

e: See PGL AG 7.20 Attach 01. This attachment traces the financial statement income taxes (see PGL AG 7.20 Attach 02) back through to the general ledger ("GL") accounts ultimately to PGL AG 7.20 Attach 03, which is a report by vintage and class that lays out the deferred income tax computation for plant. Wherever there is an amount in the column labeled "Provision" that amount is the building difference computed at the 7.0% or 2.5% components of the state income tax rate. The federal tax benefit rate is -3.325%. The amounts contained in the column labeled reversal are reversing differences computed using the column in the report labeled "ARAM." This demonstrates the amounts in

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Attorney General Data Requests AG 7.01-7.36**  
**Dated: October 9, 2012**

Peoples Gas' income statement for financial reporting purposes contain amounts computed utilizing ARAM as required by the Commission's Order in Docket No 83-0309.

f: If the information sought is what effect there would be on tax if the computation were done not using ARAM, but instead computed the expense that would result if the company recorded deferred tax expense under the liability method under ASC 740, Peoples Gas can compute the maximum difference that would exist. The originating differences in the test year for plant are \$191,621,000. On a gross basis, the largest difference in tax rate is 2.2% (9.5% less 7.3%). When the federal tax effect is added, the difference becomes 1.43%. Multiplying the originating differences by 1.43% generates a maximum difference of \$2,740,000 ( $191,621,000 \times 1.43\%$ ). Note that computing deferred taxes in this manner causes a partial flow through, is not consistent with principles of full normalization, and is not consistent with Commission's Order in Docket No 83-0309.

g: See PGL AG 7.20 Attach 04.

Peoples Gas Light and Coke Company  
PowerTax Deferred Tax Recovery Report  
Rpt # 132 10/25/2012 3:31 PM  
PGL/NSG Fall 2011 RC #3328  
2013  
Grouped By: Total Tax Classes

Jurisdiction: CGO - State Deduct	Tax Recovery		Book Recovery		Current Difference		ARAM		Current Deferred Tax		Total
	Type: State Ded - Tax Basis Or	Depreciation	Loss/(Gain)	Depreciation	Orig Diff	Depreciation	Orig Diff	Reversal	Provision	Trans/Adjust	
2002_JCA		\$39,202.61	\$0.00	\$0.00	\$39,202.61	\$0.00	\$0.00	-2.56%	\$0.00	(\$1,001.63)	\$0.00
2003_JCA		\$876.56	\$0.00	\$0.00	\$876.56	\$0.00	\$0.00	-2.56%	\$0.00	(\$22.40)	\$0.00
<b>G_IL-RAR-Disallowed Bonus</b>		<b>\$40,079.17</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$40,079.17</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.51%</b>	<b>\$0.00</b>	<b>(\$1,024.03)</b>	<b>\$0.00</b>
1999		\$56,241.74	\$0.00	\$0.00	\$56,241.74	\$0.00	\$0.00	-2.51%	\$0.00	(\$1,413.36)	\$0.00
2000		\$59,798.94	\$0.00	\$0.00	\$59,798.94	\$0.00	\$0.00	-2.51%	\$0.00	(\$1,502.75)	\$0.00
<b>G_IL-RAR-Injuries &amp; Damages</b>		<b>\$116,040.68</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$116,040.68</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.51%</b>	<b>\$0.00</b>	<b>(\$2,916.11)</b>	<b>\$0.00</b>
1999		\$2,083.72	\$0.00	\$0.00	\$2,083.72	\$0.00	\$0.00	-2.51%	\$0.00	(\$52.37)	\$0.00
2000		\$1,961.99	\$0.00	\$0.00	\$1,961.99	\$0.00	\$0.00	-2.51%	\$0.00	(\$49.30)	\$0.00
2001		\$4,987.58	\$0.00	\$0.00	\$4,987.58	\$0.00	\$0.00	-2.51%	\$0.00	(\$125.34)	\$0.00
<b>G_IL-RAR-Legal Fees</b>		<b>\$9,033.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,033.29</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.56%</b>	<b>\$0.00</b>	<b>(\$227.01)</b>	<b>\$0.00</b>
2002		\$4,388.17	\$0.00	\$0.00	\$4,388.17	\$0.00	\$0.00	-2.56%	\$0.00	(\$112.12)	\$0.00
<b>G_IL-RAR-Repairs</b>		<b>\$4,388.17</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,388.17</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.56%</b>	<b>\$0.00</b>	<b>(\$112.12)</b>	<b>\$0.00</b>
<b>Total Tax Classes</b>		<b>\$169,541.31</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$169,541.31</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.56%</b>	<b>\$0.00</b>	<b>(\$4,279.27)</b>	<b>\$0.00</b>
<b>State Ded - Tax Basis On Total:</b>		<b>\$169,541.31</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$169,541.31</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-2.56%</b>	<b>\$0.00</b>	<b>(\$4,279.27)</b>	<b>\$0.00</b>
<b>CGO - State Deduct Total:</b>		<b>\$98,895,278.47</b>	<b>\$17,381,362.35</b>	<b>\$101,334,462.63</b>	<b>(\$121,628,172.38)</b>	<b>\$2,439,184.16</b>	<b>\$139,009,534.73</b>		<b>(\$6,371,389.69)</b>	<b>\$1,519,474.42</b>	<b>\$0.00</b>
<b>Company Total:</b>		<b>\$296,685,835.41</b>	<b>\$52,144,087.05</b>	<b>\$304,003,387.89</b>	<b>(\$364,884,517.14)</b>	<b>\$7,317,552.48</b>	<b>\$417,028,604.19</b>		<b>\$11,832,580.90</b>	<b>(\$2,820,999.04)</b>	<b>\$0.00</b>
<b>Grand Total:</b>		<b>\$296,685,835.41</b>	<b>\$52,144,087.05</b>	<b>\$304,003,387.89</b>	<b>(\$364,884,517.14)</b>	<b>\$7,317,552.48</b>	<b>\$417,028,604.19</b>		<b>\$11,832,580.90</b>	<b>(\$2,820,999.04)</b>	<b>\$0.00</b>

\$11,832,581 / .06175 state tax rate net of federal =  
\$191,621,000  
\$191,621,000 x .0143 = \$2,740,000

**ICC Docket No. 12-0512**  
**The Peoples Gas Light and Coke Company's Response to**  
**Staff Data Requests BAP 5.01-5.04**  
**Dated: September 4, 2012**

**REQUEST NO. BAP 5.01:**

Referring to Peoples Gas Schedule C-18, pp. 1 – 4, line 8, column (F), the total Invested Capital Tax, please provide:

- a). a detailed explanation for the difference between the 2012 forecasted amount of \$11,058,000, and the 2011 actual amount of \$9,600,000, which difference amounts to \$1,458,000 or more than 15%;
- b). calculations and supporting documentation of actual 2012 invested capital taxes accrued and paid for the first half of the year, January through June 2012;
- c). a detailed explanation as to whether the 2012 forecasted amount of \$11,058,000 should be adjusted downward to more closely approximate annualized actual invested capital taxes from the first half of the year 2012;
- d). a detailed explanation for the difference between the 2013 forecasted amount of \$12,087,000, and the 2011 actual amount of \$9,600,000, which difference amounts to \$2,487,000 or nearly 26%;
- e). a detailed explanation as to whether the 2013 forecasted amount should be adjusted downward to more closely approximate annualized actual invested capital taxes from the first half of the year 2012 or historical invested capital taxes for the year 2011.

**RESPONSE:**

Please see PGL BAP 5.01 Attach 01.

Peoples Gas Company  
BAP 5.01

Referring to Peoples Gas Schedule C-18, pp. 1 - 4, line 8, column (F), the total Invested Capital Tax, please provide:  
a). a detailed explanation for the difference between the 2012 forecasted amount of \$11,058,000,  
and the 2011 actual amount of \$9,600,000, which difference amounts to \$1,458,000 or more than 15%

		2011	2012
DEC	Estimate 2012		
Total Capitalization AT DEC		1,491,327,915	
Investment & advances			1,491,327,915
	1339969142		
	BOY	1,339,969,142	
	EOY	1,491,327,915	
	average balance	2,831,297,057	
	rate	1,415,648,529	
		0.008	
	Tax	11,325,188	
	rounded	11,325,000	
1st	March	2,831,000	
2nd	June	2,831,000	
3rd	September	2,831,000	
4th	December	2,831,000	
	Monthly Accrual	11,325,000	
	Mar-Dec 2012	943,800	
	Jan-Feb 2012	9,438,000	
		1,620,000	
		11,058,000	
Cash & Temporary Investments		(625,921)	(625,921)
CAPITALIZATION:			
Treasury Stock		-	-
Common Stock		-	-
Partner Equity		219,307,044	219,307,044
Additional Paid-in Capital		(11,746)	(11,746)
Other Paid-in Capital		-	-
Capital Stock Expense		(142,800)	(142,800)
Retained Earnings		954,238,062	1,018,621,734
Retained Earnings - Other		-	-
Other Comprehensive Income		(218,771)	(19,431)
Dividends Declared		(480,320,261)	(520,320,261)
Total Equity		692,851,529	717,434,540
Preferred Stock		-	-
Obligations Under Capital Leases - Long Term		525,000,000	480,000,000
Bonds		-	-
Other Long Term Debt		-	-
Unamortized Discount on Long-Term Debt-Debit		(492,672)	(463,680)
Advances to Affiliates Long Term		-	-
Current Portion of Long-Term Debt		-	120,000,000
Obligations Under Capital Lease - Current		-	-
Total Long Term Debt		524,507,328	599,536,320
231000 Line of Credit		-	-
231020 Note Payable - Master Note		-	-
231100 Short-Term Notes Payable		-	-
231500 Notes Pay-Commercial Paper		122,610,286	174,357,054
231510 Interest on Commercial Paper		-	-
Notes Payable		122,610,286	174,357,054
Notes Payable to Affiliates		-	-
Total Short Term Debt		122,610,286	174,357,054
Total Capitalization		1,339,969,142	1,491,327,915

Peoples Gas Company  
BAP 5.01

Referring to Peoples Gas Schedule C-18, pp. 1 - 4, line 8, column (F), the total Invested Capital Tax, please provide:

b). calculations and supporting documentation of actual 2012 invested capital taxes accrued and paid for the first half of the year, January through June 2012

Unit	Year	Period	Journal ID	Date	Source	Account	Sum Monetary Am	Description	FERC
1100	2012		3 2010615775	3/2/2012	AP	236056	2,407,800.00	Tax Payment	236056
1100	2012		6 2010640942	6/11/2012	AP	236056	2,407,800.00	Tax Payment	236056
1100	2012		1 6500607069	1/31/2012	TAX	236056	(810,000.00)	PGL IL Invested Capital Tax Mo	236056
1100	2012		2 6500614581	2/29/2012	TAX	236056	(802,600.00)	PGL IL Invested Capital Tax Mo	236056
1100	2012		3 6500623382	3/31/2012	TAX	236056	(802,600.00)	PGL IL Invested Capital Tax Mo	236056
1100	2012		4 6500630079	4/30/2012	TAX	236056	(802,600.00)	PGL IL Invested Capital Tax Mo	236056
1100	2012		5 6500637330	5/31/2012	TAX	236056	(802,600.00)	PGL IL Invested Capital Tax Mo	236056
1100	2012		6 6500644261	6/27/2012	TAX	236056	(802,600.00)	PGL IL Invested Capital Tax Mo	236056
					1/1-6/30/2012 Taxes Accrued		(4,823,000.00)		
					1/1-6/30/2012 Taxes Paid		4,815,600.00		

Note: The monthly accrual journal entries are based on the previous years (2011) actual liability, not the projected 2012 liability. Also, the tax payments are based on the previous years (2011) actual liability, not the projected 2012 liability (safe harbor rules).

2011 Actual Tax Liability, per line 21 Form ICT-4	9,630,696.75
Estimated 2012 Tax Liability (based on 2011 actual)	9,631,000.00
2012 Monthly Accrual (\$1,353,000/12mos)	<u>802,600.00</u>
2012 Quarterly Estimated Payments (\$1,353,000/4 qtrs)	<u>2,407,800.00</u>

Peoples Gas Company  
BAP 5.01

Referring to Peoples Gas Schedule C-18, pp. 1 – 4, line 8, column (F), the total Invested Capital Tax, please provide:  
c). a detailed explanation as to whether the 2012 forecasted amount of \$11,058,000 should be adjusted downward to more closely approximate annualized actual invested capital taxes from the first half of the year 2012

Below is a revised analysis showing the updated calculation using the most recent actual/projected numbers. Based upon the most recent figures, the 2012 budgeted Invested Capital Tax would change from \$11,058,000 to \$10,233,000.

	2012 (per rate case)	2012 Updated Budget	2012 (per rate case)	2012 Updated Budget
Cash & Temporary Investments	(625,921)	(2,716,949)	1,491,327,915	1,274,703,222
<b>CAPITALIZATION:</b>				
Treasury Stock	-	-	1,491,327,915	1,274,703,222
Common Stock	219,307,044	220,405,179		
Partner Equity	-	-		
Additional Paid-in Capital	(11,746)	-		
Other Paid-in Capital	-	-	1,339,969,142	1,339,969,142
Capital Stock Expense	(142,800)	(142,800)	1,491,327,915	1,274,703,222
Retained Earnings	1,018,621,734	950,361,698	2,831,297,057	2,614,672,364
Retained Earnings - Other	-	-	1,415,648,529	1,307,336,182
Other Comprehensive Income	(19,431)	(566,069)	0.008	0.008
Dividends Declared	(520,320,261)	(538,520,823)		
Total Equity	717,434,540	631,537,185	11,325,188	10,458,689
Preferred Stock	-	-		
Obligations Under Capital Leases - Long Term	-	-		
Bonds	480,000,000	450,000,000	11,325,000	10,233,000
Other Long Term Debt	-	-		
Unamortized Discount on Long-Term Debt-Debit	(463,680)	(473,174)		
Advances to Affiliates - Long Term	-	-		
Current Portion of Long-Term Debt	120,000,000	75,000,000	2,831,000	2,559,000
Obligations Under Capital Lease - Current	-	-	2,831,000	2,559,000
Total Long Term Debt	599,536,320	524,526,826	2,831,000	2,559,000
231000 Line of Credit	-	-	2,831,000	2,559,000
231020 Note Payable - Master Note	-	-		
231100 Short-Term Notes Payable	-	-		
231500 Notes Pay-Commercial Paper	174,357,054	118,639,211		
231510 Interest on Commercial Paper	-	-		
Notes Payable	174,357,054	118,639,211		
Notes Payable to Affiliates	-	-		
Total Short Term Debt	174,357,054	118,639,211		
Total Capitalization	1,491,327,915	1,274,703,222		
Monthly Accrual			11,325,000	10,233,000
Feb-Dec 2012			943,800	852,750
Jan-12			1,620,000	1,705,500
2012			11,058,000	10,233,000

Peoples Gas Company  
BAP 5.01

Referring to Peoples Gas Schedule C-18, pp. 1 - 4, line 8, column (F), the total Invested Capital Tax, please provide:  
d). a detailed explanation for the difference between the 2013 forecasted amount of \$12,087,000,  
and the 2011 actual amount of \$9,600,000, which difference amounts to \$2,487,000 or nearly 26%;

	Estimated 2013	2011	2012	2013
From Budgeted Balance Sheet	1,568,317,612	(55,270,772)	(625,921)	(625,921)
	<u>1,568,317,612</u>	-	-	-
		219,307,044	219,307,044	219,307,044
BOY	1,491,327,915	(11,746)	(11,746)	(11,746)
EOY	1,568,317,612	(142,800)	(142,800)	(142,800)
average balance	1,529,822,763	995,582,731	1,144,148,132	1,077,844,604
rate	0.008	(431,170)	(431,170)	(9,223)
Tax	12,238,582	(456,320,261)	(456,320,261)	(578,320,261)
rounded	12,239,000	757,983,798	906,549,199	718,667,618
1st	March	-	-	-
2nd	June	3,060,000	-	-
3rd	September	3,060,000	526,000,000	680,000,000
4th	December	3,059,000	(507,168)	(434,688)
Monthly Accrual	12,239,000	-	-	-
Mar-Dec 2013	1,019,900	-	-	-
Jan-Feb 2013	10,199,000	525,492,832	525,492,832	679,565,312
	1,887,600	-	-	-
	<u>12,086,600</u>	-	-	-
Estimated Quarterly Payments	2,831,250	-	-	-
	2,831,250	-	146,208,210	170,084,682
	2,831,250	-	-	-
	2,831,250	-	146,208,210	170,084,682
Total Short Term Debt		-	-	-
Total Capitalization		1,289,476,630	1,578,250,241	1,568,317,612

Peoples Gas Company  
BAP 5.01

Referring to Peoples Gas Schedule C-18, pp. 1 – 4, line 8, column (F), the total Invested Capital Tax, please provide:  
e), a detailed explanation as to whether the 2013 forecasted amount should be adjusted downward to more closely approximate annualized actual invested capital taxes from the first half of the year 2012 or historical invested capital taxes for the year 2011

Below is a revised analysis showing the updated calculation using the most recent actual/projected numbers.  
Based upon the most recent figures, the 2013 budgeted Invested Capital Tax would change from \$12,086,600 to \$10,359,000.

	2013 (per rate case)	2013 Updated Budget	2013 (per rate case)	2013 Updated Budget
Cash & Temporary Investments	(625,921)	(2,716,949)	1,568,317,612	1,315,156,553
CAPITALIZATION:				
Treasury Stock	-	-	-	-
Common Stock	219,307,044	220,930,051	1,568,317,612	1,315,156,553
Partner Equity	-	-	-	-
Additional Paid-in Capital	(11,746)	-	1,491,327,915	1,274,703,222
Other Paid-in Capital	-	-	1,568,317,612	1,315,156,553
Capital Stock Expense	(142,800)	(142,800)	3,059,645,527	2,589,859,775
Retained Earnings	1,077,844,604	1,063,906,173	1,529,822,763	1,294,929,887
Retained Earnings - Other	-	-	0.008	0.008
Other Comprehensive Income	(9,223)	(566,069)	-	-
Dividends Declared	(578,320,261)	(538,520,821)	12,238,582	10,359,439.10
Total Equity	718,667,618	745,606,532	12,239,000	10,359,000
Preferred Stock	-	-	-	-
Obligations Under Capital Leases - Long Term	-	-	3,060,000	2,590,000
Bonds	680,000,000	450,000,000	3,060,000	2,590,000
Other Long Term Debt	-	-	3,060,000	2,590,000
Unamortized Discount on Long-Term Debt-Debit	(434,688)	(473,174)	3,069,000	2,590,000
Advances to Affiliates - Long Term	-	-	-	-
Current Portion of Long-Term Debt	-	75,000,000	12,239,000	10,359,000
Obligations Under Capital Lease - Current	-	-	1,019,900	863,250
Total Long Term Debt	679,565,312	524,526,826	10,199,000	8,632,250
231000 Line of Credit	-	-	1,887,600	-
231020 Note Payable - Master Note	-	-	12,086,600	10,359,000
231100 Short-Term Notes Payable	-	-	-	-
231500 Notes Pay-Commercial Paper	170,084,682	45,023,195	2,831,250	2,831,250
231510 Interest on Commercial Paper	-	-	2,831,250	2,831,250
Notes Payable	170,084,682	45,023,195	2,831,250	2,831,250
Notes Payable to Affiliates	-	-	-	-
Total Short Term Debt	170,084,682	45,023,195	-	-
Total Capitalization	1,568,317,612	1,315,156,553	-	-

From Budgeted Balance Sheet

BOY 1,491,327,915 1,274,703,222  
EOY 1,568,317,612 1,315,156,553  
average balance 1,529,822,763 1,294,929,887  
rate 0.008 0.008

1st March 3,060,000 2,590,000  
2nd June 3,060,000 2,590,000  
3rd September 3,060,000 2,590,000  
4th December 3,069,000 2,590,000

Monthly Accrual 12,239,000 10,359,000  
Mar-Dec 2013 1,019,900 863,250  
Jan-Feb 2013 10,199,000  
1,887,600

Estimated Quarterly Payments

2,831,250  
2,831,250  
2,831,250  
2,831,250