

The Peoples Gas Light and Coke Company
Summary of Proposed Adjustments to Operating Income
For the Test Year Ending December 31, 2015

Schedule C-4 rebuttal updates - WP Ex. 21.2P, WP-1, page 2

Line No.	I.C.C. Acc. No.	Description	Schedule C-4 rebuttal updates - WP Ex. 21.2P, WP-1, page 2							Subtotal Operating Statement Adjustments	
			Update O&M Pension & Benefits	2015 Capitalized Benefits Update CapEx Depreciation Adjust	Invested Capital Tax update	LNG Truck Facility Update 2015 CapEx Depreciation Adjust	AMRPI/Calumet (OIP) Update CapEx Depreciation Adjust	2013 actual balances Update CapEx Depreciation Adjust	Income Tax impact from Interest Expense Change in Debt		
	[A]	[B]	NS-PGL Ex. 21.2P, WP-2 [C]	NS-PGL Ex. 21.2P, WP-3 [D]	NS-PGL Ex. 21.2P, WP-4 [E]	NS-PGL Ex. 21.2P, WP-5 [F]	NS-PGL Ex. 21.2P, WP-6 [G]	NS-PGL Ex. 21.2P, WP-7 [H]	NS-PGL Ex. 21.2P, WP-8 [I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments									-
2	480-481, 489	Uncollectible Expense Adjustment-Gas Costs Revenues									-
3	480-481, 489	Volume Balancing Adjustment Revenues									-
4		Base Rate Revenues	-	-	-	-	-	-	-	-	-
5	480-481, 489	PGA Revenues									-
6	480-481, 489	Coaltar Revenues									-
7	480-481, 489	Energy Efficiency and On-Bill Financing Revenues									-
8		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-
9	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-
10	400	Operating Revenues	-	-	-	-	-	-	-	-	-
11		Operating Expenses									-
12	401	Cost of Gas									-
13	401 & 402	Other Operation and Maintenance									-
14	401 & 402	Other Production									-
15	401 & 402	Storage								-	-
16	401 & 402	Transmission								-	-
17	401 & 402	Distribution								-	-
18	401	Customer Accounts - Uncollectible Expense -Net Write Off			-	-					-
19	401	Customer Accounts - Other than Uncollectible Expense - Net Write Off		-	-	-					-
20	401	Customer Service and Informational Services									-
21	401	Sales									-
22	401 & 402	Administrative and General	(2,298,000)	-	-	-	-	-	-	-	(2,298,000)
23		Total Other Operations and Maintenance	(2,298,000)	-	-	-	-	-	-	-	(2,298,000)
24	403	Depreciation	-	(16,000)	-	(6,000)	(425,000)	(2,642,000)	-	-	(3,089,000)
25	404	Amortization						19,000			19,000
26	408.1	Taxes Other than Income	-	-	(718,000)	-	-	-	-	-	(718,000)
27		Income Taxes									-
28	409.1	Federal Income Taxes - Current	9,155,000	11,000	232,000	58,000	622,000	978,000	1,432,000	-	12,488,000
29	409.1	State Income Taxes - Current	2,197,000	9,000	56,000	35,000	149,000	522,000	344,000	-	3,312,000
30	410.1 & 411.1	Deferred Income Taxes	(10,366,000)	(10,000)	-	(78,000)	(602,000)	(165,000)	-	-	(11,221,000)
31	411.4	Investment Tax Credit	-	(6,000)	-	(20,000)	-	14,000	-	-	(12,000)
32		Total Operating Expenses	(1,312,000)	(12,000)	(430,000)	(11,000)	(256,000)	(1,274,000)	1,776,000	-	(1,519,000)
33		Net Operating Income	\$ 1,312,000	\$ 12,000	\$ 430,000	\$ 11,000	\$ 256,000	\$ 1,274,000	\$ (1,776,000)	\$ -	\$ 1,519,000

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Schedule C-4 rebuttal updates - WP Ex. 21.2P, WP-1, page 2 (cont'd)

Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments [C]	Federal Net Operating Loss NS-PGL Ex. 21.2P, WP-9 [D]	[E]	[F]	[G]	[H]	[I]	rounding [J]	Subtotal Operating Statement Adjustments [K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-								-
2	480-481, 489	Uncollectible Expense Adjustment-Gas Costs Revenues	-								-
3	480-481, 489	Volume Balancing Adjustment Revenues	-								-
4		Base Rate Revenues	-								-
5	480-481, 489	PGA Revenues	-								-
6	480-481, 489	Coaltar Revenues	-								-
7	480-481, 489	Energy Efficiency and On-Bill Financing Revenues	-								-
8		Pass Through Service Revenues	-								-
9	487, 488, 495	Other Revenues	-								-
10	400	Operating Revenues	-								-
11		Operating Expenses	-								-
12	401	Cost of Gas	-								-
13	401 & 402	Other Operation and Maintenance	-								-
14	401 & 402	Other Production	-								-
15	401 & 402	Storage	-								-
16	401 & 402	Transmission	-								-
17	401 & 402	Distribution	-								-
18	401	Customer Accounts - Uncollectible Expense -Net Write Off	-								-
19	401	Customer Accounts - Other than Uncollectible Expense - Net Write Off	-								-
20	401	Customer Service and Informational Services	-								-
21	401	Sales	-								-
22	401 & 402	Administrative and General	(2,298,000)								(2,298,000)
23		Total Other Operations and Maintenance	(2,298,000)								(2,298,000)
24	403	Depreciation	(3,089,000)								(3,089,000)
25	404	Amortization	19,000								19,000
26	408.1	Taxes Other than Income	(718,000)								(718,000)
27		Income Taxes	-								-
28	409.1	Federal Income Taxes - Current	12,488,000	26,310,000							38,798,000
29	409.1	State Income Taxes - Current	3,312,000							2,000	3,314,000
30	410.1 & 411.1	Deferred Income Taxes	(11,221,000)	(26,310,000)							(37,531,000)
31	411.4	Investment Tax Credit	(12,000)								(12,000)
32		Total Operating Expenses	(1,519,000)							2,000	(1,517,000)
33		Net Operating Income	\$ 1,519,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,000)	\$ 1,517,000

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Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	Fines and Penalties ICC Sch. 2.12P	Plastic Pipefitting Remediation Project ENG 4.01	Incentive Compensation ICC Sch. 2.09P	Social & Service Dues-Lobby portion ICC Sch. 2.06P	Acct 909 Advertising Events ICC Sch. 2.02P	Interest on Customer Deposits ICC Sch. 1.10P	Interest on Budget Plan ICC Sch. 1.11P	Subtotal Operating Statement Adjustments
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-								-
2	480-481, 489	Uncollectible Expense Adjustment-Gas Costs Revenues	-								-
3	480-481, 489	Volume Balancing Adjustment Revenues	-								-
4		Base Rate Revenues	-	-	-	-	-	-	-	-	-
5	480-481, 489	PGA Revenues	-								-
6	480-481, 489	Coaltar Revenues	-								-
7	480-481, 489	Energy Efficiency and On-Bill Financing Revenues	-								-
8		Pass Through Service Revenues	-	-	-	-	-	-	-	-	-
9	487, 488, 495	Other Revenues	-	-	-	-	-	-	-	-	-
10	400	Operating Revenues	-	-	-	-	-	-	-	-	-
11		Operating Expenses									
12	401	Cost of Gas	-								-
13	401 & 402	Other Operation and Maintenance	-								-
14	401 & 402	Other Production	-								-
15	401 & 402	Storage	-								-
16	401 & 402	Transmission	-								-
17	401 & 402	Distribution	-		(165,000)						(165,000)
18	401	Customer Accounts - Uncollectible Expense -Net Write Off	-			-					-
19	401	Customer Accounts - Other than Uncollectible Expense - Net Write Off	-	-							-
20	401	Customer Service and Informational Services	-					(15,000)			(15,000)
21	401	Sales	-								-
22	401 & 402	Administrative and General	(2,298,000)	(16,000)	-	(5,671,000)	(6,000)	-	(316,000)	(161,000)	(8,468,000)
23		Total Other Operations and Maintenance	(2,298,000)	(16,000)	(165,000)	(5,671,000)	(6,000)	(15,000)	(316,000)	(161,000)	(8,648,000)
24	403	Depreciation	(3,089,000)	-	-	-	-	-	-	-	(3,089,000)
25	404	Amortization	19,000								19,000
26	408.1	Taxes Other than Income	(718,000)	-	-	(434,000)	-	-	-	-	(1,152,000)
27		Income Taxes	-								-
28	409.1	Federal Income Taxes - Current	38,798,000	5,000	53,000	1,971,000	2,000	5,000	102,000	52,000	40,988,000
29	409.1	State Income Taxes - Current	3,314,000	1,000	13,000	473,000	-	1,000	24,000	12,000	3,838,000
30	410.1 & 411.1	Deferred Income Taxes	(37,531,000)	-	-	-	-	-	-	-	(37,531,000)
31	411.4	Investment Tax Credit	(12,000.00)	-	-	-	-	-	-	-	(12,000)
32		Total Operating Expenses	(1,517,000)	(10,000)	(99,000)	(3,661,000)	(4,000)	(9,000)	(190,000)	(97,000)	(5,587,000)
33		Net Operating Income	\$ 1,517,000	\$ 10,000	\$ 99,000	\$ 3,661,000	\$ 4,000	\$ 9,000	\$ 190,000	\$ 97,000	\$ 5,587,000

The Peoples Gas Light and Coke Company
Summary of Proposed Adjustments to Operating Income
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Line No.	I.C.C. Acc. No.	Description	Subtotal Operating Statement Adjustments	[D]	[E]	Executive Perquisites DGK 3.06 Attach 01, p2	Acct 928 Rate Case Amortization Test 2015 NS-PGL Ex. 21.3P	Acct 928 Rate Case Amortization 2013 rehear/appeal NS-PGL Ex. 21.3P	Incremental Invested Capital Tax Adjustment NS-PGL Ex. 21.2P, p5	Incremental Interest Synchronization Adjustment NS-PGL Ex. 21.2P, p6	Total Operating Statement Adjustments
	[A]	[B]	[C]			[F]	[G]	[H]	[I]	[J]	[K]
1	480-481, 489	Base Rate Revenues excludes Base Rate adjustments	-								-
2	480-481, 489	Uncollectible Expense Adjustment-Gas Costs Revenues	-								-
3	480-481, 489	Volume Balancing Adjustment Revenues	-								-
4		Base Rate Revenues	-								-
5	480-481, 489	PGA Revenues	-								-
6	480-481, 489	Coaltar Revenues	-								-
7	480-481, 489	Energy Efficiency and On-Bill Financing Revenues	-								-
8		Pass Through Service Revenues	-								-
9	487, 488, 495	Other Revenues	-								-
10	400	Operating Revenues	-								-
11		Operating Expenses									-
12	401	Cost of Gas	-								-
13	401 & 402	Other Operation and Maintenance	-								-
14	401 & 402	Other Production	-								-
15	401 & 402	Storage	-								-
16	401 & 402	Transmission	-								-
17	401 & 402	Distribution	(165,000)								(165,000)
18	401	Customer Accounts - Uncollectible Expense -Net Write Off	-								-
19	401	Customer Accounts - Other than Uncollectible Expense - Net Write Off	-								-
20	401	Customer Service and Informational Services	(15,000)								(15,000)
21	401	Sales	-								-
22	401 & 402	Administrative and General	(8,468,000)			(44,000)	(93,000)	30,000			(8,575,000)
23		Total Other Operations and Maintenance	(8,648,000)			(44,000)	(93,000)	30,000			(8,755,000)
24	403	Depreciation	(3,089,000)								(3,089,000)
25	404	Amortization	19,000								19,000
26	408.1	Taxes Other than Income	(1,152,000)						(\$122,000)		(1,274,000)
27		Income Taxes	-								-
28	409.1	Federal Income Taxes - Current	40,988,000			14,000			40,000	(134,000)	40,908,000
29	409.1	State Income Taxes - Current	3,838,000			3,000			9,000	(33,000)	3,817,000
30	410.1 & 411.1	Deferred Income Taxes	(37,531,000)				37,000	(12,000)			(37,506,000)
31	411.4	Investment Tax Credit	(12,000.00)								(12,000)
32		Total Operating Expenses	(5,587,000)			(27,000)	(56,000)	18,000	(73,000)	(167,000)	(5,892,000)
33		Net Operating Income	\$ 5,587,000	\$ -	\$ -	\$ 27,000	\$ 56,000	\$ (18,000)	\$ 73,000	\$ 167,000	\$ 5,892,000

The Peoples Gas Light and Coke Company
Update incremental change in Invested Capital Tax
Test Year: 2015

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<u>Ratemaking adjustment</u>				Company Rebuttal Update	Company Direct NS-PGL Ex. 6.1P - Sch C-2.13	Change
RATE BASE	Year End	2015	Schedule B-1	\$1,758,854,000	\$1,869,632,000	(\$110,778,000)
RATE OF RETURN			Schedule D-1	<u>7.27%</u>	<u>7.36%</u>	
NET OPERATING INCOME REQUIREMENT				127,869,000	137,605,000	(9,736,000)
PRO FORMA OPERATING INCOME AT PRESENT RATES				67,800,000	61,908,000	5,892,000
ADJUST: OPERATING INCOME ADJUSTMENT- INVESTED CAPITAL TAX				<u>(73,000)</u>	<u>361,000</u>	<u>(434,000)</u>
				67,727,000	62,269,000	5,458,000
NET OPERATING INCOME REQUIREMENT CALCULATED IN FIRST PASS:				<u>\$60,142,000</u>	<u>\$75,336,000</u>	<u>(\$15,194,000)</u>
OPERATING EXPENSES						
Invested Capital Tax	(0.8%)	\$481,000	\$603,000	(\$122,000)
Income Taxes - State	(7.75%)			\$9,000
- Federal	(35.0%)			<u>\$40,000</u>
Total Operating Expenses						<u>(73,000)</u>
EFFECT ON OPERATING INCOME					Rebuttal adjustment	<u>\$73,000</u>

The Peoples Gas Light and Coke Company
Update incremental adjustment to Interest Synchronization
Test Year: 2015

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		Company Rebuttal Update	Company Direct NS-PGL Ex. 6.1P - Sch C-2.14	Change
Rate-making adjustment				
RATE BASE	Schedule B-1	\$1,758,854,000	\$1,869,632,000	(\$110,778,000)
AGGREGATED COST OF SHORT TERM & LONG-TERM DEBT	Schedule D-1	2.11%	2.20%	
SYNCHRONIZED INTEREST	Schedule C-5.4	37,112,000	41,132,000	(4,020,000)
LESS: FORECASTED INTEREST AS ADJUSTED				
	Account 427 Interest on Long-Term Debt	37,050,000	40,635,000	(3,585,000)
	Account 428 Amortization of Debt Discount and Expense	576,000	576,000	-
	Account 428.1 Amortization of Loss on Reacquired Debt	739,000	739,000	-
	Account 430 Interest Expense on Short-Term Debt -Associated Companies	155,000	155,000	-
	Account 431 Amortization of Credit Line Fees	239,000	239,000	-
	Account 431 Other Interest Expense-Short Term Borrowing	305,000	1,156,000	(851,000)
	Total Interest Expense on Short-Term and Long-Term Debt	39,064,000	43,500,000	(4,436,000)
INCREASE IN INTEREST EXPENSE		(\$1,952,000)	(\$2,368,000)	\$416,000
OPERATING EXPENSES				
Income Taxes	- State (7.75%)	\$151,000	\$184,000	(\$33,000)
	- Federal (35.0%)	630,000	764,000	(134,000)
	Total Operating Expenses	781,000	948,000	(167,000)
EFFECT ON OPERATING INCOME		Rebuttal adjustment (\$781,000)	(\$948,000)	\$167,000