STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 16-
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. Section C of Rider VBA requires North Shore to file, no later than March 20, 2016, an information sheet that specifies the annual adjustments that apply to the nine-month period beginning April 1.

3. 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.

4. Attachment A 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 2015 annual adjustments and reconciliation adjustment components to be effective for the period April 1, 2016, through December 31, 2016.

5. Attachment B is the annual report of North Shore's rates of return and Rider VBA's effect on the return.

6. Attachment C identifies the municipalities that North Shore serves.

7. Attachments A, B and C are attached to and made a part of this Petition.

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 2015 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

Mary Klyasheff
Koby Bailey
WEC Business Services LLC
200 East Randolph Street
Legal Services Department
Chicago, Illinois 60601

Telephone: 312-240-4470
Facsimile: 312-240-4847
e-mail: MPKlyasheff@integrysgroup.com

Attorneys for
North Shore Gas Company

Dated at Chicago, Illinois
this 18th day of March, 2016

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Thomas Aridas, being first duly sworn, upon oath states that he is Director, Gas Regulatory Policy, of WEC Business Services 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, 2016

Suzanna Nowaczyk
Notary Public

OFFICIAL SEAL
SUZANNA NOWACZYK
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES 04/18/2016

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 16-
of Schedule of Rates for Gas	)	
Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

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. 16-
of Schedule of Rates for Gas	)	
Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

DIRECT TESTIMONY
OF
KAREN A. TIEDMANN

Q. Please state your name and business address.

A. Karen A. Tiedmann, 200 East Randolph Street, Chicago, Illinois 60601.

Q. By whom are you employed?

A. WEC Business Services LLC ("WBS").

Q. What position do you hold with WBS?

A. I am a Rate Case Consultant in Regulatory Affairs.

Q. What are your responsibilities in that position?

A. My responsibilities include managing and coordinating the preparation, administration, and analysis of regulatory proceedings and rate case filings for North Shore Gas Company ("North Shore" or the "Company") and its sister utility The Peoples Gas Light and Coke Company ("Peoples Gas").

Q. Please summarize your educational background and experience.

A. In 1985, I graduated from Northern Illinois University with a Bachelor of Science Degree in Computer Science and a minor in Business. In 1991, I

received a Master of Business Administration Degree from DePaul University with a Finance Emphasis. I have been employed by WBS since July 2011 where I was a Senior Rate Planner/Analyst in Regulatory Affairs prior to being promoted to my current position as a Rate Case Consultant in November of 2013. (Prior to June 29, 2015, when Wisconsin Energy Corporation acquired Integrys Energy Group, Inc., WBS was known as Integrys Business Support, LLC.) Prior to July 2011, I was employed by Peoples Gas from 1985 through 1998 in various positions and levels of responsibility in the Information Technology Services Department, Financial Reporting Department, and the Rates Department. In addition, from August 2006 through June 2011, I was employed by Stafflogix Corporation as a contractor and provided service to WBS' Gas Regulatory Services Department assisting in rate case proceedings.

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

A. 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 the Cook and Lake Counties, Illinois. North Shore is a public utility within the meaning of the Public Utilities Act.

Q. Please describe the subject matter of this proceeding.

A. North Shore's Schedule of Rates for Gas Service includes Rider VBA, Volume Balancing Adjustment. Rider VBA is applicable to Service Classification ("S.C.") Nos. 1 and 2. The Illinois Commerce Commission ("Commission")

approved Rider VBA as a permanent decoupling mechanism in Docket Nos. 11-0280/11-0281 (cons.). Under Section B of Rider VBA, per therm adjustments are determined annually for the Fiscal Year that ended as of the most recent December 31 ("Fiscal Year") for each service classification that is to be billed under the rider for the upcoming April through December Effective Period.

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

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

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

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

and Factor O total. The resulting amount is then divided by Factor T for the Effective Period to determine the per therm adjustment for the RA and Factor O component. The adjustment components are summed for billing purposes.

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

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

A. The Fiscal Year for which adjustments are being determined, which is the subject of my testimony, is the period January 1, 2015, through December 31, 2015.

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

A. Yes. On January 21, 2015 and February 11, 2015, the Commission issued a final order and a second amendatory order, respectively, in Docket Nos. 14-0224/14-0225 (cons.) (the "2014 Rate Order"), which approved new delivery rates. In compliance with the 2014 Rate Order and pursuant to Section F of Rider VBA, North Shore filed a Rider VBA Compliance Report with the new baselines for each Service Classification (and for S.C. No. 1 Heating and Non-

Heating separately) for RCR and PFC on the Commission's e-Docket system on February 20, 2015. The first baseline shown in this report labeled as "Rate Case Revenue (RCR) for 2015" is applicable to this Rider VBA filing as it reflects the rates filed pursuant to the Commission's Order on Rehearing dated December 18, 2013 in Docket Nos. 12-0511/12-0512 (cons.) in effect January 1, 2015 through January 27, 2015, and rates filed pursuant to the Commission's Order dated January 21, 2015 in Docket Nos. 14-0224/14-0225 (cons.) in effect January 28, 2015 through February 25, 2015, and rates filed pursuant to the Commission's Second Amendatory Order dated February 11, 2015 in effect February 26, 2015 through December 31, 2015.[1]

Q. Are there any changes required per the Commission's order in the Fiscal Year 2014 Rider VBA reconciliation proceeding, Docket Nos. 15-0207/15-0208 (cons.) (the "2014 VBA Order")?

A. No.

Q. Please describe NSG Ex. 1.1.

A. NSG Ex. 1.1 is a statement of the March 2016 Rider VBA filing and the adjustments that will apply for each month of the nine-month Upcoming Amortization Period beginning April 1, 2016 and ending December 31, 2016 ("Statement").

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

A. Yes, it was.

Q. What is the purpose of the Statement?

[1] Refer to NSG Ex. 1.1, page 5 for the Compliance Report.

A. The Statement shows the Information Sheet and adjustments for the 2015 Fiscal Year component and the RA component for customers served under North Shore's S.C. Nos. 1 Heating and Non-Heating, and 2. It also shows the derivation of the adjustments for each component and provides supporting data.

Q. Please describe the elements of the Statement.

A. The Statement includes the following information:

- Page 1 shows the Information Sheet that specifies the adjustments to be effective April 1 through December 31, 2016 under the rider.
- Pages 2 through 4 show the determination of the adjustments as defined in Section B of Rider VBA to be applicable for the upcoming nine-month amortization period beginning April 1, 2016 for S.C. Nos. 1 Heating and Non-Heating, and 2, respectively.
- Page 5 shows the Rider VBA Compliance Report, which shows the RCR and PFC for the Fiscal Year. This data is used on pages 2 through 4 in the determination of the 2015 adjustment.
- Page 6 shows the AR for the Fiscal Year. This data is used on pages 2 through 4 in the determination of the 2015 adjustment.

Q. Please describe the data on pages 2 through 4 that derive the adjustments for each service classification.

A. Pages 2 through 4 provide data applicable to S.C. Nos. 1 Heating and Non-Heating, and 2, respectively.

The data found in each line on each page are as follows:

- Line 1 begins the section for the carry over from the prior year.

- Line 2 shows the Rider VBA amounts due North Shore or customers for the Previous Reconciliation Period.
- Line 3 shows the actual revenues arising from the application of the Rider VBA adjustments from March 2015 through February 2016. January and February of 2015 were included in last year's reconciliation. January and February of 2016 are included in this year's reconciliation because of timing issues that arise due to the nature of cycle billing and bi-monthly billing.
- Line 4 shows the RA, the amounts due North Shore or customers arising from a reconciliation of the amounts to be recovered from or refunded to customers for the 2014 adjustments.
- Line 5 shows no amounts for Factor O from the prior reconciliation, as the Commission did not order North Shore to include any adjustment amounts per the 2014 VBA Order.
- Line 6 shows the interest rate of 0.375% that is applicable to the amounts on lines 4 and 5 which is derived from the rate of 0.5% for 2016 pursuant to the order in Docket No. 15-0638 of the Commission entered December 16, 2015 adjusted for the number of months in the Effective Period.
- Line 7 shows the interest amount to be recovered from or refunded to customers.
- Line 8 shows the sum of the RA and Factor O amounts, including interest, to be recovered from or refunded to customers.

- Line 9 begins the section for the current year or fiscal year component of the reconciliation.
- Line 10 shows the annual RCR, which the Commission approved in the 2014 Rate Order. This is the RCR for 2015 as shown on NSG Ex. 1.1, page 5.
- Line 11 shows the annual AR, which was recorded for Fiscal Year 2015.
- Line 12 shows the difference between line 10 and line 11.
- Line 13 shows the PFC approved in the 2014 Rate Order.
- Line 14 shows the adjustment amounts to be recovered from or refunded to customers for Fiscal Year 2015 as provided for in Rider VBA which is the difference between the RCR and the AR, adjusted by the PFC.
- Line 15 shows the cumulative (refundable)/recoverable amount including interest under the rider which is the sum of line 8 and line 14.
- Lines 16 through 20 show the disposition of the cumulative (over)/under recovery amounts.
- Line 21 begins the section for the determination of the per therm adjustments.
- Line 22 shows Factor T, the number of therms of gas estimated to be delivered to customers by North Shore for the period April 1 through December 31, 2016.
- Line 23 shows the per therm adjustment for the RA and Factor O components to be recovered from or refunded to customers, which is a result of line 8 divided by line 22.

- Line 24 shows the per therm adjustment amount for the 2015 Adjustment amount which is a result of line 14 divided by line 22.
- Line 25 shows the sum of the RA and Factor O adjustment (including interest) (line 23) and the 2015 adjustment (line 24) to be recovered from or refunded to customers.
- Line 26 shows the total adjustment amounts, in cents per therm, to be recovered from or refunded to customers (line 25 x 100).

Q. How much will be refunded to or recovered from S.C. No. 1 Heating customers over the nine-month period beginning April 1, 2016?

A. Over the nine-month period beginning April 1, 2016, $205,605.22 will be refunded to S.C. No. 1 Heating customers for the 2015 annual adjustment component and $311,545.03 will be refunded to S.C. No. 1 Heating customers for the RA and Factor O component (including interest) resulting in a total refund adjustment amount of $517,150.25 (page 2, lines 17, 18, and 20, column B, respectively).

Q. What is the total adjustment that will be effective for S.C. No. 1 Heating customers beginning April 1, 2016?

A. The total adjustment that will be effective for S.C. No. 1 Heating customers is a credit of 0.52 cents per therm (page 2, line 26, column B).

Q. How much will be refunded to or recovered from S.C. No. 1 Non-Heating customers over the nine-month period beginning April 1, 2016?

A. Over the nine-month period beginning April 1, 2016, $2,507.83 will be recovered from S.C. No. 1 Non-Heating customers for the 2015 annual

adjustment component and $46.45 will be recovered from S.C. No. 1 Non-Heating customers for the RA and Factor O component (including interest) resulting in a total recovery adjustment amount of $2,554.28 (page 3, lines 17, 18, and 20, column B, respectively).

Q. What is the total adjustment that will be effective for S.C. No. 1 Non-Heating customers beginning April 1, 2016?

A. The total adjustment that will be effective for S.C. No. 1 Non-Heating customers is a charge of 1.61 cents per therm (page 3, line 26, column B).

Q. How much will be refunded to or recovered from S.C. No. 2 customers over the nine-month period beginning April 1, 2016?

A. Over the nine-month period beginning April 1, 2016, $498,234.98 will be refunded to S.C. No. 2 customers for the 2015 annual adjustment component and $28,178.71 will be refunded to S.C. No. 2 customers for the RA and Factor O component (including interest) resulting in a total refund adjustment amount of $526,413.69 (page 4, lines 17, 18, and 20, column B, respectively).

Q. What is the total adjustment that will be effective for S.C. No. 2 beginning April 1, 2016?

A. The total adjustment that will be effective for S.C. No. 2 customers is a credit of 0.97 cents per therm (page 4, line 26, column B).

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

A. The adjustments were filed with the Commission on Information Sheet No. 54 and will be reflected as a single line item adjustment on customers' bills effective from April 1 through December 31, 2016.

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

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

Q. Does this conclude your direct testimony?

A. Yes, it does.

Rider VBA
Information Sheet No. 54
(Superseding Information Sheet No. 53)

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, 2016 through December 31, 2016

Line No.		Service Classification No. 1 Heating [A]	Service Classification No. 1 Non-Heating [B]	Service Classification No. 2 [C]
1	Adjustment for Fiscal Year 2015	(0.21) ¢	1.58 ¢	(0.92) ¢
2	Reconciliation Adjustment	(0.31) ¢	0.03 ¢	(0.05) ¢
3	Total Adjustment per therm	(0.52) ¢	1.61 ¢	(0.97) ¢

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, 2015

Line No.	Description (A)	Per Company (B)	Source (C)	Adjustments per Staff (D)	as Adjusted per Staff (E)
1	**Carry Over - Prior Year**				
2	Rider VBA adjustment to be billed-Prior Year filing	$ (3,162,577.35)	(1)	$ -	$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	$ (2,852,196.25)	(2)	$ -	$ -
4	Amount to be Recovered (Refunded) through RA	$ (310,381.10)	line 2 - line 3	$ -	$ -
5	Factor O - Prior Reconciliation	$ -	(3)		
6	Interest Rate (i) (0.50 % x 9/12)	0.375%	(4)		
7	Interest Amount	$ (1,163.93)	(line 4+line 5) x line 6	$ -	$ -
8	Under / (Over) from prior years	$ (311,545.03)	line 4 + line 5 + line 7	$ -	$ -
9	**Current Year**				
10	Rate Case Revenues (RCR)	$ 20,075,139.51	(5)	$ -	$ -
11	Actual Revenues (Distribution Revenues) (AR)	$ 20,280,744.73	(6)	$ -	$ -
12	Amount to be Recovered (Refunded)	$ (205,605.22)	line 10 - line 11	$ -	$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	$ (205,605.22)	line 12 x line 13	$ -	$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	$ (517,150.25)	line 8 + line 14	$ -	$ -
16	**Disposition of Cumulative (Over)/Under Recovery**				
17	Annual Adjustment	$ (205,605.22)	line 14	$ -	$ -
18	RA and Factor O - prior reconciliation	$ (311,545.03)	line 8	$ -	$ -
19	Factor O - Current Reconciliation	$ -	n/a	$ -	$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	$ (517,150.25)	line 17 + line 18 + line 19	$ -	$ -
21	**Determination of Adjustment per Therm**				
22	Factor T - Estimated Therms April through December 2016	99,519,570	(7)		
23	RA and Factor O Adjustment per therm	$ (0.0031)	line 8 / line 22		
24	2015 Adjustment per therm	$ (0.0021)	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2016	$ (0.0052)	line 23 + line 24		
26	Total Adjustment per Therm	(0.52) ¢	line 25 x 100		

Sources:
(1) Per Order in Docket Nos. 15-0207/15-0208 (cons.), Rider VBA Reconciliation Proceeding for 2014, Appendix A, page 1, line 20, column B.
(2) Rider VBA revenues recorded March 2015 through February 2016.
(3) The Commission did not order a Factor O in Docket Nos. 15-0207/15-0208 (cons.).
(4) Interest Rate established pursuant to Order in Docket No. 15-0638 of the Illinois Commerce Commission entered December 16, 2015 adjusted for the number of months in the Effective Period.
(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, 2016.

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, 2015

Line No.	Description (A)	Per Company (B)	Source (C)	Adjustments per Staff (D)	as Adjusted per Staff (E)
1	**Carry Over - Prior Year**				
2	Rider VBA adjustment to be billed-Prior Year filing	$ (1,517.86)	(1)	$ -	$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	$ (1,564.14)	(2)	$ -	$ -
4	Amount to be Recovered (Refunded) through RA	$ 46.28	line 2 - line 3	$ -	$ -
5	Factor O - Prior Reconciliation	$ -	(3)		
6	Interest Rate (i) (0.50 % x 9/12)	0.375%	(4)		
7	Interest Amount	$ 0.17	(line 4+line 5) x line 6	$ -	$ -
8	Under / (Over) from prior years	$ 46.45	line 4 + line 5 + line 7	$ -	$ -
9	**Current Year**				
10	Rate Case Revenues (RCR)	$ 28,378.68	(5)	$ -	$ -
11	Actual Revenues (Distribution Revenues) (AR)	$ 25,870.85	(6)	$ -	$ -
12	Amount to be Recovered (Refunded)	$ 2,507.83	line 10 - line 11	$ -	$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	$ 2,507.83	line 12 x line 13	$ -	$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	$ 2,554.28	line 8 + line 14	$ -	$ -
16	**Disposition of Cumulative (Over)/Under Recovery**				
17	Annual Adjustment	$ 2,507.83	line 14	$ -	$ -
18	RA and Factor O - prior reconciliation	$ 46.45	line 8	$ -	$ -
19	Factor O - Current Reconciliation	$ -	n/a	$ -	$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	$ 2,554.28	line 17 + line 18 + line 19	$ -	$ -
21	**Determination of Adjustment per Therm**				
22	Factor T - Estimated Therms April through December 2016	158,950	(7)		
23	RA and Factor O Adjustment per therm	$ 0.0003	line 8 / line 22		
24	2015 Adjustment per therm	$ 0.0158	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2016	$ 0.0161	line 23 + line 24		
26	Total Adjustment per Therm	1.61 ¢	line 25 x 100		

Sources:
(1) Per Order in Docket Nos. 15-0207/15-0208 (cons.), Rider VBA Reconciliation Proceeding for 2014, Appendix A, page 2, line 20, column B.
(2) Rider VBA revenues recorded March 2015 through February 2016.
(3) The Commission did not order a Factor O in Docket Nos. 15-0207/15-0208 (cons.).
(4) Interest Rate established pursuant to Order in Docket No. 15-0638 of the Illinois Commerce Commission entered December 16, 2015 adjusted for the number of months in the Effective Period.
(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, 2016.

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, 2015

Line No.	Description (A)	Per Company (B)	Source (C)	Adjustments per Staff (D)	as Adjusted per Staff (E)
1	`				
2	Rider VBA adjustment to be billed-Prior Year filing	$ (973,017.54)	(1)	$ -	$ -
3	Rider VBA adjustment -actual billings in the Fiscal Year	$ (944,944.11)	(2)	$ -	$ -
4	Amount to be Recovered (Refunded) through RA	$ (28,073.43)	line 2 - line 3	$ -	$ -
5	Factor O - Prior Reconciliation	$ -	(3)		
6	Interest Rate (i) (0.50 % x 9/12)	0.375%	(4)		
7	Interest Amount	$ (105.28)	(line 4+line 5) x line 6	$ -	$ -
8	Under / (Over) from prior years	$ (28,178.71)	line 4 + line 5 + line 7	$ -	$ -
9	**Current Year**				
10	Rate Case Revenues (RCR)	$ 6,526,271.73	(5)	$ -	$ -
11	Actual Revenues (Distribution Revenues) (AR)	$ 7,024,506.71	(6)	$ -	$ -
12	Amount to be Recovered (Refunded)	$ (498,234.98)	line 10 - line 11	$ -	$ -
13	Percentage of Fixed Costs (PFC)	100%	(5)		
14	Annual Adjustment Under / (Over) Current Year	$ (498,234.98)	line 12 x line 13	$ -	$ -
15	Cumulative (Refundable)/Recoverable Incl. Interest	$ (526,413.69)	line 8 + line 14	$ -	$ -
16	**Disposition of Cumulative (Over)/Under Recovery**				
17	Annual Adjustment	$ (498,234.98)	line 14	$ -	$ -
18	RA and Factor O - prior reconciliation	$ (28,178.71)	line 8	$ -	$ -
19	Factor O - Current Reconciliation	$ -	n/a	$ -	$ -
20	Cumulative (Refundable)/Recoverable Incl. Interest	$ (526,413.69)	line 17 + line 18 + line 19	$ -	$ -
21	**Determination of Adjustment per Therm**				
22	Factor T - Estimated Therms April through December 2016	54,015,537	(7)		
23	RA and Factor O Adjustment per therm	$ (0.0005)	line 8 / line 22		
24	2015 Adjustment per therm	$ (0.0092)	line 14 / line 22		
25	Total Adjustment per Therm effective April 1 through December 31, 2016	$ (0.0097)	line 23 + line 24		
26	Total Adjustment per Therm	(0.97) ¢	line 25 x 100		

Sources:
(1) Per Order in Docket Nos. 15-0207/15-0208 (cons.), Rider VBA Reconciliation Proceeding for 2014, Appendix A, page 3, line 20, column B.
(2) Rider VBA revenues recorded March 2015 through February 2016.
(3) The Commission did not order a Factor O in Docket Nos. 15-0207/15-0208 (cons.).
(4) Interest Rate established pursuant to Order in Docket No. 15-0638 of the Illinois Commerce Commission entered December 16, 2015 adjusted for the number of months in the Effective Period.
(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, 2016.

There may be differences due to rounding

Rider VBA Compliance Report filed with the Illinois Commerce Commission on February 20, 2015 in Docket Nos. 14-0224/14-0225 (cons.) Second Amendatory Order

North Shore Gas Company

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

Docket No. 14-0224 - Second Amendatory Order
Determination of Rate Case Revenue (RCR) and Percentage of Fixed Cost (PFC)
Pursuant to Section F of Rider VBA

	Service Classification No. 1H	Service Classification No. 1N	Service Classification No. 2
Rate Case Revenue (RCR) for 2015 (1)	$ 20,075,139.51	$ 28,378.68	$ 6,526,271.73
Rate Case Revenue (RCR) for 2016 and after (2)	$ 19,968,112.85	$ 22,040.15	$ 6,756,700.53
Percentage of Fixed Cost (PFC) (3)	100%	100%	100%

(1) 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, 2015 through January 27, 2015, and rates filed pursuant to the Illinois Commerce Commission's Order dated January 21, 2015 in Docket Nos. 14-0224/14-0225 (cons.) in effect January 28, 2015 through February 25, 2015 and rates filed pursuant to the Illinois Commerce Commission's Second Amendatory Order dated February 11, 2015 in Docket Nos. 14-0224/14-0225 (cons.) in effect February 26, 2015 through December 31, 2015.

(2) Reflects rates filed pursuant to the Illinois Commerce Commission's Second Amendatory Order dated February 11, 2015 in Docket Nos. 14-0224/14-0225 (cons.) in effect for an entire calendar year.

(3) Percentage of Fixed Cost established per Second Amendatory Order of the Illinois Commerce Commission entered February 11, 2015 in Docket Nos. 14-0224/14-0225 (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 2015 (1)

	SC No. 1 Heating	SC No. 1 Non-Heating	SC No. 2
January 2015	$ 3,850,635.06	$ 9,182.06	$ 1,110,654.24
February	4,200,330.32	1,884.05	1,373,761.99
March	2,809,609.64	2,468.90	978,317.69
April	1,500,095.22	1,421.22	552,205.80
May	597,521.16	695.43	277,289.06
June	513,112.17	1,208.57	197,894.49
July	551,102.28	1,420.15	215,680.28
August	481,721.94	1,154.28	193,927.83
September	460,648.24	1,376.53	197,695.96
October	1,080,103.30	1,557.02	401,409.54
November	1,806,265.92	1,532.84	650,769.64
December	2,429,599.48	1,969.80	874,900.19
Total 2015	$ 20,280,744.73	$ 25,870.85	$ 7,024,506.71

(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. 16-
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 2015 Report on the Company's Rate of Return with and without the Effect of Rider VBA
Pursuant to Section C of Rider VBA

2015 RATE OF RETURN WITH RIDER VBA

	Amount (millions)	% of total		% cost	Weighted Average	
Equity	$ 107.2	51.7%	(1)	11.57%	5.98%	
Long Term Debt	$ 79.8	38.5%	(1)	4.10%	1.58%	
Short Term Debt	$ 20.3	9.8%	(1)	0.50%	0.05%	
	$ 207.3	100.0%			**7.61%**	**Rate of Return**

2015 RATE OF RETURN WITHOUT RIDER VBA

	Amount (millions)	% of total		% cost	Weighted Average	
Equity	$ 113.6	53.2%	(1)	11.27%	6.00%	
Long Term Debt	$ 79.8	37.3%	(1)	4.10%	1.53%	
Short Term Debt	$ 20.3	9.5%	(1)	0.50%	0.05%	
	$ 213.7	100.0%			**7.58%**	**Rate of Return**

(1) Based on 13 month average ending balances

North Shore Gas Company

(millions)	WITH RIDER VBA	WITHOUT RIDER VBA
Total 13-month Average Utility Equity	$ 107.2	$ 113.6
Average Adjustments to Utility Equity:		
Goodwill		
Net Average Adjustments	-	-
Adjusted Average Utility Equity	$ 107.2	$ 113.6
Utility Net Income	$ 12.4	$ 12.8
2015 Utility ROE	**11.57%**	**11.27%**

Net Income	$ 12.4
Rider VBA in Revenues, 480,481 and 489 accounts	(3.8)
Rider VBA in 495 accounts	3.1
Pre-tax Total	(0.7)
After Tax Total	(0.4)
Revised Net Income	$ 12.8

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

North Shore Gas Company	)	
	)	
Petition Pursuant to Rider VBA	)	Docket No. 16-
of Schedule of Rates for Gas	)	
Service to Initiate a Proceeding to	)	
Determine the Accuracy of the	)	
Rider VBA Reconciliation Statement	)	

ATTACHMENT C

Municipalities Served by North Shore Gas Company

ILL. C. C. NO. 17
First Revised Sheet No. 5

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

Municipality or Unincorporated Area	County	Municipality or Unincorporated Area	County
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. 16-
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 18th day of March, 2016.

By: /S/ MARY KLYASHEFF

Mary Klyasheff
An Attorney for
North Shore Gas Company