

Schedule A  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
REVENUE DEFICIENCY  
(\$000)

	(1) Company Position	Adjustments		Proposed Position
Rate Base	\$ 1,300,424	\$ (85,062)	(2)	\$ 1,215,362
Rate of Return	<u>8.24%</u>	<u>-1.64%</u>	(3)	<u>6.60%</u>
Operating Income Requirement	107,155	(26,978)		80,177
Adjusted Operating Income	<u>49,018</u>	<u>4,106</u>	(4)	<u>53,124</u>
Income Deficiency (Excess)	58,137	(31,084)		27,053
Gross Revenue Conversion Factor	<u>1.7029</u>	<u>-</u>		<u>1.7029</u>
Revenue Deficiency (Excess)	<u>\$ 98,999</u>	<u>\$ (52,932)</u>		<u>\$ 46,068</u>

## Sources:

- (1) Exhibit SF-2.5P
- (2) Schedule B
- (3) Schedule D
- (4) Schedule C

Schedule B  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
RATE BASE  
(\$000)

	(1) Company <u>Position</u>	<u>Adjustments</u>		<u>Proposed Position</u>
Utility Plant	\$ 2,439,299	\$ (9,193)	(2)	\$ 2,430,106
Accumulated Depreciation and Amortization	<u>934,421</u>	<u>43,134</u>	(2)	<u>977,555</u>
Net Plant	<u>\$ 1,504,878</u>	<u>\$ (52,327)</u>		<u>\$ 1,452,551</u>
Cash Working Capital	30,896			30,896
Materials and Supplies	8,796			8,796
Gas in Storage	<u>86,667</u>			<u>86,667</u>
Subtotal	<u>126,359</u>			<u>126,359</u>
Accumulated Deferred Income Taxes	(310,757)	25,826	(3)	(284,931)
Customer Deposits	(32,176)			(32,176)
Budget Plan Balances	14,080			14,080
Accrued Postretirement Benefits	-	(55,653)	(4)	(55,653)
Customer Advances for Construction	(392)			(392)
Pre-1971 Investment Tax Credits	(54)			(54)
Reserve for Injuries and Damages	(4,422)			(4,422)
Miscellaneous Deferred Debits	<u>2,908</u>	<u>(2,908)</u>	(5)	<u>-</u>
Subtotal	<u>(330,813)</u>	<u>(29,827)</u>		<u>(363,548)</u>
Net Rate Base	<u>\$ 1,300,424</u>	<u>\$ (82,154)</u>		<u>\$ 1,215,362</u>

## Sources:

- (1) Exhibit SF-2.5P
- (2) Schedule B-1
- (3) Schedule B-2
- (4) Response to AG 5.01
- (5) Exhibit SF-2.2P



Schedule B-1  
RevisedTHE PEOPLES GAS LIGHT AND COKE COMPANY  
PLANT IN SERVICE, ACCUMULATED DEPRECIATION  
(\$000)

Revised Budget of FY 2007 Capital Expenditures	(1)	\$ 96,411
Original Budget of FY 2007 Capital Expenditures	(2)	<u>104,524</u>
Adjustment to Budgeted Capital Expenditures		(8,113)
Adjustment to Pro Forma Capitalized Restoration Costs		<u>(1,080)</u>
Total Adjustment to Plant in Service		<u>\$ (9,193)</u>
Depreciation Expense Fiscal Year 2006	(3)	\$ 48,664
Adjustment to Company Depreciation on Plant Additions	(4)	<u>(210)</u>
Total Depreciation Expense		48,454
Annualized Net Cost of Removal	(5)	<u>5,320</u>
Net Adjustment to Depreciation Reserve		<u>\$ 43,134</u>

## Sources:

(1)	Response to AG 8.13	86,006
	Exhibit SF 2.0, Page 9	<u>10,405</u>
	Revised Forecast	<u>96,411</u>
(2)	PGL Schedule B-2	
(3)	PGL Schedule C-1	
(4)	Schedule C-3	
(5)	Response to AG 11.10	



Schedule B-2  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
ACCUMULATED DEFERRED INCOME TAXES  
(\$000)

ADIT Related to Gas Cost Reconciliation - State	(1)	
ADIT Related to Gas Cost Reconciliation - Federal	(1)	
Alternative Minimum Tax on Gas Cost Settlement Charge	(2)	
Adjustment to ADIT on Plant Additions	(3)	(587)
ADIT on Accrued FAS 106 Liability	(4)	(24,083)
ADIT on Deferred Rate Case Exepnse	(5)	<u>(1,156)</u>
Total Adjustment to Accumulated Deferred Income Taxes		<u>\$ (25,826)</u>

## Sources:

(1)	Adjustment accepted in PGL rebuttal		
(2)	Adjustment accepted in PGL rebuttal		
(3)	Adjustment to Forecasted Plant Additions	(9,193)	Sch. B-1
	Company Forecasted Plant Additions	<u>104,524</u>	Sch. B-1
	Ratio of Adjustment to Forecast	-8.80%	
	Company Adjustment to ADIT	<u>6,673</u>	PGL B-2
	Adjustment to ADIT on Plant Additions	<u>(587)</u>	
(4)	PGL Schedule B-9, Page 1	19660+4423	
(5)	Exhibit SF-2.2P		



Schedule C  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
OPERATING INCOME  
(\$000)

	(1) Company Position	<u>Adjustments</u>		Proposed Position
Total Operating Revenue	\$ 1,506,503		(2)	\$ 1,506,503
Cost of Gas	1,084,326		(2)	1,084,326
Other Operation and Maintenance Expense	283,714	(6,995)	(3)	276,719
Depreciation and Amortization	59,405	(210)	(4)	59,195
Taxes other than Income Taxes	18,827	(720)	(5)	18,107
Income Taxes				
State Income Tax Expense - Current	4,747	701	(6)	5,448
Federal Income Tax Expense - Current	37,829	3,118	(6)	40,947
Deferred Income Tax Expense	(30,947)			(30,947)
Investment Tax Credit	<u>(416)</u>	<u>-</u>		<u>(416)</u>
Total Operating Expenses	1,457,485	(4,106)		1,453,379
Net Adjusted Operating Income	<u>\$ 49,018</u>	<u>\$ 4,106</u>		<u>\$ 53,124</u>

## Sources:

- (1) Exhibit SF-2.5P
- (2) Not Adjusted
- (3) Schedule C-2
- (4) Schedule C-3
- (5) Schedule C-4
- (6) Schedule C-5

Schedule C-1  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
OPERATING REVENUE  
(\$000)

**NOT USED**

Schedule C-2  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
OPERATION AND MAINTENANCE EXPENSE  
(\$000)

## Adjustments to Operation and Maintenance Expense:

Rate Case Expense	(1)	
Medical and Insurance Costs	(2)	
Uncollectible Accounts Expense	(3)	
Incentive Compensation	(4)	(5,375)
Inflation Factor Adjustment	(5)	
Lobbying	(6)	
Compressor Station Fuel	(7)	
Non-Recurring Maintenance	(8)	
City of Chicago Restoration Costs	(9)	<u>(1,620)</u>
Total Adjustment to Operation and Maintenance Expense		<u>\$ (6,995)</u>

## Sources:

- |     |  |                             |
|-----|--|-----------------------------|
| (1) | Adjustment accepted in PGL rebuttal          |                             |
| (2) | Adjustment accepted in PGL rebuttal          |                             |
| (3) | Adjustment to Gas Charge Revenues            | - Schedule C-1              |
|     | Uncollectibles Rate                          | <u>2.54%</u> PGL WPC-2.12.1 |
|     | Adjustment to Uncollectible Accounts         | <u>          -</u>          |
| (4) | ICC Staff Exhibit 2.0, Schedule 2.2P, Page 2 |                             |
| (5) | Adjustment accepted in PGL rebuttal          |                             |
| (6) | Adjustment accepted in PGL rebuttal          |                             |
| (7) | Agree to PGL Rebuttal                        |                             |
| (8) | Adjustment accepted in PGL rebuttal          |                             |
| (9) | Schedule C-2.1, Revised                      |                             |

Schedule C-2.1  
Revised  
THE PEOPLES GAS LIGHT AND COKE COMPANY  
PAVEMENT RESTORATION COSTS  
(\$000)

		Calendar <u>2007</u>	FY <u>2006</u>	<u>Ratio</u>
Jan	(A)	402	11	
Feb	(A)	192	212	
Mar	(A)	1,029	207	
Apr	(A)	1,119	450	
May	(A)	2,248	691	
Jun	(A)	1,970	686	
Jul	(B),(A)	<u>2,100</u>	<u>904</u>	
Totals - 7 Months		9,060	3,161	2.87
Total Costs for FY 2006				<u>6,319</u>
Projected Total for 2007				18,111
PGL Projected Total for 2007				<u>20,812</u>
Adjustment to PGL Position				(2,701)
Adjustment to O&M Expense		(C) 60%		<u>(1,620)</u>
Adjustment to Plant		(C) 40%		<u>(1,080)</u>

## Sources:

- (A) NS-PGL ED Ex. 2.3P
- (B) Jul 2007 from response to AG 11.12
- (C) NS-PGL Workpaper SF 2.3P, 2.7P

Schedule C-3  
RevisedTHE PEOPLES GAS LIGHT AND COKE COMPANY  
DEPRECIATION EXPENSE  
(\$000)

Proposed Adjustment to Pro Forma Plant in Service	(1)	\$ (9,193)
Depreciation Accrual Rate	(2)	<u>2.28%</u>
Adjustment to Depreciation Expense		<u>\$ (210)</u>

## Sources:

- (1) Schedule B-1
- (2) PGL Schedule B-2.1      2387/104524

Schedule C-4  
RevisedTHE PEOPLES GAS LIGHT AND COKE COMPANY  
TAXES OTHER THAN INCOME TAXES  
(\$000)

Adjustment to Wages and Salaries

Payroll Tax Rate

Adjustment to Payroll Taxes	(1)	<u>\$ (255)</u>
Elimination of Pro Forma Adjustment to Invested Capital Tax	(2)	<u>\$ (465)</u>
Total Adjustment to Taxes Other than Income Taxes		<u>\$ (720)</u>

Sources:

- (1) ICC Staff Exhibit 2.0, Schedule 2.2P, Page 2
- (2) PGL Schedule C-2.6, Exhibit SF-2,6P           -(814-336-13)

Schedule C-5  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
INCOME TAXES  
(\$000)

## Adjustments to Taxable Income:

Revenue	(1)	\$	-
Cost of Gas	(1)		-
Operation and Maintenance Expense	(1)		(6,995)
Depreciation and Amortization	(1)		(210)
Taxes other than Income Taxes	(1)		(720)
Interest	(2)		<u>(1,683)</u>
Adjustment to Expenses			(9,609)
Adjustment to Taxable Income			9,609
Illinois Income Tax Rate			<u>7.30%</u>
Adjustment to Illinois Income Tax		\$	<u>701</u>
Adjustment to Federal Taxable Income			8,907
Federal Income Tax Rate			<u>35%</u>
Adjustment to Federal Income Tax		\$	<u>3,118</u>

## Sources:

(1)	Schedule C		
(2)	Rate Base	1,215,362	Schedule B
	Weighted Debt Cost	<u>2.06%</u>	Schedule D
	Interest Deduction	24,976	
	Company Interest Deduction	<u>26,659</u>	Exhibit SF-2.14P
	Adjustment	<u>(1,683)</u>	

Schedule D  
Revised

THE PEOPLES GAS LIGHT AND COKE COMPANY  
RATE OF RETURN  
(\$000)

**Company Position**

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Long Term Debt	44.00%	4.67%	2.05%
Common Equity	<u>56.00%</u>	11.06%	<u>6.19%</u>
Total Capital	<u>100.00%</u>		<u>8.24%</u>

**GCI Position**

	<u>Percent of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost</u>
Total Debt	44.00%	4.67%	2.06%
Common Equity	<u>56.00%</u>	8.11%	<u>4.54%</u>
Total Capital	<u>100.00%</u>		<u>6.60%</u>

Sources: NS-PGL Ex. BAJ-2.1P  
Testimony of Mr. Thomas