

ICC Docket No. 12-0511
North Shore Gas Company's Response to
Attorney General Data Requests AG 12.01-12.22
Dated: November 21, 2012

REQUEST NO. AG 12.01:

Ref: NS Response to AG 3.06, Att. 7 (IBS A59 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center A59 "IBS IT CVS Development C-First" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS prior to allocation or assignment to the Company and other affiliates by resource type in calendar 2010, calendar 2011 and 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).

RESPONSE:

See Peoples Gas' response to AG 12.12.

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REQUEST NO. AG 12.02:

Ref: NS Response to AG 3.06, Att. 7 (IBS A06 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center A06 "TEG Corporate Controller" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS prior to allocation or assignment to the Company and other affiliates by resource type in calendar 2010, calendar 2011 and 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).
- f. Provide a detailed itemization of amounts spent to date by vendor and resource type in connection with International Financial Reporting Standards ("IFRS") and comparable anticipate costs by month in 2013.
- g. Provide copies of all proposals, contracts, invoices and other documents associated with any commitments to retain contractors for assistance with IFRS in 2013.

RESPONSE:

See Peoples Gas' response to AG 12.13.

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REQUEST NO. AG 12.03:

Ref: NS Response to AG 3.06, Att. 7 (IBS A45 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center A45 "IBS Safety Health & Wellness" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS prior to allocation or assignment to the Company and other affiliates by resource type in calendar 2010, calendar 2011 and 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).
- f. Explain each element of the "wellness program" and when it was or is expected to be deployed, indicating each reason why test year projected costs for this program are expected to be higher than historical cost levels.

RESPONSE:

See Peoples Gas' response to AG 12.14.

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REQUEST NO. AG 12.04:

Ref: NS Response to AG 3.06, Att. 7 (IBS A07 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center A07 "TEG Investor Relations" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS, prior to allocation or assignment to the Company and other affiliates, by resource type in calendar 2010, calendar 2011 and in 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).

RESPONSE:

See Peoples Gas' response to AG 12.15.

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REQUEST NO. AG 12.05:

Ref: NS Response to AG 3.06, Att. 7 (IBS AB2 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center AB2 "Utility Group Executive Office" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS, prior to allocation or assignment to the Company and other affiliates, by resource type in calendar 2010, calendar 2011 and in 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).
- f. Provide an itemized listing and description of services received for consulting and other professional services in each historical period 2010, 2011 and 2012, compared to forecasted amounts by vendor/service in the test year and explain why additional services are believed to be needed in 2013 as applicable.

RESPONSE:

See Peoples Gas' response to AG 12.16.

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REQUEST NO. AG 12.06:

Ref: NS Response to AG 3.06, Att. 7 (IBS AF4 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center AF4 "TEG M2C Billing Chic" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS, prior to allocation or assignment to the Company and other affiliates, by resource type in calendar 2010, calendar 2011 and in 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).
- f. State assumptions made and provide all calculations performed to project postage costs in 2013, indicating and quantifying any revisions to such cost projections that are believed to be appropriate.

RESPONSE:

See Peoples Gas' response to AG 12.17.

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REQUEST NO. AG 12.07:

Ref: NS Response to AG 3.06, Att. 7 (IBS AE8 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center AE8 "TEG Call Center Chic" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS, prior to allocation or assignment to the Company and other affiliates, by resource type in calendar 2010, calendar 2011 and in 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d).

RESPONSE:

See Peoples Gas' response to AG 12.18.

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REQUEST NO. AG 12.08:

Ref: Ref: NS Response to AG 3.06, Att. 7 (IBS A50 Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS center AE8 "IBS Legal Centrally Budgeted" in the test year. Please provide the following additional information in connection with this IBS cost center:

- a. Provide a detailed breakdown of recorded expenses at IBS, prior to allocation or assignment to the Company and other affiliates, by resource type in calendar 2010, calendar 2011 and in 2012 Year to date through October 31.
- b. Provide a detailed statement of assumptions and calculations supporting the proposed 2013 test year forecast, by resource type, prior to allocation or assignment to the Company and other affiliates.
- c. Using the information in your response to part (b), provide detailed calculations showing how each element of total IBS cost forecasted for 2013 was allocated or assigned to the Company.
- d. Provide a more detailed explanation of each key driver or anticipated change that explains higher forecasted costs in 2013 compared to year-to-date October 2012 recorded costs.
- e. Provide complete copies of reports, analyses, studies, workpapers, projections and other documents associated with or supportive of your response to part (d)
- f. Explain in detail each legal proceeding or other event that is expected to require greater usage of outside legal counsel in 2013 than was required in prior periods.

RESPONSE:

See Peoples Gas' response to AG 12.19.

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REQUEST NO. AG 12.09:

Ref: Ref: NS Response to AG 3.06, Att. 7 (IBS Depreciation Charges to NSG Variances). The referenced exhibit identifies known "Key Drivers" of increased forecasted expenses from IBS for "Depreciation" in the test year. Please provide the following additional information in connection with this IBS forecasted charge:

- a. Provide a detailed description of the procedures used by IBS to record and allocate/assign depreciation on each type of asset for which depreciation is recorded.
- b. Explain the basis for each depreciation accrual rate that was used by IBS in 2011, 2012 and forecasted to be used in the 2013 test year, indicating whether and when the Illinois Commission reviewed or approved each such rate.
- c. Provide a detailed calculation of monthly depreciation expense recorded by IBS within calendar 2011 and to date through October 31, 2012, prior to assignment or allocation to the Company and other affiliates, explaining the causes for any individually significant fluctuation in such charges among months.
- d. Describe each element of the work asset management system, indicating when it was or is expected to be in service and what, if any, existing systems it will replace or supplement.
- e. What are the anticipated benefits to be derived from the work asset management system?
- f. Provide complete copies of each business case, cost/benefit study or other economic analysis that was relied upon by Company management to decide to deploy the work asset management system.
- g. Provide a detailed calculation of projected monthly 2013 IBS depreciation by asset group/class within IBS and by system (such as work asset management), indicating how each of the "Key Drivers" listed in the response for "Depreciation" can be observed to impact the monthly projected total charges and the amounts forecasted to be charged to the Company.
- h. Explain and quantify each known revision or update to test year forecasted IBS depreciation charges to the company.

RESPONSE:

See response to Peoples Gas AG 12.20.