

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
North Shore Gas Company)	Docket No. 25-1020
)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

DIRECT TESTIMONY
OF
ALESE G. MAUERMANN

- 1 Q. Please state your name, position and business address.
- 2 A. My name is Alese G. Mauermann. My business address is WEC Energy
- 3 Group, Inc., 2830 S Ashland Avenue, Green Bay WI, 54304. I am the Manager
- 4 Gas Supply within the WEC Energy Group, Inc. ("WEC"), with related
- 5 responsibilities for Peoples Gas Light and Coke Company ("Peoples") and North
- 6 Shore Gas ("North Shore").
- 7 Q. What are your primary duties and responsibilities as Manager Gas
- 8 Supply?
- 9 A. I am responsible for the daily operational oversight and balancing of the
- 10 distribution system. I am also responsible for: (i) developing gas supply and
- 11 storage capacity strategies to provide reliable and cost-effective natural gas
- 12 service to customers; (ii) developing and implementing short- and long-term gas

13 supply and capacity release strategies, including gas purchasing and hedging
14 strategies; (iii) administering gas supply, transportation and storage contracts as
15 prescribed by internal legal policies, procedures, and plans approved by the
16 applicable commission; and (iv) acquiring daily, monthly, and annual supplies to
17 meet system requirements. Additionally, I review and approve supply, storage,
18 and transportation invoices.

19 Q. Please summarize your educational background and experience.

20 A. I have a Bachelor's Degree in Mechanical Engineering from Michigan
21 Technological University in Houghton, Michigan. I have been employed by WEC
22 Energy Group or its affiliates since 2009 in various positions related to
23 engineering, project management and gas supply.

24 Q. What is the purpose of your direct testimony?

25 A. The purpose of my testimony is to describe North Shore's 2025 supply
26 and capacity procurement practices, including negotiation of contracts and
27 related accounting and auditing practices. In addition, I discuss steps that North
28 Shore took to reduce gas price volatility. I also address the prudence of North
29 Shore's 2025 supply and capacity and the resulting gas costs that North Shore
30 billed to customers.

31 **2025 PROCUREMENT OVERVIEW**

32 Q. Please describe North Shore's 2025 gas supply procurement process.

33 A. In general, Gas Supply Department personnel and others, as appropriate,
34 developed specific gas supply recommendations and put those forward for
35 management approval. The Gas Supply Department was responsible for

36 entering into and administering contracts for gas supply and for purchases of
37 transportation and storage services.

38 Q. What procedure did North Shore follow in 2025 in order to select its
39 resource mix?

40 A. Prior to the start of the year, North Shore developed a number of
41 interconnected forecasts, including: a peak day forecast, a long-term demand
42 forecast, and a gas requirements forecast. These forecasts support the gas
43 dispatch model, which calculates daily gas requirements and balances the
44 normal year's daily requirements with available gas supply, including term
45 purchases, daily purchases, customer-owned deliveries and gas available for
46 withdrawal or injection. The gas dispatch model optimizes, from a full-year
47 perspective, the daily gas dispatching activities by forecasting the supply and
48 storage mix to meet the expected customer gas requirements for each day of the
49 forecast year.

50 Using the annual gas dispatch model as a starting point and just prior to
51 the start of each month, the Gas Supply Department computed a potential gas
52 forecast for the coming month and met to address purchasing decisions for the
53 month. After establishing the monthly plan, Gas Supply personnel, on a daily
54 basis, as changing requirements and the market dictated, addressed any
55 changes to accommodate the need for additional or reduced amounts of supply
56 or capacity.

57 Q. Please describe North Shore's contractually available sources of firm gas
58 supply during the reconciliation period.

59 A. North Shore purchased firm gas supply from many parties under two
60 general forms: firm baseload and firm call.

61 Q. Please describe the field baseload form of purchases.

62 A. North Shore contracted for firm baseload supplies that it purchased at field
63 locations and transported to the citygate using its transportation. North Shore
64 made these purchases on a seasonal and month-to-month basis. The baseload
65 contracts called for North Shore to purchase the same quantity each day, and
66 most were priced using a first of the month ("FOM") index price.

67 Q. Please describe the field call form of purchases.

68 A. Field call purchases are firm supplies that were available at a daily index
69 price and, when purchased, were transported to the citygate using North Shore's
70 contracted transportation. North Shore made these purchases on a seasonal
71 basis. The quantity that North Shore could purchase each day could vary
72 between zero and the maximum quantity stated in the contract. Under these
73 contracts, the supplier had an obligation to deliver the gas, but North Shore had
74 no obligation to purchase any gas.

75 Q. Did North Shore have any other sources of gas available for system
76 supply?

77 A. Yes. North Shore purchased supply on the daily market. These
78 transactions were typically for less than one month and were often for only one
79 day or a few days. Once contracted, these sources were firm.

80 Also, a significant portion of North Shore's gas needs includes deliveries
81 of customer-owned gas under North Shore's Schedule of Rates. This gas was

82 another source available to North Shore for system supply. However, North
83 Shore did not know the quantity of customer-owned gas that it would receive until
84 customers and/or their suppliers scheduled it with the pipelines and North Shore
85 and the pipelines confirmed it.

86 Q. How many suppliers did North Shore purchase from during the
87 reconciliation period?

88 A. During 2025 North Shore purchased gas from 27 suppliers.

89 Q. Please describe North Shore's contractual agreements for the purchase of
90 supply and capacity recovered through the monthly Gas Charge filings.

91 A. During 2025, North Shore purchased the majority of its supply under firm
92 contracts with suppliers. It made these purchases under the terms of the
93 contracts that North Shore had with each supplier. North Shore purchased a
94 portion of its total supply volumes as daily purchases from various suppliers. It
95 made daily purchases, on an as-needed basis, from suppliers under the terms of
96 the contracts that North Shore had with each supplier.

97 Most capacity (both pipeline storage and transportation) transactions are
98 subject to contracts with the pipelines and the pipelines' Federal Energy
99 Regulatory Commission ("FERC") Gas Tariffs. North Shore also had a
100 Commission-approved firm transportation service with Northern Illinois Gas
101 Company d/b/a Nicor Gas Company ("Nicor") and a Commission-approved
102 storage service with Peoples Gas.

103 Q. Did North Shore purchase gas or release capacity under an asset
104 management arrangement during the reconciliation period?

105 A. No.

106

107 **REQUESTS FOR PROPOSALS**

108 Q. Did North Shore use a Request for Proposal (“RFP”) process for any of
109 the purchases identified above?

110 A. Yes. The RFP process allows the market to competitively bid to
111 determine the fair value of the products sought. North Shore issued RFPs, with
112 specific directions to bidders, for the types of firm supply it purchased. The goal
113 of the RFP process is to reach as broad a market of sellers that currently have
114 base agreements with North Shore to meet North Shore’s requirements. North
115 Shore attempted to be as clear as possible in what it was seeking and what it
116 would consider a conforming bid. This practice provided North Shore with
117 objective criteria to evaluate conforming bids.

118 Q. You stated that North Shore tried to be as clear as possible when it
119 structured its RFPs. Please explain what you mean.

120 A. One of North Shore’s goals is to receive bids that are in an identical format
121 so that it can make fair comparisons. In its RFPs, it specifies all the key
122 commercial terms of service to focus on variables important to North Shore that it
123 must consider in evaluating bids. For example, a typical RFP would specify the
124 location(s) at which North Shore would take delivery of supply; whether the
125 supply would be baseload or call and the conditions under which North Shore
126 may call on the supply; acceptable pricing structures, such as based on specific
127 FOM or daily indices and whether demand charges would be acceptable; and

128 any quantity limitations, such as bids must be in increments of 2,500 dth¹/day. In
129 addition, the RFP specifies the credit terms that will apply to the winning bidder,
130 and bidders must be parties to a master contract that will govern the transaction.
131 Generally, the supplier only needs to select an acceptable delivery location from
132 among those specified, specify a daily contract quantity and bid a price in the
133 required form. For example, an addition to or subtraction from a pricing index that
134 North Shore identified in the RFP. North Shore can then perform an apples-to-
135 apples comparison among the conforming bids and promptly notify the winning
136 bidder(s).

137 Q. What RFP process did North Shore use for summer purchases?

138 A. For its summer purchases (the months of April through October), North
139 Shore purchased firm supply on a monthly basis through a blast-type instant
140 message request process to several suppliers. It sent the instant message to at
141 least 10 suppliers each month. Similar to the RFP process described above, the
142 content of the instant message stated the location where North Shore was
143 seeking baseload supply tied to the FOM index at the point(s). As a check on the
144 market, North Shore's traders had access to Intercontinental Exchange Inc.
145 ("ICE"), an electronic trading platform, which provided real time trading
146 information at the relevant locations.

147 Q. Why did North Shore use this process?

¹ "dth" means dekatherm. "Mdth" means one thousand dekatherms.

148 A. The monthly baseload purchase process allows North Shore to move the
149 purchases around to avoid restrictions and limit the need to reconfigure or
150 otherwise renegotiate the baseload agreement with the seller.

151 Q. What criteria did North Shore use in reviewing these RFP responses and
152 awarding contracts?

153 A. The award criteria were conforming bids, credit and lowest price first and,
154 where applicable, secondary considerations. Secondary considerations were the
155 nomination deadline and the pipeline on which the supply was to be delivered.
156 Another criterion was vendor diversity to ensure reliable supply to our customers,
157 where applicable. In addition, for the non-baseload RFP supplies, North Shore
158 used a bid valuation model to evaluate call supply products with varying price,
159 term and quantity attributes on an equal footing.

160 Q. Were all the RFPs used to obtain the supplies discussed above completed
161 in the reconciliation year?

162 A. No. North Shore completed one RFP prior to 2025 for gas that flowed in
163 2025 with cost recovery through the Gas Charge. The types of supply procured
164 under this RFP were baseload supply and calls.

165 Q. Did North Shore issue RFPs in the reconciliation year for gas that flowed
166 in the reconciliation year?

167 A. Yes. North Shore completed nine RFPs in 2025 for gas that flowed in
168 2025. The types of supply procured under those RFPs were summer 2025
169 baseload and winter 2025-2026 baseload and call gas supplies. The seven
170 summer supply RFPs are discussed above.

171 Q. Did North Shore purchase all its gas through the RFP process?

172 A. No. North Shore purchased all its daily gas pursuant to bilateral

173 discussions with suppliers or through trades on ICE.

174 **CITYGATE PURCHASES**

175 Q. Did North Shore purchase gas at the citygate in 2025?

176 A. No. North Shore did not buy citygate gas in 2025.

177 **SUPPLY INTERRUPTIONS**

178 Q. Did North Shore experience any supply interruptions in 2025?

179 A. Yes. Some of North Shore's suppliers failed to deliver the quantity of gas
180 that was requested. North Shore did not incur any overrun or penalty charges as
181 a result of these failures. Also, as discussed later, pipeline restrictions and
182 outages occurred that affected nominated gas flow.

183 **PIPELINE TRANSPORTATION AND STORAGE CAPACITY**

184 Q. Did any significant changes to North Shore's transportation and storage
185 capacity portfolio affect the 2025 portfolio?

186 A. Yes, North Shore entered into a new transportation contract with ANR
187 Pipeline Company ("ANR"), effective November 1, 2025.

188 Q. Did any pipeline outages, interruptions, or restrictions affect North Shore
189 during 2025?

190 A. Yes. Northern Border Pipeline ("Northern Border"), Natural Gas Pipeline
191 Company of America ("Natural"), and ANR experienced outages and imposed
192 restrictions during 2025.

193 Q. Did North Shore receive reservation charge credits associated with any of
194 these outages?

195 A. No.

196 Q. Did North Shore incur any overrun charges or other pipeline charges
197 associated with the outages, cuts restrictions or other reasons?

198 A. Yes. North Shore incurred \$1,256.14 of ANR overrun charges.

199 Q. How did North Shore's planned and actual use of storage compare in
200 2025?

201 A. North Shore begins each season with an established storage plan based
202 on normal weather, estimated customer-owned gas deliveries and assumptions
203 for other factors not precisely known at the time it creates the plan. North Shore
204 cannot reasonably plan for other storage activity, notably balancing. As a result,
205 actual storage use will never exactly match planned storage use for a given
206 month, and North Shore may need to revise storage plans for future months to
207 accommodate these differences. During 2025, actual storage withdrawals of
208 11,047 Mdth were approximately 3,066 Mdth (38.4%) more than planned. Cold
209 periods throughout the winter months lead to more than planned withdrawals.

210 Q. Is Peoples Gas' storage field, Manlove Field, part of North Shore's storage
211 plan?

212 A. Yes. Through a Commission-approved contract with Peoples Gas, North
213 Shore purchased a storage service. This storage accounts for 13.93% of North
214 Shore's peak day demand and about 11.20% of the capacity in its annual storage
215 capacity portfolio.

216 Q. Does North Shore own and operate an LP facility?

217 A. Yes.

218 Q. Please describe North Shore's use of the LP facility in 2025.

219 A. The LP facility was not used in 2025 to support daily or hourly deliveries.

220 **RESERVE MARGIN**

221 Q. What was North Shore's design day reserve margin in 2025?

222 A. North Shore's 2025 design day reserve margin for physical supply was
223 approximately 3.00%. North Shore describes its design day calculation in detail
224 in the response to Staff data request ENG 1.17. In general, North Shore defines
225 its design day as the demand expected to occur on a January weekday with a
226 temperature of -19 degrees Fahrenheit (equivalent to 84 degree days) and an
227 average wind speed of 22 miles per hour ("mph") following a day with a
228 temperature of -2 degrees Fahrenheit and an average wind speed of 17 mph.
229 The temperature and wind data are based on a weighted average of two weather
230 stations (O'Hare and Waukegan).

231 The reserve margin is intended to ensure that North Shore will be able to
232 serve its customers under extreme conditions. Because of the serious effects on
233 public health and safety of a gas outage, in addition to the difficulties of restoring
234 gas service, it is imperative that North Shore plans for extreme conditions. Firm
235 gas supply and deliverability to North Shore's distribution system were thus set at
236 levels that provide a margin over North Shore's projected peak day requirements.
237 This reserve margin was necessary to accommodate, among other things, the
238 fact that North Shore is located near the end of Natural's and Northern Border's

239 facilities, the possibility of deliverability shortfalls in connection with storage and
240 flowing gas, and the fact that requirements could exceed design day projections.

241 **PRICE RISK MANAGEMENT**

242 Q. Please describe the steps taken to address price volatility, including any
243 hedging strategies.

244 A. North Shore took several steps to address price volatility. During the year,
245 North Shore followed a price protection program which was specifically designed
246 to mitigate the effects of gas price volatility. This program protected a significant
247 portion of North Shore's purchases using approved financial derivative tools
248 including: futures, fixed price swaps, call options, synthetic calls, or consumer
249 collars (purchasing call options and selling put options simultaneously). These
250 purchases were either hedged physically through fixed forward purchases
251 directly with a supplier or through the use of financial derivative instruments.
252 Under the plan, North Shore began executing its hedges nineteen months prior
253 to the start of each season (*i.e.*, winter or summer). The timing of the transaction
254 execution follows a time driven matrix approach and results in 100% of the
255 planned hedges in place prior to the start of the season. Under normal weather
256 conditions, North Shore would expect to hedge between 25% and 50% of its
257 annual purchases under this plan with a target of 37.5%.

258 Q. Please describe storage assets used to address price volatility.

259 A. North Shore's supply portfolio also contained contractual storage assets
260 that allowed it to use the natural physical hedge that seasonal storage provides.
261 North Shore also purchased gas supplies from a variety of parties and from

262 different producing regions to protect against regional price anomalies. It injects
263 this supply into the storage accounts for withdrawal at a later date.

264 Q. How much of its annual purchases did North Shore hedge under its plan?

265 A. For the reconciliation period, 39.82% of actual annual purchases were
266 financially hedged. While the financially hedged percentage was above the
267 37.5% target noted above, it was within the plan parameters.

268 Q. What is a “time driven matrix” approach?

269 A. The “time driven matrix” approach means that North Shore executed its
270 hedge transactions on a defined schedule. This contrasts with, for example,
271 purchasing all of the hedges eighteen months prior or waiting until one month
272 prior to the hedged period to purchase the hedges.

273 Q. Were there any changes made to this plan that affected the reconciliation
274 period?

275 A. No.

276 Q. Were there any significant deviations from this plan?

277 A. No.

278 Q. Please describe the impact on the Gas Charge of the hedging strategies.

279 A. North Shore’s purchases under its price protection programs partially
280 insulated customers against price volatility. By taking fixed price positions on a
281 large portion of the anticipated baseload purchases, North Shore can dampen
282 the effect that large swings in gas prices have on its total gas costs. This leads
283 to more stable prices for North Shore’s customers. In the absence of this
284 program, customers would be exposed to the full risk of market fluctuations.

285 North Shore's price protection strategies were not aimed at guaranteeing the
286 lowest possible price for gas. The purpose is to mitigate volatility.

287 **INTERSTATE SERVICES**

288 Q. Did North Shore enter into any off-system gas sales for resale during
289 2025?

290 A. No.

291 Q. Did North Shore release any capacity in 2025?

292 A. Yes. North Shore released 10,000 dth/day of Northern Border with receipt
293 at Ventura and delivered at Will County; 10,000 dth/day of ANR with receipt at
294 Alliance/ANR and delivered at Paris – North Shore; and 25,000 dth/day of
295 Natural with receipt at Rex/NGPL Moultrie and delivered at NSG/NGPL Tonne
296 Road, all for the term November 1, 2025 – March 31, 2026. These capacity
297 releases helped bring North Shore's 2025 Design Peak Day Reserve Margin
298 closer to its targeted level of 3%. Unless otherwise stated, all capacity releases
299 were recallable.

300 Q. Did North Shore acquire any capacity through a capacity release in 2025?

301 A. No.

302 **AFFILIATE TRANSACTIONS**

303 Q. Did North Shore enter into any transactions with any affiliate that affected
304 its Gas Charge?

305 A. Yes. North Shore purchased a storage service from Peoples Gas under a
306 Commission-approved agreement.

307 **PRUDENCE OF 2025 GAS COSTS**

308 Q. Were North Shore's incurred expenditures for 2025 gas supply prudent?

309 A. Yes. The 2025 gas supply expenditures incurred reflected North Shore's
310 continuing efforts to minimize the cost of its gas supply consistent with
311 operational and contractual constraints and the statutory obligation to provide
312 adequate and reliable service to customers throughout the year. In particular,
313 following RFP processes, North Shore purchased supply from a diverse pool of
314 suppliers to fill its storage services and to supply its customers utilizing its own
315 pipeline capacity, which both diversifies the pricing applicable to those purchases
316 and enhances reliability. It met a large portion of its peak day and seasonal
317 requirements from storage. It also used storage to help it balance its system on
318 a daily and intra-day basis. Finally, it hedged a significant portion of its annual
319 purchases, which helps to mitigate price volatility for customers.

320 Q. Has North Shore made other efforts to ensure that pipelines serving it
321 provide reliable services on a best-cost basis?

322 A. Yes. North Shore made efforts to maintain adequate, reliable services
323 from pipeline transporters and to keep gas costs to a minimum by active
324 participation in its pipeline transporters' rate and certificate proceedings and
325 other matters before the FERC. North Shore monitored the filings of its pipeline
326 suppliers of storage and transportation services – Natural, Northern Border and
327 ANR. In addition, North Shore monitored FERC rulemaking and policy
328 proceedings.

329 Based on its review of pipeline filings, North Shore intervened in
330 significant proceedings. North Shore also continued to participate actively as a

331 member of the American Gas Association in FERC rulemakings and other
332 generic proceedings affecting its customers.

333 **MEASUREMENT AND MONITORING OF PIPELINE DELIVERIES**

334 Q. Please describe the control procedures and monitoring related to contract
335 enforcement for North Shore's pipeline purchases.

336 A. The control procedures and monitoring related to enforcement of contracts
337 for gas delivered by pipelines interconnecting with North Shore were as follows:

338 1. Gas that Natural delivered to North Shore is registered by North
339 Shore's electronic flow measurement ("EFM") equipment located at three
340 locations (excluding direct pipeline supplied customer locations), with a combined
341 total of seven meters. The quantities of gas received and delivered by Natural
342 were measured in accordance with the General Terms and Conditions of its
343 FERC Gas Tariff. North Shore has access to Natural's measurement equipment
344 at the receipt and delivery points under the tariff provisions to verify flow
345 calculations. The Gas Control Department reviewed and monitored the accuracy
346 of energy that was billed at all seven of those meters. If the Gas Control
347 Department's measurement review indicated a discrepancy, the Gas Control
348 Department would contact Natural to resolve the discrepancy. Natural also
349 calibrates its EFM equipment periodically. A North Shore representative may be
350 present at these calibrations. North Shore's representative is present for
351 physical changes (e.g., orifice plate inspection or replacement) involving a meter.

352 2. ANR operates EFM equipment at its station near Paris, Wisconsin.
353 ANR calibrates its EFM equipment once a month. North Shore's representatives

354 may be present at these calibrations. North Shore's representative is present for
355 physical changes (e.g., orifice plate inspections or replacement) involving a
356 meter. The quantities of gas received and delivered by ANR were measured in
357 accordance with the General Terms and Conditions of its FERC Gas Tariff.
358 North Shore has access to ANR's measurement equipment at the receipt and
359 delivery points under the tariff provisions for verification of flow calculations. The
360 Gas Control Department reviews and monitors the accuracy of energy that is
361 billed from ANR's meters. If this review identified a discrepancy, Gas Control
362 would contact ANR and resolve the discrepancy.

363 3. If the Gas Control Department's measurement verification between the
364 EFM equipment and nomination systems (North Shore's and pipelines'
365 nomination websites) indicates a discrepancy, the Gas Control Department will
366 contact the pipeline to resolve the discrepancy. Once Gas Control has resolved
367 all discrepancies, the Gas Supply Department will verify the amount of gas
368 nominated to the Gas Supply transaction tracking database. The Fuel and
369 Supply Accounting Department confirms the data with the pipelines' invoices.

370 4. ANR uses onsite chromatographs at its meter stations to determine
371 gas quality and heating value. Natural uses chromatographs at a point on its
372 system near Joliet, Illinois and at Peoples Gas' Manlove Field to determine gas
373 quality and heating value. North Shore uses chromatographs it owns at the
374 Busse and Tonne Road stations to independently monitor gas quality and
375 heating value. These chromatographs are calibrated on a regular basis.

376 5. Internal Audit Services examines the accuracy and performance of
377 procedures that management identified as SOX controls annually during its
378 Sarbanes-Oxley Act of 2002, Section 404, testing to support management's
379 assertion that the internal control structure is operating as designed. These tests
380 include examination of the various records and reports that the North Shore used
381 to record volumetric and pricing information including the various reconciliations
382 to source measurement and pipeline information.

383 Q. Please describe the control procedures and monitoring programs related
384 to enforcement of North Shore's contracts for purchases from suppliers.

385 A. The gas that North Shore purchased from each supplier was invoiced
386 based on quantities delivered at the agreed delivery points. Each month North
387 Shore verified that suppliers used the appropriate unit prices in their invoicing to
388 North Shore, and it also confirmed that suppliers delivered volumes based on the
389 agreed to delivery point on the pipeline invoices.

390 Q. Please describe the control procedures and monitoring programs that
391 North Shore used with respect to its gas transportation contracts.

392 A. The control procedures and monitoring related to the enforcement of the
393 transportation contracts and point operator agreements with ANR, Northern
394 Border and Natural were as follows:

395 1. Each of these pipelines rendered monthly statements of the quantity of
396 gas received on behalf of North Shore from each supplier at each receipt point
397 and the quantity of gas each transporter delivered to North Shore. The quantities
398 of gas received and delivered were measured in accordance with the General

399 Terms and Conditions of its respective FERC Gas Tariff. North Shore has
400 access to measurement equipment at the receipt and delivery points under the
401 tariff provisions. North Shore verified the accuracy of each monthly statement
402 based on records maintained by the Gas Supply area in coordination with each
403 transporting pipeline.

404 2. Pipeline charges for each receipt point include a percentage retained
405 by the pipeline from gas received for North Shore's account to compensate for
406 the compressor fuel and lost-and-unaccounted-for gas. North Shore reviewed for
407 accuracy the quantities that the pipeline retained against published tariffs and
408 contracts.

409 Q. Does this conclude your direct testimony?

410 A. Yes, it does.

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

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incurred.)	

DIRECT TESTIMONY
OF
SAM ADDISON

- 1 Q. Please state your name and business address
- 2 A. Sam Addison, 200 East Randolph Street, Chicago, Illinois 60601.
- 3 Q. By whom are you employed?
- 4 A. WEC Business Services LLC.
- 5 Q. What position do you hold with WEC Business Services LLC?
- 6 A. I am a Project Specialist III in Regulatory Affairs.
- 7 Q. What are your responsibilities in that position?
- 8 A. I am responsible for performing activities related to regulatory research,
- 9 rate and tariff administration, billing and rate impact studies, accounting, and
- 10 reporting requirements for The Peoples Gas Light and Coke Company ("Peoples
- 11 Gas" or the "Company") and its sister utility North Shore Gas Company ("North
- 12 Shore"). I also have managed and coordinated the preparation and review of

13 testimonies and exhibits pertaining to rate case filings for Peoples Gas and North
14 Shore pursuant to provisions of Part 285, 286, and 287 of the Commission's
15 rules (83 Ill. Admin. Code Parts 285, 286, and 287).

16 Q. Please summarize your educational background and experience.

17 A. I received a Bachelor of Science in Finance from the Driehaus College of
18 Business at DePaul University in 2013. I was hired by Integrys Business Services
19 in 2014 on the Finance team, where I worked 6 years across multiple positions of
20 increased responsibility, including support of the 2020 North Shore Gas Rate
21 Case. In January 2022, I left WEC Energy Group to join ComEd as a Senior
22 Financial Analyst supporting Financial Operations. In October 2022, I rejoined
23 WBS as a Project Specialist 3 on the Regulatory Affairs team.

24 Q. Please give a brief description of the operations and status of North Shore.

25 A. North Shore is a corporation organized and existing under the laws of the
26 State of Illinois, having its principal office at 200 East Randolph Street, Chicago,
27 Illinois 60601. It is engaged in the business of purchasing, distributing and
28 selling natural gas to approximately 165,000 customers in Cook and Lake
29 Counties, Illinois. North Shore is a public utility within the meaning of the Public
30 Utilities Act.

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

32 A. Pursuant to Section 9-220 of the Public Utilities Act, on October 17, 2024,
33 the Illinois Commerce Commission ("Commission") entered a citation order
34 ("order") directed to Illinois gas utilities, including North Shore. The order
35 requires North Shore to present evidence to the Commission at a public hearing

36 in Docket No. 25-1020 reconciling revenue collected under the purchased gas
37 adjustment clause (Rider 2, Gas Charge, of North Shore's Schedule of Rates)
38 with the actual costs prudently incurred and recoverable under Rider 2, for the
39 twelve months ended December 31, 2025. The order also requires North
40 Shore's filing to reflect fifteen specified data for each of its Gas Charges. The
41 order further requires that North Shore make notice of the filing of this evidence
42 under the requirements of 83 Illinois Administrative Code Part 255.

43 Q. Please describe the notice of the filing that North Shore gave in this case.

44 A. When North Shore made its filing in this proceeding, it placed copies of the
45 filed evidence, available for public inspection, in each of its offices. It also posted
46 public notice of the filing in each of these offices. Further, North Shore will cause
47 notice of the filing to be published in the Lake County News-Sun, a secular
48 newspaper of general circulation in North Shore's service territory, under the
49 requirements of 83 Illinois Administrative Code Part 255.

50 Q. Please describe NSG Ex. 2.1.

51 A. NSG Ex. 2.1 includes a copy of the audit report of North Shore's
52 independent public accountants, Deloitte & Touche LLP, and the verification by
53 North Shore's President Maria Bocanegra. The audit report includes a copy of
54 North Shore's Statement to Illinois Commerce Commission - Determination of
55 Reconciliation Balance for Gas Charge for the Year Ended December 31, 2025
56 ("2025 Statement") and Independent Auditors' Report, as described in Rider 2,
57 Section G, of North Shore's Schedule of Rates.

58 Q. Was the 2025 Statement prepared by you or under your supervision and
59 direction?

60 A. Yes, it was.

61 Q. Are the verification and the audit report true and correct copies of Ms.
62 Bocanegra's verification and the independent public accountants' audit report?

63 A. Yes, they are.

64 Q. What are the types of Gas Charges that North Shore files pursuant to its
65 Rider 2 and what costs do the Gas Charges recover?

66 A. Each month, North Shore files a Commodity Gas Charge ("CGC"), a Non-
67 Commodity Gas Charge ("NCGC"), a Demand Gas Charge ("DGC"), and a
68 Storage Gas Charge ("SGC"). The sum of the CGC and NCGC is the Gas
69 Charge, which applies to all North Shore-supplied terms except standby terms
70 supplied to transportation customers.

71 The standby commodity charge applies to standby terms. North Shore
72 uses published price indices prescribed in the riders to determine the standby
73 commodity charge.

74 The CGC recovers commodity-related costs. The NCGC recovers non-
75 commodity related costs. The DGC also recovers non-commodity related costs
76 but from transportation customers. North Shore credits revenues arising from the
77 application of the DGC against the non-commodity related costs used in
78 computing the NCGC.

79 The SGC recovers non-commodity related costs from customers served
80 under Riders CFY and SST. The SGC applies to all storage capacity terms

81 allocated to or subscribed by customers served under these riders. North Shore
82 credits revenues arising from the application of the SGC against the non-
83 commodity related costs used in computing the NCGC. Given that the NCGC,
84 DGC, and SGC all recover non-commodity related costs, North Shore jointly
85 reconciles revenues recovered under these charges with such costs.

86 Q. The Commission's order requires North Shore to include certain data from
87 the prior reconciliation year in its determination of the current year's
88 reconciliation. Please specify any unamortized balance at December 31, 2024.

89 A. The unamortized balance at December 31, 2024, for each Gas Charge is
90 shown on Page 2, Line 1, of NSG Ex. 2.1. North Shore's unamortized Factor A
91 balance at December 31, 2024, reflects a recoverable balance of \$987,044.95 for
92 the CGC and a refundable balance of \$799,661.32 for the NCGC, DGC, and
93 SGC, for a total recoverable amount of \$187,383.63. These amounts are also
94 shown on Page 2, Line 12, of North Shore's Statement to Illinois Commerce
95 Commission, Determination of reconciliation Balance for Gas Charge for the
96 Year Ended December 31, 2024 ("2024 Statement"). North Shore filed this
97 document as NSG Ex. 2.1 with Sam Addison's direct testimony in Docket 24-
98 0773, reconciliation of revenues collected under gas adjustment charges with
99 actual costs prudently incurred for the period January 1, 2024 through December
100 31, 2024.

101 Q. Please specify the total adjustments to gas costs (that is, Factor A) that
102 were amortized to Schedule I in North Shore's 2024 monthly filings but were not

103 yet reconciled through Schedule II of North Shore's monthly filings at December
104 31, 2024.

105 A. Total unreconciled adjustments to gas costs (Factor A) reflect a
106 recoverable amount of \$1,480,877.01 for the CGC and a refundable amount of
107 \$106,255.63 for the NCGC, DGC and SGC, for a total recoverable balance of
108 \$1,374,621.38. These adjustments, for the reported months of November and
109 December 2024, were not yet reconciled at December 31, 2024. However, they
110 are reflected in the respective Gas Charges for the effective months of January
111 and February 2025. These amounts are shown on Page 2, Line 2, of NSG Ex.
112 2.1. They are also shown on Page 2, Line 13, of North Shore's 2024 Statement.

113 Q. What was North Shore's refundable or recoverable balance for the year
114 ended December 31, 2024?

115 A. North Shore's refundable or recoverable balance for the year ended
116 December 31, 2024, which is the sum of the amounts on Page 2, Lines 1 through
117 3, of NSG Ex. 2.1, reflects an under-recovery of \$2,467,921.96 for the CGC and
118 an over-recovery of \$905,916.95 for the NCGC, DGC and SGC, for a total over-
119 recovery of \$1,562,005.01. These amounts are shown on Page 2, Line 4, of
120 NSG Ex. 2.1. They are also shown on Page 2, Line 11 and Line 15, of North
121 Shore's 2024 Statement.

122 Q. What are North Shore's 2025 recoverable gas costs and revenues?

123 A. Recoverable gas costs and revenues are summarized and shown on Page
124 2, Line 5 and Line 6, respectively, of NSG Ex. 2.1. Recoverable gas costs
125 summarized and shown on Page 2, Line 5, of NSG Ex. 2.1 are \$73,271,433.47

126 for the CGC and \$31,215,003.74 for the NCGC, DGC and SGC for a total of
127 \$104,486,437.21 to be recovered under the Gas Charge. Revenues arising
128 through the application of each Gas Charge summarized and shown on Page 2,
129 Line 6, of NSG Ex. 2.1 are \$77,126,185.66 for the CGC and \$31,229,722.43 for
130 the NCGC, DGC and SGC, for a total of \$108,355,908.09 recovered under the
131 Gas Charge. Recoverable gas costs and revenues are shown in more detail on
132 Pages 3 and 4 of NSG Ex. 2.1 for the CGC, and the NCGC, DGC and SGC,
133 respectively.

134 Q. Please specify the pipeline refunds or surcharges that North Shore
135 separately reported in 2025 monthly Gas Charge filings.

136 A. North Shore's 2025 monthly Gas Charge filings included no separately
137 reported pipeline refunds or surcharges.

138 Q. Please specify any other adjustments that North Shore separately reported
139 in 2025.

140 A. North Shore's 2025 monthly Gas Charge filings included no other
141 separately reported adjustments.

142 Q. Please specify the interest, calculated under Section 525.50 of the
143 Commission's rules, for inclusion in Adjustments to Gas Costs (Factor A).

144 A. Interest, calculated under Section 525.50, for inclusion in Adjustments for
145 Gas Costs (Factor A) is shown on Page 2, Line 9, of NSG Ex. 2.1, and reflects a
146 refundable amount of \$35,982.73 for the CGC and a refundable amount of
147 \$32,807.69 for the NCGC, DGC and SGC, for a total refundable amount of
148 \$68,790.42.

149 Q. What was North Shore's over- or under- recovery for 2025?

150 A. North Shore's over- or under-recovery for 2025 is shown on Page 2, Line
151 10, of NSG Ex. 2.1. The over- or under-recovery for each Gas Charge can be
152 determined by deducting the amount on Line 6 (revenues arising through the
153 application of each Gas Charge) from the amount on Line 5 (costs recoverable
154 through each Gas Charge) and adding the amounts on Line 7 (separately
155 reported pipeline refunds or surcharges), Line 8 (separately reported other
156 adjustments), and Line 9 (interest). Using this calculation, North Shore's over- or
157 under-recovery for 2025 reflects an over-recovery of \$3,890,734.92 for the CGC
158 and an over-recovery of \$47,526.38 for the NCGC, DGC and SGC, for a total
159 over-recovery of \$3,938,261.30.

160 Q. Please specify the cumulative recovery balance for the reconciliation year.

161 A. The cumulative recovery balance for the reconciliation year, which reflects
162 the sum of the (refundable)/recoverable balances for prior periods and for the
163 year ended December 31, 2025, for each respective Gas Charge, is shown on
164 Page 2, Line 11, of NSG Ex. 2.1. This amount, which can be determined by
165 summing the amounts on Line 4 (prior period balance) and Line 10 (2025
166 balance), reflects an over-recovery of \$1,422,812.96 for the CGC and an over-
167 recovery of \$953,443.33 for the NCGC, DGC and SGC, for a total over-recovery
168 of \$2,376,256.29.

169 These amounts are also shown on line 15 and equal the sum of the
170 amounts shown on lines 12 (unamortized balance at the end of 2025), 13
171 (unreconciled adjustments to gas costs), and 14 (Factor O amounts).

172 Q. Please specify any unamortized balance at the end of 2025.

173 A. The unamortized balance at the end of 2025 is shown on Page 2, Line 12,
174 of NSG Ex. 2.1. North Shore's unamortized balance at the end of reflects a
175 refundable balance of \$324,702.25 for the CGC and a refundable balance of
176 \$785,830.31 for the NCGC, DGC, and SGC, for a total refundable amount of
177 \$1,110,532.56.

178 Q. Please specify any adjustments to gas costs that were not yet reconciled
179 through Schedule II of North Shore's monthly filings at December 31, 2025.

180 A. Total unreconciled adjustments to gas costs, which are shown on Page 2,
181 Line 13, of NSG Ex. 2.1, reflect a refundable amount of \$1,098,110.71 for the
182 CGC and a refundable amount of \$167,613.02 for the NCGC, DGC and SGC, for
183 a total refundable balance of \$1,265,723.73. The unreconciled adjustments to
184 gas costs (Factor A), for the reported months of November and December 2025,
185 are not yet reconciled at the end of 2025. However, they are reflected in the
186 respective Gas Charges for the effective months of January and February, 2026.

187 Q. Please specify any Factor O amounts requested by North Shore for 2025.

188 A. North Shore is not requesting any Factor O amounts for 2025.

189 Q. Does NSG Ex. 2.1 include other reports that support the summary
190 amounts shown on Page 2?

191 A. Yes. NSG Ex. 2.1 includes a summary of the detailed Schedule II,
192 Adjustments to Gas Costs (Factor A) reports that North Shore filed as part of its
193 monthly Gas Charge reports for 2025. Pages 5 and 6 of NSG Ex. 2.1 reflect
194 Schedule II reports filed for the CGC, and the NCGC, DGC and SGC,

195 respectively. These reports reflect the monthly reconciliation of recoverable gas
196 costs and Gas Charge revenues, adjustments to gas costs (Factor A), refunds
197 and other adjustments, Factor A amortizations and unamortized balances, Factor
198 O amortizations and unamortized balances, and interest determined for each
199 Gas Charge. Finally, Page 7 of NSG Ex. 2.1 contains notes that explain Gas
200 Charge reconciliation summary items noted on Page 2 of NSG Ex. 2.1.

201 Q. Does this conclude your direct testimony?

202 A. Yes, it does.

Page 1 of 7

North Shore Gas Company

STATEMENT TO ILLINOIS COMMERCE COMMISSION

DETERMINATION OF RECONCILIATION BALANCE

FOR GAS CHARGE

FOR THE YEAR ENDED DECEMBER 31, 2025

North Shore Gas Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance (1)
For the Year Ended December 31, 2025

<u>Line</u>		<u>Commodity Gas Charge (CGC)</u>	<u>Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge (NCGC, DGC and SGC)</u>	<u>Total Gas Charge</u>
Year Ended December 31, 2024				
1	Unamortized Balance at December 31, 2024 (Refund)/Recovery (2)	\$987,044.95	(\$799,661.32)	\$187,383.63
2	Factor A Adjustments unreconciled at December 31, 2024 (Refund)/Recovery (3)	1,480,877.01	(106,255.63)	1,374,621.38
3	Factor O to be (Refunded)/Recovered	0.00	0.00	0.00
4	Cumulative (Refundable)/Recoverable December 31, 2024 (Line 1 + Line 2 + Line 3)	2,467,921.96	(905,916.95)	1,562,005.01
Year Ended December 31, 2025				
5	Costs Recoverable through the Gas Charge (4)	73,271,433.47	31,215,003.74	104,486,437.21
6	Revenues Arising through Application of the Gas Charge (5)	77,126,185.66	31,229,722.43	108,355,908.09
7	Separately Reported Pipeline Refunds or Surcharges	0.00	0.00	0.00
8	Separately Reported Other Adjustments	0.00	0.00	0.00
9	Interest	(35,982.73)	(32,807.69)	(68,790.42)
10	(Over)/Under Recovery For Reconciliation Year (Line 5 - Line 6 + Line 7 + Line 8 + Line 9)	(3,890,734.92)	(47,526.38)	(3,938,261.30)
11	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 4 + Line 10)	(1,422,812.96)	(953,443.33)	(2,376,256.29)
12	Unamortized Balance at December 31, 2025 (Refund) / Recovery (Line 11 - Line 13) (6)	(\$324,702.25)	(\$785,830.31)	(\$1,110,532.56)
13	Factor A Adjustments unreconciled at December 31, 2025 (Refund)/Recovery (7)	(1,098,110.71)	(167,613.02)	(1,265,723.73)
14	Factor O to be (Refunded)/Recovered in Future Periods	\$0.00	\$0.00	\$0.00
15	Cumulative (Over)/Under Recovery Balance For Reconciliation Year (Line 12 + Line 13 + Line 14) = Line 11	(1,422,812.96)	(953,443.33)	(2,376,256.29)

North Shore Gas Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE COMMODITY GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2025				
1.	Gas Costs by Type:			
	a. Purchases	\$ 71,509,146.72		
	b. Liability For Redelivery of Customer-Owned Gas	<u>1,079,238.55</u>		
2.	TOTAL GAS COSTS		\$ 72,588,385.27	Sum Lines 1a - 1b
3.	Less: Franchise Gas	\$ (453,862.50)		
4.	a. Add: Gas Withdrawn from Storage	35,430,005.00		
	b. Less: Gas Injected into Storage	(34,016,389.12)		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	(55,670.83)		
7.	a. Less: "Cash-Out" Schedule Revenues	(306,547.49)		
	b. Add: "Cash-Out" Schedule Costs	<u>85,513.14</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>683,048.20</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 73,271,433.47	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Commodity Gas Charge Revenues		<u>77,126,185.66</u>	
11.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
12.	Interest		(35,982.73)	
13.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>(3,890,734.92)</u>	Line 9 - Line 10 + Line 11 + Line 12

North Shore Gas Company

**STATEMENT TO ILLINOIS COMMERCE COMMISSION - DETERMINATION OF RECONCILIATION BALANCE
FOR THE NON-COMMODITY GAS CHARGE, DEMAND GAS CHARGE AND STORAGE GAS CHARGE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Line No. [A]	Description [B]	Amount [C]	Totals [D]	Reference
	ACTUAL RECOVERABLE GAS COSTS: YEAR ENDED DECEMBER 31, 2025			
1.	Gas Costs by Type:			
	a. Transportation	\$ 7,868,414.88		
	b. Storage	28,237,367.73		
	c. Demand Gas Charge Revenues	(2,223,074.14)		
	d. Storage Gas Charge Revenues	<u>(2,853,484.47)</u>		
2.	TOTAL GAS COSTS		\$ 31,029,224.00	Sum Lines 1a - 1d
3.	Less: Franchise Gas	\$ (50,274.00)		
4.	a. Add: Gas Withdrawn from Storage	4,013,000.74		
	b. Less: Gas Injected into Storage	(3,776,947.00)		
5.	Less: Off-System Transaction Revenues	0.00		
6.	Less: Penalty / Imbalance Charge Revenues	0.00		
7.	a. Less: "Cash-Out" Schedule Revenues	0.00		
	b. Add: "Cash-Out" Schedule Costs	<u>0.00</u>		
8.	TOTAL OTHER COSTS / REVENUES		<u>185,779.74</u>	Sum Lines 3 - 7
9.	TOTAL ACTUAL RECOVERABLE GAS COSTS FOR THE PERIOD		\$ 31,215,003.74	Line 2 + Line 8
10.	LESS ACTUAL REVENUES:			
	a. Non-Commodity Gas Charge Revenues	31,281,102.42		
	b. Excess Bank Charge	(51,379.99)		
	c. Storage and Balancing Charges	<u>0.00</u>		
11.	TOTAL REVENUES		<u>31,229,722.43</u>	Sum Lines 10a - 10c
12.	Pipeline Surcharge/(Refunds)/Other Adjustments		0.00	
13.	Interest		(32,807.69)	
14.	Reconciliation Balance Recoverable or (Refundable) Including Interest		\$ <u>(47,526.38)</u>	Line 9 - Line 11 + Line 12 + Line 13

North Shore Gas Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Commodity Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2025

	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]		
Reported Month	November 2024	December	January 2025	February	March	April	May	June	July	August	September	October	November	December	Total 2025		
Effective Month	January 2025	February	March	April	May	June	July	August	September	October	November	December	January 2026	February			
Line																Line	
1	Actual Recoverable Costs - Reported Month	4,840,642.12	10,644,433.80	16,118,487.46	14,148,189.39	12,645,544.04	3,490,239.96	(232,517.04)	762,750.57	167,719.73	595,164.05	884,823.85	2,774,127.94	7,762,115.88	14,154,787.64	73,271,433.47	1
2	Actual Recoveries - Reported Month	4,698,882.63	8,590,062.69	13,788,409.01	13,328,983.44	11,025,101.91	6,846,541.66	5,274,506.30	2,083,389.94	1,505,838.30	947,954.58	965,923.97	2,103,467.10	6,247,848.01	13,008,221.44	77,126,185.66	2
3	Under/(Over) Recovery - Reported Month	141,759.49	2,054,371.11	2,330,078.45	819,205.95	1,620,442.13	(3,356,301.70)	(5,507,023.34)	(1,320,639.37)	(1,338,118.57)	(352,790.53)	(81,100.12)	670,660.84	1,514,267.87	1,146,566.20	(3,854,752.19)	3
4	Factor A Included in Reported Month	2,561.14	67,824.57	133,131.90	1,347,745.11	3,450,255.30	614,656.66	1,706,664.28	448,117.45	(202,228.28)	(473,281.22)	(511,553.08)	(759,137.36)	(554,357.99)	(882,859.72)	4,317,153.05	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	144,320.63	2,122,195.68	2,463,210.35	2,166,951.06	5,070,697.43	(2,741,645.04)	(3,800,359.06)	(872,521.92)	(1,540,346.85)	(826,071.75)	(592,653.20)	(88,476.52)	959,909.88	263,706.48	462,400.86	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	196,937.59	208,906.79	987,044.95	0.00	1,558,115.50	4,940,606.71	1,757,409.89	(1,847,623.59)	(2,255,290.03)	(3,296,399.11)	(3,375,946.00)	(3,427,044.61)	(2,642,533.89)	(1,014,770.53)		8
9	Total Adjustments Before Amortization	341,258.22	2,331,102.47	3,450,255.30	2,166,951.06	6,628,812.93	2,198,961.67	(2,042,949.17)	(2,720,145.51)	(3,795,636.88)	(4,122,470.86)	(3,968,599.20)	(3,515,521.13)	(1,682,624.01)	(751,064.05)		9
10	Total Amortization	133,131.90	1,347,745.11	3,450,255.30	614,656.66	1,706,664.28	448,117.45	(202,228.28)	(473,281.22)	(511,553.08)	(759,137.36)	(554,357.99)	(882,859.72)	(670,804.62)	(427,306.09)	1,738,165.33	10
11	Unamortized Balance - Factor A	208,126.32	983,357.36	0.00	1,552,294.40	4,922,148.65	1,750,844.22	(1,840,720.89)	(2,246,864.29)	(3,284,083.80)	(3,363,333.50)	(3,414,241.21)	(2,632,661.41)	(1,011,819.39)	(323,757.96)		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balances	208,126.32	983,357.36	0.00	1,552,294.40	4,922,148.65	1,750,844.22	(1,840,720.89)	(2,246,864.29)	(3,284,083.80)	(3,363,333.50)	(3,414,241.21)	(2,632,661.41)	(1,011,819.39)	(323,757.96)		13
14	Interest	780.47	3,687.59	0.00	5,821.10	18,458.06	6,565.67	(6,902.70)	(8,425.74)	(12,315.31)	(12,612.50)	(12,803.40)	(9,872.48)	(2,951.14)	(944.29)	(35,982.73)	14
15	Unamortized Balance Including Interest	208,906.79	987,044.95	0.00	1,558,115.50	4,940,606.71	1,757,409.89	(1,847,623.59)	(2,255,290.03)	(3,296,399.11)	(3,375,946.00)	(3,427,044.61)	(2,642,533.89)	(1,014,770.53)	(324,702.25)		15

North Shore Gas Company
Statement to Illinois Commerce Commission - Determination of Reconciliation Balance
Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge

Summary of Schedule II
For the Year Ended December 31, 2025

Line		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]	[N]	[O]	Line
		Reported Month November 2024	December	January 2025	February	March	April	May	June	July	August	September	October	November	December	November	
	Effective Month	January 2025	February	March	April	May	June	July	August	September	October	November	December	January 2026	February		
1	Actual Recoverable Costs - Reported Month	3,000,016.03	3,680,872.70	4,595,779.01	4,394,339.11	3,905,074.25	1,662,969.09	1,279,869.36	1,279,332.34	1,452,389.57	1,442,627.71	1,448,016.10	1,728,041.45	3,246,439.83	4,780,125.92	31,215,003.74	1
2	Actual Recoveries - Reported Month	3,438,224.02	7,240,427.15	6,135,712.71	4,569,108.37	2,940,738.81	1,833,733.17	1,321,479.39	614,496.81	564,512.30	505,181.74	622,133.27	1,414,552.28	3,632,870.92	7,075,202.66	31,229,722.43	2
3	Under/(Over) Recovery - Reported Month	(438,207.99)	(3,559,554.45)	(1,539,933.70)	(174,769.26)	964,335.44	(170,764.08)	(41,610.03)	664,835.53	887,877.27	937,445.97	825,882.83	313,489.17	(386,431.09)	(2,295,076.74)	(14,718.69)	3
4	Factor A Included in Reported Month	929,279.05	2,164,039.87	87,311.23	(193,566.86)	(399,127.54)	(334,414.88)	(153,371.60)	(128,980.37)	(102,761.87)	(55,231.64)	(21,514.28)	111,846.97	511,161.59	1,218,892.03	540,242.78	4
5	Factor O Included in Reported Month	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5
6	Adjusted (Over)/Under Recovery - Reported Month	491,071.06	(1,395,514.58)	(1,452,622.47)	(368,336.12)	565,207.90	(505,178.96)	(194,981.63)	535,855.16	785,115.40	882,214.33	804,368.55	425,336.14	124,730.50	(1,076,184.71)	525,524.09	6
7	Refunds/Pipeline Surcharges/Other Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7
8	Unamortized Balance Including Previous Interest	0.00	405,273.93	(799,661.32)	(1,860,105.59)	(1,901,129.43)	(1,186,984.49)	(1,569,045.02)	(1,667,494.52)	(1,080,444.25)	(274,841.37)	497,384.21	793,555.89	0.00	101,856.42		8
9	Total Adjustments Before Amortization	491,071.06	(990,240.65)	(2,252,283.79)	(2,228,441.71)	(1,335,921.53)	(1,692,163.45)	(1,764,026.65)	(1,131,639.36)	(295,328.85)	607,372.96	1,301,752.76	1,218,892.03	124,730.50	(974,328.29)		9
10	Total Amortization	87,311.23	(193,566.86)	(399,127.54)	(334,414.88)	(153,371.60)	(128,980.37)	(102,761.87)	(55,231.64)	(21,514.28)	111,846.97	511,161.59	1,218,892.03	23,170.30	(190,783.32)	478,885.39	10
11	Unamortized Balance - Factor A	403,759.83	(796,673.79)	(1,853,156.25)	(1,894,026.83)	(1,182,549.93)	(1,563,183.08)	(1,661,264.78)	(1,076,407.72)	(273,814.57)	495,525.99	790,591.17	0.00	101,560.20	(783,544.97)		11
12	Unamortized Balance - Factor O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		12
13	Total Unamortized Balance	403,759.83	(796,673.79)	(1,853,156.25)	(1,894,026.83)	(1,182,549.93)	(1,563,183.08)	(1,661,264.78)	(1,076,407.72)	(273,814.57)	495,525.99	790,591.17	0.00	101,560.20	(783,544.97)		13
14	Interest	1,514.10	(2,987.53)	(6,949.34)	(7,102.60)	(4,434.56)	(5,861.94)	(6,229.74)	(4,036.53)	(1,026.80)	1,858.22	2,964.72	0.00	296.22	(2,285.34)	(32,807.69)	14
15	Unamortized Balance Including Interest	405,273.93	(799,661.32)	(1,860,105.59)	(1,901,129.43)	(1,186,984.49)	(1,569,045.02)	(1,667,494.52)	(1,080,444.25)	(274,841.37)	497,384.21	793,555.89	0.00	101,856.42	(785,830.31)		15

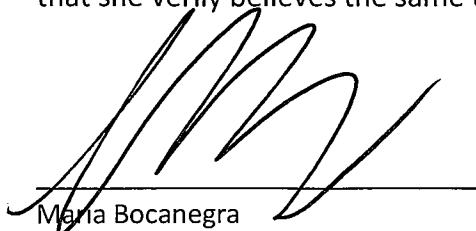
North Shore Gas Company
Statement to Illinois Commerce Commission
Determination of Reconciliation Balance for Gas Charge
For the Year Ended December 31, 2025

Notes

- (1) North Shore Gas Company (the “Company”) maintains its financial books and records in accordance with accounting principles generally accepted in the United States of America. This Statement to Illinois Commerce Commission – Determination of Reconciliation Balance for Gas Charge has been prepared from the financial books and records of the Company on the basis of Section G of the Company’s Rider 2, in effect and on file with the Illinois Commerce Commission, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Illinois Commerce Commission.
- (2) Unamortized (refundable)/recoverable balance at December 31, 2024. For the Commodity Gas Charge, see Page 5, Line 15, Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 6, Line 15, Column B.
- (3) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2025 and February 1, 2025 and not yet reconciled for the reporting months of November 2024 and December 2024, respectively. For the Commodity Gas Charge, see Page 5, Line 10 and sum the amounts in Column A and Column B. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 6, Line 10 and sum the amounts in Column A and Column B.
- (4) Detail of costs recoverable through the Commodity Gas Charge provided on Page 3. Detail of costs recoverable through the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4.
- (5) Revenue arising through the application of the Gas Charge including the Adjustment for Gas Costs (Factor A). Detail of revenue arising from the Commodity Gas Charge provided on Page 3. Detail of revenue arising from the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge provided on Page 4.
- (6) Unamortized (refundable)/recoverable balance at December 31, 2025. For the Commodity Gas Charge, see Page 5, Line 15, Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 6, Line 15, Column N.
- (7) Adjustments to Gas Costs (Factor A) included in filed Gas Charges effective January 1, 2026 and February 1, 2026 and not yet reconciled for the reporting months of November 2025 and December 2025, respectively. For the Commodity Gas Charge, see Page 5, Line 10 and sum the amounts in Column M and Column N. For the Non-Commodity Gas Charge, Demand Gas Charge and Storage Gas Charge, see Page 6, Line 10 and sum the amounts in Column M and Column N.

CERTIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned certifies that the statements set forth in this instrument are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies aforesaid that she verily believes the same to be true.



Maria Bocanegra

President —

North Shore Gas Company and

The Peoples Gas Light and Coke Company

April 23, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of North Shore Gas Company:

Opinion

We have audited the accompanying Report to the Illinois Commerce Commission ("ICC") on Determination of Reconciliation Balance for Gas Charge of North Shore Gas Company (the "Company") for the year ended December 31, 2025, and the related notes (the "Statement").

In our opinion, the Statement referred to above, presents fairly, in all material respects, the information set forth therein of the Company for the year ended December 31, 2025, in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statement section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note (1) to the Statement, which describes the basis of accounting. The Statement was prepared by the Company on the basis of the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the Statement may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statement

Management is responsible for the preparation and fair presentation of the Statement in accordance with the financial reporting provisions of Section G of the Company's Rider 2, in effect and on file with the ICC, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Statement

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Restriction on Use

Our report is intended solely for the information and use of the Company and the ICC and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

Milwaukee, Wisconsin
April 23, 2026

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission)	
On Its Own Motion)	
)	
v.)	
)	
North Shore Gas Company)	Docket No. 25-1020
)	
)	
)	
Reconciliation of revenues)	
collected under gas adjustment)	
charges with actual costs prudently)	
incurred.)	

NOTICE OF FILING AND CERTIFICATE OF SERVICE

I hereby certify that North Shore Gas Company filed its **Direct Testimony and Exhibits** on the Illinois Commerce Commission’s e-docket system and served by electronic mail upon each person designated in the official service list compiled in this proceeding, Docket No. 25-1020, in accordance with requirements of the Commission’s Rules of Practice.

Dated at Chicago, Illinois, this 23rd day of April, 2026.

By: /S/ KOBY BAILEY

Koby Bailey
An Attorney for
North Shore Gas Company