

The Peoples Gas Light and Coke Company  
 North Shore Gas Company  
 Rebuttal to Effron Adjustments Related to Gas Costs  
 (000's)

	Peoples Gas		North Shore Gas	
	Average Price Based on		Average Price Based on	
	12ME Mar '07 (Effron)	12ME Jan '08 (Company)	12ME Mar '07 (Effron)	12ME Jan '08 (Company)
<b>Effron Sch C-1</b>				
Deliveries to Sales Customers	106,045	<b>106,045</b>	22,790	<b>22,790</b>
Price	<u>8.12</u>	<u>8.78 (1)</u>	<u>8.00</u>	<u>9.15 (1)</u>
Pro Forma Gas Charge Revenues	861,084	<b>931,075</b>	182,317	<b>208,529</b>
Company Gas Charge Revenues	<u>1,060,338</u>	<u>1,060,338</u>	<u>223,231</u>	<u>223,231</u>
Adjustment	<u>(199,254)</u>	<u>(129,263)</u>	<u>(40,914)</u>	<u>(14,702)</u>
<b>Effron Sch C-2 - Uncollectibles on Above</b>				
Gas Charge Rev Adj	(199,254)	<b>(129,263)</b>	(40,914)	<b>(14,702)</b>
Uncollectible Rate	<u>2.54%</u>	<u>2.54%</u>	<u>0.70%</u>	<u>0.70%</u>
Adjustment	<u>(5,061)</u>	<u>(3,283)</u>	<u>(286)</u>	<u>(103)</u>
<b>Effron Sch C-2 - Franchise Requirements</b>				
Volumes			176	<b>176</b>
Price			<u>8.00</u>	<u>8.28 (2)</u>
Pro Forma Expense			1,411	<b>1,457</b>
Company Expense			<u>2,041</u>	<u>2,041</u>
Adjustment			<u>(630)</u>	<u>(584)</u>
<b>Effron Sch C-2 - Compressor Station Fuel</b>	2005	2006		
Fuel Cost	<u>3,136</u>	<u>4,852</u>		
Other Costs	<u>262</u>	<u>133</u>		
	<u>3,398</u>	<u>4,985</u>		<u>(1,587) (3)</u>
	Average Price Based on			
	12ME Mar '07 (Effron's price with 2006 volumes)	12ME Jan '08 (Company)		
Compressor Station Adj due to Gas Costs				
Usage	479	<b>479</b>		
Price	<u>8.12</u>	<u>8.14 (2)</u>		
Pro Forma Cost of Fuel	3,889	<b>3,899</b>		
Company Cost of Fuel	<u>4,852</u>	<u>4,852</u>		
Adjustment - Fuel Cost	<u>(963)</u>	<u>(953)</u>		

- Notes: (1) Price reflects the Average Gas Charge Rate for computing uncollectibles.  
 (2) Price reflects the Average LIFO Rate for all other computations  
 (3) Mr. Effron's adjustment "re-sets" the cost to the 2005 level. There is no recognition of volume variation in his adjustment.