

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

NORTH SHORE GAS COMPANY	:	
	:	
Proposed General Increase In Rates For Gas Service.	:	No. 12-0511
	:	and
THE PEOPLES GAS LIGHT AND COKE COMPANY	:	No. 12-0512
	:	Consol.
	:	
Proposed General Increase In Rates For Gas Service.	:	

**APPLICATION FOR REHEARING
OF NORTH SHORE GAS COMPANY AND THE
PEOPLES GAS LIGHT AND COKE COMPANY**

John P. Ratnaswamy
Carla Scarsella
ROONEY RIPPKE & RATNASWAMY LLP
350 W. Hubbard Street, Suite 600
Chicago, Illinois 60654
(312) 447-2800
john.ratnaswamy@r3law.com
carla.scarsella@r3law.com

Mary P. Klyasheff
INTEGRYS ENERGY GROUP, INC.
130 East Randolph Street
Chicago, Illinois 60601
(312) 240-4470
mpklyasheff@integrysgroup.com

Bradley D. Jackson
FOLEY & LARDNER LLP
150 East Gilman Street, Verex Plaza
Madison, Wisconsin 53703
(608) 258-4262
bjackson@foley.com

Theodore T. Eidukas
FOLEY & LARDNER LLP
321 N. Clark Street, Suite 2800
Chicago, Illinois 60654
(312) 832-4913
teidukas@foley.com

Dated: July 19, 2013

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION AND SUMMARY	1
ARGUMENT IN SUPPORT OF APPLICATION FOR REHEARING	4
I. The Commission Should Grant Rehearing on the AMRP Investigation	4
A. The Enactment of PA 98-0057 Renders the AMRP Investigation Moot	5
B. The AMRP Investigation is Unnecessary and Redundant and Is Against the Manifest Weight of the Evidence	6
II. The Commission Should Correct the Final Order's Figures Relating to the 2012 and 2013 NOLs	9
III. The Commission Should Grant Rehearing on Certain Issues Regarding the Methodology to Reflect Change in State Income Tax Rate	11
A. The CUB-City Adjustment Implementing the Partial Flow Through Method Properly Reflects the Final Order's Decisions Regarding Plant	12
B. The Commission Should Clarify its Decision Regarding the Implementation of the Partial Flow Through Method	13

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

NORTH SHORE GAS COMPANY	:	
	:	
Proposed General Increase In Rates For Gas Service.	:	No. 12-0511
	:	and
THE PEOPLES GAS LIGHT AND COKE COMPANY	:	No. 12-0512
	:	Consol.
	:	
Proposed General Increase In Rates For Gas Service.	:	

**APPLICATION FOR REHEARING
OF NORTH SHORE GAS COMPANY AND THE
PEOPLES GAS LIGHT AND COKE COMPANY**

North Shore Gas Company (“North Shore”) and The Peoples Gas Light and Coke Company (“Peoples Gas”) (together, “the Utilities”), under 220 ILCS 5/10-113(a), 83 Ill. Adm. Code § 200.880, and other applicable law, submit this Application for Rehearing (the “Application”) with respect to the Illinois Commerce Commission’s (the “Commission” or “ICC”) final Order dated June 18, 2013 (the “Order”) and issued on June 19, 2013.

INTRODUCTION AND SUMMARY

The Utilities support or accept numerous findings and conclusions in the final Order. The Utilities seek rehearing only on three contested decisions contained in the Order, and on two of those three subjects their request is focused on correcting mathematical errors. The three decisions relate to: (1) the investigation of Peoples Gas’ Accelerated Main Replacement Program (“AMRP”), (2) corrections to the final Order’s figures relating to the Utilities’ 2012 and 2013 Net Operating Losses (“NOLs”), and (3) using the proper adjustments to implement the use of the partial flow through methodology to compute deferred income taxes related to the change in

the state income tax rate. Additionally, as to the third subject, the Utilities seek clarification on the implementation of the partial flow through methodology.

AMRP Investigation.

The Commission ordered an investigation of Peoples Gas' AMRP based on a claimed lack of details, as well as adequate progress and management, as set forth in Staff testimony. Order at 61. However, as explained in Section I below, the enactment of Public Act ("PA") 98-0057, signed into law by Governor Quinn on July 5, 2013, obviates the need for an investigation because of the rigorous reporting requirements and Commission oversight provided in the new law. In addition, the scope of the investigation ordered by the Commission is either unnecessary or redundant. Finally, even setting aside PA 98-0057, the Commission's decision is contrary to the manifest weight of the evidence. The record establishes that Peoples Gas has properly implemented and managed the AMRP and that, as Peoples Gas is ramping up construction as called for in its plan, it is on target to complete the program in 20 years.

Corrections to the Final Order's Figures Relating to the Utilities' 2012 and 2013

NOLs.

The final Order's Appendices contain mathematical errors relating to the Utilities' 2012 and 2013 NOLs, and these errors are reflected in final figures in the body of the Order. The Commission should correct the Appendices as described in Section II, below, especially because the Utilities are concerned that use of the incorrect figures might be viewed as an inconsistent action by the Commission and result in a violation of the Internal Revenue Code's ("IRC") normalization rules, which would harm customers and the Utilities.

Methodology to Reflect Change in State Income Tax Rate.

With respect to the Commission's decision regarding the adoption of the partial flow through method of accounting for deferred income taxes related to an income tax rate change, as described in Section III, below, the Utilities seek rehearing on the amount of the adjustments and seek clarification on the implementation of the methodology. First, the Commission in concept adopted the Illinois Attorney General's ("AG") adjustments for the use of the partial flow through method. However, the adjustments as calculated by the AG assume adoption of all of the AG positions regarding plant, including some adjustments that the Commission rejected in its Order. The proper adjustments to adopt, given the Commission's ruling, are the adjustments proposed by the Citizens Utility Board and City of Chicago ("CUB-City"). Second, the Utilities seek clarification that the Commission intends that the Utilities implement the partial flow through method in a manner consistent with *Ameren Illinois*, Docket No. 12-0293 (Order Dec. 5, 2012) ("*Ameren 2012*"), and *Commonwealth Edison Co.*, Docket No. 12-0321 (Order Dec. 19, 2012) ("*ComEd 2012*"), which are cited in the Order. If this was not the Commission's intention, then the Utilities also seek rehearing on the appropriate methodology to compute deferred income taxes when there is a change in an income tax rate.

ARGUMENT IN SUPPORT OF APPLICATION FOR REHEARING

I. The Commission Should Grant Rehearing on the AMRP Investigation

The Commission should grant rehearing on whether to initiate an investigation of AMRP as proposed by Staff and adopted by the Commission in the final Order. Order at 61. There are two different reasons for rehearing. First, the Commission should grant rehearing because such an investigation is now unnecessary based upon the enactment of PA 98-0057, which Governor Quinn signed into law on July 5, 2013. PA 98-0057 not only provides for an infrastructure rider

to allow Peoples Gas to timely recover its AMRP investments but also establishes stringent reporting requirements, prudence review, reconciliation filings, and extensive Commission oversight. Second, the scope of the investigation ordered by the Commission is duplicative of existing analyses performed by Peoples Gas and Staff and addresses issues that are non-existent. The Commission's conclusions -- that an investigation is warranted because the record lacks detail about the AMRP, adequate progress to complete AMRP is not being made, and AMRP is or may be being mismanaged -- are against the manifest weight of the evidence. The AMRP investigation as ordered by the Commission, moreover, would unnecessarily slow down AMRP and expend funds and resources, ultimately recoverable from customers, that could be better allocated toward expediting the AMRP project.

A. The Enactment of PA 98-0057 Renders the AMRP Investigation Moot

After the Commission issued its final Order in this proceeding, Governor Quinn signed into law Senate Bill 2266, which became PA 98-0057. PA 98-0057 allows a natural gas utility to file a tariff for a surcharge that adjusts rates and charges to provide costs associated with investments in qualifying infrastructure plant, such as AMRP. That law requires annual reconciliation proceedings with prudence review and a review of plant in the highest risk categories in the utility's Distribution Integrity Management Plan. 220 ILCS 5/9-220.3. PA 98-0057 also establishes an annual reporting requirement for certain data by the natural gas utility such as number of emergency calls and associated response times, incidents of damage, certain cathodic protection readings, and miles of main and numbers of services replaced that were constructive of various materials, such as cast iron. 220 ILCS 5/5-111(b). Under PA 98-0057, a natural gas utility must also submit an annual plan specifying its goals for each of the reporting items in Section 5-111(b) and show reasonable and continuing progress. 220 ILCS 5/5-111(d). The new law also provides that if the Commission finds that a utility has failed to

show progressive improvement in its performance, the Commission may require the utility to submit a remediation plan to improve performance. 220 ILCS 5/5-111(d). Finally, PA 98-0057 also provides for two rulemaking proceedings to support the requirements of the new law. 220 ILCS 5/5-111(e) and 220 ILCS 5/9-220.3(a)(2). One of these rulemaking is an emergency rulemaking that must be completed in early August. *Id.*

Given the extensive reporting requirements and stringent Commission oversight provided in PA 98-0057, the Commission's investigation is no longer necessary. The new law would make Peoples Gas accountable to the Commission and remediate its plan if it does not meet its specified goals for AMRP. Because Peoples Gas plans to file its tariff under PA 98-0057 no later than September 2013 to allow it to be in effect in early 2014, the tariff would become effective before even the first phase of the Staff investigation contemplated in the final Order would be completed. The first Section 5-111 reports and plans are due April 1, 2014. Further, the resources, both in terms of workforce and the \$3.5 million needed for the investigation¹, a cost ultimately borne by ratepayers, can instead be invested in AMRP – keeping the plan on track without delay.

Based on the foregoing, the Commission should consider on rehearing whether an investigation of AMRP is moot (unnecessary) based upon the enactment of PA 98-0057.

B. The AMRP Investigation is Unnecessary and Redundant and Is Against the Manifest Weight of the Evidence

In ordering an AMRP investigation, the Commission claims that “[p]art of the problem with AMRP is the lack of detail.” Order at 61. The Commission also relies on the reasons stated in Staff testimony (Staff Ex. 20.0). *Id.* However, the scope of the investigation is comprised of

¹ Hayes Sur., NS-PGL Ex. 49.0 Corr., 21:464-465.

analyses that Peoples Gas and Staff already perform or addresses items that are not at issue. Furthermore, the Commission's decision initiating an investigation is against the manifest weight of the evidence in this proceeding. The record demonstrates that Peoples Gas is implementing AMRP in accordance with the plan submitted in Peoples Gas' 2009 rate case, ICC Docket Nos. 09-0166/0167 (cons.) ("*Peoples Gas 2009*"). The record further demonstrates that Peoples Gas has prudently managed AMRP and has made significant strides towards completing AMRP by 2030 and is on track to do so. Finally, the investigation will draw resources away from AMRP, in terms of both investment dollars and workforce time, likely slowing the project down. Therefore, the Commission should grant rehearing on whether an investigation of AMRP should be initiated.

The items comprising the scope of Staff's investigation are either unnecessary or redundant. That scope includes analysis that Peoples Gas already performs, such as delineating the gas main replacement for the full 20 year program. Hayes Sur., NS-PGL Ex. 49.0 Corr., 17:378-385. The Staff also seeks assessments and evaluations that Staff already performs. For example, Staff seeks an assessment and evaluation of construction and associated construction materials. Buxton Reb., Staff Ex. 20.0, 6:99-7:122. However, the ICC Pipeline Safety Program Analyst performed inspections of Peoples Gas' AMRP approximately once per month during the 2012 construction season, culminating in an exit meeting and report after each visit. *See* Hayes Sur., NS-PGL Ex. 49.0 Corr., 18:406-19:417; NS-PGL 49.3 (discussing such inspections during the 2012 construction season). Many of the exit meetings conclude with NO issues found, NO notice of amendment found, and NO notice of probable violations. *Id.* Staff also seeks review of coordination issues, such as with the City of Chicago, even though the record demonstrates such issues have been resolved. Hayes Sur., NS-PGL Ex. 49.0 Corr., 19:4428-20:439. Ultimately,

this investigation would pull resources from AMRP, both in terms of workforce and dollars, likely slowing down the project and jeopardizing the end date to investigate items already being performed or issues that have been resolved.

Additionally, the evidence demonstrates that in making its proposal, Staff was not aware of the specifics of the AMRP plan², the goals of AMRP, or the actual work that has been completed.³ In fact, in 2010, Peoples Gas engaged in detailed planning for AMRP, with construction beginning in May 2011. NS-PGL Init. Br. at 36-37; Hayes Sur., NS-PGL Ex. 49.0 Corr., 5:100-116, 6:140-143. Even though there were issues that arose regarding certain permitting, coordination, and material delivery issues in the first year of construction, the evidence demonstrates that Peoples Gas resolved these issues, which did not recur during 2012. Hayes Sur., NS-PGL Ex. 49.0 Corr., 10:214-11:245; Buxton Tr., 2/5/13, 345:4-349:14, 350:14-351:4. Peoples Gas has effectively managed AMRP. Further, the evidence shows that the project is on track to be completed in 20 years. Except for new mains installed, all 2012 construction totals exceed 2011 construction totals, the first year of construction for AMRP. *See* NS-PGL Init. Br. at 37. Peoples Gas also demonstrated that it is ramping up deployment as called for in the AMRP plan. Averaging the remaining amount of main to be retired at December 31, 2010, over the remaining 19 years of the program, 97 miles of main a year needs to be retired. Buxton Tr., 2/5/13, 339:7-11. Peoples Gas surpassed that amount in 2012, and there is no evidence that Peoples Gas will not continue to meet or exceed that amount. *Id.*

² Peoples Gas explained the history of Rider ICR and AMRP in its Initial Brief and Reply Brief on Exceptions and will not repeat it here. Util. Init. Br. at 26-30; Util. RBOE at 14-18.

³ *See* Buxton Tr. 2/5/13, 327:6 – 351:14; Buxton Reb., Staff Ex. 20.0, 8:159-160, 9:159-160, 14:302.

The Utilities incorporate the arguments made and evidence cited in its Initial Brief (at 26-38), Reply Brief (at 29-41) and Reply Brief on Exceptions (at 14-28). For all the reasons, the Commission should consider on rehearing whether an investigation of AMRP is warranted based upon the record.

II. The Commission Should Correct the Final Order's Figures Relating to the Utilities' 2012 and 2013 NOLs

The Appendices to the final Order and thus the body of the Order do not properly reflect the Commission's conclusion regarding the Utilities' 2012 and 2013 NOLs (Order at 99-100), because the Appendices contain two significant computation errors that the Utilities noted in their Corrected Brief on Exceptions (at 30-31). The Utilities request that the Commission correct these errors on rehearing both to get the numbers right and in order to avoid any question of a violation of the IRC normalization rules.

The Appendices to the final Order contain a couple of mathematical errors in how the 2012 and 2013 NOLs are reflected in rate base. Specifically, for North Shore, the amount on page 11, column (D), line 2 of Appendix A should be (\$1,050,000) and the amount on page 11, column (D), line 3 should be \$1,073,000. Further, page 11, Column (D), line 5 of Appendix A should be (\$1,050,000). The number currently reflected on line 5 is overstated by (\$1,048,000). Additionally, for Peoples Gas, the amount on page 12, column (D), line 2 of Appendix B should be (\$10,300,000) or 50% of the effect of the federal income taxes related to the revenue increase of (\$20,598,000). Further, page 12, Column (D), line 5 of Appendix B should be (\$10,300,000). The number currently reflected on line 5 is overstated by (\$24,170,000) as it double counts the average rate base adjustment (by \$13,872,000) and double counts the "effect of rate increase" adjustment (by \$10,300,000). These corrections also should be reflected in all affected rate base

and revenue requirement figures. See Attachment A and B for corrected page 11 of Appendix A and corrected page 12 of Appendix B.

Even though the Commission correctly concludes that the 2012 and 2013 NOLs should be reflected in the Utilities' rate bases consistent with the IRC normalization rules, the amounts in the final Order's appendices contain the above described errors. This puts the Utilities in a precarious position. The Treasury Regulations related to normalization require a utility to notify the Internal Revenue Service ("IRS") if a rate order contains a determination inconsistent with normalization. Specifically, Treasury Regulation Section 1.167(l)(h)(6) states:

Change in method of regulated accounting. The taxpayer shall notify the district director of a change in its method of regulated accounting, an order by a regulatory body or court that such method be changed, or an interim or final rate determination by a regulatory body which determination is inconsistent with the method of regulated accounting used by the taxpayer immediately prior to the effective date of such rate determination. Such notification shall be made within 90 days of the date that the change in method, the order, or the determination is effective. In the case of a change in the method of regulated accounting, the taxpayer shall recompute its tax liability for any affected taxable year and such recompilation shall be made in the form of an amended return where necessary unless the taxpayer and the district director have consented in writing to extend the time for assessment of tax with respect to the issue of normalization method of regulated accounting.

Simply, the Utilities must report a normalization violation if any of the following occur: (1) a change in its method of regulated accounting; (2) an order by a regulatory body or court that such method be changed; and (3) an interim or final rate determination by a regulatory body which determination is inconsistent with the method of regulated accounting used by the taxpayer immediately prior to the effective date of such rate determination. Because of the Commission's proper actions in the final Order, the Utilities believe that the first two criteria are eliminated. However, the Utilities believe they still have a reporting requirement (within 90 days

of the issuance of the final Order) as the mathematical errors can be viewed as resulting in an order inconsistent with normalization under the third criterion. While the Utilities are hopeful the IRS would grant relief and issue a ruling that indicates the mathematical errors in the final Order's Appendices were inadvertent errors, the IRS may require that the Commission reflect an adjustment to cure the violation. Also, there is risk that the potential IRS view that this is a violation would result in the loss of accelerated depreciation and bonus depreciation beginning with the issuance of the final Order in this proceeding.⁴ See *Stabile Reb.*, NS-PGL Ex. 30.0 Rev., 30:731-33:796; *Stabile Tr.* 2/8/13, 777:7-21. That would harm customers and the Utilities alike. Unlike the NOL, which is a recent and short term phenomenon driven primarily by bonus depreciation, the loss of the Utilities' ability to claim accelerated depreciation forever will increase rate base and cost of capital and customer rates.

The Utilities respectfully request that the Commission issue an amendatory order to correct these mathematical errors within this 90-day self-reporting period, *i.e.*, by September 17, 2013, to properly reflect the 2012 and 2013 NOLs in rate base and eliminate any doubt about whether the Commission took inconsistent actions regarding normalization. Thus, the Utilities request rehearing on the issue of the correction of the Appendices to the final Order relating to the 2012 and 2013 NOLs (and the affected figures in the body of the Order).

III. The Commission Should Grant Rehearing on Certain Issues Regarding the Methodology to Reflect Change in State Income Tax Rate

Except as explained in Section III.B. of this Application for Rehearing, even though they continue to disagree that good cause has been shown to deviate from the Average Rate

⁴ To cure such a violation, the Commission must issue an Order that confirms its commitment to normalization and that provides rate relief for the period beginning on the effective date of the Order. In other words, a surcharge or other mechanism would have to be adopted to bring customer rates to a level they would have been if the violation did not occur effective with the date the Order was issued.

Assumption Method (“ARAM”) to account for deferred taxes related to a change in income tax rate⁵, the Utilities generally do not seek rehearing on the decision to adopt the partial flow through method. However, the Utilities do seek (1) rehearing on the appropriate adjustments to implement the partial flow through method and (2) clarification on the implementation of the partial flow through method.

A. The CUB-City Adjustment Implementing the Partial Flow Through Method Properly Reflects the Final Order’s Decisions Regarding Plant

The final Order adopted the AG computation of the adjustments to reflect the use of the partial flow-through method for deferred income taxes related to the change in state income taxes. However, the AG’s computations are contrary to key decisions concerning plant within the final Order and contrary to the manifest weight of the evidence. Specifically, the AG’s adjustment does not reflect the effect of the final Order regarding plant, including for example the rejection of the AG’s proposal to impute the repairs deduction on AMRP-related work.⁶ The proper adjustments instead are those offered by CUB-City in Schedules 7N and 7P of the CUB-City Initial Brief for North Shore and Peoples Gas, respectively. *See also* CUB-City Ex. 2.1, page 22 of 41. The CUB-City adjustments reflect the proper plant amounts consistent with the Commission’s final Order and the record in this proceeding. The Commission should hold rehearing to determine the proper adjustments related to its decision to use the partial flow through method for deferred taxes as it relates to the change in state income tax.

⁵ *See Illinois Commerce Comm’n On Its Own Motion*, ICC Docket No. 83-0309, 1985 Ill. PUC Lexis 5 (Order Sept. 18, 1985) (“83-0309 Order”).

⁶ Order at 117.

B. The Commission Should Clarify its Decision Regarding the Implementation of the Partial Flow Through Method

In its final Order (at 112), in concluding that the partial flow through method “as approved in the ComEd and Ameren Dockets” should be used to account for deferred taxes related to the change in state income tax rate, the Commission states:

If the legislature acts to again change income tax rates, a re-measurement of required deferred income taxes would again occur and adjustments to deferred income tax expense would result from the changed tax rates in future rate cases. The Companies should have no problem recovering income tax expenses that are recorded in future test years pursuant to applicable accounting rules, even if the result is a higher revenue requirement in rate cases.

The Utilities understand the Commission’s Order to indicate the Utilities should re-measure deferred income taxes for their next rate cases consistent with this Order for only depreciation-related originating differences⁷ from the time the temporary state tax rate became effective, January 1, 2011, until the temporary change expires. This application of the partial flow through methodology beginning in 2011 is consistent with the implementation approved in *ComEd 2012* and *Ameren 2012* and is consistent with the final Order’s language indicating that a re-measurement of deferred income taxes would be required if the legislature acts again to change the income tax rate.

If, however, the Commission did not intend for the Utilities to adopt the above described method of computing deferred taxes on originating differences beginning as of January 1, 2011, when the state income tax rate changed until such time the temporary change expires, the Utilities seek rehearing on the issue of the proper methodology to use to account for the deferred income taxes associated with an income tax rate change. Failure to apply the partial flow

⁷ The adjustments proposed by the AG (that were adopted by the Commission) and CUB-City both only apply the partial flow through methodology to depreciable plant.

through method consistently with *ComEd 2012* and *Ameren 2012* for all periods beginning on January 1, 2011 treats the customers of the Utilities differently than the customers of ComEd and Ameren. This inequality is further exacerbated by a piecemeal process that does not ensure all Illinois utilities are using a uniform methodology. Thus, if the Utilities are treated differently, the Commission will have created three separate groups of customers as it relates to the application of the partial flow through methodology: ComEd and Ameren customers (where ComEd and Ameren were allowed to use the partial flow through method to re-measure deferred income taxes beginning January 2011), the Utilities' customers (where the Utilities use ARAM for 2011 and 2012 and the partial flow through method for 2013 to re-measure deferred income taxes presumably until such rate change expires), and all other Illinois customers (whose utilities use ARAM).

The Utilities either should be using ARAM under the 83-0309 Order for all originating plant differences related to the temporary state income tax rate change, or the Utilities should be using the partial flow through for these same originating differences as is the case with ComEd and Ameren. Based on this inequality, the Utilities request rehearing on the issue of the appropriate methodology to account for deferred income taxes as it relates to a change in income tax rate. Good cause has not been shown to deviate from the well-established ARAM that the Commission approved in its *83-0309 Order* and has been followed consistently by Illinois utilities until *ComEd 2012* and *Ameren 2012*. See Util. Init. Br. at 57-67, Util. Rep. Br. at 57-63; Util. BOE at 31-38. The partial-flow through methodology that the final Order adopts is improper because it distorts costs of service and does not balance and protect the interests of all stakeholders – current customers, future customers, and shareholders. See Util. Init. Br. at 64-66, Util. Rep. Br. at 61; Util. BOE at 34-36. Further, it is inconsistent with income tax and Federal

Energy Regulatory Commission (“FERC”) regulations related to normalization. *See* Util. Init. Br. at 62-64, Util. Rep. Br. at 62; Util. BOE at 36-37. Finally, the AG and CUB-City have not demonstrated good cause to deviate from the well-established ARAM, as discussed below. *See* Util. Init. Br. at 66-67, Util. BOE at 37-38. Staff agrees, noting that a methodology applied in a formula rate proceeding may not be appropriate in a traditional rate case proceeding. Staff RBOE at 28-29; *see also* Staff Init. Br. at 42; Staff Rep. Br. at 56-57; Pearce Reb., Staff Ex. 14.0, 21:456 - 22:489.

The Utilities incorporate the arguments made and evidence cited in its Initial Brief (at 57-67), Reply Brief (at 57-63) and Corrected Brief on Exceptions (at 31-38). For all the reasons, the Commission’s adoption of the partial flow through methodology is contrary to the manifest weight of the evidence. The Commission should grant rehearing regarding the use of the partial flow through method.

WHEREFORE, North Shore Gas Company and The Peoples Gas Light and Coke Company respectfully submit this Application for Rehearing and request that the Commission enter appropriate relief.

Dated: July 19, 2013

By: 
Counsel for North Shore Gas Company
and The Peoples Gas Light and Coke
Company

John P. Ratnaswamy
Carla Scarsella
ROONEY RIPPKE & RATNASWAMY LLP
350 West Hubbard Street, Suite 600
Chicago, Illinois 60654
(312) 447-2800
john.ratnaswamy@r3law.com
carla.scarsella@r3law.com

Mary P. Klyasheff
INTEGRYS ENERGY GROUP, INC.
130 East Randolph Street
Chicago, Illinois 60601
(312) 240-4470
mpklyasheff@integrysgroup.com

Bradley D. Jackson
FOLEY & LARDNER LLP
150 East Gilman Street, Verex Plaza
Madison, Wisconsin 53703
(608) 258-4262
bjackson@foley.com

Theodore T. Eidukas
FOLEY & LARDNER LLP
321 N. Clark Street, Suite 2800
Chicago, Illinois 60654
(312) 832-4913
teidukas@foley.com