

**North Shore Gas Company**  
**Statement of Operating Income with Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Company Surrebuttal Pro Forma Present (NS-PGL Ex. 42.1N)	Adjustments (App. A, p. 4)	Pro Forma Present (Cols. b+c)	Company Surrebuttal Proposed Increase (NS-PGL Ex. 42.1N)	Gross Revenue Conversion Factor	Proposed Rates With Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Operating Statement per Order (Cols. g+h)	Tax Effect of Order to NOL (App. A, p. 11)	Operating Statement per Order with Effect of NOL (Cols. i+j)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Base Rate Revenues	\$ 76,133	\$ -	\$ 76,133	\$ 9,570	\$ -	\$ 85,703	\$ (2,907)	\$ 82,796	\$ -	\$ 82,796
2	PGA Revenues	-	-	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-	-	-
4	Other Revenues	1,571	-	1,571	39	-	1,610	-	1,610	-	1,610
5	Total Operating Revenue	77,704	-	77,704	9,609	\$ -	87,313	(2,907)	84,406	-	84,406
6	Uncollectible Accounts	747	-	747	82	-	829	(25)	804	-	804
7	Cost of Gas	-	-	-	-	-	-	-	-	-	-
8	Other Production	527	(3)	524	-	-	524	-	524	-	524
9	Storage	-	-	-	-	-	-	-	-	-	-
10	Transmission	128	-	128	-	-	128	-	128	-	128
11	Distribution	16,069	(40)	16,029	-	-	16,029	-	16,029	-	16,029
12	Customer Accounts	7,197	(19)	7,178	-	-	7,178	-	7,178	-	7,178
13	Customer Service and Informational Service	588	(4)	584	-	-	584	-	584	-	584
14	Administrative and General	25,961	(687)	25,274	-	-	25,274	-	25,274	-	25,274
15	Depreciation and Amortization	10,802	(66)	10,736	-	-	10,736	-	10,736	-	10,736
16	Taxes Other Than Income	2,968	(23)	2,945	-	-	2,945	-	2,945	-	2,945
17	Total Operating Expense										
18	Before Income Taxes	64,987	(842)	64,145	82	-	64,227	(25)	64,202	-	64,202
19	State Income Tax	655	113	768	905	-	1,673	(274)	1,399	-	1,399
20	Federal Income Tax	-	1,194	1,194	3,018	-	4,212	(913)	3,299	(2,098)	1,201
21	Deferred Taxes and ITCs Net	2,777	(776)	2,001	-	-	2,001	-	2,001	2,098	4,099
22	Total Operating Expenses	68,419	(311)	68,108	4,005	-	72,113	(1,212)	70,901	-	70,901
23	NET OPERATING INCOME	\$ 9,285	\$ 311	\$ 9,596	\$ 5,604	\$ -	\$ 15,200	\$ (1,695)	\$ 13,505		\$ 13,505
24	Rate Base (App. A, p. 5, Column (d))								\$ 201,046		
25	Overall Rate of Return per Order								6.72%		
26	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 6,702		
27	Percentage Revenue Change (Col. (i), Line 3 divided by Col. (d), Line 35)								8.63 %		

**North Shore Gas Company**  
**Adjustments to Operating Income**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Interest Synchronization (App. A, p. 8)	Not Used	Gross Plant Additions (NS-PGL Ex. 52.2N p. 1, col. D)	State Income Tax Impact (AG Ex. 4.2 Sched C-10)	Not Used	Not Used	Not Used	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	-	-	-	-	-	-
9	Storage	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	-	-	-	-	-
11	Distribution	-	-	-	-	-	-	-	-
12	Customer Accounts	-	-	-	-	-	-	-	-
13	Customer Service and Informational Services	-	-	-	-	-	-	-	-
14	Administrative and General	-	-	-	-	-	-	-	-
15	Depreciation and Amortization	-	-	(65)	-	-	-	-	(65)
16	Taxes Other Than Income	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	-	-	(65)	-	-	-	-	(65)
19	State Income Tax	24	-	16	-	-	-	-	40
20	Federal Income Tax	79	-	859	-	-	-	-	938
21	Deferred Taxes and ITCs Net	-	-	(848)	83	-	-	-	(765)
22	Total Operating Expenses	103	-	(38)	83	-	-	-	148
23	NET OPERATING INCOME	\$ (103)	\$ -	\$ 38	\$ (83)	\$ -	\$ -	\$ -	\$ (148)

**North Shore Gas Company**  
**Adjustments to Operating Income**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	(App. A, p. 2)	Not Used	Non-Union Wages (NS-PGL Ex. 52.2N p. 2, col. L)	Not Used	Not Used	Advertising Expense Per Order	Promotional & Goodwill Per Order	Subtotal Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	-	-	(3)	-	-	-	-	(3)
9	Storage	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	-	-	-	-	-
11	Distribution	-	-	(40)	-	-	-	-	(40)
12	Customer Accounts	-	-	(19)	-	-	-	-	(19)
13	Customer Service and Informational Se	-	-	(4)	-	-	-	-	(4)
14	Administrative and General	-	-	(45)	-	-	-	-	(45)
15	Depreciation and Amortization	(65)	-	(1)	-	-	-	-	(66)
16	Taxes Other Than Income	-	-	(9)	-	-	-	-	(9)
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	(65)	-	(121)	-	-	-	-	(186)
19	State Income Tax	40	-	11	-	-	-	-	51
20	Federal Income Tax	938	-	49	-	-	-	-	987
21	Deferred Taxes and ITCs Net	(765)	-	(11)	-	-	-	-	(776)
22	Total Operating Expenses	148	-	(72)	-	-	-	-	76
23	NET OPERATING INCOME	\$ (148)	\$ -	\$ 72	\$ -	\$ -	\$ -	\$ -	\$ (76)

**North Shore Gas Company**  
**Adjustments to Operating Income**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Subtotal (App. A, p. 3)	Invested Capital Tax (App. A, p. 10)	Cross Bore Expenses (Per Order)	IBS Expenses (AG Ex 4.2, Sch C-8)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(r)	(s)	(t)	(u)	(v)	(w)	(x)	(y)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	PGA Revenues	-	-	-	-	-	-	-	-
3	Coal Tar Revenues	-	-	-	-	-	-	-	-
4	Other Revenues	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Cost of Gas	-	-	-	-	-	-	-	-
8	Other Production	(3)	-	-	-	-	-	-	(3)
9	Storage	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	-	-	-	-	-
11	Distribution	(40)	-	-	-	-	-	-	(40)
12	Customer Accounts	(19)	-	-	-	-	-	-	(19)
13	Customer Service and Informational Se	(4)	-	-	-	-	-	-	(4)
14	Administrative and General	(45)	-	-	(642)	-	-	-	(687)
15	Depreciation and Amortization	(66)	-	-	-	-	-	-	(66)
16	Taxes Other Than Income	(9)	(14)	-	-	-	-	-	(23)
17	Total Operating Expense								
18	Before Income Taxes	(186)	(14)	-	(642)	-	-	-	(842)
19	State Income Tax	51	1	-	61	-	-	-	113
20	Federal Income Tax	987	4	-	203	-	-	-	1,194
21	Deferred Taxes and ITCs Net	(776)	-	-	-	-	-	-	(776)
22	Total Operating Expenses	76	(9)	-	(378)	-	-	-	(311)
23	NET OPERATING INCOME	\$ (76)	\$ 9	\$ -	\$ 378	\$ -	\$ -	\$ -	\$ 311

**North Shore Gas Company**  
**Rate Base**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Company Surrebuttal Pro Forma Rate Base (NS-PGL Ex. 43.1N)	Adjustments (App. A, p. 6)	Approved Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant	\$ 466,382	\$ (13,583)	\$ 452,800
2	Accumulated Provision for Depr. & Amort.	(189,609)	4,348	(185,262)
3		-	-	-
4	Net Plant	<u>276,773</u>	<u>(9,235)</u>	<u>267,538</u>
5	Additions to Rate Base			
6	Cash Working Capital	(74)	(406)	(480)
7	Materials and Supplies	1,992	-	1,992
8	Gas in Storage	7,268	-	7,268
9	Retirement Benefits, Net	(3,758)	1,132	(2,626)
10	Budget Plan Balances	247	-	247
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Accumulated Deferred Income Taxes	(68,599)	439	(68,160)
18	Customer Deposits	(2,454)	-	(2,454)
19	Customer Advances for Construction	(586)	-	(586)
20	Reserve for Injuries and Damages	(1,693)	-	(1,693)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 209,116</u>	<u>\$ (8,070)</u>	<u>\$ 201,046</u>

**North Shore Gas Company**  
**Adjustments to Rate Base**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Cash Working Capital (App. A, p. 12)	Average Rate Base (App A, p. 15)	Gross Plant Additions (App A, p. 16)	State Income Tax Impact (AG Ax. 4.2, Sched B-4)	Net Operating Loss (App. A, p. 11 col. (D), line 4)	Non-Union Wages (App A, p. 20)	Pension Asset (Staff Ex. 14.0, Sch. 14.01 N)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant	\$ -	\$ (11,235)	\$ (2,343)	\$ -	\$ -	\$ (5)	\$ -	\$ (13,583)
2	Accumulated Provision for Depr. & Amort.	-	4,282	65	-	-	1	-	4,348
3		-	-	-	-	-	-	-	-
4	Net Plant	-	(6,953)	(2,278)	-	-	(4)	-	(9,235)
5	Additions to Rate Base								-
6	Cash Working Capital	(406)	-	-	-	-	-	-	(406)
7	Materials and Supplies	-	-	-	-	-	-	-	-
8	Gas in Storage	-	-	-	-	-	-	-	-
9	Retirement Benefits, Net	-	1,611	-	-	-	-	(479)	1,132
10	Budget Plan Balances	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Accumulated Deferred Income Taxes	-	1,166	303	(166)	(1,050)	(4)	190	439
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Customer Advances for Construction	-	-	-	-	-	-	-	-
20	Reserve for Injuries and Damages	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (406)	\$ (4,176)	\$ (1,975)	\$ (166)	\$ (1,050)	\$ (8)	\$ (289)	\$ (8,070)

**North Shore Gas Company**  
**Revenue Effect of Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Per Company	Adjustments	Per Order
	(a)	(b)	(c)	(d)
1	Present Revenues	\$ 77,704 <sup>(1)</sup>	\$ -	\$ 77,704 <sup>(2)</sup>
2	Proposed Increase	<u>9,609 <sup>(3)</sup></u>	<u>(2,907) <sup>(4)</sup></u>	<u>6,702 <sup>(5)</sup></u>
3	Proposed Revenues	<u>\$ 87,313</u>	<u>\$ (2,907)</u>	<u>\$ 84,406</u>
4	% Increase	12.37%		8.63%
5	Effect of Each Adjustment:			
6	Cross Bore Expenses		-	
7	Rate of Return		(1,444)	
8	Average Rate Base		(421)	
9	Gross Plant Additions		(264)	
10	Non-Union Wages		(124)	
11	Cash Working Capital		(41)	
12	Net Operating Loss		(106)	
13	Invested Capital Tax		(15)	
14	Pension Asset		(29)	
15	Advertising Expense		-	
16	Promotional and Goodwill Expense		-	
17	Interest Synchronization		60	
18	State Income Tax Impact		125	
19	IBS Expenses		(648)	
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33	Rounding		<u>-</u>	
34	Total Revenue Effect of Adjustments		<u>\$ (2,907)</u>	-

Sources:

- (1) App. A, p. 1, column (b), line 5
- (2) App. A, p. 1, column (d), line 5
- (3) App. A, p. 1, column (e), line 5
- (4) App. A, p. 1, columns (f) + (h), line 5
- (5) App. A, p. 1, column (i), line 26

**North Shore Gas Company**  
**Interest Synchronization Adjustment**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 201,046 (1)
2	Weighted Cost of Debt	2.05% (2)
3	Synchronized Interest Per Order	4,121
4	Company Interest Expense	<u>4,371 (3)</u>
5	Increase (Decrease) in Interest Expense	<u>(250)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 24</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 79</u>

(1) Source: App. A, p. 5, Column D.  
 (2) Source: Per Order  
 (3) Source: NS-PGL Ex. 42.2N, p. 5

**North Shore Gas Company**  
**Gross Revenue Conversion Factor**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Rate	Per Order With Bad Debts	Per Order Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.85810%	<u>0.008581</u>	
3	State Taxable Income		0.991419	1.000000
4	State Income Tax	9.5000%	<u>0.094185</u>	<u>0.095000</u>
5	Federal Taxable Income		0.897234	0.905000
6	Federal Income Tax	35.0000%	<u>0.314032</u>	<u>0.316750</u>
7	Operating Income		<u>0.583202</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.714671</u>	<u>1.699958</u>

North Shore Gas Company  
 Invested Capital Tax Adjustment  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line (A)	Description (B)	Amount (C)	Source (D)
1	Rate Base	\$ 201,046	App. A, p. 1, col. i, line 24
2	Rate of Return	<u>6.72%</u>	App. A, p. 1, col. i, line 25
3	Operating Income Required	\$ 13,505	Line 1 x Line 2
4	Pro forma operating income at present rates adjusted before ICT adjustment	<u>9,610</u>	App. A, p. 1, col. d line 23 - App. A, p. 4, col. s line 16
5	Operating Income Additional Allowed	\$ 3,895	Line 3 - line 4
6	Invested Capital Tax Rate	<u>0.80%</u>	NS Schedule WPC-2.14
7	Incremental Invested Capital Tax Impact per Order	\$ 31	Line 5 x line 6
8	Incremental Invested Capital Tax Impact per Company	<u>45</u>	NS-PGL Ex. 42.2 N, p. 4
9	Adjustment	<u><u>\$ (14)</u></u>	Line 7 - line 8

North Shore Gas Company  
 Adjustment For Revenue Increase Impact on Net Operating Loss  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line (A)	Description (B)	Year End Rate Base including 2012 NOL Amount (C)	Average Rate Base including 2012 NOL Amount (D)	Source (D)
1	Net Operating Loss Deferred Tax Asset per Company Surrebuttal	\$ 2,098	\$ 2,123	NS-PGL Ex. 43.5 N, p. 1, cols. [C] and [D], line 7
2	Effect of Revenue Increase	<u>(2,098)</u>	<u>(1,050)</u>	Appendix A, p. 1, col. (j) line 20 / 2 **
3	Net Operating Loss Deferred Tax Asset per Order	\$ -	\$ 1,073	Line 1 + line 2
4	Adjustment to Rate Base- Deferred Tax Asset at Average		<u>\$ (1,050)</u>	Line 2

\*\* Adjustment cannot exceed amount on line 1. Agrees to NS-PGL Ex. 53.3N, line 2 col. (D).

**North Shore Gas Company**  
**Cash Working Capital Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Item	Amount	Lag (Lead)	CWC Factor (D) / 365	CWC Requirement (C) x (E)	Column (C) Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenues	\$ 170,987	40.50	0.11096	\$ 18,973	App. A, p. 13, Line 7
2	ICC Gas Revenue Tax	\$ 198	40.50	0.11096	\$ 22	Line 22 Below
3	Pass Through Taxes	15,651	0.00	0.00000	-	Sum of lines 21 - 24 below
4	Total	<u>\$ 186,836</u>			<u>\$ 18,995</u>	Line 1 + Line 2 + Line 3
5	Payroll and Withholdings	\$ 9,284	(14.04)	(0.03847)	(357)	App. A, p. 14, Line 3
6	Incentive Pay	170	(250.50)	(0.68630)	(117)	NS-PGL Ex. 27.10N, p. 1, Line 5
7	Inter Company Billings	30,239	(33.91)	(0.09290)	(2,809)	NS-PGL Ex. 27.10N, p. 1, Line 6
8	Natural Gas	109,510	(40.39)	(0.11066)	(12,118)	NS-PGL Ex. 27.10N, p. 1, Line 7
9	Pension and OPEB	4,720	(33.91)	(0.09290)	(439)	NS-PGL Ex. 27.10N, p. 1, Line 8
10	Other Benefits	1,968	(41.46)	(0.11359)	(224)	NS-PGL Ex. 27.10N, p. 1, Line 9
11	Other Operations and Maintenance	3,912	(44.28)	(0.12132)	(475)	App. A, p. 13, Line 21
12	Federal Insurance Contributions (FICA)	620	(16.13)	(0.04419)	(27)	App. A, p. 14, Line 9
13	Federal Unemployment Tax	4	(60.88)	(0.16679)	(1)	NS-PGL Ex. 27.10N, p. 1, Line 13
14	State Unemployment Tax	13	(72.11)	(0.19756)	(3)	NS-PGL Ex. 27.10N, p. 1, Line 14
15	Property/Real Estate Taxes	260	(378.73)	(1.03762)	(270)	NS-PGL Ex. 27.10N, p. 1, Line 15
16	Invested Capital Tax	1,425	(30.14)	(0.08258)	(118)	App. A, p. 14, Line 6
17	Corporation Franchise Tax	25	(179.73)	(0.49241)	(12)	NS-PGL Ex. 27.10N, p. 1, Line 17
18	Sales, Use and Accelerated Tax	6	(42.88)	(0.11748)	(1)	NS-PGL Ex. 27.10N, p. 1, Line 18
19	Federal Excise Tax	1	(75.75)	(0.20753)	-	NS-PGL Ex. 27.10N, p. 1, Line 19
20	-	-	-	-	-	
21	Unauthorized Insurance Tax	15	155.39	0.42573	6	NS-PGL Ex. 27.10N, p. 1, Line 20
22	ICC Gas Revenue Tax	198	35.74	0.09792	19	NS-PGL Ex. 27.10N, p. 1, Line 21
23	Gross Receipts/Municipal Utility Tax	6,656	(60.52)	(0.16581)	(1,104)	NS-PGL Ex. 27.10N, p. 1, Line 22
24	Energy Assistance Charges	1,777	(19.55)	(0.05356)	(95)	NS-PGL Ex. 27.10N, p. 1, Line 23
25	IDOR Gas Revenue/Public Utility tax	7,218	9.44	0.02586	187	NS-PGL Ex. 27.10N, p. 1, Line 24
26	-	-	-	-	-	
27	Interest Expense	4,121	(91.25)	(0.25000)	(1,030)	App. A, p. 8, line 3
28	Federal Income Tax	3,299	(37.88)	(0.10378)	(342)	App. A, p. 1, col. (i), line 20
29	State Income Tax	1,399	(37.88)	(0.10378)	(145)	App. A, p. 1, col. (i), line 19
30	Total	<u>\$ 186,840</u>			<u>\$ (19,475)</u>	Sum of Lines 5 through 29
31	Cash Working Capital per Order				\$ (480)	Line 4 + Line 30
32	Cash Working Capital per Company				<u>(74)</u>	NS-PGL Ex. 43.1N p. 1, Line 4
33	Difference -- Adjustment				<u>\$ (406)</u>	Line 31 - Line 32

Note: Lag (Lead) is from PGL Ex. 7.1, p. 14; except for lines 2 and 8  
 Line 2 lag: ICC Staff Ex. 12.0, p. 17  
 Line 8 lead: Staff Data Request DGK-13.03

**North Shore Gas Company**  
**Cash Working Capital Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Amount	Source
(A)	(B)	(C)	(D)
1	Total Operating Revenues	\$ 84,406	Appendix A, p. 1, Column I, Line 5
2	PGA Revenue	109,510	NS-PGL Ex. 27.10N, p. 1, Line 7
3	Uncollectible Accounts	(804)	Appendix A, p. 1, Column I, Line 6
4	Depreciation & Amortization	(10,736)	Appendix A, p. 1, Column I, Line 15
5	Deferred Taxes and ITCs Net	(2,001)	Appendix A, p. 1, Column I, Line 21
6	Return on Common Equity	<u>(9,388)</u>	Line 10 below
7	Total Revenues for CWC calculation	<u>\$ 170,987</u>	Sum of Lines 1 through 6
8	Total Rate Base	\$ 201,046	Appendix A, p. 5, Line 23
9	Weighted Cost of Common Equity	<u>4.67%</u>	Per Order
10	Return on equity deduction from revenue	<u>\$ 9,388</u>	Line 8 x Line 9
11	O & M Expenses	\$ 64,202	Appendix A, p. 1, Column I, Line 18
12	Payroll and Withholdings	(9,284)	App. A, p. 14, Line 3
13	Incentive Pay	(170)	NS-PGL Ex. 27.10N, p. 1, Line 5
14	Inter-Company Billings	(30,239)	NS-PGL Ex. 27.10N, p. 1, Line 6
15	Pension and OPEB	(4,720)	NS-PGL Ex. 27.10N, p. 1, Line 8
16	Other Benefits	(1,968)	NS-PGL Ex. 27.10N, p. 1, Line 9
17	FICA	(620)	App. A, p. 14, Line 9
18	Taxes Other Than Income excluding FICA	(1,749)	Appendix A, p. 12, Sum of Lines 12 through 20
19	Uncollectible Accounts	(804)	Appendix A, p. 1, Column I, Line 6
20	Depreciation & Amortization	<u>(10,736)</u>	Appendix A, p. 1, Column I, Line 15
21	Other Operations & Maintenance	<u>\$ 3,912</u>	Sum of Lines 11 through 20

**North Shore Gas Company**  
**Cash Working Capital Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Payroll and Withholdings per Company Filing	\$ 9,396	NS-PGL Ex. 27.10N, p. 2, Line 36
2	Non-Union Wages Adjustment	(112)	ICC Staff Ex. 13.0, Sch. 13.02N; Excluding FICA (see line 8)
3	Payroll and Withholdings per Order	<u>\$ 9,284</u>	Sum of Lines 1 and 2
4	Invested Capital Tax per Company Filing	\$ 1,439	NS-PGL Ex. 27.10N, p. 2, Line 23
5	Invested Capital Tax Adjustment	(14)	Appendix A, p. 10, line 9
6	Invested Capital Tax per Order	<u>\$ 1,425</u>	Sum of Lines 4 and 5
7	FICA per Company	629	NS-PGL Ex. 27.10N, p. 2, Line 39
8	Non-Union Wages Adjustment	(9)	Appendix A, p. 3, col. (I) line 16
9	FICA per Order	<u>\$ 620</u>	Sum of Lines 7 and 8

**North Shore Gas Company**  
**Average Rate Base Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Gross Utility Plant	Accumulated Depreciation	ADIT	Net Retirement Benefits	(not used)	Total Rate Base Adjustments	Source
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) Sum C thru G	(I)
1	2013 Beginning Balance - Co. Surrebuttal	\$ 443,913	\$ (181,046)	\$ (66,267)	\$ (536)	\$ -	\$ 196,064	NS Ex. 43.1
2	2013 Average Balance per Staff	455,148	(185,328)	(67,433)	(2,147)	-	200,240	(Line 1 + Line 3) / 2
3	2013 Year-End Balance - Co. surrebuttal	<u>466,382</u>	<u>(189,609)</u>	<u>(68,599)</u>	<u>(3,758)</u>	<u>-</u>	<u>204,416</u>	NS Ex. 43.1
4	Staff Adjustments	<u>\$ (11,235)</u>	<u>\$ 4,282</u>	<u>\$ 1,166</u>	<u>\$ 1,611</u>	<u>\$ -</u>	<u>\$ (4,176)</u>	Line 2 - Line 3

**North Shore Gas Company**  
**Gross Utility Plant Additions Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Adjustment to Utility Plant-in-Service	\$ (2,343)	ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. F, Line 15
2	Adjustment to Depreciation Expense	\$ (65)	ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. K, Line 15
3	Adjustment to Accumulated Depreciation	\$ 65	- ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. K, Line 15
4	Adjustment to Accumulated Deferred Taxes	\$ 303	= - ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. N, Line 15 - ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. O, Line 15 - ICC Staff Ex. 24.0, Sch. 24.02N, p. 3, Colm. F, Line 15

**North Shore Gas Company**  
**Gross Utility Plant Additions Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Item	Depr Method	2013 Gross Additions less Retirements	Projected Additions	Adjustment	Bonus-Eligible %	Bonus Depr
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
			NS-PGL Ex. 19.2 N REV *	78.95 % App A, p. 19 ( D * 78.95%)	78.95 % App A, p. 19 ( E - D ) / 2 *	DGK-16.01	( F * G * 50% )
1	Distribution	Macrs 20	18,867	14,895	(1,986)	100%	(993)
2	Underground Storage	Macrs 15	0	0	0		0
3	Liquefied Natural Gas	Macrs 15	0	0	0		0
4	Transmission - Not Leased	Macrs 15	3,000	2,368	(316)	100%	(158)
5	General	Macrs 5	1,319	1,041	(139)	68%	(47)
6	Intangible	SL 3	0	0	0		0
7	Production	Macrs 7	75	59	(8)	100%	(4)
8	ARO Obligation	None	0	0	0		0
9	Total Account 101		23,261	18,364	(2,448)		(1,202)
10							
11	Recoverable Natural Gas (Account 117)	None	0	0	0		0
12	Total Plant in Service		23,261	18,364	(2,448)		(1,202)
13	Construction Work in Progress (Account 107)	None	(1,000)	(789)	105		0
14							
15	Total Utility Plant		22,261	17,575	(2,343)		(1,202)

\* Additions increased by RTTY Adjustments on NS-PGL Ex. 27.3N; 27.4N & 27.5N.

\* Adjustment divided by two to accommodate average rate base

**North Shore Gas Company**  
**Gross Utility Plant Additions Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Book Depr %	Tax Depr %	Federal Tax Depr	State Tax Depr	Book Depreciation	Federal M1	State M1	2013 Federal Def Tax	2013 State Def Tax	Line
(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
Co. Sch C-12, p. 4	Staff DR DGK- 11.02	(F - H)*J+H	( F * J )	( F * I )	( K - M )	( L - M )	( N * 35% )	( O * 9.5% )	
2.4500%	3.7500%	(1,030)	(74)	(49)	(981)	(25)	(343)	(2)	1
1.1500%	5.0000%	0	0	0	0	0	0	0	2
0.0000%	0.0000%	0	0	0	0	0	0	0	3
1.8300%	5.0000%	(166)	(16)	(6)	(160)	(10)	(56)	(1)	4
7.1300%	20.0000%	(65)	(28)	(10)	(55)	(18)	(19)	(2)	5
0.0000%	0.0000%	0	0	0	0	0	0	0	6
1.1200%	3.7500%	(4)	0	0	(4)	0	(1)	0	7
0.0000%	0.0000%	0	0	0	0	0	0	0	8
		(1,265)	(118)	(65)	(1,200)	(53)	(419)	(5)	9
									10
0.0000%	0.0000%	0	0	0	0	0	0	0	11
		(1,265)	(118)	(65)	(1,200)	(53)	(419)	(5)	12
0.0000%	0.0000%	0	0	0	0	0	0	0	13
									14
		(1,265)	(118)	(65)	(1,200)	(53)	(419)	(5)	15

**North Shore Gas Company**  
**Gross Utility Plant Additions Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Days(1)	Ratio	Liberalized Depreciation Statutory Rate		Source
				Per Staff	Prorated	
[A]	[B]	[C]	[D]	[E]	[F]	[G]
1	2013 Additions Adjustment - Federal Deferred Tax			\$ (419)		ICC Staff Ex. 24.0, Sch. 24.02N, p. 2, Colm. P, Line 15
			<u>(C/D 16)</u>		<u>(D * E)</u>	
2	January		100.0%	(35)	(35)	
3	February		100.0%	(35)	(35)	
4	March		100.0%	(35)	(35)	
5	April		100.0%	(35)	(35)	
6	May		100.0%	(35)	(35)	
7	June		100.0%	(35)	(35)	
8	July	154	83.2%	(35)	(29)	
9	August	123	66.5%	(35)	(23)	
10	September	93	50.3%	(35)	(18)	
11	October	62	33.5%	(35)	(12)	
12	November	32	17.3%	(35)	(6)	
13	December	1	0.5%	(34)	0	
14	Total 12/31/2013			<u>\$ (419)</u>	<u>\$ (298)</u>	
15	Impact of Proration				<u>\$ 121</u>	
16	Notes: (1)Total days in period:		<u>185</u>			

Assumes rates become effective July 1, 2013.

**North Shore Gas Company**  
**Gross Utility Plant Additions Adjustments**  
 For the Test Year Ending December 31, 2013  
 (In Thousands)

Line No. (A)	Description (B)	Actual Capital Expenditures (1) (C)	Planned Capital Expenditures (1) (D)	Source (E)
1	Total Company			
2	2012	\$ 20,859	\$ 36,099	NS DGK 4.04 Supp Attach 1
3	2010	10,259	19,019	Co. Sch. G-8
4	2011	12,438	13,040	Co. Sch. G-8
5	2009	14,490	9,627	
6	2008	10,828	9,453	
		-	-	
7	5-Year Totals	<u>\$ 68,874</u>	<u>\$ 87,238</u>	
8	Average Planned Capital Expenditures Expended		<u>78.95%</u>	Col. (C), line 5 / Col. (D), line 5

**North Shore Gas Company  
 Adjustment to Non-union Wages  
 For the Test Year Ending December 31, 2013  
 (In Thousands)**

Line No.	Description	Test Year 2013 per Staff	Test Year 2013 per NS	Adjustment Col. (c) - Col. (d)	Rate Base Adjustment Avg. Year Col. (e) / 2
(a)	(b)	(c)	(d)	(e)	(f)
1	Other Production	\$ 235	\$ 238	\$ (3)	
2	Storage	-	-	\$ -	
3	Transmission	16	16	\$ (0)	
4	Distribution	3,480	3,520	\$ (40)	
5	Customer Accounts	1,673	1,692	\$ (19)	
6	Customer Service and Informational Services	326	329	\$ (4)	
7	Administrative and General	3,962	4,007	\$ (45)	
8	Construction	891	901	\$ (10)	(5)
9	Totals (Sum of Line 1 through Line 8)	<u>\$ 10,582</u>	<u>\$ 10,703</u>	<u>\$ (121)</u>	
Derivative Adjustments:					
10	Payroll Taxes - Line 9 x 7.65%			(9)	
Line 8 Capitalized Costs Components:					
11	Depreciation Expense			(1)	
12	Accumulated Depreciation			1	1
13	Accumulated Deferred Income Tax			(8)	(4)

**Sources:**

Column (c): Staff Ex. 25.0, Sch 25.01 N, page 2 of 3, column (e), lines 1-9 times 1.0228

Column (d): column (c) /1.0228 x 1.0345

Lines 11 through 13: Staff Ex. 25.0, Sch 25.01N, page 1 of 3. column (e), lines 11 through 13

Column (f): Full year capitalized construction wages and rate base derivative adjustments divided by 2 for average year impact