

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company )  
 )  
Petition Pursuant to Rider VBA ) Docket No. 15-  
of Schedule of Rates for Gas )  
Service to Initiate a Proceeding to )  
Determine the Accuracy of the )  
Rider VBA Reconciliation Statement )

**PETITION OF  
NORTH SHORE GAS COMPANY**

North Shore Gas Company (“North Shore”) submits to the Illinois Commerce Commission (“Commission”) this Petition to initiate an annual reconciliation proceeding to determine the accuracy of the statement that North Shore submitted pursuant to Rider VBA, Volume Balancing Adjustment, of its Schedule of Rates for Gas Service (“Rider VBA”).

1. North Shore is a corporation organized and existing under the laws of the State of Illinois, having its principal office at 200 East Randolph Street, Chicago, Illinois 60601. It is engaged in the business of purchasing natural gas for and distributing and selling natural gas to approximately 159,000 customers in Cook and Lake Counties, Illinois.
2. North Shore’s Schedule of Rates for Gas Service includes Rider VBA. The Commission approved Rider VBA on a permanent basis in Docket Nos. 11-0280/11-0281 (cons.).

3. Section C of Rider VBA requires North Shore to file, no later than March 20, 2015, an information sheet that specifies the annual adjustments that apply to the nine-month period beginning April 1.
4. Section C of Rider VBA requires that North Shore, at the time it files its information sheet with the annual adjustments, file a petition seeking initiation of an annual reconciliation to determine the accuracy of the statement. It also requires North Shore to submit a report showing North Shore's rate of return with and without the effect of Rider VBA.
5. Attachment A, attached to and made a part of this Petition, is the Direct Testimony of Karen A. Tiedmann (NSG Ex. 1.0). NSG Ex. 1.1 of Ms. Tiedmann's direct testimony is the statement of the annual adjustments and reconciliation adjustment components (the "Statement"). Ms. Tiedmann describes the Statement, including the 2014 annual adjustments and reconciliation adjustment components to be effective for the period April 1, 2015, through December 31, 2015.
6. Attachment B, attached to and made a part of this Petition, is the annual report of North Shore's rates of return and Rider VBA's effect on the return.
7. Attachment C, attached to and made a part of this Petition, identifies the municipalities that North Shore serves.
8. By this Petition, North Shore is requesting that the Commission initiate the proceeding described in Section C of Rider VBA. The purpose of the proceeding is to determine the accuracy of the Statement.

WHEREFORE, for the foregoing reasons, North Shore Gas Company respectfully requests that the Illinois Commerce Commission initiate a proceeding to determine the accuracy of the statement of the 2014 annual adjustment and reconciliation adjustment components under Rider VBA.

Respectfully submitted,  
North Shore Gas Company

By: /S/ MARY KLYASHEFF

Mary Klyasheff  
An Attorney for  
North Shore Gas Company

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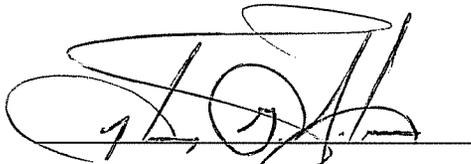
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Attorneys for  
North Shore Gas Company

Dated at Chicago, Illinois  
this 20th day of March, 2015

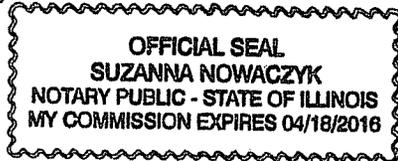
STATE OF ILLINOIS     )  
  )  
COUNTY OF COOK     )     SS

Thomas Aridas, being first duly sworn, upon oath states that he is Director, Gas Regulatory Policy, of Integrys Business Support, LLC providing service to North Shore Gas Company; that he has read the foregoing Petition and knows the contents thereof; and that said contents are true to the best of his knowledge and belief.

By:   
Thomas Aridas  
Director, Gas Regulatory  
Policy

Subscribed and sworn to  
before me this 17 th day  
of March, 2015

  
Notary Public



STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
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**ATTACHMENT A**

Direct Testimony and Exhibit of Karen A. Tiedmann

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 15-
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DIRECT TESTIMONY  
OF  
KAREN A. TIEDMANN

- 1 Q. Please state your name and business address.
- 2 A. Karen A. Tiedmann, 200 East Randolph Street, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. Integrys Business Support, LLC (“IBS”).
- 5 Q. What position do you hold with IBS?
- 6 A. I am a Rate Case Consultant in Regulatory Affairs.
- 7 Q. What are your responsibilities in that position?
- 8 A. My responsibilities include managing and coordinating the preparation,
- 9 administration, and analysis of rate case filings for North Shore Gas Company
- 10 (“North Shore” or the “Company”) and its sister utility The Peoples Gas Light and
- 11 Coke Company (“Peoples Gas”). In addition, I am responsible for the
- 12 preparation and coordination of the Rider VBA filings for both Peoples Gas and
- 13 North Shore.
- 14 Q. Please summarize your educational background and experience.

15 A. In 1985, I graduated from Northern Illinois University with a Bachelor of  
16 Science Degree in Computer Science and a minor in Business. In 1991, I  
17 received a Master of Business Administration Degree from DePaul University  
18 with a Finance Emphasis. I have been employed by IBS since July 2011 where I  
19 was a Senior Rate Planner/Analyst in Regulatory Affairs prior to being promoted  
20 to my current position as a Rate Case Consultant in November of 2013. Prior to  
21 July 2011, I was employed by Peoples Gas from 1985 through 1998 in various  
22 positions and levels of responsibility in the Information Technology Services  
23 Department, Financial Reporting Department, and the Rates Department. In  
24 addition, from August 2006 through June 2011, I was employed by Stafflogix  
25 Corporation as a contractor and provided service to IBS' Gas Regulatory  
26 Services Department assisting in rate case proceedings.

27 Q. Please give a brief description of the operations and status of Petitioner.

28 A. I am advised by counsel that North Shore is a corporation organized and  
29 existing under the laws of the State of Illinois, having its principal office at 200  
30 East Randolph Street, Chicago, Illinois 60601. It is engaged in the business of  
31 purchasing natural gas for and distributing and selling natural gas to  
32 approximately 159,000 customers in the Cook and Lake Counties, Illinois. I am  
33 advised by counsel that North Shore is a public utility within the meaning of the  
34 Public Utilities Act.

35 Q. Please describe the subject matter of this proceeding.

36 A. North Shore's Schedule of Rates for Gas Service includes Rider VBA,  
37 Volume Balancing Adjustment. Rider VBA is applicable to Service Classification

38 (“S.C.”) Nos. 1 and 2. The Illinois Commerce Commission (“Commission”)  
39 approved Rider VBA as a permanent decoupling mechanism in Docket Nos. 11-  
40 0280/11-0281 (cons.). Under Section B of Rider VBA, per therm adjustments are  
41 determined annually for the Fiscal Year that ended as of the most recent  
42 December 31 (“Fiscal Year”) for each service classification that is to be billed  
43 under the rider for the upcoming April through December Effective Period.

44 Q. Please describe the provisions of Rider VBA relevant to this filing.

45 A. There are two separate components that are determined for each service  
46 classification as follows:

47 (1) The first component is the annual adjustment determined pursuant to  
48 the rider to stabilize the distribution revenue requirement approved by the  
49 Commission in the Company’s most recent rate proceeding, *i.e.*, Rate Case  
50 Revenue (“RCR”) for the Fiscal Year is compared to Actual Revenue (“AR”) for  
51 the Fiscal Year. The Percentage of Fixed Costs (“PFC”), which the Commission  
52 authorized in the Company’s most recent rate proceeding, is then applied to this  
53 difference. The resulting amount is then divided by the forecasted Therms  
54 (“Factor T”) for the Effective Period to determine the per therm adjustment  
55 related to the annual adjustment for the Fiscal Year.

56 (2) A Reconciliation Adjustment (“RA”) component is determined to  
57 reconcile adjustments under the rider that were under-billed or over-billed to each  
58 Service Classification in the Fiscal Year. Any Commission Ordered adjustment  
59 from the prior reconciliation (“Factor O”) is also added to this amount. Interest,  
60 as calculated by the interest rate established by the Commission and in effect

61 when the adjustment under this section is calculated, is also applied to the RA  
62 and Factor O total. The resulting amount is then divided by Factor T for the  
63 Effective Period to determine the per therm adjustment for the RA and Factor O  
64 component. The adjustment components are summed together for billing  
65 purposes.

66 Section C of Rider VBA requires North Shore to file no later than March 20  
67 of each year, an information sheet that specifies the annual adjustments to be  
68 effective under the rider, a report that shows the determination of the RA to be  
69 applicable for the Upcoming Amortization Period, and a report that provides the  
70 Company's rate of return with and without the effect of Rider VBA. Section C of  
71 Rider VBA also requires that North Shore, at the time it files the required  
72 information noted above, file a petition with the Commission seeking initiation of  
73 an annual reconciliation to determine the accuracy of the statement.

74 Q. Please describe the annual period that is the subject of this filing.

75 A. The Fiscal Year for which adjustments are being determined, which is the  
76 subject of my testimony, is the period January 1, 2014, through December 31,  
77 2014.

78 Q. Were there any changes to Rider VBA or North Shore' Schedule of Rates  
79 that affect the adjustment and reconciliation period?

80 A. Yes. In December 2013, the Commission issued a final order on  
81 Rehearing in Docket Nos. 12-0511/12-0512 (cons.) (the "2012 Rate Order"). In  
82 compliance with the 2012 Rate Order and pursuant to Section F of Rider VBA,  
83 North Shore filed a Rider VBA Compliance Report with the new baselines for

84 each Service Classification (and for S.C. No. 1 Heating and Non-Heating  
85 separately) for RCR and PFC on the Commission's e-Docket system on  
86 December 20, 2013. The second baseline shown in this report is applicable to  
87 this Rider VBA filing as it reflects the rates that were effective January 1, 2014  
88 and in effect for an entire year at the rates approved in the 2012 Rate Order.<sup>1</sup>

89 Q. Are there any changes required per the Commission's order in the last  
90 reconciliation proceeding, Docket No. 14-0220 (the "2013 VBA Order")?

91 A. Yes. The Commission adopted a recommendation by Staff to amend the  
92 format of the Rider VBA reconciliation schedules for purposes of consistency and  
93 ease of comparison. Therefore, the schedules that are included with my  
94 testimony are in the required format.

95 Q. Please describe NSG Ex. 1.1.

96 A. NSG Ex. 1.1 is a statement of the March 2015 Rider VBA filing and the  
97 adjustments that will apply for each month of the nine-month Upcoming  
98 Amortization Period beginning April 1, 2015 and ending December 31, 2015  
99 ("Statement").

100 Q. Was the Statement prepared under your supervision and direction?

101 A. Yes, it was.

102 Q. What is the purpose of the Statement?

103 A. The Statement shows the Information Sheet and adjustments for the 2014  
104 Fiscal Year component and the RA component for customers served under North  
105 Shore's S.C. Nos. 1 Heating and Non-Heating, and 2. It also shows the  
106 derivation of the adjustments for each component and provides supporting data.

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<sup>1</sup> Refer to NSG Ex. 1.1, page 5 for the Compliance Report.

- 107 Q. Please describe the elements of the Statement.
- 108 A. The Statement includes the following information:
- 109 • Page 1 shows the Information Sheet that specifies the adjustments to be  
110 effective April 1 through December 31, 2015 under the rider.
  - 111 • Pages 2 through 4 show the determination of the adjustments as defined  
112 in Section B of Rider VBA to be applicable for the upcoming nine-month  
113 amortization period beginning April 1, 2015 for S.C. No. 1 Heating, S.C.  
114 No. 1 Non-Heating, and S.C. No. 2, respectively.
  - 115 • Page 5 shows the Rider VBA Compliance Report, which shows the RCR  
116 and PFC for the Fiscal Year. This data is used on pages 2 through 4 in  
117 the determination of the 2014 adjustment.
  - 118 • Page 6 shows the AR for the Fiscal Year. This data is used on pages 2  
119 through 4 in the determination of the 2014 adjustment.
- 120 Q. Please describe the data on pages 2 through 4 that derive the adjustments  
121 for each service classification.
- 122 A. Pages 2 through 4 provide data applicable to S.C. Nos. 1 Heating and  
123 Non-Heating, and 2, respectively.
- 124 The data found in each line on each page are as follows:
- 125 • Line 1 begins the section for the carry over from the prior year.
  - 126 • Line 2 shows the Rider VBA amounts due North Shore or customers for  
127 the Previous Reconciliation Period.
  - 128 • Line 3 shows the sum of actual revenues arising from the application of  
129 the Rider VBA adjustments from March 2014 through February 2015.

- 130 January and February of 2014 were included in last year's reconciliation.
- 131 January and February of 2015 are included in this year's reconciliation
- 132 because of timing issues that arise due to the nature of cycle billing and
- 133 bi-monthly billing.
- 134 • Line 4 shows the RA, the amounts due North Shore or customers arising
  - 135 from a reconciliation of the amounts to be recovered from or refunded to
  - 136 customers for the 2013 adjustments.
  - 137 • Line 5 shows no amounts for Factor O from the prior reconciliation, as the
  - 138 Commission did not order North Shore to include any adjustment amounts
  - 139 per the 2013 VBA Order.
  - 140 • Line 6 shows the interest rate that is applicable to the amounts on lines 4
  - 141 and 5 which is zero for the reconciliation year pursuant to the order in
  - 142 Docket No. 14-0472 of the Commission entered December 17, 2014.
  - 143 • Line 7 shows the interest amount (if applicable) to be recovered from or
  - 144 refunded to customers.
  - 145 • Line 8 shows the sum of the RA and Factor O amounts, including interest,
  - 146 to be recovered from or refunded to customers.
  - 147 • Line 9 begins the section for the current year or fiscal year component of
  - 148 the reconciliation.
  - 149 • Line 10 shows the annual RCR, which the Commission approved in the
  - 150 2012 Rate Order. This is the RCR for 2014 as shown on NSG Ex. 1.1,
  - 151 page 5.
  - 152 • Line 11 shows the annual AR which was recorded for Fiscal Year 2014.

- 153 • Line 12 shows the difference between line 10 and line 11.
- 154 • Line 13 shows the PFC approved in the 2012 Rate Order.
- 155 • Line 14 shows the adjustment amounts to be recovered from or refunded
- 156 to customers for Fiscal Year 2014 as provided for in Rider VBA which is
- 157 the difference between the RCR and the AR, adjusted by the PFC.
- 158 • Line 15 shows the cumulative (refundable)/recoverable amount including
- 159 interest under the rider which is the sum of line 8 and line 14.
- 160 • Lines 16 through 20 show the disposition of the cumulative (over)/under
- 161 recovery amounts.
- 162 • Line 21 begins the section for the determination of the per therm
- 163 adjustments.
- 164 • Line 22 shows Factor T, the number of therms of gas estimated to be
- 165 delivered to customers by North Shore for the period April 1 through
- 166 December 31, 2015.
- 167 • Line 23 shows the per therm adjustment for the RA and Factor O
- 168 components to be recovered from or refunded to customers which is a
- 169 result of line 8 divided by line 22.
- 170 • Line 24 shows the per therm adjustment amount for the 2014 Adjustment
- 171 amount which is a result of line 14 divided by line 22.
- 172 • Line 25 shows the sum of the RA and Factor O adjustment (including
- 173 interest) (line 23) and the 2014 adjustment (line 24) to be recovered from
- 174 or refunded to customers.

175 • Line 26 shows the total adjustment amounts, in cents per therm, to be  
176 recovered from or refunded to customers (line 25 x 100).

177 Q. How much will be refunded to or recovered from S.C. No. 1 Heating  
178 customers over the nine-month period beginning April 1, 2015?

179 A. Over the nine-month period beginning April 1, 2015, \$3,405,793.07 will be  
180 refunded to S.C. No. 1 Heating customers for the 2014 annual adjustment  
181 component and \$243,215.72 will be recovered from S.C. No. 1 Heating  
182 customers for the RA and Factor O component resulting in a total refund  
183 adjustment amount of \$3,162,577.35 (page 2, lines 17, 18, and 20, column B,  
184 respectively).

185 Q. What is the total adjustment that will be effective for S.C. No. 1 Heating  
186 customers beginning April 1, 2015?

187 A. The total adjustment that will be effective for S.C. No. 1 Heating customers  
188 is a credit of 3.20 cents per therm (page 2, line 26, column B).

189 Q. How much will be refunded to or recovered from S.C. No. 1 Non-Heating  
190 customers over the nine-month period beginning April 1, 2015?

191 A. Over the nine-month period beginning April 1, 2015, \$1,848.44 will be  
192 refunded to S.C. No. 1 Non-Heating customers for the 2014 annual adjustment  
193 component and \$330.58 will be recovered from S.C. No. 1 Non-Heating  
194 customers for the RA and Factor O component resulting in a total refund  
195 adjustment amount of \$1,517.86 (page 3, lines 17, 18, and 20, column B,  
196 respectively).

197 Q. What is the total adjustment that will be effective for S.C. No. 1 Non-  
198 Heating customers beginning April 1, 2015?

199 A. The total adjustment that will be effective for S.C. No. 1 Non-Heating  
200 customers is a credit of 0.98 cents per therm (page 4, line 26, column B).

201 Q. How much will be refunded to or recovered from S.C. No. 2 customers  
202 over the nine-month period beginning April 1, 2015?

203 A. Over the nine-month period beginning April 1, 2015, \$1,139,945.22 will be  
204 refunded to S.C. No. 2 customers for the 2014 annual adjustment component  
205 and \$166,927.68 will be recovered from S.C. No. 2 customers for the RA and  
206 Factor O component resulting in a total refund adjustment amount of  
207 \$973,017.54 (page 4, lines 17, 18, and 20, column B, respectively).

208 Q. What is the total adjustment that will be effective for S.C. No. 2 beginning  
209 April 1, 2015?

210 A. The total adjustment that will be effective for S.C. No. 2 customers is a  
211 credit of 1.86 cents per therm (page 4, line 26, column B).

212 Q. Please describe how the adjustments will be reflected on customers' bills.

213 A. The adjustments were filed with the Commission on Information Sheet No.  
214 53 and will be reflected as a single line item adjustment on customers' bills  
215 effective from April 1 through December 31, 2015.

216 Q. You stated that Rider VBA requires North Shore to file a petition with the  
217 Commission seeking initiation of an annual reconciliation to determine the  
218 accuracy of the Statement and a report showing the Company's rate of return  
219 with and without the effect of Rider VBA. Is North Shore making these filings?

220 A. Yes. This direct testimony is included as an attachment to the petition and  
221 the rate of return report is also included as an attachment to the petition.

222 Q. Does this conclude your direct testimony?

223 A. Yes, it does.

**Rider VBA  
Information Sheet No. 53  
(Superseding Information Sheet No. 52)**

**North Shore Gas Company  
Volume Balancing Adjustment  
Under Rider VBA  
Schedule of Rates, ILL C.C. No. 17**

**Applicable to Service Classification Nos. 1 and 2**

**Effective With Service Rendered  
April 1, 2015 through December 31, 2015**

<u>Line No.</u>	<u>Service Classification No.</u>			
	<u>1 Heating</u> [A]	<u>1 Non-Heating</u> [B]	<u>2</u> [C]	
1	Adjustment for Fiscal Year 2014	(3.45) ¢	(1.20) ¢	(2.18) ¢
2	Reconciliation Adjustment	0.25 ¢	0.22 ¢	0.32 ¢
3	Total Adjustment per therm	(3.20) ¢	(0.98) ¢	(1.86) ¢

Submitted By: Thomas G. Aridas  
Director

**North Shore Gas Company**  
**Rider VBA Reconciliation Statement - S.C. No. 1 Heating**  
**For the Fiscal Year Period January 1 through December 31, 2014**

<u>Line No.</u>	<u>Description</u> (A)	<u>Per Company</u> (B)	<u>Source</u> (C)	<u>Adjustments per Staff</u> (D)	<u>as Adjusted per Staff</u> (E)
1	<b><u>Carry Over - Prior Year</u></b>				
2	Rider VBA adjustment to be billed-Prior Year filing	\$ (1,719,617.01)	(1)	\$ -	\$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	\$ (1,962,832.73)	(2)	\$ -	\$ -
4	Amount to be Recovered (Refunded) through RA	\$ 243,215.72	line 2 - line 3	\$ -	\$ -
5	Factor O - Prior Reconciliation	\$ -	(3)		
6	Interest Rate (i) (0 %)	0%	(4)		
7	Interest Amount	\$ -	(line 4+line 5) x line 6		\$ -
8	Under / (Over) from prior years	\$ 243,215.72	line 4 + line 5 + line 7	\$ -	\$ -
9	<b><u>Current Year (Fiscal Year)</u></b>				
10	Rate Case Revenues (RCR)	\$ 19,421,341.57	(5)	\$ -	\$ -
11	Actual Revenues (Distribution Revenues) (AR)	\$ 22,827,134.64	(6)	\$ -	\$ -
12	Amount to be Recovered (Refunded)	\$ (3,405,793.07)	line 10 - line 11	\$ -	\$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	\$ (3,405,793.07)	line 12 x line 13	\$ -	\$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (3,162,577.35)	line 8 + line 14	\$ -	\$ -
16	<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>				
17	Annual Adjustment	\$ (3,405,793.07)	line 14	\$ -	\$ -
18	RA and Factor O - prior reconciliation	\$ 243,215.72	line 8	\$ -	\$ -
19	Factor O - Current Reconciliation	\$ -	n/a	\$ -	\$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (3,162,577.35)	line 17 + line 18 + line 19	\$ -	\$ -
21	<b><u>Determination of Adjustment per Therm</u></b>				
22	Factor T - Estimated Therms April through December 2015	98,772,521	(7)		
23	RA and Factor O Adjustment per therm	\$ 0.0025	line 8 / line 22		
24	2014 Adjustment per therm	\$ (0.0345)	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2015	\$ (0.0320)	line 23 + line 24		
26	Total Adjustment per Therm	(3.20)	c line 25 x 100		

Sources:

- (1) Per 2013 Rider VBA Reconciliation Statement, NSG Ex. 1.1, page 2, line 18, filed March 19, 2014 in Docket No. 14-0220.
- (2) Rider VBA revenues recorded March 2014 through February 2015.
- (3) The Commission did not order a Factor O in Docket No. 14-0220.
- (4) Interest Rate established pursuant to Order in Docket No. 14-0742 of the Illinois Commerce Commission entered December 17, 2014.
- (5) See Rider VBA Filing page 4, Rider VBA Compliance Report.
- (6) See Rider VBA Filing page 5, Determination of Actual Revenue (AR).
- (7) Estimated therms to be delivered April 1 through December 31, 2015

There may be differences due to rounding

**North Shore Gas Company**  
**Rider VBA Reconciliation Statement - S.C. No. 1 Non-Heating**  
**For the Fiscal Year Period January 1 through December 31, 2014**

<u>Line No.</u>	<u>Description</u> (A)	<u>Per Company</u> (B)	<u>Source</u> (C)	<u>Adjustments per Staff</u> (D)	<u>as Adjusted per Staff</u> (E)
1	<b><u>Carry Over - Prior Year</u></b>				
2	Rider VBA adjustment to be billed-Prior Year filing	\$ (2,333.35)	(1)	\$ -	\$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	\$ (2,663.93)	(2)	\$ -	\$ -
4	Amount to be Recovered (Refunded) through RA	\$ 330.58	line 2 - line 3	\$ -	\$ -
5	Factor O - Prior Reconciliation	\$ -	(3)		
6	Interest Rate (I) (0 %)	0%	(4)		
7	Interest Amount	\$ -	(line 4+line 5) x line 6		\$ -
8	Under / (Over) from prior years	\$ 330.58	line 4 + line 5 + line 7	\$ -	\$ -
9	<b><u>Current Year (Fiscal Year)</u></b>				
10	Rate Case Revenues (RCR)	\$ 73,461.18	(5)	\$ -	\$ -
11	Actual Revenues (Distribution Revenues) (AR)	\$ 75,309.62	(6)	\$ -	\$ -
12	Amount to be Recovered (Refunded)	\$ (1,848.44)	line 10 - line 11	\$ -	\$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	\$ (1,848.44)	line 12 x line 13	\$ -	\$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (1,517.86)	line 8 + line 14	\$ -	\$ -
16	<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>				
17	Annual Adjustment	\$ (1,848.44)	line 14	\$ -	\$ -
18	RA and Factor O - prior reconciliation	\$ 330.58	line 8	\$ -	\$ -
19	Factor O - Current Reconciliation	\$ -	n/a	\$ -	\$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (1,517.86)	line 17 + line 18 + line 19	\$ -	\$ -
21	<b><u>Determination of Adjustment per Therm</u></b>				
22	Factor T - Estimated Therms April through December 2015	153,601	(7)		
23	RA and Factor O Adjustment per therm	\$ 0.0022	line 8 / line 22		
24	2014 Adjustment per therm	\$ (0.0120)	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2015	\$ (0.0098)	line 23 + line 24		
26	Total Adjustment per Therm	(0.98)	c line 25 x 100		

Sources:

- (1) Per 2013 Rider VBA Reconciliation Statement, NSG Ex. 1.1, page 2, line 18, filed March 19, 2014 in Docket No. 14-0220.
- (2) Rider VBA revenues recorded March 2014 through February 2015.
- (3) The Commission did not order a Factor O in Docket No. 14-0220.
- (4) Interest Rate established pursuant to Order in Docket No. 14-0742 of the Illinois Commerce Commission entered December 17, 2014.
- (5) See Rider VBA Filing page 4, Rider VBA Compliance Report.
- (6) See Rider VBA Filing page 5, Determination of Actual Revenue (AR).
- (7) Estimated therms to be delivered April 1 through December 31, 2015

There may be differences due to rounding

**North Shore Gas Company**  
**Rider VBA Reconciliation Statement - S.C. No. 2**  
**For the Fiscal Year Period January 1 through December 31, 2014**

<u>Line No.</u>	<u>Description</u> (A)	<u>Per Company</u> (B)	<u>Source</u> (C)	<u>Adjustments per Staff</u> (D)	<u>as Adjusted per Staff</u> (E)
1	<b><u>Carry Over - Prior Year</u></b>				
2	Rider VBA adjustment to be billed-Prior Year filing	\$ (726,191.07)	(1)	\$ -	\$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	\$ (893,118.75)	(2)	\$ -	\$ -
4	Amount to be Recovered (Refunded) through RA	\$ 166,927.68	line 2 - line 3	\$ -	\$ -
5	Factor O - Prior Reconciliation	\$ -	(3)		
6	Interest Rate (i) (0 %)	0%	(4)		
7	Interest Amount	\$ -	(line 4+line 5) x line 6		\$ -
8	Under / (Over) from prior years	\$ 166,927.68	line 4 + line 5 + line 7	\$ -	\$ -
9	<b><u>Current Year (Fiscal Year)</u></b>				
10	Rate Case Revenues (RCR)	\$ 5,396,465.01	(5)	\$ -	\$ -
11	Actual Revenues (Distribution Revenues) (AR)	\$ 6,536,410.23	(6)	\$ -	\$ -
12	Amount to be Recovered (Refunded)	\$ (1,139,945.22)	line 10 - line 11	\$ -	\$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	\$ (1,139,945.22)	line 12 x line 13	\$ -	\$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (973,017.54)	line 8 + line 14	\$ -	\$ -
16	<b><u>Disposition of Cumulative (Over)/Under Recovery</u></b>				
17	Annual Adjustment	\$ (1,139,945.22)	line 14	\$ -	\$ -
18	RA and Factor O - prior reconciliation	\$ 166,927.68	line 8	\$ -	\$ -
19	Factor O - Current Reconciliation	\$ -	n/a	\$ -	\$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	\$ (973,017.54)	line 17 + line 18 + line 19	\$ -	\$ -
21	<b><u>Determination of Adjustment per Therm</u></b>				
22	Factor T - Estimated Therms April through December 2015	52,355,349	(7)		
23	RA and Factor O Adjustment per therm	\$ 0.0032	line 8 / line 22		
24	2014 Adjustment per therm	\$ (0.0218)	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2015	\$ (0.0186)	line 23 + line 24		
26	Total Adjustment per Therm	(1.86) ¢	line 25 x 100		

Sources:

- (1) Per 2013 Rider VBA Reconciliation Statement, NSG Ex. 1.1, page 2, line 18, filed March 19, 2014 in Docket No. 14-0220.
- (2) Rider VBA revenues recorded March 2014 through February 2015.
- (3) The Commission did not order a Factor O in Docket No. 14-0220.
- (4) Interest Rate established pursuant to Order in Docket No. 14-0742 of the Illinois Commerce Commission entered December 17, 2014.
- (5) See Rider VBA Filing page 4, Rider VBA Compliance Report.
- (6) See Rider VBA Filing page 5, Determination of Actual Revenue (AR).
- (7) Estimated therms to be delivered April 1 through December 31, 2015

There may be differences due to rounding

**Rider VBA Compliance Report filed with the Illinois Commerce Commission  
on December 20, 2013 in Docket Nos. 12-0511/12-0512 (cons.) Order on Rehearing**

**North Shore Gas Company**

**Volume Balancing Adjustment  
Under Rider VBA  
Schedule of Rates, ILL C.C. No. 17**

**Docket No. 12-0511 Rehearing  
Determination of Rate Case Revenue (RCR) and Percentage of Fixed Cost (PFC)  
Pursuant to Section G of Rider VBA**

	<b>Service Classification No. 1H</b>	<b>Service Classification No. 1N</b>	<b>Service Classification No. 2</b>
Rate Case Revenue (RCR) for 2013 <sup>(1)</sup>	\$ 17,384,888.98	\$ 52,818.97	\$ 5,894,953.32
Rate Case Revenue (RCR) for 2014 and after <sup>(2)</sup>	\$ 19,421,341.57	\$ 73,461.18	\$ 5,396,465.01
Percentage of Fixed Cost (PFC) <sup>(3)</sup>	100%	100%	100%

(1) Reflects rates filed pursuant to the Illinois Commerce Commission's Order in Docket Nos. 11-0280/11-0281 (cons.) in effect January 1, 2013 through June 26, 2013, and rates filed pursuant to the Illinois Commerce Commission's Order dated June 18, 2013 in Docket Nos. 12-0511/12-0512 (cons.) in effect June 27, 2013 through December 31, 2013.

(2) Reflects rates filed pursuant to the Illinois Commerce Commission's Order on Rehearing dated December 18, 2013 in Docket Nos. 12-0511/12-0512 (cons.) in effect January 1, 2014.

(3) Percentage of Fixed Cost established per Order of the Illinois Commerce Commission entered June 18, 2013 in Docket Nos. 12-0511/12-0512 (cons.).

**North Shore Gas Company**  
**Volume Balancing Adjustment**  
**Under Rider VBA**  
**Schedule of Rates, ILL C.C. No. 17**

**Determination of Actual Revenue (AR) for Fiscal Year 2014 <sup>(1)</sup>**

	<u>SC No. 1 Heating</u>	<u>SC No. 1 Non-Heating</u>	<u>SC No. 2</u>
January 2014	\$ 4,590,791.20	\$ 11,605.74	\$ 1,220,902.55
February	3,997,396.48	9,330.93	1,070,844.99
March	3,148,841.99	9,465.26	894,028.62
April	1,658,179.16	5,258.26	498,592.45
May	730,785.34	4,755.34	262,157.75
June	474,491.58	2,657.09	169,755.78
July	485,383.54	4,655.20	171,072.60
August	453,096.85	2,842.03	149,659.22
September	517,043.90	4,331.91	184,439.38
October	1,187,838.56	5,206.31	340,125.95
November	2,580,614.37	7,148.71	723,594.06
December	3,002,671.67	8,052.84	851,236.88
Total 2014	<u>\$ 22,827,134.64</u>	<u>\$ 75,309.62</u>	<u>\$ 6,536,410.23</u>

(1) Actual distribution revenues booked for the month.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 15-
of Schedule of Rates for Gas	)	
Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

**ATTACHMENT B**

Report of Rates of Return

**North Shore Gas Company**  
**Fiscal 2014 Report on the Company's Rate of Return with and without the Effect of Rider VBA**  
**Pursuant to Section C of Rider VBA**

**2014 RATE OF RETURN WITH RIDER VBA**

	Amount (millions)	% of total	% cost	Weighted Average
Equity	\$ 101.5	47.9% (1)	11.13%	5.33%
Long Term Debt	\$ 79.6	37.5% (1)	4.10%	1.54%
Short Term Debt	\$ 30.9	14.6% (1)	0.70%	0.10%
	\$ 212.0	100.0%		<b>6.97% Rate of Return</b>

**2014 RATE OF RETURN WITHOUT RIDER VBA**

	Amount (millions)	% of total	% cost	Weighted Average
Equity	\$ 106.2	49.0% (1)	13.18%	6.46%
Long Term Debt	\$ 79.6	36.7% (1)	4.10%	1.50%
Short Term Debt	\$ 30.9	14.3% (1)	0.70%	0.10%
	\$ 216.7	100.0%		<b>8.06% Rate of Return</b>

(1) Based on 13 month average ending balances

**North Shore Gas Company**

<i>(millions)</i>	<u>WITH RIDER VBA</u>	<u>WITHOUT RIDER VBA</u>
<b>Total 13-month Average Utility Equity</b>	\$ 101.5	\$ 106.2
<u>Average Adjustments to Utility Equity:</u>		
Goodwill		
Investment in Subsidiaries	-	-
Net Average Adjustments	<u>-</u>	<u>-</u>
<b>Adjusted Average Utility Equity</b>	<u>\$ 101.5</u>	<u>\$ 106.2</u>
Utility Net Income	\$ 11.3	\$ 14.0
<b>2014 Utility ROE</b>	<b>11.13%</b>	<b>13.18%</b>
Net Income		\$ 11.3
Rider VBA in Revenues, 480,481 and 489 accounts		(2.8)
Rider VBA in 495 accounts		<u>(1.7)</u>
Pre-tax Total		(4.5)
After Tax Total		(2.7)
Revised Net Income		\$ 14.0

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 15-
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Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

**ATTACHMENT C**

Municipalities Served by North Shore Gas Company

**North Shore Gas Company**

**SCHEDULE OF RATES FOR GAS SERVICE**

**THIS RATE SCHEDULE APPLIES TO THE  
MUNICIPALITIES AND UNINCORPORATED AREAS LISTED BELOW  
AND/OR TO TERRITORIES CONTIGUOUS THERETO**

<u>Municipality or Unincorporated Area</u>	<u>County</u>	<u>Municipality or Unincorporated Area</u>	<u>County</u>
Antioch	Lake	Lincolnshire	Lake
Aptakisic	"	Lindenhurst	"
Bannockburn	"	Long Grove	"
Beach Park	"	Mettawa	"
Buffalo Grove	"	Millburn	"
Deerfield	"	Mundelein	"
Diamond Lake	"	Nimitz Village	"
Druce Lake	"	North Chicago	"
Forrestal Village	"	Northbrook	Cook
Fort Sheridan	"	Old Mill Creek	Lake
Gages Lake	"	Park City	"
Glencoe	Cook	Prairie View	"
Grayslake	Lake	Riverwoods	"
Great Lakes	"	Rondout	"
Green Oaks	"	Rosecrans	"
Gurnee	"	Round Lake Beach	"
Half Day	"	Russell	"
Halsey Village	"	Third Lake	"
Hawthorn Woods	"	Venetian Village	"
Highland Park	"	Vernon Hills	"
Highwood	"	Wadsworth	"
Indian Creek	"	Waukegan	"
Knollwood	"	Wheeling	"
Lake Bluff	"	Wildwood	"
Lake Forest	"	Winnetka	Cook
Lake Villa	"	Winthrop Harbor	Lake
Libertyville	"	Zion	"

**Date Issued:** FEBRUARY 8, 2008

**Date Effective:** FEBRUARY 14, 2008

**Issued by James F. Schott, Vice President  
130 East Randolph Drive, Chicago, Illinois 60601**

Filed Pursuant to Order of Illinois Commerce Commission  
Entered February 5, 2008 in Docket No. 07-0241

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 15-
of Schedule of Rates for Gas	)	
Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

**NOTICE OF FILING**

I hereby certify that North Shore Gas Company filed its Petition on the Illinois Commerce Commission's e-docket system, in accordance with requirements of the Commission's Rules of Practice.

Dated at Chicago, Illinois, this 20th day of March, 2015.

By: /S/ MARY KLYASHEFF

Mary Klyasheff  
An Attorney for  
North Shore Gas Company