

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission,	)	
On Its Own Motion	)	
	)	
v.	)	ICC No.: 23-0802
	)	
Peoples Gas Light and Coke Company, The	)	
	)	
Reconciliation of revenues collected under	)	
Coal Tar riders with prudent costs associated	)	
with coal tar cleanup expenditures.	)	
	)	

DIRECT TESTIMONY OF  
NARENDRA M. PRASAD

- 1 Q. Please state your name.
- 2 A. My name is Narendra M. Prasad.
- 3 Q. Please describe your educational background and employment history.
- 4 A. I received a Bachelor of Science degree in Civil Engineering from
- 5 Northwestern University in 1994 and a Master’s in Public Health from the
- 6 University of Illinois at Chicago in 1996. I began my career as an Environmental
- 7 Engineer in 1996 with the Chicago Department of Environment where I remained
- 8 employed until 2004, leaving with the title of Coordinator of Special Projects. In
- 9 2004 I began employment with an environmental consulting firm where I
- 10 remained until 2006 with the title of Project Manager. In 2006 I began
- 11 employment with Peoples Energy, then parent company of Peoples Gas
- 12 Company (“Peoples”) and North Shore Gas Company (“North Shore”), with the
- 13 title of Senior Environmental Engineer. On February 21, 2007, Integrys Energy
- 14 Group, Inc. (“Integrys”), acquired Peoples and its affiliates including North Shore

15 Gas Company and then formed Integrys Business Support, LLC (“IBS”) Peoples’  
16 and North Shore’s affiliate services provider company. I continued as Senior  
17 Environmental Engineer when WEC Energy Group, Inc. (“WEC”) acquired  
18 Integrys and its subsidiaries on June 29, 2016, WEC changed IBS’ name to WEC  
19 Business Services LLC (“WBS”). I then became a Principal Engineer and in April  
20 2019 I became WBS’ Manager of Remediation, Waste, Recycling and Disposal.  
21 I am current WBS’s Remediation Manager. In my current position with WBS I  
22 oversee certain environmental activities for both Peoples and North Shore Gas  
23 Company along with Integrys’, and now WEC’s, other utility subsidiaries.

24 Q. What are your responsibilities as Remediation Manager?

25 A. As Remediation Manager, I now have responsibility for the management  
26 of environmental activities conducted for the Company by the Environmental  
27 Department. I have managed them exclusively beginning in April 2019 and am  
28 familiar with all such activities that took place during the four quarters beginning  
29 January 1, 2023 and ending December 31, 2023, the reconciliation year for  
30 purposes of this proceeding (“Fiscal Year 2023”).

31 Q. Please describe the environmental activities and responsibilities of the  
32 Environmental Department as they relate to the Company's former manufactured  
33 gas operations.

34 A. The Environmental Department has the primary responsibility for the  
35 oversight of the environmental operations of the Company. Personnel from the  
36 Environmental Department review and comment upon documents and technical  
37 materials that are prepared by the Company's environmental consultants and

38 also review the invoices that those consultants submit to the Company for the  
39 work that they perform. In addition, personnel from the Environmental  
40 Department oversee and assist the Company's environmental consultants in  
41 conducting field investigations.

42 Q. What is the purpose of your testimony?

43 A. My testimony is given for the purpose of describing the environmental  
44 activities that have given rise to the incremental costs that were recorded by  
45 Peoples under its Rider 11, "Adjustment for Incremental Costs of Environmental  
46 Activities," during Fiscal Year 2023.

47 Q. What is the nature of the incremental costs that Company records under  
48 Rider 11?

49 A. The incremental costs that Peoples' records under its Rider 11 are the  
50 costs that it incurs in connection with the environmental activities that are  
51 required in order to comply with environmental laws and regulations. These  
52 incremental costs relate to manufactured gas operations that were formerly  
53 conducted by Peoples and its corporate predecessors and affiliates.

54 Q. What is Company's policy on complying with environmental laws and  
55 regulations?

56 A. It is the Company's policy to comply fully with environmental laws and  
57 regulations.

58 Q. What is Peoples' policy regarding the costs that are incurred as a result of  
59 its policy to fully comply with environmental laws and regulations?

60 A. It is the policy of Peoples to control such costs to the fullest possible

61 extent. Because of this policy to control costs, Peoples will make expenditures  
62 only when it is determined to be prudent to do so.

63 Q. What standard does Company use in determining the prudence of the  
64 expenditures that it makes in complying with environmental laws and  
65 regulations?

66 A. In determining whether or not to make expenditures in complying with  
67 environmental laws and regulations, the Company uses the following standards:  
68 1) reasonable and appropriate business standards; 2) the requirements of other  
69 relevant state and/or federal authorities; 3) the minimization of costs to  
70 ratepayers in a manner that is consistent with safety, reliability and quality  
71 assurance; and 4) the facts that are known to the Company at the time that the  
72 expenditures are made.

73 Q. How does Peoples control the costs it incurs in connection with complying  
74 with environmental laws and regulations?

75 A. The most effective way for Peoples to control those costs is to be actively  
76 involved in the determinations that are made regarding the timing, choice and  
77 scope of environmental activities. This participation is necessary because of  
78 Peoples' desire to keep the cost of its service competitive.

79 Q. When did Peoples and its corporate predecessors and affiliates conduct  
80 manufactured gas operations?

81 A. In Peoples' territory, manufactured gas operations were conducted over  
82 some 110 years -- from 1850 to about 1960. Manufactured gas was essentially  
83 the only gas sold in Chicago until 1931, when natural gas became available

84 through the interstate pipeline system. From 1931 to 1956, Company sold a  
85 mixed gas comprised of manufactured gas and natural gas. Natural gas became  
86 the sole base supply in 1956. For a few years after 1956, manufactured gas was  
87 used in declining quantities, and then only for peaking purposes.

88 Q. Does Peoples currently conduct any manufactured gas operations?

89 A. No. The gas supply that Peoples currently distributes to its customers is  
90 the natural gas obtained from the gas producing regions of the United States and  
91 Canada that is transported to Peoples' service territory through the intrastate and  
92 interstate pipeline systems.

93 Q. Please describe the process by which Company and its corporate  
94 predecessors and affiliates previously manufactured and stored gas.

95 A. Coal, coke (an energy rich material converted from coal) and oil were the  
96 primary raw materials used in the manufacturing processes. Depending upon  
97 the type of manufactured process, coal or coke was loaded into ovens and  
98 heated, which thereby produced a low-Btu gas. Oil was then added to enrich the  
99 heating value of the gas to the required level, which was approximately half the  
100 heating value of the natural gas that is distributed today. At this point in the  
101 manufacturing process, the gas stream passed through a variety of purifying  
102 processes in order to make the gas suitable for distribution.

103 The manufactured gas was then stored in vessels, called holders, until it  
104 was later distributed to customers. In addition to the holders that were located at  
105 these manufacturing facilities, holders were also placed at strategic locations in  
106 the utility's system to assist in balancing the gas sendout requirements.

107 Q. Do the costs that are recovered through Rider 11 arise because of a  
108 failure to comply with laws in effect at the time the manufactured gas operations  
109 were conducted?

110 A. No. The incremental costs that Peoples incurs are the result of various  
111 duties and obligations that are imposed by laws and regulations enacted long  
112 after Peoples discontinued manufactured gas operations. The manufactured gas  
113 operations were conducted in accordance with then-existing industry standards.  
114 We have found no indication that those operations violated any laws in existence  
115 at that time.

116 Q. Please describe the types of costs that Peoples has typically incurred  
117 during the course of its environmental activities.

118 A. Costs have been incurred, and continue to be incurred, in connection with  
119 a variety of environmental activities that are related to former manufactured gas  
120 operations. These activities can generally be divided into four phases.

121 First, there are those activities which are conducted before the actual  
122 study of a site begins. These activities may include negotiations with the United  
123 States Environmental Protection Agency ("USEPA") or the Illinois Environmental  
124 Protection Agency ("IEPA"), as well as with other potentially responsible parties  
125 ("PRPs"). A PRP is a party that is potentially liable for any contamination, or  
126 portion of any contamination that might be present at a site. Therefore, a PRP is  
127 potentially liable for the cost of any necessary investigative and remedial work at  
128 the site. Costs which are associated with the negotiation of a consent decree or  
129 of any other formal agreement may also be incurred during the first phase.

130           Second, an actual study of the site is conducted in order to determine the  
131 nature and extent of the contamination that is present, and to identify and  
132 develop alternative remediation strategies.

133           Third, a remediation strategy is chosen which may entail public hearings  
134 conducted by the USEPA or the IEPA.

135           Fourth, the remediation strategy is implemented and monitored.

136           The activities that are conducted during each of these phases require a  
137 highly technical and specialized level of experience and expertise that is obtained  
138 from carefully chosen environmental engineers and consultants, laboratory and  
139 testing services, law firms, and contractors who perform field work during the  
140 investigative and remedial phases. Substantial costs are incurred by the  
141 Company as a result of the work that is performed by these vendors.

142           The Company may also incur costs because of the issuance of a  
143 judgment, or of an order entered by a court, or of a state or federal regulatory  
144 agency. In addition, costs may arise from activities related to the identification of  
145 PRPs and insurance carriers and in connection with cost recovery litigation  
146 against them.

147 Q.           What is Company's policy with regard to PRPs and insurance carriers?

148 A.           It is the Company's policy to make all reasonable efforts necessary to  
149 vigorously pursue recovery of incremental costs from PRPs and insurance  
150 carriers that are incurred as a result of environmental activity.

151 Q.           Does the Company incur any other types of costs in connection with  
152 environmental activities at its sites?

153 A. Yes. With respect to property acquired before October 1, 2005, the  
154 Company has incurred and will continue to incur costs in connection with the  
155 acquisition and subsequent ownership of all or a portion of a site. The purpose of  
156 such an acquisition is to enable the Company to better control the timing and  
157 extent of remediation of the property which it acquires and to eliminate or reduce  
158 the potential for various types of claims associated with the property. The  
159 Company bases its decision to purchase the property after evaluating some or all  
160 of the following factors: (1) information about market value of the property without  
161 consideration for environmental factors; (2) nature and extent of contamination;  
162 (3) range of remedial levels and associated costs; (4) litigation costs and  
163 potential litigation outcomes; (5) timing of remedial expenditures; (6) claims for  
164 reimbursement of technical and legal fees associated with the review of  
165 environmental reports; (7) claims for lease payments or access payments during  
166 remediation; (8) claims for reimbursement of business interruption and relocation  
167 costs; and (9) claims for reimbursement of costs associated with the  
168 management of contaminated soil and groundwater remaining on the property  
169 after remediation.

170 Q. What does the Company do with any income which it realizes in  
171 connection with a property which it has acquired under the circumstances  
172 described above?

173 A. In the event that the Company realizes income on a property which it has  
174 acquired (through sale, lease or otherwise), it credits the income back to the  
175 ratepayer under Rider 11.



176 Q. Does Company incur costs in connection with environmental activities that  
177 it does not recover under Rider 11?

178 A. Yes. The in-house environmental engineers, regulatory personnel and  
179 attorneys of WBS, the Company's corporate affiliate, are actively involved in the  
180 Company's environmental activities. The Company incurs costs for wages or  
181 salaries of these employees in connection with their environmental-related  
182 activities. These costs are not "incremental costs" under Rider 11, and therefore  
183 are not recoverable by the Company under Rider 11.

184 Q. Please describe Company's PGL Exhibit 1.1.

185 A. Company's PGL Exhibit 1.1 includes Peoples' verified report regarding its  
186 Incremental Costs of Environmental Activities, which was filed with the Illinois  
187 Commerce Commission on February 12, 2024. It was filed pursuant to the  
188 Commission's Order dated October 6, 1992 in Docket 91-0586, and Section D of  
189 Rider 11 of the Company's Schedule of Rates. Company's PGL Exhibit 1.1  
190 details the incremental costs of environmental activities that Company incurred  
191 during the quarter ended December 31, 2023, and during Fiscal Year 2023, and  
192 cumulative through December 31, 2023. Also included in Company's PGL  
193 Exhibit 1.1 is the related certification by Peoples' independent public accountant,  
194 Deloitte & Touche, LLP, as required by the Company's Rider 11.

195 Page 7 of Company's PGL Exhibit 1.1 consists of "Statement of Activity in,  
196 Account 182.3, Other Regulatory Assets, Quarter Ended December 31, 2023,  
197 Fiscal Year 2023 and Cumulative through December 31, 2023". Line 1 of  
198 Column C shows that Company had a balance at the beginning of Fiscal Year

199 2023 of \$19,052,181.81 which represents environmental costs incurred prior to  
200 Fiscal Year 2023 which were subject to recovery. Line 4 of Column C represents  
201 increases to the account of \$26,320,280.62, which were incurred during Fiscal  
202 Year 2023. Line 7 of Column C represents decreases to the account of  
203 \$21,391,724.60 that were recovered from ratepayers during Fiscal Year 2023  
204 through operation of Rider 11. Line 12 of Column C represents the Fiscal 2023  
205 year-end balance in the account of \$23,610,989.31. This balance will remain in  
206 the account until recovered through rates, through the settlement fund, or  
207 through reimbursement by other PRPs or insurance carriers.

208 Page 8 of Company's PGL Exhibit 1.1 consists of a "Statement of Activity  
209 in the Settlement Fund, Quarter Ended December 31, 2023, Fiscal Year 2023,  
210 and Cumulative through December 31, 2023".

211 Page 9 consists of a "Summary of Incremental Costs, Quarter Ended  
212 December 31, 2023, Fiscal Year 2023, and Cumulative through December 31,  
213 2023". Line 36 of Column D shows the Fiscal Year 2023 costs of  
214 \$26,320,280.62 broken down by site, or by other category for those costs that  
215 are not attributable to a specific site.

216 Q. Please describe the Settlement Fund.

217 A. On February 26, 1999, the Commission, in Docket R-18958, granted  
218 Peoples' Request for Special Permission to revise Rider 11 to add provisions  
219 relating to amounts received from insurance carriers or other entities in  
220 settlement of the Company's claims where the payments apply to future costs.  
221 The occasion for the Company's filing was the receipt of a substantial payment

222 by an insurance carrier in settlement of claims made in a pending lawsuit. The  
223 Commission approved Peoples' proposal to establish a settlement fund to  
224 identify and track the amounts arising from settlements with insurance carriers or  
225 other entities that are available to pay costs otherwise recoverable under Rider  
226 11. Beginning with incremental costs incurred in December 1998, 50% of such  
227 costs are recovered through the settlement fund and 50% through Rider 11.

228 Q. Did any Settlement Fund recoveries occur during Fiscal Year 2023?

229 A. There was a total of \$369,748.52 of Settlement Fund recoveries during  
230 2023 as a result of insurance settlements.

231 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023 Company  
232 incurred a total of \$20,678,638.91 for environmental costs associated with the  
233 Crawford Station. Please describe the activities that resulted in Company's  
234 incurring incremental costs related to the Crawford Station during Fiscal Year  
235 2023.

236 A. Costs were primarily incurred in connection with environmental site  
237 investigation and remediation activities performed by outside consultants as well  
238 as for transportation and disposal of environmental waste material by an outside  
239 waste disposal company. Also contributing were costs incurred for real estate  
240 taxes accrued on the property previously purchased under the Rider prior to  
241 October 1, 2005. Offsetting these costs were rent payments received under  
242 lease agreements.

243 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
244 incurred a total of \$55,267.33 in incremental costs for environmental activities

245 related to the Division Street Station. Please describe the activities that resulted  
246 in Peoples incurring incremental costs related to the Division Street Station  
247 during Fiscal Year 2023.

248 A. Costs were primarily incurred for environmental site investigative activities  
249 performed by outside environmental consultants and for professional services  
250 supervised by the USEPA.

251 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
252 incurred a total of \$242,791.05 in incremental costs for environmental activities  
253 related to the Hawthorne Station. Please describe the activities that resulted in  
254 Peoples incurring incremental costs related to the Hawthorne Station during  
255 Fiscal Year 2023.

256 A. Costs were primarily incurred for environmental site investigative and  
257 remediation activities performed by outside environmental consultants as well as  
258 for transportation and disposal of environmental waste material by an outside  
259 waste disposal company. Costs were also incurred for environmental oversight  
260 performed by the Illinois Environmental Protection Agency.

261 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
262 incurred a total of \$649.95 in incremental costs for environmental activities  
263 related to the Hough Place Station. Please describe the activities that resulted in  
264 Peoples incurring incremental costs related to the Hough Place Station during  
265 Fiscal Year 2023.

266 A. Costs were primarily incurred for environmental site investigation activities  
267 performed by outside environmental consultants.

268 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
269 incurred a total of \$4,604,503.23 in incremental costs for environmental activities  
270 related to the Mutual Fuel Gas Works site. Please describe the activities that  
271 resulted in Peoples incurring incremental costs related to the Mutual Fuel Gas  
272 Works site during Fiscal Year 2023.

273 A. Costs were primarily incurred for environmental site remediation activities  
274 performed by outside consultants. Additional costs were incurred for  
275 transportation and disposal of environmental waste material by an outside waste  
276 disposal company and environmental oversight performed by the Illinois  
277 Environmental Protection Agency.

278 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
279 incurred a total of \$49,802.20 in incremental costs for environmental activities  
280 related to the North Station. Please describe the activities that resulted in  
281 Peoples incurring incremental costs related to the North Station during Fiscal  
282 Year 2023.

283 A. Costs were primarily incurred for environmental site investigative activities  
284 performed by outside environmental consultants and for professional services  
285 provided by outside legal counsel. Costs were also incurred for professional  
286 services supervised by the USEPA .

287 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023,  
288 Company incurred a total of \$265,806.47 in incremental costs for environmental  
289 activities related to the South Station. Please describe the activities that were  
290 conducted in Fiscal Year 2023 that resulted in incremental costs for South

291 Station.

292 A. Costs were primarily incurred at South Station for environmental site  
293 investigation and remediation activities performed by outside consultants.  
294 Additional costs were incurred for real estate taxes accrued on the property  
295 previously purchased under the Rider prior to October 1, 2005. Costs were also  
296 incurred for transportation and disposal of environmental waste material by an  
297 outside waste disposal company as well as for professional services supervised  
298 by the USEPA.

299 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
300 incurred a total of \$131,041.68 in incremental costs for environmental activities  
301 that are associated with the Throop Street Station. Please describe the activities  
302 that were conducted in Fiscal Year 2023 that resulted in incremental costs for  
303 Throop Street Station.

304 A. Costs were incurred for environmental site investigative activities  
305 performed by outside environmental consultants. Costs were also incurred for  
306 professional services supervised under the USEPA and for transportation and  
307 disposal of environmental waste material by an outside waste disposal company.

308 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
309 incurred a total of \$113,843.91 in incremental costs for environmental activities  
310 that are associated with the Willow Street Station. Please describe the activities  
311 that were conducted in Fiscal Year 2023 that resulted in incremental costs for  
312 Willow Street Station.

313 A. The Company incurred costs primarily for environmental site investigative

314 activities by outside environmental consultants. Costs were also incurred for  
315 professional services supervised by the USEPA.

316 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
317 incurred a total of \$199,073.74 in incremental costs for environmental activities  
318 related to the 22<sup>nd</sup> Street Station. Please describe the activities that resulted in  
319 Peoples incurring incremental costs related to the 22<sup>nd</sup> Street Station during  
320 Fiscal Year 2023.

321 A. Costs were primarily incurred for environmental site investigation activities  
322 performed by outside environmental consultants and for professional services  
323 supervised by the USEPA. Costs were also incurred for transportation and  
324 disposal of environmental waste material by an outside waste disposal company.

325 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
326 incurred a total of \$9,759.66 in incremental costs for environmental activities  
327 related to the 96<sup>th</sup> Street Station. Please describe the activities that resulted in  
328 Peoples incurring incremental costs related to the 96<sup>th</sup> Street Station during  
329 Fiscal Year 2023.

330 A. Costs were primarily incurred for real estate taxes accrued on the property  
331 previously purchased under the Rider prior to October 1, 2005.

332 Q. Were there any Insurance-Related Costs and Recoveries during Fiscal  
333 Year 2023?

334 A. Yes, there were insurance-related recoveries during 2023. The Company  
335 received a net payment of \$1,087,495.65 from Home Insurance. The payment  
336 resulted from a negotiated claim settlement concerning the Company's MGP

337 sites. \$717,747.13 of the net payment represents the recovery of past costs  
338 incurred by the Company. The \$369,748.52 remainder of the settlement  
339 representing future costs was applied to the Settlement Fund.

340 Q. Company's PGL Exhibit 1.1 shows that during Fiscal Year 2023, Company  
341 incurred a total of \$130,705.05 of General and Unallocated Costs for  
342 environmental activities. Please describe the activities that gave rise to these  
343 costs.

344 A. The General and Unallocated Costs reflected in PGL Exhibit 1.1 were  
345 primarily incurred for miscellaneous charges.

346 Q. According to Company's PGL Exhibit 1.1, Company incurred \$556,144.57  
347 in carrying charges in Fiscal Year 2023. Please explain.

348 A. Pursuant to Company's Rider 11 and the Commission's Order on Remand  
349 in Consolidated Dockets 91-0080, *et al.*, Company is entitled to recover carrying  
350 charges on its unrecovered balance of incremental costs of environmental  
351 activities. The amount of \$556,144.57 was calculated and recorded pursuant to  
352 Rider 11.

353 Q. In the Initiating Order for this proceeding, the Commission ordered the  
354 Company to include as part of its filing cumulative totals of recoveries by  
355 customer class. Has the Company provided this data?

356 A. Yes. Company's PGL Exhibit 1.2 presents recoveries by customer class.  
357 Note, to better align Rider 11 recoveries with the appropriate Peoples' tariffs,  
358 customer categories are divided as follows: Small Residential served as Service  
359 Classification 1, Small Commercial and Industrial ("Small C&I"), served as



360 Service Classification 2, and Large Commercial and Industrial (“Large C&I”)  
361 served under Service Classifications 4 and 8. The cumulative totals of  
362 recoveries through rates of \$600,385,877.33 is summarized in Line 7, Column D,  
363 Page 7 of PGL Exhibit 1.1.

364 Q. In Ordering Paragraph No. (8) in the Final Order entered in Docket No. 04-  
365 0112, the Commission directed the Company to provide information in its direct  
366 testimony regarding the status of all properties for which purchase costs were  
367 previously recovered through Rider 11. Has the Company provided this data?

368 A. Yes. Company’s PGL Exhibit 1.3 presents all land acquisitions for  
369 environmental remediation purposes that were made prior to October 1, 2005  
370 and for which recovery was allowed under Rider 11.

371 Q. Since October 1, 2005, has the Company made any additional land  
372 acquisitions for environmental remediation purposes?

373 A. Yes. The Company has made six land acquisitions for environmental  
374 remediation purposes after October 1, 2005. The Company purchased certain  
375 real estate located at the Crawford Station remediation site referred to as Parcel  
376 K (“Parcel K”), Parcel M (“Parcel M”), Parcel G (“Parcel G”), Parcel H (“Parcel H”)  
377 and Parcel V (“Parcel V”). In addition, the Company purchased certain land at  
378 Mutual Fuels. The Company purchased the Parcel K on October 5, 2011, Parcel  
379 M and Parcel V on December 20, 2017, Parcel G and Parcel H on December 26,  
380 2018 and Mutual Fuels on September 27, 2017.

381 Q. How did the Company treat the costs associated with land acquisitions for  
382 environmental remediation purposes incurred after October 1, 2005?

383 A. Pursuant to the Commission's Order, as outlined in Order Paragraph No.  
384 (6) in the Final Order entered in Docket No. 04-0112, if any land purchases are  
385 made, any costs associated with land acquisitions for environmental remediation  
386 purposes shall be treated as a rate base asset to be recovered in rate  
387 case. Parcel K, Parcel M, Parcel G, Parcel H, Parcel V and the Mutual Fuels'  
388 parcels acquisition costs are not recoverable through Rider 11 and have not  
389 been included in the Rider 11 reconciliation.

390 Q. How does the Company plan to treat any costs associated with land acquisitions  
391 for environmental remediation purposes incurred after October 1, 2005?

392 A. Pursuant to the Commission's Order, as outlined in Order Paragraph No.  
393 (6) in the Final Order entered in Docket 04-0112, if any land purchases are  
394 made, any costs associated with land acquisitions for environmental remediation  
395 purposes shall be treated as a rate base asset in a rate case.

396 Q. Were there any land transactions during the 2023 reconciliation year?

397 A. There were no land acquisitions for environmental remediation purposes  
398 in 2023.

399 Q. In the Initiating Order for this proceeding the Commission ordered the  
400 Company to provide notice of its filing in the manner that notice be made for a  
401 general rate increase prescribed under Part 255 of the Illinois Administrative  
402 Code. Will the Company comply with those filing requirements?

403 A. Yes.

404 Q. Does this conclude your direct testimony?

405 A. Yes, it does.



Peoples Gas

200 East Randolph Street  
Chicago, IL 60601

[www.peoplesgasdelivery.com](http://www.peoplesgasdelivery.com)

February 12, 2024

Ms. Stephanie Cook  
Chief Clerk  
Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, Illinois 62701

Dear Ms. Cook:

Pursuant to the Commission's Order dated October 6, 1992 in Docket 91-0586, Special Permission No. R-18958 dated February 26, 1999 and Section D of Rider 11 of the Company's Schedule of Rates (Ill.C.C. No. 28) for Gas Service, the Company hereby files the enclosed verified report regarding its Incremental Costs of Environmental Activities for the quarter ended December 31, 2023.

Enclosed is an additional copy of this letter for your convenience in acknowledging receipt.

Very truly yours,

A handwritten signature in black ink that reads "Debra E. Egelhoff".

Debra E. Egelhoff  
Manager, State Regulatory  
Compliance & Advocacy

Enclosure

The Peoples Gas Light and Coke Company  
Report To Illinois Commerce Commission  
With Respect To Operation Of Rider 11, Adjustment  
For Incremental Costs Of Environmental Activities  
Quarter Ended December 31, 2023  
And Fiscal Year 2023

**The Peoples Gas Light and Coke Company**  
**Operation Of Rider 11, Adjustment For**  
**Incremental Costs Of Environmental Activities**  
**Quarter Ended December 31, 2023 And Fiscal Year 2023**

This report addresses the operation of the Company's Rider 11, Adjustment For Incremental Costs of Environmental Activities, during the quarter ended December 31, 2023, and during Fiscal Year 2023.

Section D of the Company's Rider 11, Adjustment for Incremental Costs of Environmental Activities, requires that the Company file quarterly reports with the Commission. Rider 11 further requires that each such report contain: a statement of activity in the Deferred Account for the quarter and for the fiscal year through the quarter; a statement of activity in the Settlement Fund for the quarter and for the fiscal year through the quarter; a statement of adjustments that were terminated during the quarter; a summary of the incremental costs incurred during the quarter and for the fiscal year through the quarter; and a description of the environmental activities in which the Company was involved during the quarter. Cumulative incremental costs and recoveries through December 31, 2023 are also included in these reports.

**Statement Of Activity In The Deferred Account**

Under its Rider 11, the Company recorded \$16,282,099.67 in the Deferred Account during the quarter ended December 31, 2023, the fourth quarter of Fiscal 2023. This amount represents the incremental costs that were incurred in connection with the environmental activities that were conducted by the Company during the quarter ended December 31, 2023.

During the quarter ended December 31, 2023, the Company recognized \$2,137,403.52 in revenues arising from the application of the adjustments determined under Rider 11.

Page 6 of this report presents the "Statement Of Activity In Account 182.3, Other Regulatory Assets, Quarter Ended December 31, 2023, Fiscal Year 2023, And Cumulative Through December 31, 2023".

**Statement of Activity in Settlement Fund**

On February 26, 1999, the Commission approved changes in Rider 11, including the establishment of the Settlement Fund, by Special Permission No. R-18958. The revision to the rider provides that the lesser of 50% of the incremental costs incurred or the Settlement Fund balance are recovered monthly through the Settlement Fund. At December 31, 2022 the Settlement Fund balance was \$0.00. In the fourth quarter 2023, the Company received money as a result of insurance settlements. All transactions were recorded after income taxes. All settlements received by the Company were completely depleted as of December 31, 2023, which results from a deduction of \$264,351.70, a portion (less than 50%) of the quarter's net incremental costs less income tax benefits.

Page 7 of this report presents the "Statement Of Activity in the Settlement Fund, Quarter Ended December 31, 2023, Fiscal Year 2023 And Cumulative Through December 31, 2023".

**Summary Of Incremental Costs**

The Company experienced a total of \$16,282,099.67 in incremental costs relative to the environmental activities that were conducted during the quarter ended December 31, 2023. Of this amount, \$12,667,077.71 is attributable to the Crawford Station; \$7,562.17 is attributable to the Division Street Station; \$43,147.52 attributable to the Hawthorne Place Station; \$318.80 is

**The Peoples Gas Light and Coke Company**  
**Operation Of Rider 11, Adjustment For**  
**Incremental Costs Of Environmental Activities**  
**Quarter Ended December 31, 2023 And Fiscal Year 2023**

attributable to the Hough Place Station; \$3,765,478.48 is attributable to the Mutual Fuel Gas Works Station; \$9,093.88 is attributable to the North Station; \$110,950.97 is attributable to the South Station; \$22,024.71 is attributable to the Throop Street Station; \$4,825.56 is attributable to the Willow Street Station; \$73,457.55 is attributable to the 22<sup>nd</sup> Street Station; \$872.52 is attributable to the 96<sup>th</sup> Street Station; a credit of \$717,747.13 is attributable to Insurance Related Costs and Recoveries; \$37,358.22 is attributable to General and Unallocated Costs; and \$257,678.71 is attributable to Carrying Charges. A pre-tax credit of \$369,748.52 representing recovery from the Settlement Fund, a portion of net incremental costs, excluding carrying charges, is also shown on this summary.

Page 8 of this report presents the "Summary Of Incremental Costs, Quarter Ended December 31, 2023, Fiscal Year 2023, And Cumulative Through December 31, 2023".

**Description Of Environmental Activities**

**Crawford Station**

During the quarter ended December 31, 2023, the Company incurred \$12,667,077.71 associated with environmental activities that were conducted relative to the Crawford Station. Costs were primarily incurred in connection with environmental site investigation and remediation activities performed by outside consultants. Additional costs were incurred for transportation and disposal of environmental waste material by an outside waste disposal company. Costs were also incurred for real estate taxes accrued on the property previously purchased under the Rider prior to October 1, 2005.

**Division Street Station**

During the quarter ended December 31, 2023, the Company incurred \$7,562.17 in incremental costs associated with the environmental activities that were conducted relative to the Division Street Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants.

**Hawthorne Station**

During the quarter ended December 31, 2023, the Company incurred \$43,147.52 in incremental costs associated with environmental activities that were conducted relative to the Hawthorne Station. Costs were primarily incurred in connection with environmental site investigation and remediation activities performed by outside consultants. Additional costs were incurred for transportation and disposal of environmental waste material by an outside waste disposal company.

**Hough Place Station**

During the quarter ended December 31, 2023, the Company incurred \$318.80 in incremental costs associated with environmental activities that were conducted relative to the Hough Place Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants.

**The Peoples Gas Light and Coke Company**  
**Operation Of Rider 11, Adjustment For**  
**Incremental Costs Of Environmental Activities**  
**Quarter Ended December 31, 2023 And Fiscal Year 2023**

**Mutual Fuel Gas Works Station**

During the quarter ended December 31, 2023, the Company incurred \$3,765,478.48 in incremental costs associated with environmental activities that were conducted relative to the Mutual Fuel Gas Works Station. Costs were primarily incurred for environmental site remediation activities performed by outside environmental consultants. Additional costs were incurred for transportation and disposal of environmental waste material by an outside waste disposal company.

**North Station**

During the quarter ended December 31, 2023, the Company incurred \$9,093.88 in incremental costs associated with the environmental activities that were conducted relative to the North Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants.

**South Station**

During the quarter ended December 31, 2023, the Company incurred \$110,950.97 in incremental costs associated with the environmental activities that were conducted relative to the South Station. Costs were primarily incurred in connection with environmental site investigation and remediation activities performed by outside consultants. Additional costs were incurred for real estate taxes accrued on the property previously purchased under the Rider prior to October 1, 2005. Costs were also incurred for transportation and disposal of environmental waste material by an outside waste disposal company.

**Throop Street Station**

During the quarter ended December 31, 2023, the Company incurred \$22,024.71 in incremental costs associated with the environmental activities that were conducted relative to the Throop Street Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants. Additional costs were also incurred for transportation and disposal of environmental waste material by an outside waste disposal company.

**Willow Street Station**

During the quarter ended December 31, 2023, the Company incurred \$4,825.56 in incremental costs associated with the environmental activities that were conducted relative to the Willow Street Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants.

**22<sup>nd</sup> Street Station**

During the quarter ended December 31, 2023, the Company incurred \$73,457.55 in incremental costs associated with the environmental activities that were conducted relative to the 22<sup>nd</sup> Street Station. Costs were primarily incurred for environmental site investigation activities performed by outside environmental consultants. Additional costs were also incurred for

**The Peoples Gas Light and Coke Company**  
**Operation Of Rider 11, Adjustment For**  
**Incremental Costs Of Environmental Activities**  
**Quarter Ended December 31, 2023 And Fiscal Year 2023**

transportation and disposal of environmental waste material by an outside waste disposal company.

**96<sup>th</sup> Street Station**

During the quarter ended December 31, 2023, the Company incurred \$872.52 in incremental costs associated with the environmental activities that were conducted relative to the 96th Street Station. Costs were incurred for real estate taxes accrued on the property previously purchased under the Rider prior to October 1, 2005.

**Insurance Related Costs and Recoveries**

During the quarter ended December 31, 2023, the Company received a net payment of \$1,087,495.65 from an insurance carrier. The payment is the result of a negotiated settlement claim for remediation work on the Company's environmental sites. \$717,747.13 of the net payment represents the recovery of past costs incurred by the Company. The \$369,748.52 remainder of the settlement was for future costs and applied to the Settlement Fund.

**General And Unallocated Costs**

During the quarter ended December 31, 2023, the Company incurred \$37,358.22 in general and unallocated incremental costs which are not associated with any one particular site. The costs were incurred for miscellaneous charges.

**Carrying Charges**

During the quarter ended December 31, 2023, the Company incurred \$257,678.71 in carrying charges. This amount represents the cost of carrying amounts in the deferred account before recovery through the Settlement Fund and application of adjustments determined under Rider 11.

**Cost Recoveries from Settlement Fund**

During the quarter ended December 31, 2023, the Company recovered \$369,748.52 before income taxes through the Settlement Fund. This amount represents a portion (less than 50%) of the net incremental costs, excluding carrying charges, incurred by the Company for the quarter ended December 31, 2023. The Settlement Fund was completely depleted as of December 31, 2023.

**Adjustments**

Page 9 of this report presents the "Adjustments Under Rider 11 Terminated During Quarter Ended December 31, 2023". Three adjustments were terminated during the quarter ended December 31, 2023.



**THE PEOPLES GAS LIGHT AND COKE COMPANY**  
**INCREMENTAL COSTS OF ENVIRONMENTAL ACTIVITIES**  
**STATEMENT OF ACTIVITY IN ACCOUNT 182.3, OTHER REGULATORY ASSETS**  
**QUARTER ENDED DECEMBER 31, 2023, FISCAL YEAR 2023, AND**  
**CUMULATIVE THROUGH DECEMBER 31, 2023**

Line No.	Description	Quarter Ended 12/31/2023 (B)	Fiscal Year 2023 (C)	Cumulative Through 12/31/2023 (D)
1	Balance at Beginning of Period	\$ 9,836,041.68	\$ 19,052,181.81	\$ -
2	Plus Costs Incurred:			
3	Quarter (Page 8, Line 36, Col. C)	16,282,099.67	-	-
4	Fiscal Year (Page 8, Line 36, Col. D)	-	26,320,280.62	-
5	Cumulative (Page 8, Line 36, Col. E)	-	-	650,362,225.56
6	Subtotal	\$ 26,118,141.35	\$ 45,372,462.43	\$ 650,362,225.56
7	Less Costs Recovered Through Rates	2,137,403.52	21,391,724.60	600,385,877.33
8	Less Recovery Through Settlement Fund:			
9	Quarter (Page 8, Line 37, Col. C)	369,748.52	-	-
10	Fiscal Year (Page 8, Line 37, Col. D)	-	369,748.52	-
11	Cumulative (Page 8, Line 37, Col. E)	-	-	26,365,358.92
12	Balance at End of Period	\$ 23,610,989.31	\$ 23,610,989.31	\$ 23,610,989.31

**THE PEOPLES GAS LIGHT AND COKE COMPANY**  
**STATEMENT OF ACTIVITY IN THE SETTLEMENT FUND**  
**QUARTER ENDED DECEMBER 31, 2023, FISCAL YEAR 2023, AND**  
**CUMULATIVE THROUGH DECEMBER 31, 2023**

Line No.		Quarter Ended 12/31/2023	Fiscal Year 2023	Cumulative Through 12/31/2023
1	Balance at Beginning of Period	\$ -	\$ -	\$ -
2	Add: Settlements with insurance carriers			
3	Or other entities (after tax)	264,351.70	264,351.70	15,138,248.32
4	Deduct: 50% of net incremental costs,			
5	Less income tax benefit (See note)	264,351.70	264,351.70	15,963,879.55
6	Add: Interest (after-tax)	<u>-</u>	<u>-</u>	<u>825,631.23</u>
7	Balance at end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.00</u>
Note:	Incremental costs, excluding carrying charges	\$ 16,742,168.09	\$ 26,481,883.18	\$ 615,117,262.87
	Less: Incremental costs recovered from insurance carriers or other entities for past costs	<u>717,747.13</u>	<u>717,747.13</u>	<u>2,375,038.64</u>
	Net incremental costs	<u>\$ 16,024,420.96</u>	<u>\$ 25,764,136.05</u>	<u>\$ 612,742,224.23</u>
	50% of net incremental costs	\$ 8,012,210.48	\$ 12,882,068.03	\$ 306,371,112.13
	Less: Amount not available from Settlement Fund to recover incremental costs incurred	<u>7,642,461.96</u>	<u>12,512,319.51</u>	<u>280,005,753.21</u>
	Recover incremental costs incurred (Page 8, Line 37)	369,748.52	369,748.52	26,365,358.92
	Adjustments to interest on Settlement Fund	<u>-</u>	<u>-</u>	<u>7.29</u>
	Amount to recover through Settlement Fund	369,748.52	369,748.52	26,365,366.21
	Less: Adjustment to Amount to recover through Settlement Fund rounding	-	-	0.01
	Less: Income tax benefit calculated at State and Federal Rate of 39.667% through 12/31/04	-	-	9,350,729.03
	Less: Income tax benefit calculated at State and Federal Rate of 39.745% through 12/31/10	-	-	233,436.95
	Less: Income tax benefit calculated at State and Federal Rate of 41.175% through 12/31/14	-	-	403,560.76
	Less: Income tax benefit calculated at an Effective State and Federal Rate of 40.0375%	-	-	224,329.62
	Less: Income tax benefit calculated at an Effective State and Federal Rate of 41.17500%	-	-	-
	Less: Income tax benefit calculated at an Effective State and Federal Rate of 28.50500%**	105,396.82	105,396.82	189,430.29
	Total	<u>\$ 264,351.70</u>	<u>\$ 264,351.70</u>	<u>\$ 15,963,879.55</u>

\*\*Effective January 1, 2018 @ 28.50500%

**THE PEOPLES GAS LIGHT AND COKE COMPANY**  
**INCREMENTAL COSTS OF ENVIRONMENTAL ACTIVITIES**  
**SUMMARY OF INCREMENTAL COSTS (1)**  
**QUARTER ENDED DECEMBER 31, 2023, FISCAL YEAR 2023, AND**  
**CUMULATIVE THROUGH DECEMBER 31, 2023**

Line No.	Site or Other Category of Costs (A)	Recorded in GL Account (B)	Quarter Ended 12/31/2023 (C)	Fiscal Year 2023 (D)	Cumulative Through 12/31/2023 (E)
1	Archives	182021088	\$ 0.00	\$ 0.00	\$ 2,577,604.90
2	Bowen and Langley Station	182021088	0.00	0.00	644,534.46
3	Calumet Station	182021088	0.00	0.00	11,405,958.12
4	Crawford Station	182021088	12,667,077.71	20,678,638.91	229,833,195.09
5	Division Street Station	182021088	7,562.17	55,267.33	54,738,207.71
6	Equitable Distribution Station	182021088	0.00	0.00	1,817,749.62
7	Hawthorne Station	182021088	43,147.52	242,791.05	3,993,594.04
8	Hough Place Station	182021088	318.80	649.95	34,857,456.84
9	Irving Park Road Station	182021088	0.00	0.00	7,780,275.80
10	Lake Gas Works	182021088	0.00	0.00	2,754,659.44
11	Market Street Station	182021088	0.00	0.00	45,948.89
12	Mutual Fuel Gas Works	182021088	3,765,478.48	4,604,503.23	17,441,680.07
13	North Shore Avenue Station	182021088	0.00	0.00	3,551,086.97
14	North Station	182021088	9,093.88	49,802.20	21,318,726.80
15	Pitney Court Station	182021088	0.00	0.00	30,058,681.29
16	Pullman Station	182021088	0.00	0.00	257,993.85
17	Roosevelt Road Station	182021088	0.00	0.00	3,120,930.82
18	South Station	182021088	110,950.97	265,806.47	36,053,208.88
19	Superior Street Holders	182021088	0.00	0.00	42,197.12
20	Throop Street Station	182021088	22,024.71	131,041.68	3,272,284.16
21	Willow Street Station	182021088	4,825.56	113,843.91	16,604,558.42
22	22 <sup>nd</sup> Street Station	182021088	73,457.55	199,073.74	65,460,223.23
23	24 <sup>th</sup> Place Station	182021088	0.00	0.00	2,902,875.22
24	31 <sup>st</sup> Street Station	182021088	0.00	0.00	10,525,303.24
25	40 <sup>th</sup> Street Holder	182021088	0.00	0.00	88,913.40
26	64 <sup>th</sup> Street Station	182021088	0.00	0.00	913,656.60
27	73 <sup>rd</sup> Street Station	182021088	0.00	0.00	8,353,207.97
28	96 <sup>th</sup> Street Station	182021088	872.52	9,759.66	20,249,524.29
29	110 <sup>th</sup> Street Purifying Station	182021088	0.00	0.00	13,608,468.31
30	McCook Property	182021088	0.00	0.00	0.00
31	Cicero Refining	182021088	0.00	0.00	0.00
32	Community Relations Program	182021088	0.00	0.00	72,422.93
33	Insurance Related Costs and Recoveries	182021088	(717,747.13)	(717,747.13)	8,105,473.31
34	General and Unallocated Costs	182021088	37,358.22	130,705.05	9,584,447.84
35	Carrying Charges	182021085	257,678.71	556,144.57	28,327,175.93
36	Total		\$ 16,282,099.67	\$ 26,320,280.62	\$ 650,362,225.56
37	Settlement Fund (Page 7)	182021088	369,748.52	369,748.52	26,365,358.92
38	Net Total after Settlement Fund recovery		\$ 15,912,351.15	\$ 25,950,532.10	\$ 623,996,866.64

(1) Recorded in Account 182.3, Other Regulatory Assets

**THE PEOPLES GAS LIGHT AND COKE COMPANY**  
**INCREMENTAL COSTS OF ENVIRONMENTAL ACTIVITIES**  
**ADJUSTMENTS UNDER RIDER 11 TERMINATED**  
**DURING QUARTER ENDED DECEMBER 31, 2023**

Adjustments Effective Beginning: <u>(A)</u>	Amount Reflected In Determination Of Adjustment <u>(B)</u>	Amount Recovered Through Rates <u>(C)</u>	<u>Difference (1)</u> <u>(D)</u>
October 1, 2022	\$ 1,929,189.73	\$ 1,896,308.47	\$ 32,881.26
November 1, 2022	\$ 927,268.79	\$ 964,537.33	\$ (37,268.54)
December 1, 2022	\$ 545,323.92	\$ 487,457.22	\$ 57,866.70

(1) Maintained in deferred account for inclusion in subsequent determination of an adjustment.

STATE OF ILLINOIS     )  
                                  )  
COUNTY OF COOK     )     SS

Torrence L. Hinton, being first duly sworn, deposes and says that he is President; that he has read the foregoing Report to the Illinois Commerce Commission with respect to Operation of Rider 11, Adjustment for Incremental Costs of Environmental Activities, for the Quarter ended December 31, 2023 and knows the contents thereof; and that the facts therein stated are true to the best of his knowledge, information and belief.

*T. L. Hinton*  
Torrence L. Hinton

SUBSCRIBED and SWORN TO before me this 6th day of February, 2024.

*Agatha M. Szeczyk*  
Notary Public

My Commission Expires:

03/14/2027



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of The Peoples Gas Light and Coke Company:

### **Opinion**

We have audited the accompanying Report to the Illinois Commerce Commission on Incremental Costs of Environmental Activities - Statement of Activity in Account 182.3, Other Regulatory Assets and Report to the Illinois Commerce Commission on Incremental Costs of Environmental Activities - Statement of Activity in Settlement Fund (collectively, the "Statements") of The Peoples Gas Light and Coke Company (the "Company") for the year ended December 31, 2023.

In our opinion, the Statements referred to above, present fairly, in all material respects, the information set forth therein for the year ended December 31, 2023, in accordance with the financial reporting provisions of Section D of the Company's Rider 11, in effect and on file with the Illinois Commerce Commission.

### **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 Statements 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**

The Statements were prepared by the Company on the basis of the financial reporting provisions of Section D of the Company's Rider 11, 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. As a result, the Statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Statements**

Management is responsible for the preparation and fair presentation of the Statements in accordance with the financial reporting provisions of Section D of the Company's Rider 11, in effect and on file with the Illinois Commerce Commission, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Audit of the Statements**

Our objectives are to obtain reasonable assurance about whether the Statements as a whole are 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 Statements.

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 Statements, 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 Statements.
- 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 Statements.
- 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 Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Deloitte & Touche LLP*

Milwaukee, Wisconsin  
March 29, 2024

PGL Ex. 1.2 23-0802 The Peoples Gas Light and Coke Company  
Rider 11 Recoveries by Customer Class

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
1994	\$ 106,145.08	\$ 49,179.46	\$ 29,394.16	\$ 184,718.70
1995	123,763.24	59,623.49	41,084.55	224,471.28
1996	1,328,169.69	530,011.39	324,110.77	2,182,291.85
1997	1,769,849.14	687,354.20	368,246.80	2,825,450.14
1998	732,632.13	306,529.73	191,015.37	1,230,177.23
1999	1,523,320.04	622,818.39	364,030.06	2,510,168.49
2000	916,167.60	398,724.43	235,364.89	1,550,256.92
2001	3,584,701.37	1,455,099.45	691,471.74	5,731,272.56
2002	3,514,988.32	1,576,177.45	796,504.57	5,887,670.34
2003	13,169,382.06	5,267,527.40	2,097,406.33	20,534,315.79
2004	9,993,730.07	4,370,799.14	1,841,369.95	16,205,899.16
2005	17,664,850.77	7,706,268.56	3,202,703.73	28,573,823.06
2006	19,366,815.53	8,757,352.07	3,464,279.74	31,588,447.34
2007	40,401,775.31	18,227,824.60	6,485,009.54	65,114,609.45
2008	35,945,691.28	16,320,598.00	5,623,534.72	57,889,824.00
2009	22,536,376.14	10,158,985.81	3,005,207.14	35,700,569.09
2010	5,359,925.96	2,403,731.47	744,930.12	8,508,587.55
2011	2,844,413.31	1,326,245.36	451,162.53	4,621,821.20
2012	6,289,696.30	2,944,706.04	969,335.90	10,203,738.24
2013	21,189,735.88	9,945,142.43	2,978,386.15	34,113,264.46
2014	23,534,103.03	11,107,056.28	3,195,954.84	37,837,114.15
2015	14,522,571.87	7,077,448.87	2,088,178.99	23,688,199.73



PGL Ex. 1.2 23-0802 The Peoples Gas Light and Coke Company  
Rider 11 Recoveries by Customer Class

2016	17,138,177.10	8,524,836.27	2,509,265.03	28,172,278.40
2017	<u>18,887,584.72</u>	<u>9,425,234.63</u>	<u>3,412,323.17</u>	<u>31,725,142.52</u>
Total	<u>282,444,565.94</u>	<u>129,249,274.92</u>	<u>45,110,270.79</u>	<u>456,804,111.65</u>
	<u>Small Residential</u>	<u>Small C&amp;I</u>	<u>Large C&amp;I</u>	<u>Total</u>
2018	11,032,643.57	10,443,573.08	3,461,873.51	24,938,090.16
2019	13,965,127.37	13,661,518.09	4,305,137.61	31,931,783.07
2020	9,594,946.09	8,945,280.10	2,738,283.91	21,278,510.10
2021	7,765,434.34	\$7,202,845.95	2,335,198.06	17,303,478.35
2022	11,642,120.29	\$11,318,244.23	3,777,814.88	26,738,179.40
2023	9,493,299.99	\$9,328,263.25	2,570,161.36	21,391,724.60
			Total	600,385,877.33

Small Residential: Service Classification Number 1

Small C&I (Commercial and Industrial): Service Classification Number 2, and Service Classification Number 8

Large C&I (Commercial and Industrial): Service Classification Number 4

Property Acquired in Fiscal Year	Property Description	PIN's	Current Ownership/Lease
1999	South Station -Parcel A	17-29-301-014-0000	PGL Owns
	South Station - Parcel B	17-29-301-013-0000	PGL Owns
2000	110th Street - Main Parcel	25-13-400-005-0000	110th Complex, LLC (2022)
2002	Crawford Station - Parcels L, Z and AA	16-34-209-015-0000	PGL Owns
		16-34-209-016-0000	PGL Owns
		16-34-209-017-0000	PGL Owns
		16-34-302-009-0000	Interpool Inc Owns
		16-34-302-018-0000 Now 034 and 035	R.L.R. Investments LLC (May 2021)
		16-34-302-031-0000 Now 036 and 037	R.L.R. Investments LLC (May 2021)
		16-34-400-013-0000 Now 028 and 029	R.L.R. Investments LLC (May 2021)
		16-34-400-014-0000 Now 030 and 031	R.L.R. Investments LLC (May 2021)
		16-34-400-015-0000 Now 032 and 033	R.L.R. Investments LLC (May 2021)
2003	96th Street Station	26-06-428-032-0000	PGL Owns (August 2003)
2004	Crawford Station - Parcel A	16-34-302-023-0000	PGL Owns/leases with proceeds going to Rider 11.
	Crawford Station - Parcel B	16-34-302-014-0000	PGL Owns/leases majority of parcel with proceeds going to Rider 11.
2005	Pitney Court	17-29-319-001-0000	PGL Sold on September 20, 2021 TO Soho Investments
		17-29-319-002-0000	

<sup>1</sup> SAS RI - USEPA Superfund Alternate Sites Program Remedial Investigation

<sup>2</sup> SRP - Site Remediation Program

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

Illinois Commerce Commission	)	
On Its Own Motion	)	
	)	
v.	)	
	)	
The Peoples Gas Light and	)	
Coke Company	)	Docket No. 23-0802
	)	
	)	
	)	
Reconciliation of revenues	)	
collected under coal tar riders	)	
with prudent costs associated with	)	
coal tar clean-up expenditures	)	

**NOTICE OF FILING AND CERTIFICATE OF SERVICE**

I hereby certify that The Peoples Gas Light and Coke 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. 23-0802, in accordance with requirements of the Commission’s Rules of Practice.

Dated at Chicago, Illinois, this 29<sup>th</sup> day of March, 2024.

By: /S/ KOBY BAILEY

Koby Bailey  
An Attorney for  
The Peoples Gas Light  
and Coke Company