

**PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
INDEX TO ACCOUNTING EXHIBITS
AND SUPPORTING SCHEDULES**

AG Exhibit 1.3
Dkt. Nos. 12-0511, 0512

SCHEDULE NO.	DESCRIPTION	WITNESS
A	CHANGE IN GROSS REVENUE REQUIREMENT	Brosch
A-1	REVENUE CONVERSION FACTOR	Brosch
B	SUMMARY OF JURISDICTIONAL RATE BASE	Brosch
B-1	AVERAGE RATE BASE ADJUSTMENT	Effron
B-2	PENSION ASSET	Effron
B-3	BUDGET PLAN BALANCES	Effron
B-4	ELIMINATION OF 50/50 ADIT SHARING	Effron
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C-1	AG REVENUE ADJUSTMENT	Effron
C-2	VACANCY RATE LABOR ADJUSTMENT	Brosch
C-3	WAGE RATE INCREASE CORRECTION	Brosch
C-4	PRODUCTIVITY GAIN OFFSET TO EXPENSE INCREASES	Brosch
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C-6	REVERSAL OF CHICAGO DOT REGULATION ADJUSTMENT	Brosch
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C-10	STATE TAX RATE DEFERRED INCOME TAX SAVINGS	Brosch
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C-13	INTEREST SYNCHRONIZATION	Brosch
D	CAPITAL STRUCTURE & COSTS	Brosch

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
CHANGE IN GROSS REVENUE REQUIREMENT
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule A
Page 1 of 1

LINE NO.	DESCRIPTION	REFERENCE	COMPANY PROPOSED	AG PROPOSED
	(A)	(B)	(C)	(D)
1	Rate Base at Present Rates	(a)	\$ 1,599,599	\$ 1,412,833
2	Rate of Return	(b)	<u>7.49%</u>	<u>6.79%</u>
3	Operating Income Required	Line 1 * Line 2	\$ 119,810	\$ 95,931
4	Net Operating Income Available	(c)	<u>61,177</u>	<u>91,394</u>
5	Operating Income Deficiency	Line 3 - Line 4	\$ 58,633	\$ 4,537
6	Revenue Conversion Factor	(d)	<u>1.752114</u>	<u>1.751796</u>
7	Revenue Deficiency (Excess) at Current Effective Rates	Line 5 * Line 6	<u>\$ 102,732</u>	<u>\$ 7,948</u>

Footnotes:

- (a) Source: AG Schedule B
- (b) Source: AG Schedule D
- (c) Source: AG Schedule C
- (d) Source: AG Schedule A-1

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
REVENUE CONVERSION FACTOR
FOR THE FORECAST 2013 TEST YEAR

LINE NO.	DESCRIPTION	REFERENCE	RATES	COMPANY PROPOSED	AG PROPOSED
	(A)	(B)	(C)	(D)	(E)
1	Gross Electric Sales Revenue			100.0000%	100.0000%
2	Add: Other Operating Revenue	Note (c)	0.0910%	0.0000%	0.5959%
3	Total Operating Revenue	Line 1 + 2		<u>100.0000%</u>	<u>100.5959%</u>
4	Less: Uncollectibles	Note (b)	2.9768%	-2.9768%	-2.9768%
5	Net Revenue (before income taxes)	Lines 3..7		<u>97.02320%</u>	<u>97.61911%</u>
6	Less: Effective State Income Tax	Note (a)	9.5000%	-9.21720%	-9.27382%
7	Less: Effective Federal Income Tax	Note (a)	35.0000%	<u>-30.73210%</u>	<u>-30.92085%</u>
8	Net Operating Earnings	Lines 8..10		<u>57.07390%</u>	<u>57.42444%</u>
9	Income to Revenue Multiplier	Line 3 / Line 8		<u>1.752114</u>	<u>1.751796</u>

Footnotes:

(a) Based upon statutory rates.

(b) Company Ex. 6.1, page 9; Schedule A-2.1

(c) Late payment charge revenues, as percentage of sales revenues:

Company Schedule C-23 Forfeited Discount Revenues	\$ 6,447
Sales Revenues Forecasted by Company - Schedule C-1	
Base Rate Revenues (Present Rates)	540,683
Pass Through Revenues	534,666
Other Revenues	12,980
Less: Forfeited Discounts Included in Other	<u>(6,447)</u>
Total Revenue Base Subject to Late Payment Charges	<u>1,081,882</u>
Late Payment Charge Ratio	0.596%

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
SUMMARY OF JURISDICTIONAL RATE BASE
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION	PEOPLES GAS PRO FORMA TEST YEAR	AG ADJUSTMENTS	AG PROPOSED
(A)	(B)	(C)	(D)	
1	Gross Utility Plant	\$ 3,261,566	\$ (151,985)	\$ 3,109,581
2	Accumulated Depreciation and Amortization	1,223,681	(31,724)	\$ 1,191,957
3	Net Utility Plant (Line 1 - Line 2)	<u>2,037,885</u>	<u>(120,261)</u>	<u>1,917,624</u>
4	Cash Working Capital	17,623	(25,400)	(7,777)
5	Materials & Supplies Inventories, Net of A/P	12,002	-	12,002
6	Gas in Storage, Net of A/P	54,843	-	54,843
7	Retirement Benefits, Net	55,922	(71,018)	(15,096)
8	Budget Plan Balances	16,021	(17,043)	(1,022)
9	Total Additions	<u>156,411</u>	<u>(113,461)</u>	<u>42,950</u>
10	Accumulated Deferred Income Taxes	(561,215)	47,086	(514,129)
11	Customer Deposits	(27,453)	-	(27,453)
12	Customer Advances for Construction	(2,012)	-	(2,012)
13	Reserve for Injuries and Damages	(8,947)	(130)	(9,077)
14	Total Deductions	<u>(599,627)</u>	<u>46,956</u>	<u>(552,671)</u>
15	Adjustments from Schedule B-2	<u>4,930</u>	<u>-</u>	<u>4,930</u>
16	Rate Base at Proposed Rates	<u>\$ 1,599,599</u>	<u>\$ (186,766)</u>	<u>\$ 1,412,833</u>
		(a)	(b)	

Footnotes:

(a) Source: NS-PGL Ex. 19.1P, column E.

(b) Source: AG Schedule B, p.2 of 2.

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
SUMMARY OF RATE BASE ADJUSTMENTS
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule B
Page 2 of 2

LINE NO.	DESCRIPTION	ADJUSTMENT NUMBER / SCHEDULE REFERENCE						TOTAL
		B-1	B-2	B-3	B-4	B-5	B-6	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(K)
1	Gross Utility Plant	\$ (151,985)						\$ (151,985)
2	Accumulated Depreciation and Amortization	(31,724)						(31,724)
3	Net Utility Plant (Line 1 - Line 2)	(120,261)	-	-	-	-	-	(120,261)
4	Cash Working Capital					(25,400)		(25,400)
5	Materials & Supplies Inventories, Net of A/P							-
6	Gas in Storage, Net of A/P							-
7	Retirement Benefits, Net	16,473	(87,491)					(71,018)
8	Budget Plan Balances			(17,043)				(17,043)
9	Total Additions	16,473	(87,491)	(17,043)	-	(25,400)	-	(113,461)
10	Accumulated Deferred Income Taxes	17,120	34,896		(4,930)			47,086
11	Customer Deposits							-
12	Customer Advances for Construction							-
13	Reserve for Injuries and Damages	(130)						(130)
14	Total Deductions	16,990	34,896	-	(4,930)	-	-	46,956
15	Adjustments from Schedule B-2							-
16	Rate Base at Proposed Rates	\$ (86,798)	\$ (52,595)	\$ (17,043)	\$ (4,930)	\$ (25,400)	\$ -	\$ (186,766)

ADJUSTMENTS:

- B-1 AVERAGE RATE BASE ADJUSTMENT
- B-2 PENSION ASSET
- B-3 BUDGET PLAN BALANCES
- B-4 ELIMINATION OF 50/50 ADIT SHARING
- B-5 CASH WORKING CAPITAL
- B-6 0

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
AVERAGE RATE BASE ADJUSTMENT
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION (A)	REFERENCE (B)	ADJUSTMENT AMOUNT (C)
1	Utility Plant	Note (a)	\$ (151,985)
2	Accumulated Depreciation and Amort.		(31,724)
3	Net Plant		<u>(120,261)</u>
4	Cash Working Capital		
5	Materials and Supplies		
6	Gas in Storage		
7	Retirement Benefits - Net		16,473
8	Budget Plan Balances		<u>-</u>
9	Subtotal		<u>16,473</u>
10	Accumulated Deferred Income Taxes		17,120
11	Customer Deposits		
12	Customer Advances for Construction		
13	Reserve for Injuries and Damages		<u>(130)</u>
14	Subtotal		<u>16,990</u>
15	Adjustment to Net Rate Base		<u>\$ (86,798)</u>

Footnotes:

- a) All amounts per NS-PGL Ex. 19.1P, Schedule B-1
See AG Schedule DJE-1P

Witness: D. Effron

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
PENSION ASSET
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule B-2
Page 1 of 1

<u>LINE NO.</u>	<u>DESCRIPTION</u> (A)	<u>REFERENCE</u> (B)	<u>AMOUNT</u> (C)	<u>RELATED ADIT</u> (D)
1	Pension Asset per PGL	PGL Ex. 7.1, Schedule B-1.2	\$ 87,491	\$ (34,896)
2	AG Adjustment to Pension Asset		<u>\$ (87,491)</u>	<u>\$ 34,896</u>

Footnotes:

a) See Schedule DJE-1P

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
BUDGET PLAN BALANCES
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	December	Note a	\$ (8,895)
2	January	Note b	4,662
3	February	"	18,377
4	March	"	23,818
5	April	"	18,655
6	May	"	11,984
7	June	"	4,578
8	July	"	(3,976)
9	August	"	(13,009)
10	September	"	(19,791)
11	October	Note a	(17,962)
12	November	"	(20,942)
13	December	"	<u>(10,782)</u>
14	Average Balance		(1,022)
15	Average Test Year Balance, per Company	Note a	<u>16,021</u>
16	Adjustment to Company Balance		<u><u>\$ (17,043)</u></u>
17	Adjustment to Interest on Budget Balances	Note a	<u>(5)</u>

Footnotes:

(a) Source: PGL Ex. 7.1, Schedule B-14

(b) Source: Response to AG 9.11

Witness: D. Effron

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
ELIMINATION OF 50/50 ADIT SHARING
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule B-4
Page 1 of 1

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>REFERENCE</u>	<u>AMOUNT</u>
	(A)	(B)	(C)
1	Company Proposed 50/50 Sharing of ADIT Balances	NS-PGL Ex. 19.1P Schedule B-1	\$ 4,930
2	AG Adjustment to Eliminate Company-proposed 50/50 Sharing of ADIT		<u>\$ (4,930)</u>

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
CASH WORKING CAPITAL
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule B-5
Page 1 of 1

LINE NO.	DESCRIPTION (A)	AG REVISED		CWC Factor (C) / 365 (D)	CWC Requirement (C) x (D) (E)
		Amount (B)	Lag (Lead) (C)		
1	Revenues	\$ 886,524	49.59	0.13586	\$ 120,446
2	Pass Through Taxes	161,779	0.00	0.00000	\$ -
3	Total	<u>1,048,303</u>			
4	Payroll and Withholdings	71,672	(14.30)	(0.03918)	(2,808)
5	Incentive Pay	4,908	(250.50)	(0.68630)	(3,368)
6	Inter Company Billings (incl Payroll Tax)	155,227	(35.23)	(0.09652)	(14,983)
7	Natural Gas	473,189	(40.48)	(0.11090)	(52,479)
8	Pension and OPEB	28,610	(43.63)	(0.11953)	(3,420)
9	Other Benefits	13,448	(40.31)	(0.11044)	(1,485)
10	Other Operations and Maintenance	57,121	(43.63)	(0.11953)	(6,828)
11	Taxes Other Than Income:				-
12	Federal Insurance Contributions (FICA)	4,752	(16.29)	(0.04463)	(212)
13	Federal Unemployment Tax	18	(60.88)	(0.16679)	(3)
14	State Unemployment Tax	250	(71.33)	(0.19542)	(49)
15	Property/Real Estate Taxes	1,078	(373.16)	(1.02236)	(1,102)
16	Invested Capital Tax	12,556	(30.38)	(0.08323)	(1,045)
17	Corporation Franchise Tax	219	(185.95)	(0.50945)	(112)
18	Illinois Sales and Use Tax	181	(20.11)	(0.05510)	(10)
19	Federal Excise Tax	59	(76.38)	(0.20926)	(12)
20	Chicago Employer's Expense Tax	65	(60.82)	(0.16663)	(11)
21	Unauthorized Insurance Tax	144	155.18	0.42515	61
22	Pass Through Taxes:				
23	ICC Gas Revenue Tax	1,058	34.59	0.09477	100
24	Gross Receipts/Municipal Utility Tax	84,618	(73.79)	(0.20216)	(17,107)
25	Energy Assistance Charges	9,690	(67.95)	(0.18616)	(1,804)
26	Gas Revenue/Public Utility tax	34,771	(38.96)	(0.10674)	(3,711)
27	City of Chicago Gas Use Tax	31,642	(73.90)	(0.20247)	(6,406)
28	Interest Expense	33,432	(91.25)	(0.25000)	(8,358)
29	Federal Income Tax	24,892	(37.88)	(0.10378)	(2,583)
30	State Income Tax	<u>4,703</u>	<u>(37.88)</u>	<u>(0.10378)</u>	<u>(488)</u>
31	Total Amounts Included in Study	<u>\$ 1,048,303</u>			
32	TOTAL CWC - PER AG METHOD AT COMPANY INPUT AMOUNTS				<u>\$ (7,777)</u>
33	Less: Total CWC at Company Method in NS-PGL Ex. 19.3 Schedule B-8, page 1				<u>\$ 17,623</u>
34	AG ADJUSTMENT TO CORRECT CASH WORKING CAPITAL CALCULATIONS (Rounded \$000)				<u>\$ (25,400)</u>

Footnotes:

(a) Input expense amounts are held constant from NS/PGL Ex. 19.3, so as to isolate effects of methodology differences. It is assumed that the Commission will recalculate CWC using approved expense and revenue amounts in column B in its Final Order.

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
SUMMARY OF OPERATING INCOME
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION (A)	PEOPLES GAS PRO FORMA (B)	AG ADJUSTMENTS (C)	AG ADJUSTED PRESENT RATES (D)	AG PROPOSED RATE INCREASE (E)	AG ADJUSTED PROPOSED RATES (F)
1	Base Rate Revenues	\$ 531,898	\$ 5,261	\$ 537,159	7,901	\$ 545,060
2	Pass Through Revenues	-	-	-	47	47
3	Other Revenues	15,386	-	15,386		15,386
4	Total Operating Revenues	<u>\$ 547,284</u>	<u>\$ 5,261</u>	<u>\$ 552,545</u>	<u>\$ 7,948</u>	<u>\$ 560,493</u>
5	Other Production O&M	\$ 1,018	\$ (80)	\$ 938		\$ 938
6	Storage O&M	10,313	(236)	10,077		10,077
7	Transmission O&M	3,249	(94)	3,155		3,155
8	Distribution O&M	144,591	(27,078)	117,513		117,513
9	Customer Accounts-Uncollectibles	18,265	-	18,265	237	18,502
10	Customer Accounts- Other	32,736	(1,172)	31,564		31,564
11	Customer Service & Informational	2,294	(121)	2,173		2,173
12	Sales Expenses	-	-	-		-
13	Administrative & General	133,528	(12,851)	120,677		120,677
14	Operation and Maintenance	<u>345,994</u>	<u>(41,632)</u>	<u>304,362</u>	<u>237</u>	<u>304,598</u>
15	Depreciation	91,655	(3,333)	88,322		88,322
16	Amortization	5,572	-	5,572		5,572
17	Taxes Other Than Income	22,579	(2,851)	19,728		19,728
18	Current Income Taxes	(11,446)	25,600	14,154	3,175	17,329
19	Deferred Income Taxes and ITC	31,753	(2,740)	29,013		29,013
20	Total Operating Expenses	<u>\$ 486,107</u>	<u>\$ (24,956)</u>	<u>\$ 461,151</u>	<u>\$ 3,412</u>	<u>\$ 464,563</u>
21	Operating Income	<u>\$ 61,177</u>	<u>\$ 30,217</u>	<u>\$ 91,394</u>	<u>\$ 4,536</u>	<u>\$ 95,931</u>

(a)

(b)

(c)

Footnotes:

(a) Source: NS-PGL Ex. 18.1P, column E.

(b) Source: AG Schedule C, page 4

(c) Source: AG Schedule A and Schedule A-1 factors

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
SUMMARY OF OPERATING INCOME ADJUSTMENTS
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule C
Page 2 of 3

LINE NO.	DESCRIPTION (A)	ADJUSTMENT NUMBER / SCHEDULE REFERENCE									SUBTOTAL (K)	
		C-1 (B)	C-2 (C)	C-3 (D)	C-4 (E)	C-5 (F)	C-6 (G)	C-7 (H)	C-8 (I)	C-9 (J)		
1	Base Rate Revenues	\$ 5,261										\$ 5,261
2	Pass Through Revenues											-
3	Other Revenues											-
4	Total Operating Revenues	<u>\$ 5,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,261</u>
5	Other Production O&M		\$ (41)			\$ (39)						\$ (80)
6	Storage O&M		(139)			(98)						(236)
7	Transmission O&M		(60)			(34)						(94)
8	Distribution O&M		(4,284)	(342)	(1,591)	(1,238)	(13,932)	(5,692)				(27,078)
9	Customer Accounts-Uncollectibles											-
10	Customer Accounts- Other		(678)			(494)						(1,172)
11	Customer Service & Informational Sales Expenses		(63)			(59)						(121)
12	Administrative & General		(3,395)	(31)	(1,591)	(4,384)			(3,176)	(267)		(12,846)
14	Operation and Maintenance		<u>(8,660)</u>	<u>(373)</u>	<u>(3,182)</u>	<u>(6,344)</u>	<u>(13,932)</u>	<u>(5,692)</u>	<u>(3,178)</u>	<u>(267)</u>		<u>(41,627)</u>
15	Depreciation								(3,333)			(3,333)
16	Amortization											-
17	Taxes Other Than Income		(495)	(23)								(518)
18	Current Income Taxes	2,166	3,770	163	1,310	2,612	5,737	2,344	2,681	110		20,892
19	Deferred Income Taxes and ITC											-
20	Total Operating Expenses	<u>\$ 2,166</u>	<u>\$ (5,385)</u>	<u>\$ (233)</u>	<u>\$ (1,872)</u>	<u>\$ (3,732)</u>	<u>\$ (8,195)</u>	<u>\$ (3,348)</u>	<u>\$ (3,830)</u>	<u>\$ (157)</u>		<u>\$ (24,587)</u>
21	Operating Income	<u>\$ 3,095</u>	<u>\$ 5,385</u>	<u>\$ 233</u>	<u>\$ 1,872</u>	<u>\$ 3,732</u>	<u>\$ 8,195</u>	<u>\$ 3,348</u>	<u>\$ 3,830</u>	<u>\$ 157</u>		<u>\$ 29,848</u>

ADJUSTMENTS: C-1 AG REVENUE ADJUSTMENT
C-2 VACANCY RATE LABOR ADJUSTMENT
C-3 WAGE RATE INCREASE CORRECTION
C-4 PRODUCTIVITY GAIN OFFSET TO EXPENSE INCREASES
C-5 PARTIAL ELIMINATION OF INCENTIVE COMPENSATION
C-6 REVERSAL OF CHICAGO DOT REGULATION ADJUSTMENT
C-7 REVERSAL OF CROSS-BORES EXPENSE ADJUSTMENT
C-8 UNSUPPORTED IBS INCREASES
C-9 UPDATED IBS RETURN ON INVESTMENT

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
SUMMARY OF OPERATING INCOME ADJUSTMENTS
FOR THE FORECAST 2013 TEST YEAR
(000's)

AG Exhibit 1.3
Schedule C
Page 3 of 3

LINE NO.	DESCRIPTION (A)	PRIOR PAGE SUBTOTAL (B)	ADJUSTMENT NUMBER / SCHEDULE REFERENCE								SUBTOTAL (K)	
			C-10 (C)	C-11 (D)	C-12 (E)	C-13 (F)	C-14 (G)	C-15 (H)	C-16 (I)	C-17 (J)		
1	Base Rate Revenues	\$ 5,261										\$ 5,261
2	Pass Through Revenues	-										-
3	Other Revenues	-										-
4	Total Operating Revenues	\$ 5,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,261
5	Other Production O&M	\$ (80)										\$ (80)
6	Storage O&M	(236)										(236)
7	Transmission O&M	(94)										(94)
8	Distribution O&M	(27,078)										(27,078)
9	Customer Accounts-Uncollectibles	-										-
10	Customer Accounts- Other	(1,172)										(1,172)
11	Customer Service & Informational	(121)										(121)
12	Sales Expenses	-										-
13	Administrative & General	(12,846)			(5)							(12,851)
14	Operation and Maintenance	(41,627)	-	-	(5)	-	-	-	-	-	-	(41,632)
15	Depreciation	(3,333)										(3,333)
16	Amortization	-										-
17	Taxes Other Than Income	(518)		(2,332)								(2,851)
18	Current Income Taxes	20,892		960	2	3,745						25,600
19	Deferred Income Taxes and ITC	-	(2,740)									(2,740)
20	Total Operating Expenses	\$ (24,587)	\$ (2,740)	\$ (1,372)	\$ (3)	\$ 3,745	\$ -	\$ (24,956)				
21	Operating Income	\$ 29,848	\$ 2,740	\$ 1,372	\$ 3	\$ (3,745)	\$ -	\$ 30,217				

ADJUSTMENTS: C-10 STATE TAX RATE DEFERRED INCOME TAX SAV C-14 0
C-11 INVESTED CAPITAL TAX ADJUSTMENT C-15 0
C-12 INTEREST ON BUDGET PLAN BALANCES C-16 0
C-13 INTEREST SYNCHRONIZATION C-17 RESERVED

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 AG REVENUE ADJUSTMENT
 FOR THE FORECAST 2013 TEST YEAR

LINE NO.	DESCRIPTION	REFERENCE	S.C. No.1	S.C. No.2	Total
	(A)	(B)	(C)	(D)	(E)
1	Adjustment to Sales (Dth)	PGL Ex. 4.0, Page 16	17,361	19,483	36,844
2	Average Rate per Therm	Note (a)	\$ 0.17472	\$ 0.11435	
3	Adjustment to Test Year Revenues		<u>\$ 3,033</u>	<u>\$ 2,228</u>	<u>\$ 5,261</u>

Footnotes:

(a) PGL Schedule E-5, Sections B&C
 $(2132+113937+146+6562)/(9104+654342+615+38664)$
 $(40894+37867)/(310922+377863)$

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
VACANCY RATE LABOR ADJUSTMENT
FOR THE FORECAST 2013 TEST YEAR
\$000

LINE NO.	DESCRIPTION	REFERENCE	PGL DIRECT LABOR AMOUNT	AFFILIATE LABOR AMOUNT
	(A)	(B)	(C)	(D)
1	<u>Payroll Amounts by Function:</u>			
2	Production	Note (d)		\$ 996
3	Storage			3,355
4	Transmission	Note (a)	\$ 252	1,108
5	Distribution	Note (b)	71,853	6,281
6	Customer Accounts	Note (c)	3,485	11,673
7	Customer Service	Note (a)	70	1,416
8	Sales			
9	Administrative and General	Note (a)	<u>1,029</u>	<u>27,807</u>
10	Total Test Year Payroll to Expense		\$ 76,689	\$ 52,636
11	2012 year to date Vacancy Rate (Note e)	AG WP C-2	-5.60%	-4.14%
12	<u>AG Payroll Cost Adjustment for Vacant Positions:</u>			
13	Production	Line 11 * Line 2	\$0	(41)
14	Storage	Line 11 * Line 3	-	(139)
15	Transmission	Line 11 * Line 4	(14)	(46)
16	Distribution	Line 11 * Line 5	(4,024)	(260)
17	Customer Accounts	Line 11 * Line 6	(195)	(483)
18	Customer Service	Line 11 * Line 7	(4)	(59)
19	Sales	Line 11 * Line 8	-	-
20	Administrative and General	Line 11 * Line 9	(58)	(1,151)
21	AG ADJUSTMENT FOR VACANT POSITIONS	Lines 13...20	<u>\$ (4,295)</u>	<u>\$ (2,179)</u>
22	Add Back: 2013 Contractors to be Replaced by Emps.	Note (f)	<u>\$ 600</u>	
23	Net AG Adjustment to PGL Labor Forecast	Line 21+ Line 22	<u>\$ (3,695)</u>	
24	TOTAL AG LABOR ADJUSTMENT FOR VACANT POSITIONS			<u>\$ (5,874)</u>
25	Employee Benefits to Expense in 2013 Test Year	PGL Sch. C-11.3p.4	\$42,058	10,403
26	Adjustment to Employee Benefits for Vacancy Rate	Line 25 * Line 11	\$ (2,355)	\$ (431)
27	Employee Payroll Tax Adjustment for Vacancy Rate	Note (g)	\$ (329)	\$ (167)
28	TOTAL AG ADJUSTMENT FOR EMPLOYEE VACANCIES (Lines 24+26+27)			<u>\$ (9,155)</u>

Footnotes:

- (a) Source: Revised JMO 13.05 Attachment, page 1.
(b) Includes \$10,165 of distributed clearing account labor per JMO 13.05, footnote 2
(c) Includes \$579 of distributed clearing account labor per JMO 13.05, footnote 3
(d) Source for column (D): Revised JMO 13.06, page 1. Includes clearing of \$723 to Distribution and \$34 to Customer Accounts per Note 1.
(e) Vacancy rate percentage is based upon actual vacancies / authorized staffing through September 2011
(f) In PGL AG 3.15, Att. 1, \$600,000 reduction in contractor charge budgeted for new employees.
(g) Payroll taxes estimated at 7.65% statutory employers' FICA rate.

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 WAGE RATE INCREASE CORRECTION
 FOR THE FORECAST 2013 TEST YEAR
 \$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	<u>Company-Calculated Correction to Wage Rate Increases</u>		
2	Reduction to Direct and IBS-allocated Labor Costs	PGL AG 10.25 Att.1	\$ (342)
3	Reduction to Benefit Costs for Revised Wage Increases	" , tab c	(31)
4	Reduction to Payroll Taxes for Revised Wage Increases	" , tab c	<u>(23)</u>
5	AG Adjustment to Post Company Calculated Revisions to Wage Increases		<u>\$ (396)</u>

Footnotes:

(a) Due to minimal impact of these changes, all payroll effects are posted to Distribution Expenses.

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 PRODUCTIVITY GAIN OFFSET TO EXPENSE INCREASES
 FOR THE FORECAST 2013 TEST YEAR
 \$000

LINE NO.	DESCRIPTION	REFERENCE	TEST YEAR AMOUNT
(A)	(B)	(C)	
1	Company Proposed Adjusted O&M Expenses - Test Year Projected:	NS-PGL Ex. 18.1P column E, Line 24	\$345,994
2	Less: Uncollectibles in Line 1	", Line 18	(18,265)
3	Projected Staffing Vacancies Adjustment	AG Schedule C-2	(9,155)
4	Wage Increase Rate Adjustment	AG Schedule C-3	(396)
5	Incentive Compensation Adjustment	AG Schedule C-5	<u> </u>
6	Sub-Total - Forecasted Test Year O&M Base for Productivity Adjustment	Sum Lines 1...5	\$318,178
7	Productivity Factor Assumed Applicable in 2012	Note (a)	0.50%
8	Productivity Factor Assumed Applicable in 2013	"	0.50%
9	Total Assumed Productivity Percentage Over Two Forecast Periods		<u>1.00%</u>
10	AG Adjustment to Recognize Productivity Improvements in 2012 and 2013	-Line 6 * Line 9	<u>\$ (3,182)</u>

Footnotes:

(a) See Brosch Testimony (AG Ex. 1.0) for explanation of assumed productivity rate.

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
PARTIAL ELIMINATION OF INCENTIVE COMPENSATION
FOR THE FORECAST 2013 TEST YEAR
\$000

LINE NO.	DESCRIPTION	TEST YEAR ANNUAL INCENTIVE PLAN EXPENSE	DISALLOWANCE FACTOR 50%	DISALLOW STOCK-BASED INCENTIVES	TOTAL AG ADJUSTMENT
	(A)	(B) Note (a)	(C) Note (b)	(D) Note (c)	(E)
1	<u>Test Year Proposed Incentive Compensation</u>				
2	Production Expenses	78	(39)		(39)
3	Storage Expenses	195	(98)		(98)
4	Transmission O&M	68	(34)		(34)
5	Distribution O&M	2,475	(1,238)		(1,238)
6	Customer Accounts	987	(494)		(494)
7	Customer Services	117	(59)		(59)
8	Sales		-		-
9	Administrative & General Expenses	<u>6,287</u>	<u>(3,144)</u>	<u>(1,240)</u>	<u>(4,384)</u>
10	Total Amount	<u>\$ 10,207</u>	<u>\$ (5,104)</u>	<u>\$ (1,240)</u>	
11	AG Adjustment to Partially Disallow Test Year Forecasted Incentive Compensation Expenses				<u><u>\$ (6,344)</u></u>

Footnotes:

- (a) Amounts per Company response to JMO 15.01, Attachment 1.
- (b) The portion disallowed is driven by performance relative to O&M cost reduction targets, as described in Brosch Testimony.
- (c) All stock-based incentive compensation is disallowed, with consent of the Company. See Brosch Testimony.

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 REVERSAL OF CHICAGO DOT REGULATION ADJUSTMENT
 FOR THE FORECAST 2013 TEST YEAR
 \$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	PGL Supplemental "CDOT" Adjustment	NS-PGL Ex. 20.0	\$13,932
2	AG Adjustment to Reverse PGL CDOT Expenses	Line 1	<u>\$ (13,932)</u>

Footnotes:

- (a) This amount was submitted in Company "Supplemental" testimony on October 23, 2012 with no detailed workpaper supporting documentation. There was inadequate opportunity for AG discovery to evaluate this new claimed expense adjustment amounts, so it is reversed at this time, pending further investigation and support from the Company.

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 REVERSAL OF CROSS-BORES EXPENSE ADJUSTMENT
 FOR THE FORECAST 2013 TEST YEAR
 \$000

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	PGL Supplemental "Cross Bores" Adjustment	NS-PGL Ex. 20.0	\$5,692
2	AG Adjustment to Reverse PGL Cross Bores Costs	Line 1	<u>\$ (5,692)</u>

Footnotes:

- (a) This amount was submitted in Company "Supplemental" testimony on October 23, 2012 with no detailed workpaper supporting documentation. There was inadequate opportunity for AG discovery to evaluate this new claimed expense adjustment amounts, so it is reversed at this time, pending further investigation and support from the Company.

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 UNSUPPORTED IBS INCREASES
 FOR THE FORECAST 2013 TEST YEAR
 \$000

LINE NO.	DESCRIPTION		REFERENCE	UNEXPLAINED AMOUNT
	(A)		(B)	(C)
	Cost Center	Description		
1	A59	IT CVS Development C-First	NS AG 3.14, Att.1	\$ 569
2	A45	IBS Safety Health & Wellness	"	343
3	A06	TEG Corporate Controller	"	502
4	A07	TEG Investor Relations	"	61
5	AB2	Utility Group Executive Office	"	210
6	AF4	TEG M2C Billing Chic	"	311
7	AF5	TEG M2C Collections Chic	"	591
8	A50	IBS Legal - Centrally Budgeted	"	591
9		IBS Depreciation	"	<u>3,333</u>
10	Total of Unexplained IBS Forecast Variances Challenged by AG			<u>6,511</u>
11	AG Adjustment to Remove Unexplained IBS Forecast Variance Amounts			<u><u>\$ (6,511)</u></u>

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
UPDATED IBS RETURN ON INVESTMENT
FOR THE FORECAST 2013 TEST YEAR
\$000

LINE NO.	DESCRIPTION	WEIGHTED COST AMOUNTS	INCOME TAX CONVERSION FACTOR	PRETAX COST AMOUNT
	(A)	(B)	(C)	(D)
1	<u>AG-Recommended Overall Cost of Capital - Weighted Cost Elements</u>	Schedule D, Col. E		
2	Long-Term Debt	1.940%	1.000	1.940%
3	Short-Term Debt	0.100%	1.000	0.100%
4	Common Equity	<u>4.750%</u>	1.700	<u>8.075%</u>
5	Total Capitalization	6.790%		
6	Weighted Pretax Cost of Capital - AG Recommended from Schedule D			10.115%
7	Less: Weighted Cost of Capital Rate Used by Company for ROI (Response to PGL BAP 16.04 Att.1)			<u>11.900%</u>
8	Difference in Pretax Return Rate (Line 6 - Line 7)			-1.785%
9	Times: Forecasted IBS Asset Balances Allocated to the Company (Response to PGL BAP 16.04, Att. 1)			<u>\$ 14,979</u>
10	AG Adjustment to Update Return on IBS Investment Charged to the Company (Line 8 * Line 9)			<u>\$ (267)</u>

Footnotes:

(a) The response to PGL BAP 16.04 provided ROI calculation details for both PGL and NSG.

Witness: M. Brosch

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
STATE TAX RATE DEFERRED INCOME TAX SAVINGS
FOR THE FORECAST 2013 TEST YEAR
\$000

AG Exhibit 1.3
Schedule C-10
Page 1 of 1

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	Incremental Deferred Income Tax Expenses Proposed Using ARAM Method	AG 7.20 f	\$ 2,740
2	AG Adjustment to Apply GAAP Liability Method Deferred Tax Provisions		<u>\$ (2,740)</u>

PEOPLES GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 INVESTED CAPITAL TAX ADJUSTMENT
 FOR THE FORECAST 2013 TEST YEAR
 (000's)

LINE NO.	DESCRIPTION	BEGINNING OF YEAR BALANCE	END OF YEAR BALANCE	AVERAGE AMOUNT
	(A)	(B) Note (a)	(C) Note (b)	(D)
1	<u>Invested Capital Inputs to Estimate Test Year Expense:</u>			
2	Total Equity Capital Investment	\$ 697,332	\$ 717,435	\$707,384
3	Total Long Term Debt	518,036	599,536	558,786
4	Less: Investments in and Advances to All Corporations	<u>(4,691)</u>	<u>-</u>	<u>(2,346)</u>
5	Invested Capital Amount	1,210,677	1,316,971	1,263,824
6	Times: Illinois Apportionment Factor			<u>1.00</u>
7	Illinois Invested Capital (Line 5 * Line 6)			1,263,824
8	Times: Invested Capital Tax Rate			<u>0.80%</u>
9	Annual Invested Capital Tax to Be Recorded and Paid in 2013			\$ 10,111
10	Less: Company-proposed Test Year Level of Invested Capital Tax (Note c)			<u>12,443</u>
11	AG Adjustment to Update and Correct Invested Capital Tax Expense (Line 9 - Line 10)			<u>\$ (2,332)</u>

Footnotes :

- (a) Beginning of Year Balances are taken from the Company's Form ICT Tax Return filed 2/29/2012 using reported information as of December 31, 2011.
- (b) End of Year Balances from 2012 amounts in BAP 5.01, Attachment 1 as of 12/31/2012.
- (c) Schedule C-18, page 1, line 8, increased by \$356 at Company WPC 2.14.

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
INTEREST ON BUDGET PLAN BALANCES
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	December	Note a	\$ (8,895)
2	January	Note b	4,662
3	February	"	18,377
4	March	"	23,818
5	April	"	18,655
6	May	"	11,984
7	June	"	4,578
8	July	"	(3,976)
9	August	"	(13,009)
10	September	"	(19,791)
11	October	Note a	(17,962)
12	November	"	(20,942)
13	December	"	<u>(10,782)</u>
14	Average Balance		(1,022)
15	Average Test Year Balance, per Company	Note a	<u>16,021</u>
16	Adjustment to Company Balance		\$ (17,043)
17	Adjustment to Interest on Budget Balances	Note a	<u><u>\$ (5)</u></u>

Footnotes :

(a) PGL Ex. 7.1, Schedule B-14

(b) Response to AG 9.11

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
INTEREST SYNCHRONIZATION
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	Adjusted Rate Base per Attorney General	Schedule B	\$ 1,412,833
2	Times: Weighted Cost of Debt Capital	Schedule D	<u>2.04%</u>
3	Synchronized Deductible Interest per Attorney General	Line 1 * Line 2	28,822
4	Synchronized Deductible Interest per Company	Note (a)	<u>37,918</u>
5	Change in Deductible Interest at Attorney General Rate Base	Line 3 - Line 4	(9,096)
6	Times: Composite Federal/State Income Tax Rate	Note (b)	<u>41.1750%</u>
7	AG Adjustment to Synchronize Deductible Interest	Line 5 * Line 6	<u><u>\$ 3,745</u></u>

Footnotes:

(a) Source: NS-PGL Ex. 18.2 "Synchronized Interest"

PEOPLES GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
CAPITAL STRUCTURE & COSTS
FOR THE FORECAST 2013 TEST YEAR
(000's)

LINE NO.	DESCRIPTION	AMOUNTS IN THOUSANDS	PERCENT OF TOTAL	EARNINGS REQMTS	WEIGHTED EARNINGS REQMTS
	(A)	(B)	(C)	(D)	(E)
<u>Company Proposed</u> (a)					
1	Long-Term Debt	\$ 613,839	43.54%	4.58%	1.99%
2	Short-Term Debt	87,390	6.20%	1.61%	0.10%
3	Common Equity	<u>708,736</u>	<u>50.27%</u>	10.75%	<u>5.40%</u>
4	Total Capitalization	<u>\$ 1,409,965</u>	<u>100.00%</u>		<u>7.49%</u>
<u>AG Proposed</u> (b)					
5	Long-Term Debt	\$ 613,839	43.54%	4.46%	1.94%
6	Short-Term Debt	87,390	6.20%	1.61%	0.10%
7	Common Equity	<u>708,736</u>	<u>50.27%</u>	9.45%	<u>4.75%</u>
8	Total Capitalization	<u>\$ 1,409,965</u>	<u>100.00%</u>		<u>6.79%</u>

Footnotes :

(a) Source: NS-PGL Ex. 17.1P

(b) AG Proposed includes revised cost of long term debt to recognize lower cost projected refinancings, as described in Brosch Direct Testimony, as well as cost of common equity approved by the Commission in prior rate case.
Docket Nos. 11-0280/11-0281 cons Final Order 1/10/12 at 145.