

ICC Docket Nos. 07-0241 and 07-0242
The Peoples Gas Light and Coke Company's and
North Shore Gas Company's Response to
The People of the State of Illinois Data Request AG 18.01
Dated: August 31, 2007

REQUEST NO. AG 18.01:

What would be the effect on Peoples Gas' and North Shore's pro forma base rate revenues under present rates of using the (most recent) thirty year average heating degree days, rather than the ten year average heating degree days, to calculate weather normalized sales and base rate revenues? The response should provide supporting workpapers.

RESPONSE:

Below is a summary of pro-forma present rate base rate revenues assuming 30-year normal heating degree days (6,399 heating degree days) for the period ending September 30, 2006. Supporting work papers are attached.

The Peoples Gas Light and Coke Company
North Shore Gas Company
Sales and Transportation Base Rate Revenues Assuming 30-Year Weather Normalization (1)
6,399 Heating Degree Days

	Present Rate Base Rate Total(2) 10-year Normal	Incremental Assuming 30-Year Normal			Present Rate Base Rate Total 30-year Normal
		Rate 1H	Rate 2	Total	
Peoples Gas	\$ 371,384,000	\$ 3,827,811	\$ 2,604,164	\$ 6,431,975	\$ 377,815,975
North Shore	\$ 61,787,000	\$ 933,802	\$ 279,820	\$ 1,213,622	\$ 63,000,622

- (1) For the 30-year period ending September, 2006.
(2) For Peoples Gas, see Schedule E-5, Section A, Part 1 of 1, column E, line 33.
For North Shore, see Schedule E-5, Section A, Part 1 of 1, column E, line 24.

OFFICIAL FILE

ICC DOCKET NO. 07-0241/07-0242
AG Cross Marozas Exhibit No. 8

Witness _____
Date 9/17/07 Reporter AS

**The Peoples Gas Light and Coke Company
North Shore Gas Company
Sales and Transportation Base Rate Revenues Assuming 30-Year Weather Normalization (1)
6,399 Heating Degree Days**

	Present Rate Base Rate Total(2) 10-year Normal	Incremental Assuming 30-Year Normal			Present Rate Base Rate Total 30-year Normal
		Rate 1H	Rate 2	Total	
Peoples Gas	\$ 371,384,000	\$ 3,827,811	\$ 2,604,164	\$ 6,431,975	\$ 377,815,975
North Shore	\$ 61,787,000	\$ 933,802	\$ 279,820	\$ 1,213,622	\$ 63,000,622

The Peoples Gas Light and Coke Company
Weather Normalization Adjustment Calculation and Present-Rate Revenue Adjustment for 30-Year Normal Ending September, 2006
1st Year 2008
(Volumes in Dth)

Base Use:	Heating Degree Days		Monthly	Daily	Monthly	Total	Use Per	30-Year	10-Year	Incremental	Rate 11, 9, 5	State 2, 3, 5	GSRM Allocation		LSE Allocation		Revenue at End Block Rate (G)	
	Normal	Actual											Weather	Subsidy	Subsidy	Subsidy		Subsidy
# of Days	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)
			(B)-(C)	(D)-(E)	(F)-(G)	(H)-(I)	(J)-(K)	(L)-(M)	(N)-(O)	(P)-(Q)	(R)-(S)	(T)-(U)	(V)-(W)	(X)-(Y)	(Z)-(AA)	(AB)-(AC)	(AD)-(AE)	(AF)-(AG)
Oct-05	31	403	340	63	9,665,523	169,880	16,000	1,008,000	480,000	538,000	32.71%	67.29%	172,722	355,278	528,000	355,278	197,690	\$ 197,690
Nov-05	31	1,152	891	261	13,551,746	20,000	20,000	1,360,000	630,000	730,000	48.86%	51.14%	368,828	371,171	740,000	371,171	422,239	\$ 422,239
Dec-05	31	1,302	896	406	27,552,847	22,000	22,000	2,832,000	1,500,000	1,332,000	55.65%	44.35%	428,483	341,517	770,000	341,517	480,339	\$ 480,339
Jan-06	31	1,061	1,024	37	24,794,226	169,880	21,000	832,000	7,062,000	1,870,000	48.27%	51.73%	591,283	948,717	1,870,000	948,717	1,054,406	\$ 1,054,406
Feb-06	28	852	821	31	26,881,377	169,880	21,000	732,000	1,441,000	210,000	50.46%	49.54%	1,080,989	1,031,011	2,112,000	1,031,011	1,237,186	\$ 1,237,186
Mar-06	31	852	821	31	22,137,248	169,880	21,000	681,000	1,441,000	210,000	50.46%	49.54%	1,080,989	1,031,011	2,112,000	1,031,011	1,237,186	\$ 1,237,186
Apr-06	30	491	368	123	11,067,311	169,880	16,700	2,221,100	1,086,700	534,400	43.69%	56.31%	231,486	300,614	634,000	300,614	321,225	\$ 321,225
May-06	31	225	231	(6)	4,251,866	169,880	13,000	(78,000)	(117,000)	39,000	37.63%	62.37%	14,677	24,323	39,000	24,323	16,788	\$ 16,788
Jun-06	30	49	28	21	5,332,842	169,880	-	-	-	-	0.00%	0.00%	-	-	-	-	-	-
Jul-06	31	9	9	0	236,442	169,880	-	-	-	-	0.00%	0.00%	-	-	-	-	-	-
Aug-06	31	9	9	0	538,850	169,880	5,000	165,000	1,152,000	98,000	0.00%	0.00%	17,957	77,043	95,000	17,957	20,994	\$ 20,994
Sep-06	30	102	115	(13)	5,556,180	187,311	-	12,006,100	5,117,700	6,888,400	20.00%	80.00%	3,267,827	2,348,873	5,616,700	3,267,827	3,627,811	\$ 3,627,811
Total	365	6,329	5,775	554	113,677,236	1,837,311	5,000	12,006,100	5,117,700	6,888,400	20.00%	80.00%	3,267,827	2,348,873	5,616,700	3,267,827	3,627,811	\$ 3,627,811

(1) October, 2006 through August 2006 based on actual sales for July and August, 2005. September 2006 based on actual sales for July and August, 2006.

(2) Regression analysis used to determine heat sold.

(3) Due to significant monthly heat load and regression with low R², no weather adjustment made.

(4) Allocation Percentages per the Gas, Solid and Revenue Model.

(5) Present Rate end block rates for the applicable service classification.

North Shore Gas Company
Weather Normalization Adjustment for 30-Year Normal Ending September, 2005
Year: 2006
(Volume in Dth)

Base Use	Heating Degree Days			Monthly Spend	Daily Base Load (1)	Monthly Base Use (A) x (F)	Monthly Heat Use (E) - (G)	Use Per Degree Day (H) / (F)	Weather Adjustment (D) x (I)	10-Year Weather Adj. (K) (S)	Incremental Weather Adj. (J) - (K)	Rate 1: (L) % (6)	Rate 2: (M) % (6)	GSA Allocation Allocation		SSE Allocation Allocation		Revenue at End Block Rate (7)		
	# of Days (A)	Normal (B)	Actual (C)											(B) - (C)	(L) X (M)	(N) X (M)	(R)	(S)	(O) X Base	(P) X Base
Oct-05	31	403	340	2,021,944	38,395	1,190,245	831,699	3,000 (2)	185,000	90,000	99,000	40.81%	59.09%	40,495	58,501	59,000	58,501	1,220,000	49,409	31,175
Nov-05	30	749	681	3,652,279	38,395	1,161,850	2,491,028	4,000	124,000	124,000	148,000	60.38%	39.62%	66,339	56,662	99,000	56,662	1,220,000	108,892	31,261
Dec-05	31	1,152	1,281	6,223,310	38,395	1,190,245	5,033,065	4,000	516,000	124,000	148,000	65.18%	34.82%	95,198	43,802	140,000	43,802	1,220,000	117,862	23,342
Jan-06	29	1,061	1,024	4,696,832	38,395	1,190,245	3,506,587	4,000	1,284,000	1,284,000	384,000	62.88%	37.12%	241,832	142,168	340,000	142,168	1,220,000	252,845	70,689
Feb-06	30	692	521	3,237,602	38,395	1,075,030	4,182,742	4,000	148,000	148,000	384,000	62.80%	37.20%	251,230	146,770	340,000	146,770	1,220,000	250,448	7,000
Mar-06	31	225	231	2,347,441	38,395	1,151,850	1,175,591	3,300	488,500	333,300	105,600	51.56%	48.44%	54,442	51,158	105,600	51,158	1,220,000	68,419	27,262
Apr-06	30	49	28	1,305,395	38,395	1,190,245	155,056	2,900 (3)	(17,400)	(26,100)	8,700	49.33%	50.67%	4,291	4,406	8,700	4,406	1,220,000	5,235	2,350
May-06	31	4	-	1,301,568	38,395	1,190,245	-	-	-	-	-	0.00%	0.00%	-	-	-	-	1,220,000	-	-
Jun-06	30	102	115	1,301,568	38,150	1,144,800	158,769	1,400	(19,200)	(43,400)	35,200	25.24%	74.76%	6,261	18,938	35,200	18,938	1,220,000	7,760	18,938
Jul-06	31	9	-	1,301,568	38,150	1,144,800	158,769	1,400	2,244,300	653,800	1,200,500	25.24%	74.76%	155,412	225,069	1,200,500	225,069	1,220,000	933,602	315,028
Aug-06	31	9	-	1,301,568	38,150	1,144,800	158,769	1,400	2,244,300	653,800	1,200,500	25.24%	74.76%	155,412	225,069	1,200,500	225,069	1,220,000	933,602	315,028
Sep-06	30	6,389	5,775	1,301,568	38,150	1,144,800	158,769	1,400	2,244,300	653,800	1,200,500	25.24%	74.76%	155,412	225,069	1,200,500	225,069	1,220,000	933,602	315,028
Total	385	6,389	5,775	1,301,568	38,150	1,144,800	158,769	1,400	2,244,300	653,800	1,200,500	25.24%	74.76%	155,412	225,069	1,200,500	225,069	1,220,000	933,602	315,028

(1) October 2005 through August 2006 based on actual sales for July and August, 2005. September 2006 based on actual sales for July and August, 2006.

(2) Regression analysis used to determine heat load.

(3) Rounded up to the nearest hundred.

(4) Due to insignificant monthly heat load and regression with low R², no weather adjustment made.

(5) Weather Norms based on 10-Year Normal.

(6) Allocation Percentages per the Gas Sales and Revenue Model.

(7) Present Rate end block rates for the applicable service classification.

The Peoples Gas Light and Coke Company
Weather Normalization Adjustment Calculation
Test Year 2006
(Volumes in Dth)

Base Use:	Heating Degree Days		Weather [D]	Monthly Sendout [E]	Daily Base Load (1) [F]	Monthly Base Use [G]	Monthly Heat Use [H]	Use Per Degree Day [H] / [B]	Weather Adjustment [J]
	# of Days [A]	Normal [B]							
Oct-05	31	370	340	9,669,523	169,880	5,266,280	4,403,243	16,000 (2)	480,000
Nov-05	30	712	681	18,648,146	169,880	5,096,400	13,551,746	20,000	620,000
Dec-05	31	1,117	1,281	32,919,127	169,880	5,266,280	27,652,847	22,000	(3,608,000)
Jan-06	31	1,217	896	24,784,226	169,880	5,266,280	19,517,946	22,000	7,062,000
Feb-06	28	965	1,024	26,881,317	169,880	4,756,640	22,124,677	22,000	(1,298,000)
Mar-06	31	842	821	22,137,248	169,880	5,266,280	16,870,968	21,000	441,000
Apr-06	30	459	358	11,087,311	169,880	5,096,400	5,990,911	16,700	1,686,700
May-06	31	222	231	8,251,866	169,880	5,266,280	2,985,606	13,000	(117,000)
Jun-06	30	49	28	5,332,842	169,880	5,096,400	236,442	-	-
Jul-06	31	2	-	-	169,880	5,266,280	-	-	-
Aug-06	31	5	-	-	169,880	5,266,280	-	-	-
Sep-06	30	84	115	5,556,180	169,880	5,266,280	-	5,000	(155,000)
Total	365	6,044	5,775	61,929,130	167,311	61,929,130	113,871,236		5,111,700

(1) October 2005 through August 2006 based on actual sales for July and August, 2005. September 2006 based on actual sales for July and August, 2006.

(2) Regression analysis used to determine heat load.

(3) Due to insignificant monthly heat load and regression with low R², no weather adjustment made.

North Shore Gas Company
Weather Normalization Adjustment Calculation
Test Year 2006
(Volumes in Dth)

Base Use:	Heating Degree Days		Weather [D] - [C]	Monthly Sendout [E]	Daily Base Load (1) [F]	Monthly Base Use [G] x [F]	Monthly Heat Use [H] - [G]	Use Per Degree Day [H] / [B]	Weather Adjustment [J] x [I]
	# of Days [A]	Normal [B]							
Oct-05	31	370	340	2,021,944	38,395	1,190,245	831,699	3,000 (2)	90,000
Nov-05	30	712	681	3,605,279	38,395	1,151,850	2,453,429	4,000	124,000
Dec-05	31	1,117	1,281	6,223,310	38,395	1,190,245	5,033,065	4,000	(656,000)
Jan-06	31	1,217	896	4,699,832	38,395	1,190,245	3,509,587	4,000	1,284,000
Feb-06	28	965	1,024	5,237,802	38,395	1,075,060	4,162,742	4,000	(236,000)
Mar-06	31	842	821	4,333,824	38,395	1,190,245	3,143,579	4,000	84,000
Apr-06	30	459	358	2,327,441	38,395	1,151,850	1,175,591	3,300	333,300
May-06	31	222	231	1,847,315	38,395	1,190,245	657,070	2,900 (3)	(28,100)
Jun-06	30	49	28	1,305,356	38,395	1,151,850	153,506	- (4)	-
Jul-06	31	2	-	-	38,395	1,190,245	-	-	-
Aug-06	31	5	-	-	38,395	1,190,245	-	-	-
Sep-06	30	84	115	1,301,569	38,160	1,144,800	156,769	1,400	(43,400)
Total	365	6,044	5,775	14,007,125	38,160	14,007,125	21,277,037	1,400	953,800

(1) October 2005 through August 2006 based on actual sales for July and August, 2005. September 2006 based on actual sales for July and August, 2006.
 (2) Regression analysis used to determine heat load.
 (3) Rounded up to the nearest hundred.
 (4) Due to insignificant monthly heat load and regression with low R², no weather adjustment made.

Rate 1N	Rate 1H	Rate 2	Rate 3	Rate 4	Rate 5	Rate 6	Rate 7	Rate 8	Total	Normal Rate 1H	Normal Rate 2	Normal Total
1,065,206	33,688,015	43,235,438	9,108,236	8,443,520		11,712	2,041,035	32,115	98,247,764	35,258,215	46,485,238	102,425,277
1,505,428	70,405,518	76,008,940	12,482,076	9,819,198		9,943	2,761,825	14,368	173,666,205	73,466,548	79,117,910	179,207,255
2,361,283	141,140,780	141,025,425	19,007,745	11,889,154		49,313	3,831,992	12,368	320,108,928	121,063,290	125,022,915	283,238,059
1,864,809	103,138,884	107,579,890	15,455,005	10,786,178		31,504	3,128,475	14,177	242,587,623	137,930,854	143,407,920	312,618,921
1,826,786	113,275,285	115,717,516	17,219,186	10,723,299		59,150	3,031,230	25,771	262,457,926	106,631,725	109,381,076	248,898,222
1,739,976	92,325,151	96,547,251	15,832,202	10,685,611		(82,033)	3,177,327	11,005	221,258,955	94,550,391	96,732,011	224,646,490
1,082,198	41,983,892	49,729,021	10,134,992	8,737,830		(58,434)	2,426,123	8,146	114,792,562	49,363,302	59,226,611	130,920,769
918,145	21,273,618	30,159,125	6,986,878	7,959,059		3,683	2,708,558	7,747	72,720,430	20,833,316	29,429,425	70,847,812
845,681	20,094,261	21,285,172	7,709,892	6,993,296		757	1,985,607	16,163	59,641,607	20,094,261	21,285,172	58,940,829
700,048	14,474,956	20,637,082	7,224,338	6,966,765		3,293	3,594,207	5,907	54,278,198	14,474,956	20,637,082	53,516,586
637,009	12,986,194	18,797,025	8,162,170	6,882,785		3,663	4,499,766	14,576	52,582,465	12,986,194	18,797,025	51,953,189
811,372	18,001,192	25,091,717	7,645,966	6,838,449		(6,448)	2,188,087	16,198	61,204,021	17,681,252	23,851,657	59,046,473
15,357,942	682,767,745	745,813,601	138,968,625	106,725,115		26,102	35,305,231	178,541	1,733,556,682	704,344,305	775,354,041	1,776,259,902