

North Shore Gas Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Present (NS-PGL Ex. 21.1 N)	Adjustments with effects of bonus depreciation (App. A, p. 3)	Pro Forma Present (Cols. b+c)	Company Rebuttal Proposed Increase (NS-PGL Ex. 21.1 N)	Gross Revenue Conversion Factor	Proposed Rates With Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase with effects of Bonus Depreciation	Per ALJPO Adjusted for Bonus Depreciation	ALJPO before effects of Bonus Depreciation Appendix A, p. 1	Change (Cols. l - j)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Base Rate Revenues	\$ 81,741	\$ -	\$ 81,741	\$ 6,440	\$ -	\$ 88,181	\$ (3,011)	\$ 85,170	\$ 85,358	\$ (188)
2	Other Revenues	1,513	-	1,513	84	-	1,597	-	1,597	1,597	-
3	Total Operating Revenue	83,254	-	83,254	6,524	\$ -	89,778	(3,011)	86,767	86,955	(188)
4	Uncollectible Accounts	478	-	478	35	-	513	(16)	497	498	(1)
5	Cost of Gas	-	-	-	-	-	-	-	-	-	-
6	Other Production	772	-	772	-	-	772	-	772	772	-
7	Storage	-	-	-	-	-	-	-	-	-	-
8	Transmission	248	-	248	-	-	248	-	248	248	-
9	Distribution	19,455	-	19,455	-	-	19,455	-	19,455	19,455	-
10	Customer Accounts	6,388	-	6,388	-	-	6,388	-	6,388	6,388	-
11	Customer Service and Informational Services	748	-	748	-	-	748	-	748	748	-
12	Administrative and General	24,215	(450)	23,765	-	-	23,765	-	23,765	23,765	-
13	Depreciation and Amortization	11,903	-	11,903	-	-	11,903	-	11,903	11,903	-
14	Taxes Other Than Income	3,252	(14)	3,238	-	-	3,238	-	3,238	3,239	(1)
15	Total Operating Expense	67,459	(464)	66,995	35	-	67,030	(16)	67,014	67,016	(2)
16	Before Income Taxes	678	2	680	503	-	1,183	(232)	951	1,004	-
17	State Income Tax	8,609	(5,152)	3,457	2,095	-	5,552	(967)	4,585	9,971	(5,386)
18	Federal Income Tax	(4,744)	5,370	626	-	-	626	-	626	(4,744)	5,370
19	Deferred Taxes and ITCs Net	72,002	(244)	71,758	2,633	-	74,391	(1,215)	73,176	73,247	(71)
20	Total Operating Expenses	11,252	244	11,496	3,891	\$ -	15,387	(1,796)	13,591	13,708	(117)
21	NET OPERATING INCOME										
22	Rate Base (App. A, p. 4, Column (d))								\$ 217,184	\$ 219,042	\$ (1,858)
23	Overall Rate of Return (per ALJPO)								6.26%	6.26%	-
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 3,513	\$ 3,701	\$ (188)
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								4.22%	4.45%	

North Shore Gas Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Interest Synchronization (App. A, p. 7)	Advertising (per ALJPO)	Institutional Events (per ALJPO)	Charitable Contributions (Sch. 7.03 N)	Social & Service Club Dues (Sch. 7.04 N)	Invested Capital Tax (App. A, p. 13)	Rate Case Expense (Sch. 7.06 N)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Other Production	-	-	-	-	-	-	-	-
7	Storage	-	-	-	-	-	-	-	-
8	Transmission	-	-	-	-	-	-	-	-
9	Distribution	-	-	-	-	-	-	-	-
10	Customer Accounts	-	-	-	-	-	-	-	-
11	Customer Service and Informational S	-	-	-	-	-	-	-	-
12	Administrative and General	-	-	-	(1)	(17)	-	(260)	(278)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14	Taxes Other Than Income	-	-	-	-	-	(14)	-	(14)
15	Total Operating Expense	-	-	-	(1)	(17)	(14)	(260)	(292)
16	Before Income Taxes	-	-	-	(1)	(17)	(14)	(260)	(292)
17	State Income Tax	8	-	-	-	1	1	20	30
18	Federal Income Tax	35	-	-	-	5	5	84	129
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	43	-	-	(1)	(11)	(8)	(156)	(133)
21	NET OPERATING INCOME	\$ (43)	\$ -	\$ -	\$ 1	\$ 11	\$ 8	\$ 156	\$ 133

North Shore Gas Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	(App. A, p. 2)	Legal Expenses (AG Ex. 1.1, p. 7)	Bonus Depreciation (App A., p.14 lines 19-21)	Net Operating Loss (App A., p.14 lines 24-26)	Bonus Effect on Charitable (App A., p.14 lines 29-31)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Other Production	-	-	-	-	-	-	-	-
7	Storage	-	-	-	-	-	-	-	-
8	Transmission	-	-	-	-	-	-	-	-
9	Distribution	-	-	-	-	-	-	-	-
10	Customer Accounts	-	-	-	-	-	-	-	-
11	Customer Service and Informational Se	-	-	-	-	-	-	-	-
12	Administrative and General	(278)	(172)	-	-	-	-	-	(450)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14	Taxes Other Than Income	(14)	-	-	-	-	-	-	(14)
15	Total Operating Expense								
16	Before Income Taxes	(292)	(172)	-	-	-	-	-	(464)
17	State Income Tax	30	13	-	-	(41)	-	-	2
18	Federal Income Tax	129	56	485	(5,635)	(187)	-	-	(5,152)
19	Deferred Taxes and ITCs Net	-	-	(485)	5,635	220	-	-	5,370
20	Total Operating Expenses	(133)	(103)	-	-	(8)	-	-	(244)
21	NET OPERATING INCOME	\$ 133	\$ 103	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ 244

North Shore Gas Company
Rate Base
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (NS-PGL Ex. 22.1 N)	Adjustments with effects of Bonus Depreciation (App. A, p. 5)	Per ALJPO adjusted Rate Base with effects of Bonus Depreciation (Col. b+c)	ALJPO before effects of Bonus Depreciation Appendix A, p. 4	Change (Cols. d - e)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Gross Utility Plant	\$ 501,529	\$ -	\$ 501,529	\$ 501,529	\$ -
2	Accumulated Provision for Depr. & Amort.	(200,691)	-	(200,691)	(200,691)	-
3		-	-	-	-	-
4	Net Plant	300,838	-	300,838	300,838	-
5	Additions to Rate Base					
6	Cash Working Capital	(1,721)	(727)	(2,448)	(2,468)	20
7	Materials and Supplies	1,928	-	1,928	1,928	-
8	Gas in Storage	6,238	-	6,238	6,238	-
9	Retirement Benefits, Net	(4,963)	8	(4,955)	(4,955)	-
10	Budget Plan Balances	831	-	831	831	-
11		-	-	-	-	-
12		-	-	-	-	-
13		-	-	-	-	-
14		-	-	-	-	-
15		-	-	-	-	-
16	Deductions From Rate Base					
17	Accumulated Deferred Income Taxes	(79,725)	(1,883)	(81,608)	(79,730)	(1,878)
18	Customer Deposits	(1,996)	-	(1,996)	(1,996)	-
19	Customer Advances for Construction	(562)	-	(562)	(562)	-
20	Reserve for Injuries and Damages	(1,082)	-	(1,082)	(1,082)	-
21		-	-	-	-	-
22		-	-	-	-	-
23	Rate Base	<u>\$ 219,786</u>	<u>\$ (2,602)</u>	<u>\$ 217,184</u>	<u>\$ 219,042</u>	<u>\$ (1,858)</u>

North Shore Gas Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Cash Working Capital (App. A, p. 9)	Pension Asset (AG Ex 7.1, p2)	Bonus Depreciation plus G-7 prorated (App A., p.14 lines 4-6)	Net Operating Loss (App A., p.14 lines 8-9)	Bonus Effect on Charitable (App A., p.14 lines 11-12)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Provision for Depr. & Amort.	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Cash Working Capital	(727)	-	-	-	-	-	-	(727)
7	Materials and Supplies	-	-	-	-	-	-	-	-
8	Gas in Storage	-	-	-	-	-	-	-	-
9	Retirement Benefits, Net	-	8	-	-	-	-	-	8
10	Budget Plan Balances	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								
17	Accumulated Deferred Income Taxes	-	(5)	(4,806)	2,818	110	-	-	(1,883)
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Customer Advances for Construction	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (727)	\$ 3	\$ (4,806)	\$ 2,818	\$ 110	\$ -	\$ -	\$ (2,602)

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North Shore Gas Company
Revenue Effect of Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Per Company (a)	Adjustments (b)	Per Order (c)
1	Present Revenues	\$ 83,254 ⁽¹⁾	\$ -	\$ 83,254 ⁽²⁾
2	Proposed Increase	<u>6,524</u> ⁽³⁾	<u>(3,011)</u> ⁽⁴⁾	<u>3,513</u> ⁽⁵⁾
3	Proposed Revenues	<u>\$ 89,778</u>	<u>\$ (3,011)</u>	<u>\$ 86,767</u>
4	% Increase	7.84%		4.22%
5	Staff Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		(2,329)	
7	Rate Case Expense		(262)	
8	Legal Expenses		(173)	
9	Cash Working Capital		(68)	
10	Pension Asset		-	
11	Social & Service Club Dues		(18)	
12	Invested Capital Tax		(13)	
13	Institutional Events		-	
14	Advertising Expense		-	
15	Charitable Contributions		(2)	
16	Interest Synchronization		42	
17				
18				
19				
20				
21				
22				
23				
24	Rounding		<u>(1)</u>	
25	Total Revenue Effect of Ordered Adjustments		<u>\$ (2,824)</u>	

Sources:

- (1) App. A, p. 1, column (b), line 3
(2) App. A, p. 1, column (d), line 3
(3) App. A, p. 1, column (e), line 3
(4) App. A, p. 1, columns (f) + (h), line 3
(5) App. A, p. 1, column (i), line 24

North Shore Gas Company
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 217,184 (1)
2	Weighted Cost of Debt	1.69% (2)
3	Synchronized Interest Per ALJPO	3,670
4	Company Interest Expense	<u>3,780</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(110)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ 8</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 35</u>

(1) Source: App. A, p. 4, Column (d).

(2) Source: Per ALJPO

(3) Source: NS-PGL Ex. 21.2 N, p. 5

North Shore Gas Company
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2015

Line No.	Description	Rate	Per Order With Bad Debts	Per Order Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.5403%	<u>0.005403</u>	
3	State Taxable Income		0.994597	1.000000
4	State Income Tax	7.7500%	<u>0.077081</u>	<u>0.077500</u>
5	Federal Taxable Income		0.917516	0.922500
6	Federal Income Tax	35.0000%	<u>0.321131</u>	<u>0.322875</u>
7	Operating Income		<u>0.596385</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per ALJPO		<u>1.676769</u>	<u>1.667709</u>

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Appendix A per ALJ Ruling Request

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North Shore Gas Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Item	Amount	Lag (Lead)	CWC Factor (D) / 365 (E)	CWC Requirement (C) x (E) (F)	Column (C) Source (G)
(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	Revenues	\$ 168,748	36.86	0.10099	\$ 17,041	App. A, p. 10, line 7
2	ICC Gas Revenue Tax	\$ 205	36.86	0.10099	\$ 21	Line 23 Below
3	Other Pass Through Taxes	15,836	0.00	0.00000	-	Sum of lines 23 - 27 below
4	Total	<u>\$ 184,789</u>			<u>\$ 17,062</u>	Line 1 + line 2 +Line 3
5	Payroll and Withholdings	\$ 11,466	(14.02)	(0.03841)	(440)	NS-PGL Ex. 22.1 N, p. 1, line 8
6	Incentive Pay	288	(249.50)	(0.68356)	(197)	NS-PGL Ex. 22.1 N, p. 2, line 13
7	Inter Company Billings	30,348	(34.90)	(0.09562)	(2,902)	NS-PGL Ex. 22.1 N, p. 1, line 10
8	Natural Gas	104,928	(40.35)	(0.11055)	(11,600)	App. A, p. 10, line 2
9	Pension	2,383	(34.90)	(0.09562)	(228)	NS-PGL Ex. 22.1 N, p. 1, line 12
10	OPEB	1,189	(170.00)	(0.46575)	(554)	App. A, p. 12, line 8, col (R) * -1
11	Other Benefits	2,428	(47.78)	(0.13090)	(318)	NS-PGL Ex. 22.1 N, p. 1, line 14
12	Other Operations and Maintenance	3,869	(46.90)	(0.12849)	(497)	App. A, p. 10, line 21
13	Federal Insurance Contributions (FICA)	759	(16.16)	(0.04427)	(34)	NS-PGL Ex. 22.1 N, p. 1, line 17
14	Federal Unemployment Tax	4	(76.38)	(0.20926)	(1)	NS-PGL Ex. 22.1 N, p. 1, line 18
15	State Unemployment Tax	19	(73.25)	(0.20068)	(4)	NS-PGL Ex. 22.1 N, p. 1, line 19
16	Property/Real Estate Taxes	272	(379.37)	(1.03937)	(283)	NS-PGL Ex. 22.1 N, p. 1, line 20
17	Invested Capital Tax	1,486	(31.13)	(0.08529)	(127)	App. A, p. 11, line 3
18	Corporation Franchise Tax	26	(173.37)	(0.47499)	(12)	NS-PGL Ex. 22.1 N, p. 1, line 22
19	Illinois Sales and Use Tax	53	(44.04)	(0.12066)	(6)	NS-PGL Ex. 22.1 N, p. 1, line 23
20	Federal Excise Tax	3	(76.62)	(0.20992)	(1)	NS-PGL Ex. 22.1 N, p. 1, line 24
21		-	0.00	0.00000	-	
22	Unauthorized Insurance Tax	21	166.96	0.45742	10	NS-PGL Ex. 22.1 N, p. 1, line 25
23	ICC Gas Revenue Tax	205	27.15	0.07438	15	NS-PGL Ex. 22.1 N, p. 1, line 27
24	Gross Receipts/Municipal Utility Tax	6,213	(58.05)	(0.15904)	(988)	NS-PGL Ex. 22.1 N, p. 1, line 28
25	Energy Assistance Charges	1,792	(23.08)	(0.06323)	(113)	NS-PGL Ex. 22.1 N, p. 1, line 29
26	IDOR Gas Revenue/Public Utility Tax	7,831	6.70	0.01836	144	NS-PGL Ex. 22.1 N, p. 1, line 30
27				0.00000	-	
28	Interest Expense	3,670	(79.31)	(0.21729)	(798)	App. A, p. 7, line 3
29	Federal Income Tax	4,585	(38.00)	(0.10411)	(477)	App. A, p. 1, col. (i), line 18
30	State Income Tax	951	(38.00)	(0.10411)	(99)	App. A, p. 1, col. (i), line 17
31	Total	<u>\$ 184,789</u>			<u>\$ (19,510)</u>	Sum of lines 5 through 30
32	Cash Working Capital per ALJPO with Effects of Bonus Depreciation				<u>\$ (2,448)</u>	Line 4 + line 31
33	Cash Working Capital per Company				<u>(1,721)</u>	NS-PGL Ex. 22.1 N, p. 1, line 34
34	Difference -- Adjustment				<u>\$ (727)</u>	Line 32 - line 33

Note: Lag (Lead) is from NS-PGL Ex. 22.13 N, p. 1

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North Shore Gas Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Total Operating Revenues	\$ 86,767	App. A, p. 1, col. (i), line 3
2	PGA Revenue	104,928	NS-PGL Ex. 22.1 N, p. 2, line 2
3	Uncollectible Accounts	(497)	App. A, p. 1, col. (i), line 4
4	Depreciation & Amortization	(11,903)	App. A, p. 1, col. (i), line 13
5	Deferred Taxes and ITCs Net	(626)	App. A, p. 1, col. (i), line 19
6	Return on Common Equity	<u>(9,921)</u>	Line 10 below
7	Total Revenues for CWC calculation	<u>\$ 168,748</u>	Sum of lines 1 through 6
8	Total Rate Base	\$ 217,184	App. A, p. 4, col. (d), line 23
9	Weighted Cost of Common Equity	<u>4.57%</u>	Staff Ex. 8.0
10	Return on equity deduction from revenue	<u>\$ 9,921</u>	Line 8 x Line 9
11	Other O & M Expenses	\$ 51,873	App. A, p. 1, col. (i), sum of lines 4 through 12
12	Payroll and Withholdings	(11,466)	NS-PGL Ex. 22.1 N, p. 2, line 12
13	Incentive Pay	(288)	NS-PGL Ex. 22.1 N, p. 2, line 13
14	Inter-Company Billings	(30,348)	NS-PGL Ex. 22.1 N, p. 2, line 35
15	Pension	(2,383)	NS-PGL Ex. 22.1 N, p. 2, line 27 + line 28
16	OPEB	(1,189)	NS-PGL Ex. 22.1 N, p. 2, line 29 + line 30
17	Other Benefits	(2,428)	NS-PGL Ex. 22.1 N, p. 2, line 31
18	Payroll Taxes in Account 408	595	NS-PGL Ex. 22.1 N, p. 2, line 32
19	Uncollectible Accounts	(497)	App. A, p. 1, col. (i), line 4
20			
21	Other Operations & Maintenance (net)	<u>\$ 3,869</u>	Sum of lines 11 through 20

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Appendix A per ALJ Ruling Request

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North Shore Gas Company
Cash Working Capital Adjustments
 For the Test Year Ending December 31, 2015
 (In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Invested Capital Tax per Company Filing	\$ 1,500	NS-PGL Ex. 22.1 N, p. 1, line 21
2	Invested Capital Tax Adjustment	<u>(14)</u>	App. A, p. 13, line 9
3	Invested Capital Tax per ALJPO	<u><u>\$ 1,486</u></u>	Sum of lines 1 and 2

North Shore Gas Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
OPEB Lead Calculation

Line No.	Invoice	Invoice Descr	Amount	Invoice Date	Voucher ID	Year	Period	Unit	Journal Date	Service Begin	Service End	Service Lead	Payment Date	Payment Lead	Total Lead	Weighting	Weighted Lead
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
1	2012VEBACONT-B	CONTRIB TO PE INSUR	7,500,000.00	2012-01-04	00000143	2012	1	1200	2012-01-09	1/1/2012	12/31/2012	183.00	12/18/2012	(13.00)	170.00	0.6879	116.9466
2																	
3	2012PEVEBACONT3	INS CONTRIB	368,676.00	2012-12-13	00000313	2012	12	1200	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	0.0338	5.7487
4	2012PEVEBACONT1	GROUP INSURANCE	2,992,120.00	2012-12-13	00000314	2012	12	1200	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	0.2744	46.6558
5	2012PEVEBACONT2	CONTRIB TO INS PLAN	<u>41,616.00</u>	2012-12-13	00000315	2012	12	1200	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	<u>0.0038</u>	<u>0.6489</u>
6																	
7																	
8			<u>10,902,412.00</u>													<u>1.0000</u>	<u>170.00</u>

North Shore Gas Company
Adjustment For Invested Capital Taxes
For the Test Year Ending December 31, 2015
(In Thousands)

Line (A)	Description (B)	Amount (C)	Source (D)
1	Rate Base	\$ 217,184	App. A, p. 1, col. i, line 22
2	Rate of Return	<u>6.26%</u>	App. A, p. 1, col. i, line 23
3	Operating Income Required	\$ 13,591	Line 1 x Line 2
4	Pro forma operating income at present rates adjusted before ICT adjustment	<u>11,510</u>	App. A, p. 1, col. (d) line 21 - App. A, p. 2, col. (g) line 14
5	Operating Income Additional Allowed	\$ 2,081	Line 3 - line 4
6	Invested Capital Tax Rate	<u>0.80%</u>	NS Schedule WPC-2.13
7	Incremental Invested Capital Tax Impact per ALJPO	\$ 17	Line 5 x line 6
8	Incremental Invested Capital Tax Impact per Company	<u>31</u>	NS PGL Ex.21.2N. p. 4
9	Adjustment	<u><u>\$ (14)</u></u>	Line 7 - line 8

North Shore Gas Company
Effects of Bonus Depreciation to Current and Deferred Income Taxes
For the Test Year Ending December 31, 2015
(In Thousands)

Line (A)	Account (B)	Description (C)	CHANGE IN			Source/Reference
			Balance at December 31, 2014 (D)	Balance at December 31, 2015 (E)	Average Test Year 2015 (F)	
1		Adjustments Per ALJ Ruling with Bonus Depreciation				
2		<u>Balance Sheet</u>				
3		<u>Plant Deferred Income Taxes - Bonus Depreciation</u>				
4	282	Federal	\$ (4,927)	\$ (4,442)	\$ (4,685)	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
5	282	State	-	-	-	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
6	282	Plus 2015 Prorated Impact-Federal	-	(243)	(122)	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
7		<u>Net Operating Loss Impact</u>				
8	190	NOL - Federal	5,635	-	2,818	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
9	190	NOL - State	-	-	-	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
10		<u>Charitable Contributions Impact</u>				
11	190	Federal	187	-	94	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
12	190	State	33	-	17	NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
13		Total Impact - Deferred Income Tax -Rate Base				
14		Federal	\$ 895	\$ (4,685)	\$ (1,895)	-
15		State	\$ 33	\$ -	\$ 17	-
16		Total	928	(4,685)	(1,879)	
17		<u>Operating Income</u>		2015		
18		<u>Plant Deferred Income Taxes - Bonus Depreciation</u>				
19	409.1	Federal - Current		485		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
20	409.1	State - Current		-		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
21	410.1, 411.1	Deferred		(485)		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
22		Subtotal - Bonus Depreciation		-		
23		<u>Net Operating Loss Impact</u>				
24	409.1	Federal - Current		(5,635)		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
25	409.1	State - Current		-		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
26	410.1, 411.1	Deferred		5,635		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
27		Subtotal - Net Operating Loss		-		
28		<u>Charitable Contributions Impact</u>				
29	409.1	Federal - Current		(187)		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
30	409.1	State - Current		(41)		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
31	410.1, 411.1	Deferred		220		NS ALJ 01-07-15 Ruling Request WP, page 2 of 9
32		Subtotal - Charitable Contributions		(8)		
33		Total Impact - Deferred Income Tax - Operating Income		(8)		

The Peoples Gas Light and Coke Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Company Surrebuttal	Adjustments	Pro Forma	Company Rebuttal	Gross	Proposed	Adjustment	Per ALJPO	ALJPO	Change
		Pro Forma Present (NS-PGL Ex. 36.1 P)	with effects of bonus depreciation (App. B, p. 3)	Present (Cols. b+c)	Proposed Increase (NS-PGL Ex. 36.1 P)	Revenue Conversion Factor	Rates With Adjustments (Cols. d+e+f)	To Proposed Increase with effects of bonus depreciation (h)	Adjusted for Bonus and Attachments 1 and 2 (Cols. g+h)	with effects of bonus depreciation Appendix B, page 1 (j)	(Cols. i - j) (k)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	Base Rate Revenues	\$ 581,934	\$ -	\$ 581,934	\$ 98,867	\$ -	\$ 680,801	\$ (29,390)	\$ 651,411	\$ 650,734	\$ 677
2	Other Revenues	14,932	-	14,932	1,674	-	16,606	-	16,606	16,606	-
3	Total Operating Revenue	596,866	-	596,866	100,541	\$ -	697,407	(29,390)	668,017	667,340	677
4	Uncollectible Accounts	12,176	-	12,176	2,039	-	14,215	(596)	13,619	13,605	14
5	Cost of Gas	-	-	-	-	-	-	-	-	-	-
6	Other Production	1,472	-	1,472	-	-	1,472	-	1,472	1,472	-
7	Storage	11,427	-	11,427	-	-	11,427	-	11,427	11,427	-
8	Transmission	6,188	-	6,188	-	-	6,188	-	6,188	6,188	-
9	Distribution	165,347	-	165,347	-	-	165,347	-	165,347	165,347	-
10	Customer Accounts	31,505	-	31,505	-	-	31,505	-	31,505	31,505	-
11	Customer Service and Informational Services	2,637	-	2,637	-	-	2,637	-	2,637	2,637	-
12	Administrative and General	138,282	(465)	137,817	-	-	137,817	-	137,817	137,817	-
13	Depreciation and Amortization	112,771	(766)	112,005	-	-	112,005	-	112,005	111,014	991
14	Taxes Other Than Income	25,686	(140)	25,546	-	-	25,546	-	25,546	25,551	(5)
15	Total Operating Expense										
16	Before Income Taxes	507,491	(1,371)	506,120	2,039	-	508,159	(596)	507,563	506,563	1,000
17	State Income Tax	2,280	(188)	2,092	7,634	-	9,726	(2,232)	7,494	8,004	(510)
18	Federal Income Tax	32,941	(25,865)	7,076	31,804	-	38,880	(9,297)	29,583	56,795	(27,212)
19	Deferred Taxes and ITCs Net	(13,627)	27,465	13,838	-	-	13,838	-	13,838	(13,627)	27,465
20	Total Operating Expenses	529,085	41	529,126	41,477	-	570,603	(12,125)	558,478	557,735	743
21	NET OPERATING INCOME	\$ 67,781	\$ (41)	\$ 67,740	\$ 59,064	\$ -	\$ 126,804	\$ (17,265)	\$ 109,539	\$ 109,605	\$ (66)
22	Rate Base (App. B, p. 4, Column (d))								\$ 1,669,804	\$ 1,670,809	\$ (1,005)
23	Overall Rate of Return (per ALJPO)								6.56%	6.56%	-
24	Revenue Change (Col. (i) Line 3 minus Col. (d), Line 3)								\$ 71,151	\$ 70,474	\$ 677
25	Percentage Revenue Change (Col. (i), Line 24 divided by Col. (d), Line 3)								11.92%	11.81%	

The Peoples Gas Light and Coke Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Interest Synchronization (App. B, p. 7)	Advertising (per ALJPO)	Institutional Events (per ALJPO)	Charitable Contributions (Sch. 7.03 P)	Social & Service Club Dues (Sch. 7.04 P)	Invested Capital Tax (App. B, p. 13)	Rate Case Expense (Sch. 7.06 P)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Other Production	-	-	-	-	-	-	-	-
7	Storage	-	-	-	-	-	-	-	-
8	Transmission	-	-	-	-	-	-	-	-
9	Distribution	-	-	-	-	-	-	-	-
10	Customer Accounts	-	-	-	-	-	-	-	-
11	Customer Service and Informational Se	-	-	-	-	-	-	-	-
12	Administrative and General	-	-	-	(28)	(44)	-	(393)	(465)
13	Depreciation and Amortization	-	-	-	-	-	-	-	-
14	Taxes Other Than Income	-	-	-	-	-	(140)	-	(140)
15	Total Operating Expense	-	-	-	(28)	(44)	(140)	(393)	(605)
16	Before Income Taxes	-	-	-	(28)	(44)	(140)	(393)	(605)
17	State Income Tax	194	-	-	2	3	11	30	240
18	Federal Income Tax	808	-	-	9	14	45	127	1,003
19	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
20	Total Operating Expenses	1,002	-	-	(17)	(27)	(84)	(236)	638
21	NET OPERATING INCOME	\$ (1,002)	\$ -	\$ -	\$ 17	\$ 27	\$ 84	\$ 236	\$ (638)

The Peoples Gas Light and Coke Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	(App. B, p. 2)	2014 Rider QIP Additions (NS-PGL BOE Attachment 1, p. 2)	Bonus Depreciation (App. B, p. 14)	Bonus Effect on Net Operating Loss (App. B, p. 14)	Bonus Effect on Charitable (App. B, p. 14)	(Source)	(Source)	Total Operating Statement Adjustments
	(a)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	Base Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Total Operating Revenue	-	-	-	-	-	-	-	-
4	Uncollectible Accounts	-	-	-	-	-	-	-	-
5	Cost of Gas	-	-	-	-	-	-	-	-
6	Other Production	-	-	-	-	-	-	-	-
7	Storage	-	-	-	-	-	-	-	-
8	Transmission	-	-	-	-	-	-	-	-
9	Distribution	-	-	-	-	-	-	-	-
10	Customer Accounts	-	-	-	-	-	-	-	-
11	Customer Service and Informational Services	-	-	-	-	-	-	-	-
12	Administrative and General	(465)	-	-	-	-	-	-	(465)
13	Depreciation and Amortization	-	(766)	-	-	-	-	-	(766)
14	Taxes Other Than Income	(140)	-	-	-	-	-	-	(140)
15	Total Operating Expense	-	-	-	-	-	-	-	-
16	Before Income Taxes	(605)	(766)	-	-	-	-	-	(1,371)
17	State Income Tax	240	183	-	-	(611)	-	-	(188)
18	Federal Income Tax	1,003	761	4,661	(29,531)	(2,759)	-	-	(25,865)
19	Deferred Taxes and ITCs Net	-	(651)	(4,661)	29,531	3,246	-	-	27,465
20	Total Operating Expenses	638	(473)	-	-	(124)	-	-	41
21	NET OPERATING INCOME	\$ (638)	\$ 473	\$ -	\$ -	\$ 124	\$ -	\$ -	\$ (41)

The Peoples Gas Light and Coke Company

Rate Base

For the Test Year Ending December 31, 2015

(In Thousands)

Line No.	Description	Company Surrebuttal Pro Forma Rate Base (NS-PGL Ex. 37.1 P)	Adjustments with effects of bonus depreciation/BOE (App. B, p. 5)	Per ALJPO adjusted Rate Base with effects of bonus depreciation/BOE (Col. b+c)	Per ALJPO before with effects of bonus depreciation/BOE ALJ App. B	Change (f) = (d) - (e)
	(a)	(b)	(c)	(d)	(e)	(f) = (d) - (e)
1	Gross Utility Plant	\$ 3,482,659	\$ (28,725)	\$ 3,453,934	\$ 3,425,408	\$ 28,526
2	Accumulated Provision for Depr. & Amort.	(1,245,048)	(17,456)	(1,262,504)	(1,269,139)	6,635
3	-	-	-	-	-	-
4	Net Plant	2,237,611	(46,181)	2,191,430	2,156,269	35,161
5	Additions to Rate Base					
6	Cash Working Capital	10,783	(5,242)	5,541	6,150	(609)
7	Materials and Supplies	15,302	-	15,302	15,302	-
8	Gas in Storage	47,405	-	47,405	47,405	-
9	Retirement Benefits, Net	(8,916)	(17,350)	(26,266)	(26,266)	-
10	Budget Plan Balances	10,847	-	10,847	10,847	-
11	-	-	-	-	-	-
12	-	-	-	-	-	-
13	-	-	-	-	-	-
14	-	-	-	-	-	-
15	-	-	-	-	-	-
16	Deductions From Rate Base					
17	Accumulated Deferred Income Taxes	(520,978)	(20,712)	(541,690)	(506,133)	(35,557)
18	Customer Deposits	(23,657)	-	(23,657)	(23,657)	-
19	Customer Advances for Construction	(1,494)	-	(1,494)	(1,494)	-
20	Reserve for Injuries and Damages	(7,614)	-	(7,614)	(7,614)	-
21	-	-	-	-	-	-
22	-	-	-	-	-	-
23	Rate Base	\$ 1,759,289	\$ (89,485)	\$ 1,669,804	\$ 1,670,809	\$ (1,005)

The Peoples Gas Light and Coke Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Cash Working Capital (App. B, p. 9)	Pension Asset (AG Ex 7.2 p 2)	2014 Rider QIP Additions (NS-PGL BOE Attachment 1, page 1)	Bonus Depreciation plus G-7 proration (App. B, p. 14)	Bonus Effect on Net Operating Loss (App. B, p. 14)	Bonus Effect on Charitable Contributions (App. B, p. 14)	(Source)	Total Rate Base Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Gross Utility Plant	\$ -	\$ -	\$ (28,725)	\$ -	\$ -	\$ -	\$ -	\$ (28,725)
2	Accumulated Provision for Depr. & Amort.	-	-	(17,456)	-	-	-	-	(17,456)
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	(46,181)	-	-	-	-	(46,181)
5	Additions to Rate Base								-
6	Cash Working Capital	(5,242)	-	-	-	-	-	-	(5,242)
7	Materials and Supplies	-	-	-	-	-	-	-	-
8	Gas in Storage	-	-	-	-	-	-	-	-
9	Retirement Benefits, Net	-	(17,350)	-	-	-	-	-	(17,350)
10	Budget Plan Balances	-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base								-
17	Accumulated Deferred Income Taxes	-	6,881	6,496	(50,479)	14,766	1,624	-	(20,712)
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Customer Advances for Construction	-	-	-	-	-	-	-	-
20	Deferred Federal Income Taxes	-	-	-	-	-	-	-	-
21	Deferred State Income Taxes	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (5,242)	\$ (10,469)	\$ (39,685)	\$ (50,479)	\$ 14,766	\$ 1,624	\$ -	\$ (89,485)

Docket Nos. 14-0224/14-0225 Cons.

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Appendix B per ALJ Ruling Request

Page 6 of 14

The Peoples Gas Light and Coke Company
Revenue Effect of Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Per Company	Adjustments	Per Order
	(a)	(b)	(c)	(d)
1	Present Revenues	\$ 596,866 ⁽¹⁾	\$ -	\$ 596,866 ⁽²⁾
2	Proposed Increase	<u>100,541 ⁽³⁾</u>	<u>(29,390) ⁽⁴⁾</u>	<u>71,151 ⁽⁵⁾</u>
3	Proposed Revenues	<u>\$ 697,407</u>	<u>\$ (29,390)</u>	<u>\$ 668,017</u>
4	% Increase	16.84%		11.92%
5	Staff Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		(19,466)	
7	2014 Rider QIP Additions		(4,696)	
8	Pension Asset		(1,026)	
9	Cash Working Capital		(514)	
10	Rate Case Expense		(402)	
11	Institutional Events		-	
12	Invested Capital Tax		(143)	
13	Interest Synchronization		487	
14	Advertising Expense		-	
15	Social & Service Club Dues		(46)	
16	Charitable Contributions		(29)	
17				
18				
19				
20				
21				
22				
23				
24				
25				
26	Rounding		<u>1</u>	
27	Total Revenue Effect of Ordered Adjustments		<u>\$ (25,834)</u>	

Sources:

- (1) Appendix B, p. 1, column (b), line 3
(2) Appendix B, p. 1, column (d), line 3
(3) Appendix B, p. 1, column (e), line 3
(4) Appendix B, p. 1, columns (f) + (h), line 3
(5) Appendix B, p. 1, column (i), line 24

The Peoples Gas Light and Coke Company
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 1,669,804 (1)
2	Weighted Cost of Debt	2.01% (2)
3	Synchronized Interest Per ALJPO	33,563
4	Company Interest Expense	<u>36,065</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(2,502)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ 194</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 808</u>

(1) Source: App. B, p. 4, Column (d).

(2) Source: Per ALJPO

(3) Source: NS-PGL Ex. 36.2 P, p. 3

The Peoples Gas Light and Coke Company
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2015

Line No.	Description	Rate	Per Order With Bad Debts	Per Order Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	2.0281%	<u>0.020281</u>	
3	State Taxable Income		0.979719	1.000000
4	State Income Tax	7.7500%	<u>0.075928</u>	<u>0.077500</u>
5	Federal Taxable Income		0.903791	0.922500
6	Federal Income Tax	35.0000%	<u>0.316327</u>	<u>0.322875</u>
7	Operating Income		<u>0.587464</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per ALJPO		<u>1.702232</u>	<u>1.667709</u>

The Peoples Gas Light and Coke Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No. (A)	Item (B)	Amount (C)	Lag (Lead) (D)	CWC Factor (D) / 365 (E)	CWC Requirement (C) x (E) (F)	Column (C) Source (G)
1	Revenues	\$ 903,225	46.16	0.12647	\$ 114,227	App. B, p. 10, line 7
2	ICC Gas Revenue Tax	\$ 1,093	46.16	0.12647	\$ 138	Line 23 Below
3	Other Pass Through Taxes	163,878	0.00	0.00000	-	Sum of lines 23 - 27 below
4	Total	<u>\$ 1,068,188</u>			<u>\$ 114,365</u>	Line 1 + line 2 +line 3
5	Payroll and Withholdings	\$ 77,212	(14.26)	(0.03907)	(3,017)	NS-PGL Ex. 37.4 P, p. 1, line 9
6	Incentive Pay	1,879	(249.50)	(0.68356)	(1,284)	NS-PGL Ex. 37.4 P, p. 2, line 13
7	Inter Company Billings	175,458	(35.24)	(0.09655)	(16,940)	NS-PGL Ex. 37.4 P, p. 1, line 11
8	Natural Gas	450,646	(40.56)	(0.11112)	(50,077)	App. B, p. 10, line 2
9	Pension	21,662	(35.24)	(0.09655)	(2,091)	NS-PGL Ex. 37.4 P, p. 1, line 13
10	OPEB	6,448	(169.91)	(0.46550)	(3,002)	App. B, p. 12, line 19, col (R) * -1
11	Other Benefits	15,452	(52.72)	(0.14444)	(2,232)	NS-PGL Ex. 37.4 P, p. 1, line 15
12	Other Operations and Maintenance	61,853	(46.70)	(0.12795)	(7,914)	App. B, p. 10, line 21
13	Federal Insurance Contributions (FICA)	5,084	(16.25)	(0.04452)	(226)	NS-PGL Ex. 37.4 P, p. 1, line 18
14	Federal Unemployment Tax	13	(76.38)	(0.20926)	(3)	NS-PGL Ex. 37.4 P, p. 1, line 19
15	State Unemployment Tax	99	(73.43)	(0.20118)	(20)	NS-PGL Ex. 37.4 P, p. 1, line 20
16	Property/Real Estate Taxes	1,089	(304.74)	(0.83490)	(909)	NS-PGL Ex. 37.4 P, p. 1, line 21
17	Invested Capital Tax	15,058	(35.17)	(0.09636)	(1,451)	App. B, p. 11, line 3
18	Corporation Franchise Tax	220	(176.55)	(0.48370)	(106)	NS-PGL Ex. 37.4 P, p. 1, line 23
19	Sales, Use and Accelerated Tax	227	(7.23)	(0.01981)	(4)	NS-PGL Ex. 37.4 P, p. 1, line 24
20	Federal Excise Tax	32	(76.20)	(0.20877)	(7)	NS-PGL Ex. 37.4 P, p. 1, line 25
21	Chicago Employer's Expense Tax	-	0.00	0.00000	-	
22	Unauthorized Insurance Tax	153	148.37	0.40649	62	NS-PGL Ex. 37.4 P, p. 1, line 27
23	ICC Gas Revenue Tax	1,093	32.79	0.08984	98	NS-PGL Ex. 37.4 P, p. 1, line 29
24	Gross Receipts/Municipal Utility Tax	87,235	(26.51)	(0.07263)	(6,336)	NS-PGL Ex. 37.4 P, p. 1, line 30
25	Energy Assistance Charges	9,690	(21.71)	(0.05948)	(576)	NS-PGL Ex. 37.4 P, p. 1, line 31
26	IDOR Gas Revenue/Public Utility Tax	36,412	7.65	0.02096	763	NS-PGL Ex. 37.4 P, p. 1, line 32
27	City of Chicago Gas Use tax	30,541	(26.52)	(0.07266)	(2,219)	NS-PGL Ex. 37.4 P, p. 1, line 33
28	Interest Expense	33,563	(82.42)	(0.22581)	(7,579)	App. B, p. 7, line 3
29	Federal Income Tax	29,583	(38.00)	(0.10411)	(3,080)	App. B, p. 1, col. (i), line 18
30	State Income Tax	7,494	(38.00)	(0.10411)	(780)	App. B, p. 1, col. (i), line 17
31	Total	<u>\$ 1,068,196</u>			<u>\$ (108,930)</u>	Sum of lines 5 through 30
32	Cash Working Capital per ALJPO with effects of Bonus Depreciation/BOE				\$ 5,435	Line 4 + line 31
33	Cash Working Capital per Company				<u>10,677</u>	NS-PGL Ex. 37.4 P, p. 1, line 37
34	Difference -- Adjustment				<u>\$ (5,242)</u>	Line 32 - line 33

Note: Lag (Lead) is from NS-PGL Ex. 37.4 P, p. 1

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Appendix B per ALJ Ruling Request

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The Peoples Gas Light and Coke Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No.	Description	Amount	Source
(A)	(B)	(C)	(D)
1	Total Operating Revenues	\$ 668,017	App. B, p. 1, col. (i), line 3
2	PGA Revenue	450,646	NS-PGL Ex. 37.4 P, p. 2, Line 2
3	Uncollectible Accounts	(13,619)	App. B, p. 1, col. (i), line 4
4	Depreciation & Amortization	(112,005)	App. B, p. 1, col. (i), line 13
5	Deferred Taxes and ITCs Net	(13,838)	App. B, p. 1, col. (i), line 19
6	Return on Common Equity	<u>(75,976)</u>	Line 10 below
7	Total Revenues for CWC calculation	<u>\$ 903,225</u>	Sum of Lines 1 through 6
8	Total Rate Base	\$ 1,669,804	App. B, p. 4, col. (d), line 23
9	Weighted Cost of Common Equity	<u>4.55%</u>	Staff Ex. 8.0
10	Return on equity deduction from revenue	<u>\$ 75,976</u>	Line 8 x line 9
11	Other O & M Expenses	\$ 370,012	App. B, p. 1, col. (i), sum of lines 4 through 12
12	Payroll and Withholdings	(77,212)	NS-PGL Ex. 37.43 P, p. 2, Line 12
13	Incentive Pay	(1,879)	NS-PGL Ex. 37.4 P, p. 2, line 13
14	Inter-Company Billings	(175,458)	NS-PGL Ex. 37.4 P, p. 2, Line 40
15	Pension	(21,662)	NS-PGL Ex. 37.4 P, p. 2, Line 32 + line 33
16	OPEB	(6,448)	NS-PGL Ex. 37.4 P, p. 2, Line 34 + line 35
17	Other Benefits	(15,452)	NS-PGL Ex. 37.4 P, p. 2, Line 36
18	Payroll Taxes in Account 408	3,571	NS-PGL Ex. 37.4 P, p. 2, Line 38
19	Uncollectible Accounts	(13,619)	App. B, p. 1, col. (i), line 4
20			
21	Other Operations & Maintenance (net)	<u>\$ 61,853</u>	Sum of lines 11 through 20

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Appendix B per ALJ Ruling Request
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The Peoples Gas Light and Coke Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
(In Thousands)

Line No. (A)	Description (B)	Amount (C)	Source (D)
1	Invested Capital Tax per Company Filing	\$ 15,198	NS-PGL Ex. 37.4 P, p. 1, line 22
2	Invested Capital Tax Adjustment	(140)	App. B, p. 13
3	Invested Capital Tax per ALJPO	<u>\$ 15,058</u>	Sum of lines 1 and 2

The Peoples Gas Light and Coke Company
Cash Working Capital Adjustments
For the Test Year Ending December 31, 2015
OPEB Lead Calculation

Line No.	Invoice	Invoice Descr	Amount	Invoice Date	Voucher ID	Year	Period	Unit	Journal Date	Service Begin	Service End	Service Lead	Payment Date	Payment Lead	Total Lead	Weighting	Weighted Lead
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
1	2012VEBACONT-B	CONTRIB TO PE INSUR	67,500,000.00	2012-01-04	00000143	2012	1	1100	2012-01-09	1/1/2012	12/31/2012	183.00	12/18/2012	(13.00)	170.00	0.781961	132.93345
2																	
3																	
4																	
5	MHANNON	REIMBURSE HEALTHCARE	10,402.00	2012-01-17	00109062	2012	1	1100	2012-01-17	1/1/2012	1/31/2012	15.50	2012-01-17	(14.00)	1.50	0.000121	0.00018
6	MHANNON1	REIMBURSE HEALTHCARE ACCT	8,278.00	2012-02-09	00110246	2012	2	1100	2012-02-10	2/1/2012	2/29/2012	14.50	2012-02-10	(19.00)	(4.50)	0.000096	(0.00043)
7	MHANNON-2000	REIMBURSE HEALTHCARE	674.00	2012-05-16	00115252	2012	5	1100	2012-05-17	5/1/2012	5/31/2012	15.50	2012-05-17	(14.00)	1.50	0.000008	0.00001
8	MHANNON1	REIMBURSE HEALTH CARE ACCT	1,811.00	2012-06-25	00117149	2012	6	1100	2012-06-25	6/1/2012	6/30/2012	15.00	2012-06-25	(5.00)	10.00	0.000021	0.00021
9	MHANNON	Reimburse Health Care Acct	4,790.00	2012-07-12	00118096	2012	7	1100	2012-07-12	7/1/2012	7/31/2012	15.50	2012-07-12	(19.00)	(3.50)	0.000055	(0.00019)
10	MHANNON1	REIMBURSE HEALTH CARE	9,908.00	2012-09-11	00121384	2012	9	1100	2012-09-11	9/1/2012	9/30/2012	15.00	2012-09-11	(19.00)	(4.00)	0.000115	(0.00046)
11	MHANNON-2000	REIMBURSE HEALTH CARE ACCT	10,264.00	2012-11-08	00124873	2012	11	1100	2012-11-08	11/1/2012	11/30/2012	15.00	2012-11-08	(22.00)	(7.00)	0.000119	(0.00083)
12																	
13	2012PEVEBACONT3	INS CONTRIB	4,190,790.00	2012-12-13	00000313	2012	12	1100	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	0.048549	8.25328
14	2012PEVEBACONT1	GROUP INSURANCE	14,110,176.00	2012-12-13	00000314	2012	12	1100	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	0.163461	27.78836
15	2012PEVEBACONT2	CONTRIB TO INS PLAN	473,053.00	2012-12-13	00000315	2012	12	1100	2012-12-18	1/1/2012	12/31/2012	183.00	2012-12-18	(13.00)	170.00	0.005480	0.93162
16	MHANNON	REIMBURSE HEALTH CARE ACCT	1,549.00	2012-12-27	00127668	2012	12	1100	2012-12-28	1/1/2012	12/31/2012	183.00	2012-12-28	(3.00)	180.00	0.000018	0.00323
17	MHANNON	REIMBURSE HEALTH CRE	(307.00)	2012-12-12	00126878	2012	12	1100	2012-12-13	1/1/2012	12/31/2012	183.00	2012-12-13	(18.00)	165.00	-0.000004	(0.00059)
18																	
19			<u>86,321,388.00</u>													<u>1.000000</u>	<u>169.91</u>

The Peoples Gas, Light and Coke Company
Adjustment For Invested Capital Taxes
For the Test Year Ending December 31, 2015
(In Thousands)

Line (A)	Description (B)	Amount (C)	Source (D)
1	Rate Base	\$ 1,669,804	App. B, p. 1, col. i, line 22
2	Rate of Return	<u>6.56%</u>	App. B, p. 1, col. i, line 23
3	Operating Income Required	\$ 109,539	Line 1 x Line 2
4	Pro forma operating income at present rates adjusted before ICT adjustment	<u>67,880</u>	App. B, p. 1, col. (d) line 21 - App. B, p. 2, col. (g) line 14
5	Operating Income Additional Allowed	\$ 41,659	Line 3 - line 4
6	Invested Capital Tax Rate	<u>0.80%</u>	PGL Schedule WPC-2.13
7	Incremental Invested Capital Tax Impact per ALJPO	\$ 333	Line 5 x line 6
8	Incremental Invested Capital Tax Impact per Company	<u>473</u>	NS-PGL Ex. 36.2 P. p. 2
9	Adjustment	<u><u>\$ (140)</u></u>	Line 7 - line 8

The Peoples Gas Light and Coke Company
Adjustment to Deferred Income Tax Impacts of Bonus Depreciation
For the Test Year Ending December 31, 2015
(In Thousands)

Line (A)	Account (B)	Description (C)	CHANGE IN			Source/Reference
			Balance at December 31, 2014 (D)	Balance at December 31, 2015 (E)	Average Test Year 2015 (F)	
Adjustments Per ALJ Ruling with Bonus Depreciation						
Balance Sheet						
1		<u>Plant Deferred Income Taxes - Bonus Depreciation</u>				
2	282	Federal	\$ (51,657)	\$ (46,996)	\$ (49,327)	PGL ALJ 01-07-15 Ruling Request WP1, page 2
3	282	State	-	-	-	PGL ALJ 01-07-15 Ruling Request WP1, page 2
4		Plus 2015 Prorated Impact-Federal	-	(2,304)	(1,152)	PGL ALJ 01-07-15 Ruling Request WP1, page 2
5		<u>Net Operating Loss Impact</u>				
6	190	NOL - Federal	29,531	-	14,766	PGL ALJ 01-07-15 Ruling Request WP1, page 2
7	190	NOL - State	-	-	-	PGL ALJ 01-07-15 Ruling Request WP1, page 2
8		<u>Charitable Contributions Impact</u>				
9		Federal	2,759	-	1,380	PGL ALJ 01-07-15 Ruling Request WP1, page 2
10		State	487	-	244	PGL ALJ 01-07-15 Ruling Request WP1, page 2
11		Total Impact - Deferred Income Tax				
12		Federal	\$ (19,367)	\$ (49,300)	\$ (34,333)	line 2 + line 4 + line 6 + line 9
13		State	\$ 487	\$ -	\$ 244	line 3 + line 7 + line 10
14		Total	(18,880)	(49,300)	(34,089)	line 12 + line 13 (1)
Operating Income						
<u>Plant Deferred Income Taxes - Bonus Depreciation</u>						
15	409.1	Federal - Current		\$ 4,661		PGL ALJ 01-07-15 Ruling Request WP1, page 2
16	409.1	State - Current		-		PGL ALJ 01-07-15 Ruling Request WP1, page 2
17	410.1, 411.1	Deferred		(4,661)		PGL ALJ 01-07-15 Ruling Request WP1, page 2
18		Total		-		line 15 + line 16 + line 17
<u>Net Operating Loss Impact</u>						
19	409.1	Federal - Current		(29,531)		PGL ALJ 01-07-15 Ruling Request WP1, page 2
20	409.1	State - Current		-		PGL ALJ 01-07-15 Ruling Request WP1, page 2
21	410.1, 411.1	Deferred		29,531		PGL ALJ 01-07-15 Ruling Request WP1, page 2
		Total		-		line 19 + line 20 + line 21
<u>Charitable Contributions Impact</u>						
22	409.1	Federal - Current		(2,759)		PGL ALJ 01-07-15 Ruling Request WP1, page 2
23	409.1	State - Current		(611)		PGL ALJ 01-07-15 Ruling Request WP1, page 2
24	410.1, 411.1	Deferred		3,246		PGL ALJ 01-07-15 Ruling Request WP1, page 2
25		Total		(124)		line 22 + line 23 + line 24