

Schedule DJE NS A

NORTH SHORE GAS COMPANY
REVENUE DEFICIENCY
(\$000)

	(1) Company Position	Adjustments		Proposed Position
Rate Base	\$ 210,763	\$ (257)	(2)	\$ 210,506
Rate of Return	<u>7.02%</u>	<u>-0.49%</u>	(3)	<u>6.53%</u>
Operating Income Requirement	14,796	(1,054)		13,742
Adjusted Operating Income	<u>10,541</u>	<u>3,810</u>	(4)	<u>14,351</u>
Income Deficiency (Excess)	4,255	(4,864)		(609)
Gross Revenue Conversion Factor	<u>1.677</u>	-	(5)	<u>1.677</u>
Revenue Deficiency (Excess)	<u>\$ 7,135</u>	<u>\$ (8,157)</u>		<u>\$ (1,022)</u>

Sources:

- (1) NS Schedule A-2
- (2) Schedule B
- (3) Schedule D
- (4) Schedule C
- (5) NS Schedule A-2.1

Schedule DJE NS B

NORTH SHORE GAS COMPANY
RATE BASE ADJUSTMENTS
(\$000)

	(1) NS Rate Base	(2) Pension Asset	(3) NOL	Adjusted Rate Base
Utility Plant	\$ 491,265	\$ -	\$ -	\$ 491,265
Accumulated Depreciation and Amort.	<u>200,486</u>			<u>200,486</u>
Net Plant	<u>290,779</u>	<u>-</u>	<u>-</u>	<u>290,779</u>
Cash Working Capital	(1,746)			(1,746)
Materials and Supplies	1,928			1,928
Gas in Storage	6,238			6,238
Retirement Benefits - Net	(1,987)	(1,172)		(3,159)
Budget Plan Balances	<u>831</u>	<u>-</u>	<u>-</u>	<u>831</u>
Subtotal	<u>5,264</u>	<u>(1,172)</u>	<u>-</u>	<u>4,092</u>
Accumulated Deferred Income Taxes	(81,640)	1,019	(104)	(80,725)
Customer Deposits	(1,996)			(1,996)
Customer Advances for Construction	(562)			(562)
Reserve for Injuries and Damages	<u>(1,082)</u>	<u>-</u>	<u>-</u>	<u>(1,082)</u>
Subtotal	<u>(85,280)</u>	<u>1,019</u>	<u>(104)</u>	<u>(84,365)</u>
Net Rate Base	<u>\$ 210,763</u>	<u>\$ (153)</u>	<u>\$ (104)</u>	<u>\$ 210,506</u>

Sources:

- (1) NS Schedule B-1
(2) NS Schedule B-1.2
(3) NS Schedule B-9, NS AG 1.13, 1.14 (5947+8512)*0.35*(1-0.92)/2-306

Schedule DJE NS C

NORTH SHORE GAS COMPANY
OPERATING INCOME
(\$000)

	(1)	DJE C-1	DJE C-2	DJE C-3 IBS	DJE C-4	DJE C-5	
	NS		Medical	Labor &	IBS	Interest	Adj.
	<u>Op. Inc.</u>	<u>Employees</u>	<u>Benefits</u>	<u>Benefits</u>	<u>Other</u>	<u>Synch</u>	<u>Op. Inc.</u>
Total Operating Revenue	\$ 83,254			\$ -			\$ 83,254
Other Operation and Maintenance Expense	53,646	(670)	(418)	(2,201)	(2,886)		47,470
Depreciation and Amortization	11,759						11,759
Taxes other than Income Taxes	3,289	(48)		(133)			3,108
Income Taxes							-
State Income Tax Expense - Current	439	56	32	181	224	0	932
Federal Income Tax Expense - Current	6,804	232	135	754	932	2	8,858
Deferred Income Tax Expense	(3,224)						(3,224)
Investment Tax Credit	-	-	-	-	-	-	-
Total Operating Expenses	<u>72,713</u>	<u>(431)</u>	<u>(251)</u>	<u>(1,399)</u>	<u>(1,731)</u>	<u>2</u>	<u>68,903</u>
Net Adjusted Operating Income	<u>\$ 10,541</u>	<u>\$ 431</u>	<u>\$ 251</u>	<u>\$ 1,399</u>	<u>\$ 1,731</u>	<u>\$ (2)</u>	<u>\$ 14,351</u>

Sources:

(1) NS Schedule C-1

Schedule NS DJE C-1

NORTH SHORE GAS COMPANY
 ADJUSTMENT TO FUTURE TEST YEAR EMPLOYEES
 (\$000)

Forecasted 2015 Employees - FTE	(1)	178
Actual Employees 2013/2014 - FTE	(2)	<u>166</u>
Adjustment to Number of Employees		12
NS 2015 Payroll Charged to O&M	(3)	9,940
O&M Payroll per Employee		55.843
Adjustment to Test Year Payroll Expense		<u>\$ 670</u>
Adjustment to Payroll Taxes	7.21% (4)	<u>\$ 48</u>

Sources:

- (1) NS Schedule C-11.2
- (2) Response to NS AG 11.03
- (3) NS Schedule C-11.1, Page 2
- (4) NS Schedules C-11.1, Page 2, C-18 1423/19733

Schedule NS DJE C-2

NORTH SHORE GAS COMPANY
A&G MEDICAL BENEFITS
(\$000)

Actual 2013 Medical Benefits		(1)	\$ 1,271
Escalation to 2014	4.9%	(2)	1,333
Escalation to 2015	4.9%	(2)	1,399
Test Year Medical Benefits Projected by Company		(3)	<u>1,927</u>
Adjustment to Test Year Medical Benefits			(528)
Percentage Expensed		(4)	<u>79.16%</u>
Adjustment to Test Year O&M Expense			<u>\$ (418)</u>

Sources:

- (1) Response to NS AG 1.42
- (2) NS Ex. 12.0, Page 6
- (3) NS Ex. 12.1
- (4) NS Schedule C-11.3, Page 4

Schedule NS DJE C-3

NORTH SHORE GAS COMPANY
 IBS O&M CROSS CHARGES - LABOR & BENEFITS
 (\$000)

Labor O&M Cross Charged	(1)		\$ 6,331
Escalation	(2)	3.78%	6,570
NS Forecasted 2015 Test Year Labor Expense			<u>7,630</u>
Adjustment to Test Year IBS Labor			<u>\$ (1,060)</u>
Executive Incentive Plan Charged to O&M	(3)		\$ 766
Weighting Based on EPS	(4)		<u>70%</u>
Executive Incentive Plan Expense Based on EPS			\$ 536
Omnibus Incentive Compensation Plan	(3)		<u>245</u>
Total Adjustment to Incentive Compensation			<u>\$ (781)</u>
Actual 2013 Medical Benefits	(5)		\$ 9,554
Escalation to 2014	(6)	4.9%	10,022
Escalation to 2015	(6)	4.9%	10,513
Test Year Medical Benefits Projected by Company	(7)		<u>12,552</u>
Adjustment to Test Year Medical Benefits			(2,039)
Total IBS Employee Benefit Costs per Company	(7)		<u>31,157</u>
Adjusted IBS Employee Benefit Costs			29,118
Charged to O&M Expenses	(8)	90.83%	26,448
Allocation to NS	(5)	5.7%	1,508
Allocation from IBS to NS O&M, per Company	(7)		<u>1,868</u>
Adjustment to Test Year O&M Expense			<u>\$ (360)</u>
Total Adjustment to O&M Expenses			<u>\$ (2,201)</u>
Adjustment to Payroll Taxes (on Labor + Incentive Comp)		7.21%	<u>\$ (133)</u>

Sources:

- (1) Response to NS AG 1.51
- (2) Response to NS AG 1.53 740/6521/3
- (3) Response to NS AG 1.25
- (4) NS Exhibit 10.0, Page 8
- (5) Response to NS AG 1.45
- (6) NS Exhibit 12.0, Page 6
- (7) NS Exhibit 12.2
- (8) NS Exhibit 12.2 28300/(28300+2857)

Schedule NS DJE C-4

NORTH SHORE GAS COMPANY
IBS O&M CROSS CHARGES - OTHER
(\$000)

Actual Postage Cost 2013	(1)		\$ 648
Escalation to 2015 Test Year	(2)	10%	713
Test Year Postage Expense Projected by Company	(1)		<u>914</u>
Adjustment to Test Year O&M Expense			<u>\$ (201)</u>
Average Legal Expenses 2012 -2013	(3)		\$ 446
Test Year Legal Expense Projected by Company	(3)		<u>618</u>
Adjustment to Test Year O&M Expense			<u>\$ (172)</u>
Annualized 2014 ICE Depreciation/ROA	(4)		\$ 120
Forecasted 2015 ICE Depreciation/ROA	(5)		<u>1,378</u>
Adjustment to 2014 ICE Depreciation/ROA			<u>\$ (1,258)</u>
Annualized 2014 Non-Labor ICE Expense	(6)		\$ 249
Forecasted 2015 Non-Labor ICE Expense	(7)		<u>1,504</u>
Adjustment to Non-Labor ICE Expense			<u>\$ (1,255)</u>
Total Adjustment to Other IBS O&M Cross Charges			<u>\$ (2,886)</u>

Sources:

- (1) Response to NS AG 3.03
- (2) See Testimony
- (3) Response to NS AG 1.55 $(509+383)/2$
- (4) Response to PGL AG 11.07 $3*(31+9)$
- (5) Response to DLH 5.07
- (6) Response to NS AG 7.06 $3*83$
- (7) Response to NS AG 1.54

Schedule NS DJE C-5

NORTH SHORE GAS COMPANY
INTEREST SYNCHRONIZATION
(\$000)

Adjustment to Rate Base	(1)	\$ (257)
Weighted Cost of Interest	(2)	<u>1.85%</u>
Increase to Taxable Income		5
Adjustment to State Income Tax Expense		7.75% <u>\$ 0</u>
Adjustment to Federal Income Tax Expense		35% <u>\$ 2</u>

Sources:

- (1) Schedule DJE NS B
- (2) Schedule DJE NS D

Schedule DJE NS D

NORTH SHORE GAS COMPANY
RATE OF RETURN
(\$000)

Company Position

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long Term Debt	40.62%	4.13%	1.68%
Short Term Debt	8.97%	1.92%	0.17%
Common Equity	<u>50.41%</u>	10.25%	<u>5.17%</u>
Total Capital	<u>100.00%</u>		<u>7.02%</u>

AG Position

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long Term Debt	40.62%	4.13%	1.68%
Short Term Debt	8.97%	1.92%	0.17%
Common Equity	<u>50.41%</u>	9.28%	<u>4.68%</u>
Total Capital	<u>100.00%</u>		<u>6.53%</u>

Sources: NS Schedule D-1
Order, Docket No. 12-0511, Page 208