

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Test Year Ending December 31, 2010

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount [E]	Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]	Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annualized Amort. Of Discount or (Premium) [K]	Annualized Amort. Of Debt Expense [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
Test Year Ending December 31, 2010														
1	First and Refunding Mortgage Bonds:													1
2	Series HH - 4.75%	(1) 03/01/00	03/01/30	-	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 1,372,000	\$ 48,628,000	\$ 2,375,000	\$ -	\$ 72,000	\$ 2,447,000	2
3	Series KK - 5	(1) 02/06/03	02/01/33	-	50,000,000	50,000,000	508,000	1,454,000	48,038,000	2,500,000	23,000	66,000	2,589,000	3
4	Series LL - 3.75	(1) 02/20/03	02/01/33	-	50,000,000	50,000,000	-	786,000	49,214,000	1,875,000	-	116,000	1,991,000	4
5	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	14,000	353,000	74,633,000	3,469,000	6,000	151,000	3,626,000	5
6	Series OO - 7.73 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	910,000	50,090,000	3,942,000 (2)	-	34,000	3,976,000	6
7	Series PP - 4.18 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	1,310,000	49,690,000	2,132,000 (2)	-	68,000	2,200,000	7
8	Series QQ - 4.875	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,581,000	73,419,000	3,656,000	-	57,000	3,713,000	8
9	Series RR - 4.3	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	846,000	49,154,000	2,150,000	-	35,000	2,185,000	9
10	New Issue - 7.15	(3) 11/01/08	11/01/18	-	50,000,000	50,000,000	-	353,000	49,647,000	3,575,000	-	45,000	3,620,000	10
11	New Issue - 7.75	(4) 10/01/09	10/01/19	-	50,000,000	50,000,000	-	394,000	49,606,000	3,875,000	-	45,000	3,920,000	11
12	New Issue - 7.90	(5) 03/01/10	03/01/20	-	50,000,000	50,000,000	-	413,000	49,587,000	3,950,000	-	45,000	3,995,000	12
13	Prepaid ICC Issuance Fee							150,000	(150,000)					13
14	Sub-Total				602,000,000	602,000,000	522,000	9,922,000	591,556,000	33,499,000	29,000	734,000	34,262,000	14
15	Less: Amortization of Losses on Reacquired Bonds													15
16	Series X - 6.875%	(1) 03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,280,000	\$ (1,280,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	16
17	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	581,000	(581,000)	-	-	26,000	26,000	17
18	Series Z - 7.5	(1) 03/01/85	03/01/15	04/03/00	-	-	-	274,000	(274,000)	-	-	66,000	66,000	18
19	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,261,000	(1,261,000)	-	-	52,000	52,000	19
20	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	610,000	(610,000)	-	-	23,000	23,000	20
21	Series DD - 5.-3/4	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,942,000	(1,942,000)	-	-	70,000	70,000	21
22	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	200,000	(200,000)	-	-	7,000	7,000	22
23	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,215,000	(1,215,000)	-	-	50,000	50,000	23
24	Series GG - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	1,094,000	(1,094,000)	-	-	50,000	50,000	24
25	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	687,000	(687,000)	-	-	26,000	26,000	25
26	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	687,000	(687,000)	-	-	26,000	26,000	26
27	Sub-Total				-	-	-	9,831,000	(9,831,000)	-	-	454,000	454,000	27
28	Total				\$ 602,000,000	\$ 602,000,000	\$ 522,000	\$ 19,753,000	\$ 581,725,000	\$ 33,499,000	\$ 29,000	\$ 1,188,000	\$ 34,716,000	28
29	Embedded Cost of Long-Term Debt (M / I)												5.96% (6)	29

Notes: (1) Tax-exempt bonds.
(2) Based on forecasted auction rate in effect at December 31, 2010.
(3) Assumed new taxable issuance at 7.15% coupon rate and \$450,000 of issuance costs.
(4) Assumed new taxable issuance at 7.75% coupon rate and \$450,000 of issuance costs.
(5) Assumed new taxable issuance at 7.90% coupon rate and \$450,000 of issuance costs.
(6) Proposed embedded cost of debt requested in this filing.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Forecasted Year Ending December 31, 2009 (5)

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount [E]	Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]	Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annualized Amort. Of Discount or (Premium) [K]	Annualized Amort. Of Debt Expense [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
Forecasted Year Ending December 31, 2009														
1	First and Refunding Mortgage Bonds:													
2	Series HH - 4.75%	(1)	03/01/00	03/01/30	-	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 1,444,000	\$ 48,556,000	\$ 2,375,000	\$ -	\$ 72,000	\$ 2,447,000
3	Series KK - 5	(1)	02/06/03	02/01/33	-	50,000,000	50,000,000	531,000	1,520,000	47,949,000	2,500,000	23,000	66,000	2,589,000
4	Series LL - 3.75	(1)	02/20/03	02/01/33	-	50,000,000	50,000,000	-	902,000	49,098,000	1,875,000	-	116,000	1,991,000
5	Series MM-2 - 4		02/27/03	03/01/10	-	50,000,000	50,000,000	8,000	14,000	49,978,000	2,000,000	49,000	85,000	2,134,000
6	Series NN-2 - 4.625		04/29/03	05/01/13	-	75,000,000	75,000,000	20,000	505,000	74,475,000	3,469,000	6,000	151,000	3,626,000
7	Series OO - 5.06 Auction Rate	(1)	10/09/03	10/01/37	-	51,000,000	51,000,000	-	944,000	50,056,000	2,581,000 (2)	-	34,000	2,615,000
8	Series PP - 3.04 Auction Rate	(1)	10/09/03	10/01/37	-	51,000,000	51,000,000	-	1,397,000	49,603,000	1,550,000 (2)	-	68,000	1,618,000
9	Series QQ - 4.875	(1)	11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,638,000	73,362,000	3,656,000	-	57,000	3,713,000
10	Series RR - 4.3	(1)	06/01/05	06/01/35	-	50,000,000	50,000,000	-	881,000	49,119,000	2,150,000	-	35,000	2,185,000
11	New Issue - 7.15	(3)	11/01/08	11/01/18	-	50,000,000	50,000,000	-	398,000	49,602,000	3,575,000	-	45,000	3,620,000
12	New Issue - 7.75	(4)	10/01/09	10/01/19	-	50,000,000	50,000,000	-	439,000	49,561,000	3,875,000	78,000	45,000	3,998,000
13	Prepaid ICC Issuance Fee								150,000	(150,000)				
14	Sub-Total					602,000,000	602,000,000	559,000	10,232,000	591,209,000	29,606,000	156,000	774,000	30,536,000
15	Less: Amortization of Losses on Reacquired Bonds													
16	Series X - 6.875%	(1)	03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,338,000	\$ (1,338,000)	\$ -	\$ -	\$ 58,000	\$ 58,000
17	Series Y - 7.5	(1)	03/01/85	02/01/33	04/03/00	-	-	-	607,000	(607,000)	-	-	26,000	26,000
18	Series Z - 7.5	(1)	03/01/85	03/01/15	04/03/00	-	-	-	340,000	(340,000)	-	-	66,000	66,000
19	Series AA - 10.25	(1)	03/01/85	06/01/35	08/01/95	-	-	-	1,313,000	(1,313,000)	-	-	52,000	52,000
20	Series BB - 8.1	(1)	05/01/90	10/01/37	05/01/00	-	-	-	633,000	(633,000)	-	-	23,000	23,000
21	Series DD - 5-.3/4	(1)	12/01/93	11/01/38	12/01/03	-	-	-	2,012,000	(2,012,000)	-	-	70,000	70,000
22	Series EE - Variable Rate	(1)	12/01/93	10/01/37	10/14/03	-	-	-	208,000	(208,000)	-	-	7,000	7,000
23	Series FF - 6.1	(1)	06/01/95	06/01/35	06/02/05	-	-	-	1,265,000	(1,265,000)	-	-	50,000	50,000
24	Series GG - Variable Rate	(1)	03/01/00	02/01/33	03/27/03	-	-	-	1,144,000	(1,144,000)	-	-	50,000	50,000
25	Series II - Variable Rate	(1)	03/01/00	10/01/37	11/12/03	-	-	-	713,000	(713,000)	-	-	26,000	26,000
26	Series JJ - Variable Rate	(1)	03/01/00	10/01/37	10/14/03	-	-	-	713,000	(713,000)	-	-	26,000	26,000
27	Sub-Total					-	-	-	10,286,000	(10,286,000)	-	-	454,000	454,000
28	Total					\$ 602,000,000	\$ 602,000,000	\$ 559,000	\$ 20,518,000	\$ 580,923,000	\$ 29,606,000	\$ 156,000	\$ 1,228,000	\$ 30,990,000
29	Embedded Cost of Long-Term Debt (M / I)													5.33%

Notes: (1) Tax-exempt bonds.
(2) Based on forecasted auction rate in effect at December 31, 2009.
(3) Assumed new taxable issuance at 7.15% coupon rate and \$450,000 of issuance costs.
(4) Assumed new taxable issuance at 7.75% coupon rate and \$450,000 of issuance costs.
(5) Based on zero months of actual data and twelve months of forecasted data.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Forecasted Year Ending December 31, 2008 (4)

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount [E]	Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]	Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annualized Amort. Of Discount or (Premium) [K]	Annualized Amort. Of Debt Expense [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
Forecasted Year Ending December 31, 2008														
1	First and Refunding Mortgage Bonds:													1
2	Series HH - 4.75%	(1) 03/01/00	03/01/30	-	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 1,515,000	\$ 48,485,000	\$ 2,375,000	\$ -	\$ 72,000	\$ 2,447,000	2
3	Series KK - 5	(1) 02/06/03	02/01/33	-	50,000,000	50,000,000	554,000	1,586,000	47,860,000	2,500,000	23,000	66,000	2,589,000	3
4	Series LL - 3.75	(1) 02/20/03	02/01/33	-	50,000,000	50,000,000	-	1,018,000	48,982,000	1,875,000	-	116,000	1,991,000	4
5	Series MM-2 - 4	02/27/03	03/01/10	-	50,000,000	50,000,000	57,000	99,000	49,844,000	2,000,000	49,000	85,000	2,134,000	5
6	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	26,000	656,000	74,318,000	3,469,000	6,000	151,000	3,626,000	6
7	Series OO - 4.85 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	978,000	50,022,000	2,474,000 (2)	-	34,000	2,508,000	7
8	Series PP - 3.38 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	1,485,000	49,515,000	1,724,000 (2)	-	68,000	1,792,000	8
9	Series QQ - 4.875	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,695,000	73,305,000	3,656,000	-	57,000	3,713,000	9
10	Series RR - 4.3	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	915,000	49,085,000	2,150,000	-	35,000	2,185,000	10
11	New Issue - 7.15	(3) 11/01/08	11/01/18	-	50,000,000	50,000,000	-	443,000	49,557,000	3,575,000	-	45,000	3,620,000	11
12	Prepaid ICC Issuance Fee							150,000	(150,000)					12
13	Sub-Total				552,000,000	552,000,000	637,000	10,540,000	540,823,000	25,798,000	78,000	729,000	26,605,000	13
14	Less: Amortization of Losses on Reacquired Bonds													14
15	Series X - 6.875%	(1) 03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,396,000	\$ (1,396,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15
16	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	633,000	(633,000)	-	-	26,000	26,000	16
17	Series Z - 7.5	(1) 03/01/85	03/01/15	04/03/00	-	-	-	406,000	(406,000)	-	-	66,000	66,000	17
18	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,365,000	(1,365,000)	-	-	52,000	52,000	18
19	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	655,000	(655,000)	-	-	23,000	23,000	19
20	Series DD - 5-3/4	(1) 12/01/93	11/01/38	12/01/03	-	-	-	2,082,000	(2,082,000)	-	-	70,000	70,000	20
21	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	215,000	(215,000)	-	-	7,000	7,000	21
22	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,314,000	(1,314,000)	-	-	50,000	50,000	22
23	Series GG - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	1,193,000	(1,193,000)	-	-	50,000	50,000	23
24	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	739,000	(739,000)	-	-	26,000	26,000	24
25	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	739,000	(739,000)	-	-	26,000	26,000	25
26	Sub-Total				-	-	-	10,737,000	(10,737,000)	-	-	454,000	454,000	26
27	Total				\$ 552,000,000	\$ 552,000,000	\$ 637,000	\$ 21,277,000	\$ 530,086,000	\$ 25,798,000	\$ 78,000	\$ 1,183,000	\$ 27,059,000	27
28	Embedded Cost of Long-Term Debt (M / I)												5.10%	28

Notes: (1) Tax-exempt bonds.

(2) Based on forecasted auction rate in effect at 12/31/08.

(3) Assumed new taxable issuance at 7.15% coupon rate and \$450,000 of issuance costs.

(4) Based on six months of actual data and six months of forecasted data.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Historical Year Ended December 31, 2007

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount [E]	Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]	Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annualized Amort. Of Discount or (Premium) (3) [K]	Annualized Amort. Of Debt Expense (3) [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
Historical Year Ended December 31, 2007														
1	First and Refunding Mortgage Bonds:													1
2	Series HH - 4.75%	(1) 03/01/00	03/01/30	-	\$ 50,000,000	\$ 50,000,000	\$ -	\$ 1,587,000	\$ 48,413,000	\$ 2,375,000	\$ -	\$ 72,000	\$ 2,447,000	2
3	Series KK - 5	(1) 02/06/03	02/01/33	-	50,000,000	50,000,000	577,000	1,651,000	47,772,000	2,500,000	23,000	66,000	2,589,000	3
4	Series LL - 3.05	(1) 02/20/03	02/01/33	-	50,000,000	50,000,000	-	789,000	49,211,000	1,525,000	-	31,000	1,556,000	4
5	Series MM-2 - 4	02/27/03	03/01/10	-	50,000,000	50,000,000	106,000	184,000	49,710,000	2,000,000	49,000	85,000	2,134,000	5
6	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	32,000	808,000	74,160,000	3,469,000	6,000	151,000	3,626,000	6
7	Series OO - 3.91 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	1,012,000	49,988,000	1,994,000 (2)	-	34,000	2,028,000	7
8	Series PP - 3.92 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	997,000	50,003,000	1,999,000 (2)	-	34,000	2,033,000	8
9	Series QQ - 4.875	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,752,000	73,248,000	3,656,000	-	57,000	3,713,000	9
10	Series RR - 4.3	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	950,000	49,050,000	2,150,000	-	35,000	2,185,000	10
11	Prepaid ICC Issuance Fee							150,000	(150,000)					11
12	Sub-Total				502,000,000	502,000,000	715,000	9,880,000	491,405,000	21,668,000	78,000	565,000	22,311,000	12
13	Less: Amortization of Losses on Reacquired Bonds													13
14	Series X - 6.875%	(1) 03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,454,000	\$ (1,454,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	14
15	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	660,000	(660,000)	-	-	26,000	26,000	15
16	Series Z - 7.5	(1) 03/01/85	03/01/15	04/03/00	-	-	-	472,000	(472,000)	-	-	66,000	66,000	16
17	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,416,000	(1,416,000)	-	-	52,000	52,000	17
18	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	678,000	(678,000)	-	-	23,000	23,000	18
19	Series DD - 5-3/4	(1) 12/01/93	11/01/38	12/01/03	-	-	-	2,151,000	(2,151,000)	-	-	70,000	70,000	19
20	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	222,000	(222,000)	-	-	7,000	7,000	20
21	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,364,000	(1,364,000)	-	-	50,000	50,000	21
22	Series GG - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	1,243,000	(1,243,000)	-	-	50,000	50,000	22
23	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	764,000	(764,000)	-	-	26,000	26,000	23
24	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	764,000	(764,000)	-	-	26,000	26,000	24
25	Sub-Total				-	-	-	11,188,000	(11,188,000)	-	-	454,000	454,000	25
26	Total				\$ 502,000,000	\$ 502,000,000	\$ 715,000	\$ 21,068,000	\$ 480,217,000	\$ 21,668,000	\$ 78,000	\$ 1,019,000	\$ 22,765,000	26
27	Embedded Cost of Long-Term Debt (M / I)												4.74%	27

Notes: (1) Tax-exempt bonds.
(2) Based on auction rate in effect as of December 31, 2007.
(3) All annualized amounts were created using the 12/31/07 amortization amounts multiplied by 12 months.