

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

AG Exhibit 1.4
Dkt. Nos. 12-0511, 0512

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B	SUMMARY OF JURISDICTIONAL RATE BASE	Brosch
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NORTH SHORE GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 CHANGE IN GROSS REVENUE REQUIREMENT
 FOR THE FORECAST 2013 TEST YEAR
 (000's)

LINE NO.	DESCRIPTION	REFERENCE	COMPANY PROPOSED	AG PROPOSED
	(A)	(B)	(C)	(D)
1	Rate Base at Present Rates	(a)	\$ 212,555	\$ 199,327
2	Rate of Return	(b)	7.66%	6.83%
3	Operating Income Required	Line 1 * Line 2	\$ 16,282	\$ 13,614
4	Net Operating Income Available	(c)	8,987	13,425
5	Operating Income Deficiency	Line 3 - Line 4	\$ 7,295	\$ 189
6	Revenue Conversion Factor	(d)	1.714671	1.714624
7	Revenue Deficiency (Excess) at Current Effective Rates	Line 5 * Line 6	\$ 12,508	\$ 323

Footnotes:

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

NORTH SHORE 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)	(E)
1	Gross Electric Sales Revenue			100.0000%	100.0000%
2	Add: Other Operating Revenue	Note (c)	0.0910%	0.0000%	0.3176%
3	Total Operating Revenue	Line 1 + 2		<u>100.0000%</u>	<u>100.3176%</u>
4	Less: Uncollectibles	Note (b)	0.8581%	-0.8581%	-0.8581%
5	Net Revenue (before income taxes)	Lines 3..7		<u>99.14190%</u>	<u>99.45948%</u>
6	Less: Effective State Income Tax	Note (a)	9.5000%	-9.41848%	-9.44865%
7	Less: Effective Federal Income Tax	Note (a)	35.0000%	<u>-31.40320%</u>	<u>-31.50379%</u>
8	Net Operating Earnings	Lines 8..10		<u><u>58.32022%</u></u>	<u><u>58.50704%</u></u>
9	Income to Revenue Multiplier	Line 3 / Line 8		<u><u>1.714671</u></u>	<u><u>1.714624</u></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	\$ 618
Sales Revenues Forecasted by Company - Schedule C-1	
Base Rate Revenues (Present Rates)	77,705
Pass Through Revenues	116,026
Other Revenues	1,483
Less: Forfeited Discounts Included in Other	<u>(618)</u>
Total Revenue Base Subject to Late Payment Charges	<u>194,596</u>
Late Payment Charge Ratio	0.318%

NORTH SHORE 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	NORTH SHORE PRO FORMA TEST YEAR	AG ADJUSTMENTS	AG PROPOSED
(A)	(B)	(C)	(D)	
1	Gross Utility Plant	\$ 466,288	\$ (11,083)	\$ 455,205
2	Accumulated Depreciation and Amortization	189,631	(4,281)	\$ 185,350
3	Net Utility Plant (Line 1 - Line 2)	<u>276,657</u>	<u>(6,802)</u>	<u>269,855</u>
4	Cash Working Capital	(527)	(2,237)	(2,764)
5	Materials & Supplies Inventories, Net of A/P	1,992	-	1,992
6	Gas in Storage, Net of A/P	7,268	-	7,268
7	Retirement Benefits, Net	(1,308)	(1,506)	(2,814)
8	Budget Plan Balances	1,689	(3,029)	(1,340)
9	Total Additions	<u>9,114</u>	<u>(6,772)</u>	<u>2,342</u>
10	Accumulated Deferred Income Taxes	(69,362)	346	(69,016)
11	Customer Deposits	(2,454)	-	(2,454)
12	Customer Advances for Construction	(586)	-	(586)
13	Reserve for Injuries and Damages	(1,693)	-	(1,693)
14	Total Deductions	<u>(74,095)</u>	<u>346</u>	<u>(73,749)</u>
15	Adjustments from Schedule B-2	<u>879</u>	<u>-</u>	<u>879</u>
16	Rate Base at Proposed Rates	<u>\$ 212,555</u>	<u>\$ (13,228)</u>	<u>\$ 199,327</u>
	Lines 3+9+14+15	(a)	(b)	

Footnotes:

- (a) Source: NS-PGL Ex. 19.1N, column E.
(b) Source: AG Schedule B, p.2 of 2.

Witness: M. Brosch

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

AG Exhibit 1.4
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	\$ (11,083)						\$ (11,083)
2	Accumulated Depreciation and Amortization	(4,281)						(4,281)
3	Net Utility Plant (Line 1 - Line 2)	(6,802)	-	-	-	-	-	(6,802)
4	Cash Working Capital					(2,237)		(2,237)
5	Materials & Supplies Inventories, Net of A/P							-
6	Gas in Storage, Net of A/P							-
7	Retirement Benefits, Net	335	(1,841)					(1,506)
8	Budget Plan Balances			(3,029)				(3,029)
9	Total Additions	<u>335</u>	<u>(1,841)</u>	<u>(3,029)</u>	<u>-</u>	<u>(2,237)</u>	<u>-</u>	<u>(6,772)</u>
10	Accumulated Deferred Income Taxes	493	732		(879)			346
11	Customer Deposits							-
12	Customer Advances for Construction							-
13	Reserve for Injuries and Damages							-
14	Total Deductions	<u>493</u>	<u>732</u>	<u>-</u>	<u>(879)</u>	<u>-</u>	<u>-</u>	<u>346</u>
15	Adjustments from Schedule B-2							-
16	Rate Base at Proposed Rates	<u>\$ (5,974)</u>	<u>\$ (1,109)</u>	<u>\$ (3,029)</u>	<u>\$ (879)</u>	<u>\$ (2,237)</u>	<u>\$ -</u>	<u>\$ (13,228)</u>

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 RESERVED

NORTH SHORE 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)	\$ (11,083)
2	Accumulated Depreciation and Amort.		<u>(4,281)</u>
3	Net Plant		<u>(6,802)</u>
4	Cash Working Capital		
5	Materials and Supplies		
6	Gas in Storage		
7	Retirement Benefits - Net		335
8	Budget Plan Balances		<u>-</u>
9	Subtotal		<u>335</u>
10	Accumulated Deferred Income Taxes		493
11	Customer Deposits		
12	Customer Advances for Construction		
13	Reserve for Injuries and Damages		<u>-</u>
14	Subtotal		<u>493</u>
15	Adjustment to Net Rate Base		<u>\$ (5,974)</u>

Footnotes:

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

Witness: D. Effron

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

AG Exhibit 1.4
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 NSG	NS Ex. 7.1, Schedule B-1.2	\$ 1,841	\$ (732)
2	AG Adjustment to Pension Asset		<u>\$ (1,841)</u>	<u>\$ 732</u>

Footnotes:

- a) See Schedule DJE-1N

Witness: D. Effron

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

AG Exhibit 1.4
Schedule B-3
Page 1 of 1

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	December	Note a	\$ (2,882)
2	January	Note b	(640)
3	February	"	1,636
4	March	"	2,226
5	April	"	1,590
6	May	"	437
7	June	"	(871)
8	July	"	(1,960)
9	August	"	(3,293)
10	September	"	(1,833)
11	October	Note a	(3,894)
12	November	"	(4,637)
13	December	"	<u>(3,295)</u>
14	Average Balance		(1,340)
15	Average Test Year Balance, per Company	Note a	<u>1,689</u>
16	Adjustment to Company Balance		<u>\$ (3,029)</u>
17	Adjustment to Interest on Budget Balances	Note a	(13)

Footnotes:

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

(b) Source: Response to AG 4.07

Witness: D. Efron

NORTH SHORE 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 1.4
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. 19.1N Schedule B-1	\$ 879
2	AG Adjustment to Eliminate Company-proposed 50/50 Sharing of ADIT		<u>\$ (879)</u>

Witness: M. Brosch

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

AG Exhibit 1.4
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	\$ 176,032	40.50	0.11096	\$ 19,532
2	Pass Through Taxes	15,849	0.00	0.00000	\$ -
3	Total	<u>1,048,303</u>			
4	Payroll and Withholdings	8,892	(14.04)	(0.03847)	(342)
5	Incentive Pay	719	(250.50)	(0.68630)	(493)
6	Inter Company Billings (incl Payroll Tax)	30,928	(33.91)	(0.09290)	(2,873)
7	Natural Gas	109,510	(40.39)	(0.11066)	(12,118)
8	Pension and OPEB	3,927	(44.28)	(0.12132)	(476)
9	Other Benefits	1,905	(41.46)	(0.11359)	(216)
10	Other Operations and Maintenance	5,129	(44.28)	(0.12132)	(622)
11	Taxes Other Than Income:				-
12	Federal Insurance Contributions (FICA)	632	(16.13)	(0.04419)	(28)
13	Federal Unemployment Tax	4	(60.88)	(0.16679)	(1)
14	State Unemployment Tax	13	(72.11)	(0.19756)	(3)
15	Property/Real Estate Taxes	260	(378.73)	(1.03762)	(270)
16	Invested Capital Tax	1,822	(30.14)	(0.08258)	(150)
17	Corporation Franchise Tax	25	(179.73)	(0.49241)	(12)
18	Illinois Sales and Use Tax	6	(42.88)	(0.11748)	(1)
19	Federal Excise Tax	1	(75.75)	(0.20753)	(0)
20	Unauthorized Insurance Tax	15	155.39	0.42573	6
21					
22	Pass Through Taxes:				
23	ICC Gas Revenue Tax	198	35.74	0.09792	19
24	Gross Receipts/Municipal Utility Tax	6,656	(101.02)	(0.27677)	(1,842)
25	Energy Assistance Charges	1,777	(60.05)	(0.16452)	(292)
26	Gas Revenue/Public Utility tax	7,218	(31.06)	(0.08510)	(614)
27					
28	Interest Expense	4,761	(91.25)	(0.25000)	(1,190)
29	Federal Income Tax	6,004	(37.88)	(0.10378)	(623)
30	State Income Tax	<u>1,478</u>	<u>(37.88)</u>	<u>(0.10378)</u>	<u>(153)</u>
31	Total Amounts Included in Study	<u>\$ 191,880</u>			
32	TOTAL CWC - PER AG METHOD AT COMPANY INPUT AMOUNTS				<u>\$ (2,764)</u>
33	Less: Total CWC at Company Method in NS-PGL Ex. 19.3 Schedule B-8, page 1				<u>\$ (527)</u>
34	AG ADJUSTMENT TO CORRECT CASH WORKING CAPITAL CALCULATIONS (Rounded \$000)				<u><u>\$ (2,237)</u></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.

NORTH SHORE 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)	NORTH SHORE 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	\$ 76,133	\$ 128	\$ 76,261	322	\$ 76,584
2	Pass Through Revenues	-	-	-	1	1
3	Other Revenues	1,571	-	1,571		1,571
4	Total Operating Revenues	<u>77,704</u>	<u>\$ 128</u>	<u>\$ 77,832</u>	<u>\$ 323</u>	<u>\$ 78,156</u>
5	Other Production O&M	\$ 528	\$ (29)	\$ 499		\$ 499
6	Storage O&M	-	(0)	(0)		(0)
7	Transmission O&M	128	-	128		128
8	Distribution O&M	16,093	(3,353)	12,740		12,740
9	Customer Accounts-Uncollectibles	747	-	747	3	750
10	Customer Accounts- Other	7,232	(209)	7,023		7,023
11	Customer Service & Informational	594	(30)	564		564
12	Sales Expenses	-	-	-		-
13	Administrative & General	26,340	(2,389)	23,951		23,951
14	Operation and Maintenance	<u>51,662</u>	<u>(6,009)</u>	<u>45,653</u>	<u>3</u>	<u>45,656</u>
15	Depreciation	10,803	(1,100)	9,703		9,703
16	Amortization	-	-	-		-
17	Taxes Other Than Income	3,363	(470)	2,893		2,893
18	Current Income Taxes	2,376	3,435	5,811	132	5,943
19	Deferred Income Taxes and ITC	513	(166)	347		347
20	Total Operating Expenses	<u>\$ 68,717</u>	<u>\$ (4,310)</u>	<u>\$ 64,407</u>	<u>\$ 135</u>	<u>\$ 64,542</u>
21	Operating Income	<u>\$ 8,987</u>	<u>\$ 4,438</u>	<u>\$ 13,425</u>	<u>\$ 189</u>	<u>\$ 13,614</u>

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

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

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	\$ 128									\$ 128
2	Pass Through Revenues										-
3	Other Revenues										-
4	Total Operating Revenues	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>
5	Other Production O&M		\$ (15)			\$ (14)					\$ (29)
6	Storage O&M		(0)			-					(0)
7	Transmission O&M		-			-					-
8	Distribution O&M		(284)	(50)	(250)	(123)		(2,646)			(3,353)
9	Customer Accounts-Uncollectibles										-
10	Customer Accounts- Other		(111)			(98)					(209)
11	Customer Service & Informational		(18)			(12)					(30)
12	Sales Expenses		-			-					-
13	Administrative & General		(468)	(5)	(250)	(743)		(806)	(104)		(2,376)
14	Operation and Maintenance	<u>-</u>	<u>(896)</u>	<u>(55)</u>	<u>(499)</u>	<u>(990)</u>	<u>-</u>	<u>(2,646)</u>	<u>(806)</u>	<u>(104)</u>	<u>(5,996)</u>
15	Depreciation								(1,100)		(1,100)
16	Amortization										-
17	Taxes Other Than Income		(51)	(3)							(54)
18	Current Income Taxes	53	390	24	206	408	-	1,089	785	43	2,997
19	Deferred Income Taxes end ITC										-
20	Total Operating Expenses	<u>\$ 53</u>	<u>\$ (557)</u>	<u>\$ (34)</u>	<u>\$ (294)</u>	<u>\$ (582)</u>	<u>\$ -</u>	<u>\$ (1,557)</u>	<u>\$ (1,121)</u>	<u>\$ (61)</u>	<u>\$ (4,153)</u>
21	Operating Income	<u>\$ 75</u>	<u>\$ 557</u>	<u>\$ 34</u>	<u>\$ 294</u>	<u>\$ 582</u>	<u>\$ -</u>	<u>\$ 1,557</u>	<u>\$ 1,121</u>	<u>\$ 61</u>	<u>\$ 4,281</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 EXPENSES INCREASES
 C-5 PARTIAL ELIMINATION OF INCENTIVE COMPENSATION
 C-6 RESERVED
 C-7 ELIMINATION OF CROSS-BORES EXPENSE ADJUSTMENT
 C-8 UNSUPPORTED IBS INCREASES
 C-9 UPDATED IBS RETURN ON INVESTMENT

Witness: M. Brosch

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

AG Exhibit 1.4
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 (O)	C-12 (E)	C-13 (F)	C-14 (G)	C-15 (H)	C-16 (I)	C-17 (J)	
1	Base Rate Revenues	\$ 128									\$ 128
2	Pass Through Revenues	-									-
3	Other Revenues	-									-
4	Total Operating Revenues	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>
5	Other Production O&M	\$ (29)									\$ (29)
6	Storage O&M	(0)									(0)
7	Transmission O&M	-									-
8	Distribution O&M	(3,353)									(3,353)
9	Customer Accounts-Uncollectibles	-									-
10	Customer Accounts- Other	(209)									(209)
11	Customer Service & Informational	(30)									(30)
12	Sales Expenses	-									-
13	Administrative & General	(2,376)			(13)						(2,389)
14	Operation and Maintenance	<u>(5,996)</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,009)</u>
15	Depreciation	(1,100)									(1,100)
16	Amortization	-									-
17	Taxes Other Than Income	(54)		(416)							(470)
18	Current Income Taxes	2,997		171	5	261					3,435
19	Deferred Income Taxes and ITC	-	(166)								(166)
20	Total Operating Expenses	<u>\$ (4,153)</u>	<u>\$ (166)</u>	<u>\$ (245)</u>	<u>\$ (8)</u>	<u>\$ 261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,310)</u>
21	Operating Income	<u>\$ 4,281</u>	<u>\$ 166</u>	<u>\$ 245</u>	<u>\$ 8</u>	<u>\$ (281)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,438</u>

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

Witness: D. Effron

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

AG Exhibit 1.4
Schedule C-1
Page 1 of 1

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>REFERENCE</u>	<u>S.C. No.2</u>
	(A)	(B)	(C)
1	Adjustment to Sales (Dth)	NS Ex. 4.0, Page 16	1,963
2	Average Rate per Therm	Note (a)	<u>\$ 0.06536</u>
3	Adjustment to Test Year Revenues		<u>\$ 128</u>

Footnotes:

(a) NS Schedule E-5, Sections B&C, Page 3
(3341+2703)/(54029+38437)

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

LINE NO.	DESCRIPTION	REFERENCE	NSG DIRECT LABOR AMOUNT	AFFILIATE LABOR AMOUNT
	(A)	(B)	(C)	(D) Note (e)
1	<u>Payroll Amounts by Function:</u>			
2	Production	Notes a, b	\$231	\$ 204
3	Storage		-	4
4	Transmission	Note (a)	-	-
5	Distribution	Notes a, c	8,579	1,272
6	Customer Accounts	Note (c)	601	2,290
7	Customer Service	Notes a, d	200	302
8	Sales			
9	Administrative and General	Note (a)	-	5,639
10	Total Test Year Payroll to Expense		\$ 9,611	\$ 9,711
11	2012 year to date Vacancy Rate (Note f)	AG WP C-2	-2.70%	-4.14%
12	<u>AG Payroll Cost Adjustment for Vacant Positions:</u>			
13	Production	Line 11 * Line 2	(6)	(8)
14	Storage	Line 11 * Line 3	-	(0)
15	Transmission	Line 11 * Line 4	-	-
16	Distribution	Line 11 * Line 5	(232)	(53)
17	Customer Accounts	Line 11 * Line 6	(16)	(95)
18	Customer Service	Line 11 * Line 7	(5)	(13)
19	Sales	Line 11 * Line 8	-	-
20	Administrative and General	Line 11 * Line 9	-	(233)
21	AG LABOR ADJUSTMENT FOR VACANT POSITIONS	Lines 13...20	\$ (259)	\$ (402)
22	TOTAL AG LABOR ADJUSTMENT FOR VACANT POSITIONS			\$ (662)
23	Employee Benefits to Expense in 2013 Test Year	NS Sch. C-11.3p.4	\$5,832	1,868
24	Adjustment to Employee Benefits for Vacancy Rate	Line 23 * Line 11	\$ (157)	\$ (77)
25	Employee Payroll Tax Adjustment for Vacancy Rate	Note (g)	\$ (20)	\$ (31)
26	TOTAL AG ADJUSTMENT FOR EMPLOYEE VACANCIES (Lines 21+24+25)			\$ (947)

Footnotes:

- (a) Source: Revised JMO 13.05 Attachment, page 1.
(b) Includes \$9 of distributed clearing account labor per JMO 13.05, footnote
(c) Includes \$1,828 of distributed clearing account labor per JMO 13.05, footnote.
(d) Includes \$200 of distributed clearing account labor per JMO 13.05, footnote.
(e) Source for column (D): Revised JMO 13.06, page 1. Includes clearing of \$2 to Production and \$128 to Distribution and \$5 to Customer Accounts per Note 2.
(f) Vacancy rate percentage is based upon actual vacancies / authorized staffing through September 2012.
(g) Estimated at Employer's FICA rate of 7.65% of line 21

NORTH SHORE 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	PGLAG 10.12 Att.1	\$ (50)
3	Reduction to Benefit Costs for Revised Wage Increases	" , tab c	(5)
4	Reduction to Payroll Taxes for Revised Wage Increases	" , tab c	<u>(3)</u>
5	AG Adjustment to Post Company Calculated Revisions to Wage Increases		<u>\$ (58)</u>

Footnotes:

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

NORTH SHORE GAS COMPANY
 DOCKET NOS. 12-0511/12-0512 CONS.
 PRODUCTIVITY GAIN OFFSET TO EXPENSES 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. 18.1N column E, Line 24	\$51,662
2	Less: Uncollectibles in Line 1	", Line 18	(747)
3	Projected Staffing Vacancies Adjustment	AG Schedule C-2	(947)
4	Wage Increase Rate Adjustment	AG Schedule C-3	(58)
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	\$49,910
7	Productivity Factor Assumed Applicable in 2012	Note (a)	0.50%
8	Productivity Factor Assumed Applicable in 2013	"	<u>0.50%</u>
9	Total Assumed Productivity Percentage Over Two Forecast Periods		1.00%
10	AG Adjustment to Recognize Productivity Improvements in 2012 and 2013	-Line 6 * Line 9	<u>\$ (499)</u>

Footnotes:

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

NORTH SHORE 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	28	(14)		(14)
3	Storage Expenses		-		-
4	Transmission O&M		-		-
5	Distribution O&M	246	(123)		(123)
6	Customer Accounts	196	(98)		(98)
7	Customer Services	24	(12)		(12)
8	Sales		-		-
9	Administrative & General Expenses	1,108	(554)	(189)	(743)
10	Total Amount	<u>\$ 1,602</u>	<u>\$ (801)</u>	<u>\$ (189)</u>	
11	AG Adjustment to Partially Disallow Test Year Forecasted Incentive Compensation Expenses				<u>\$ (990)</u>

Footnotes:

(a) Amounts per Company response to JMO 15.02, Attachment 1.

(b) The portion disallowed is driven by performance relative to O&M cost reduction targets.

(c) All stock-based incentive compensation is disallowed, with consent of the Company. See Brosch Testimony.

Witness: M. Brosch

NORTH SHORE GAS COMPANY
DOCKET NOS. 12-0511/12-0512 CONS.
RESERVED
FOR THE FORECAST 2013 TEST YEAR
\$000

AG Exhibit 1.4
Schedule C-6
Page 1 of 1

LINE NO.	DESCRIPTION	REFERENCE			
	(A)	(B)	(C)	(D)	(E)
1					

THIS SCHEDULE IS RESERVED FOR POSSIBLE FUTURE USE

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

LINE NO.	DESCRIPTION	REFERENCE	AMOUNT
	(A)	(B)	(C)
1	NSG Supplemental "Cross Bores" Adjustment	NS-PGL Ex. 20.0	\$2,646
2	AG Adjustment to Reverse PGL Cross Bores Costs	Line 1	<u>\$ (2,646)</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.

NORTH SHORE 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 3.06, Att.7	\$ 110
2	A45	IBS Safety Health & Wellness	"	42
3	A06	TEG Corporate Controller	"	113
4	A07	TEG Investor Relations	"	11
5	AB2	Utility Group Executive Office	"	68
6	AF4	TEG M2C Billing Chic	"	94
7	AE8	TEG Call Center Chic	"	307
8	A50	IBS Legal - Centrally Budgeted	"	61
9		IBS Depreciation	"	<u>1,100</u>
10	Total of Unexplained IBS Forecast Variances Challenged by AG			<u>1,906</u>
11	AG Adjustment to Remove Unexplained IBS Forecast Variance Amounts			<u><u>\$ (1,906)</u></u>

NORTH SHORE 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	1.950%	1.000	1.950%
3	Short-Term Debt	0.120%	1.000	0.120%
4	Common Equity	<u>4.760%</u>	1.700	<u>8.092%</u>
5	Total Capitalization	6.830%		
6	Weighted Pretax Cost of Capital - AG Recommended from Schedule D			10.162%
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)			-1.738%
9	Times: Forecasted IBS Asset Balances Allocated to the Company (Response to PGL BAP 16.04, Att. 1)			<u>\$ 5,968</u>
10	AG Adjustment to Update Return on IBS Investment Charged to the Company (Line 8 * Line 9)			<u>\$ (104)</u>

Footnotes:

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

Witness: M. Brosch

NORTH SHORE 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 1.4
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 7.02 f	\$ 166
2	AG Adjustment to Apply GAAP Liability Method Deferred Tax Provisions		\$ (166)

NORTH SHORE 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	\$ 95,502	\$ 104,080	\$99,791
3	Total Long Term Debt	73,767	74,835	74,301
4	Less: Investments in and Advances to All Corporations	-	-	-
5	Invested Capital Amount	169,269	178,915	174,092
6	Times: Illinois Apportionment Factor			1.00
7	Illinois Invested Capital (Line 5 * Line 6)			174,092
8	Times: Invested Capital Tax Rate			0.80%
9	Annual Invested Capital Tax to Be Recorded and Paid in 2013			\$ 1,393
10	Less: Company-proposed Test Year Level of Invested Capital Tax (Note c)			1,809
11	AG Adjustment to Update and Correct Invested Capital Tax Expense (Line 9 - Line 10)			\$ (416)

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 \$45 at Company WPC-2.14.

NORTH SHORE 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 (A)	REFERENCE (B)	AMOUNT (C)
1	December	Note a	\$ (2,882)
2	January	Note b	(640)
3	February	"	1,636
4	March	"	2,226
5	April	"	1,590
6	May	"	437
7	June	"	(871)
8	July	"	(1,960)
9	August	"	(3,293)
10	September	"	(1,833)
11	October	Note a	(3,894)
12	November	"	(4,637)
13	December	"	<u>(3,295)</u>
14	Average Balance		(1,340)
15	Average Test Year Balance, per Company	Note a	<u>1,689</u>
16	Adjustment to Company Balance		<u>\$ (3,029)</u>
17	Adjustment to Interest on Budget Balances	Note a	<u><u>\$ (13)</u></u>

Footnotes :

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

(b) Source: Response to AG 4.07

NORTH SHORE 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	\$ 199,327
2	Times: Weighted Cost of Debt Capital	Schedule D	<u>2.07%</u>
3	Synchronized Deductible Interest per Attorney General	Line 1 * Line 2	4,126
4	Synchronized Deductible Interest per Company	Note (a)	<u>4,761</u>
5	Change in Deductible Interest at Attorney General Rate Base	Line 3 - Line 4	(635)
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>\$ 261</u></u>

Footnotes:

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

NORTH SHORE 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	\$ 80,621	42.30%	4.95%	2.09%
2	Short-Term Debt	13,878	7.28%	2.01%	0.15%
3	Common Equity	<u>96,101</u>	<u>50.42%</u>	10.75%	<u>5.42%</u>
4	Total Capitalization	<u>\$ 190,600</u>	<u>100.00%</u>		<u>7.66%</u>
<u>AG Proposed</u> (b)					
5	Long-Term Debt	\$ 80,621	42.30%	4.60%	1.95%
6	Short-Term Debt	13,878	7.28%	1.61%	0.12%
7	Common Equity	<u>96,101</u>	<u>50.42%</u>	9.45%	<u>4.76%</u>
8	Total Capitalization	<u>\$ 190,600</u>	<u>100.00%</u>		<u>6.83%</u>

Footnotes :

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

(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.