

Docket Nos. 09-0166/09-0167
Consolidated
ICC Staff Exhibit 13.0

DIRECT TESTIMONY
OF
BRETT SEAGLE
ENGINEERING DEPARTMENT
ENERGY DIVISION
ILLINOIS COMMERCE COMMISSION

PROPOSED GENERAL INCREASE IN RATES

NORTH SHORE GAS COMPANY
PEOPLES GAS LIGHT AND COKE COMPANY

DOCKET NOS. 09-0166 and 09-0167 (Consolidated)

JUNE 10, 2009

1 Q. Please state your name and business address.

2 A. My name is Brett Seagle and my business address is Illinois Commerce
3 Commission, 527 East Capitol Avenue, Springfield, Illinois 62701.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by the Illinois Commerce Commission as a Gas Engineer in the
6 Engineering Department of the Energy Division.

7 Q. Please state your educational background.

8 A. I hold a Bachelor of Science degree in Mechanical Engineering from Southern
9 Illinois University in Carbondale, Illinois.

10 Q. What are your duties and responsibilities as a Gas Engineer in the Engineering
11 Department?

12 A. My primary responsibilities and duties are in the performance of studies and
13 analyses dealing with the day-to-day and long term operations and planning of
14 the gas utilities serving Illinois. For example, I review purchased gas adjustment
15 clause reconciliations, rate base additions, levels of natural gas used for working
16 capital, and utility applications for Certificates of Public Convenience and
17 Necessity. I also perform gas meter audits.

18

19 Q. What are your duties and responsibilities associated with this docket?

20 A. I was assigned by the Gas Section Supervisor to review the filings by North
21 Shore Gas Company (“North Shore”) and The Peoples Gas, Light, and Coke
22 Company (“Peoples Gas”) (individually, the “Company” and collectively the
23 “Companies”). My review included evaluating Peoples Gas’ requested additions
24 to the Manlove storage field’s recoverable and non-recoverable cushion gas
25 levels, Peoples Gas’ justification for its request to replace a portion of the
26 gathering system at its Manlove storage field, and certain of the Companies’
27 operations and maintenance (“O&M”) expense requests.

28 Q. What recommendations are you making in this proceeding?

29 A. I recommend that the Commission reduce Peoples Gas’ requested additions to its
30 recoverable cushion gas year-end balance by \$255,935 and \$275,663 for the
31 years 2010 and 2009, respectively. Also, I recommend that the Commission
32 reduce Peoples Gas’ requested additions to its non-recoverable cushion gas
33 year-end balance by \$5,237,605 and \$5,305,185 for the years 2009 and 2010,
34 respectively. I also determined that Peoples Gas failed to adequately support its
35 requested replacement of its gas gathering system at the Manlove storage field.
36 This adjustment results in a reduction to the year-end balances for gathering
37 system additions of \$750,000 in 2009 and \$10,800,000 in 2010. Finally, I am
38 recommending that the Commission reduce Peoples Gas’ requested O&M

39 expense for transportation fuel by \$1,875,721 and North Shore's requested O&M
40 expense for transportation fuel by \$411,497.

41 Q. Do you have any schedules attached to your testimony?

42 A. Yes. I have the following schedules attached to my testimony:

43	Schedule 13.1P	Peoples Gas Recoverable Cushion Gas Adjustment
44	Schedule 13.2P	Peoples Gas Non-Recoverable Cushion Gas Adjustment
45	Schedule 13.3	April 2009 E.I.A/ U.S. Nominal Price, Table 2
46	Schedule 13.4P	Peoples Gas Adjusted Fuel Costs for 2010
47	Schedule 13.4N	North Shore Adjusted Fuel Costs for 2010

48 Q. Please explain the P and N suffixes that appear with your schedule numbers.

49 A. These suffixes indicate the Company to which a particular schedule applies.
50 The P suffix identifies a schedule that applies to Peoples Gas, and the N suffix
51 identifies a schedule that applies to North Shore.

52 **Recoverable and Non-Recoverable Cushion Gas**

53 Q. What conclusions did you reach regarding Peoples Gas' requested additions to
54 their recoverable and non-recoverable cushion gas inventory for the Manlove
55 storage field?

56 A. I concluded that the gas pricing that Peoples Gas used to value its requested
57 additions to recoverable and non-recoverable cushion gas inventory was
58 overstated.

59 Q. What dollar amount did Peoples Gas request to place into its recoverable
60 cushion gas contained in the Manlove storage field?

61 A. Peoples Gas' forecasted additions to the recoverable cushion gas at Manlove for
62 the years 2009 and 2010 were \$637,849 and \$627,185, respectively.

63 Q. What amount did Peoples Gas request to place into its non-recoverable cushion
64 gas contained in the Manlove storage field?

65 A. Peoples Gas' forecasted additions to the non-recoverable cushion gas at
66 Manlove for 2009 and 2010 was \$12,119,132 and \$12,358,944, respectively.

67 Q. Do you agree that the requested forecasted amounts for Peoples Gas'
68 recoverable and non-recoverable cushion gas are reasonable?

69 A. No. I recommend that Peoples Gas reduce its requested forecasted amount for
70 its recoverable cushion gas year-end balance by \$255,935 in 2010 and \$275,663
71 in 2009 and its non-recoverable cushion gas year-end balance by \$5,305,185 in
72 2010 and \$5,237,605 in 2009 as shown on ICC Staff Exhibit 13.0, Schedule
73 13.1P and ICC Staff Exhibit 13.0, Schedule 13.2P.

74 Q. What is cushion gas?

75 A. Cushion gas, also called base gas, is the volume of gas required in a storage
76 reservoir to provide adequate pressure to cycle the working gas in and out of the
77 reservoir. Cushion gas is usually broken down into two components, recoverable

78 cushion gas and non-recoverable cushion gas. Recoverable cushion gas is the
79 gas that the company expects to be able to recover from the field when it is
80 retired. The non-recoverable cushion gas is the gas that the company does not
81 expect to recover from the field when the field is retired.

82 Q. Has the Commission previously reviewed Peoples Gas' practice of adding
83 recoverable and non-recoverable cushion gas to the Manlove storage field?

84 A. Yes. In Peoples Gas' last rate case, the Company increased the percentage of
85 gas that it allotted to cushion gas from 2% to 3.5% of all injections made in the
86 Manlove storage field. In the Final Order of Peoples Gas' last rate case, the
87 Commission stated: "Based on the evidence showing that it has been monitoring
88 field performance, with no fall-off in performance since it has been continuously
89 injecting 3.5% cushion gas, we find that Peoples Gas' cushion gas injections
90 have been reasonable." *North Shore Gas Co. et al.*, ICC Docket Nos. 07-
91 0241/07-0242 Cons. (Order, February 5, 2008), p. 107 ("North Shore/Peoples
92 Order").

93 Q. Do you have any concerns regarding the value that Peoples Gas assigned to the
94 additional gas it requested to add to the Manlove storage field's recoverable and
95 non-recoverable cushion gas during the 2009 and 2010 calendar years?

96 A. Yes. Peoples Gas used the New York Mercantile Exchange ("NYMEX") strip
97 prices as of June 25, 2008, when it assigned the value to its forecasted totals.

98 However, this price is no longer accurate and greatly overstates the value of the
99 gas that Peoples Gas is adding to the recoverable and non-recoverable cushion
100 gas accounts.

101 Q. Has Peoples Gas made any updates to these prices recently?

102 A. Yes, Peoples Gas' response to Staff data request DLH 7.03 shows a reduction
103 of the unit price for the NYMEX from \$10.14/Dth to \$5.80/Dth.

104 Q. What are your recommendations regarding Peoples Gas' request to add gas to
105 the Manlove storage field's recoverable and non-recoverable cushion gas levels
106 during the 2009 and 2010 calendar years?

107 A. I recommend that Peoples Gas use the information provided in its response to
108 DLH 7.03 to revalue the gas it intends to add to its recoverable and non-
109 recoverable cushion gas for the Manlove storage field during the 2009 and 2010
110 calendar years. I also recommend that Peoples Gas, in its rebuttal testimony,
111 provide an update of its additional recoverable and non-recoverable cushion gas
112 injection valuation, using the most recent gas pricing information available as
113 well as any actual information for injections that have already taken place in
114 2009.

115 My review indicates that the use of the more up-to-date gas pricing information
116 causes a reduction in Peoples Gas' requested amount for its recoverable

117 cushion gas year-end balance by \$255,935 in 2010 and \$275,663 in 2009 and
118 its non-recoverable cushion gas year-end balance by \$5,305,185 in 2010 and
119 \$5,237,606 in 2009 as shown on ICC Staff Exhibit 13.0, Schedule 13.1P and
120 Staff Exhibit 13.0, Schedule 13.2P, respectively.

121 Q. Why do you recommend that Peoples Gas use the more up-to-date gas pricing
122 information to value its additions to its recoverable and non-recoverable cushion
123 gas levels at the Manlove storage field?

124 A. People Gas used a NYMEX strip price from July 2008 to forecast the natural gas
125 costs for 2009 and 2010. However, I am aware of a significant cost reduction of
126 natural gas since the price was forecasted in July 2008. Therefore, I am
127 recommending that Peoples Gas use the up-to-date price of natural gas that the
128 Company provided in its response to Staff data request DLH-7.03 when it
129 estimates the value of its 2009 and 2010 additions to the recoverable and non-
130 recoverable cushion gas at the Manlove storage field.

131 **Gas Gathering System Replacement at the Manlove Storage Field**

132 Q. What conclusion have you reached regarding Peoples Gas' request to replace a
133 portion of the gathering system at its Manlove storage field?

134 A. I conclude that Peoples Gas failed to provide sufficient information to
135 demonstrate that the project to replace a portion of the gathering system at the

136 Manlove storage field will be prudently incurred and used and useful. Further,
137 Peoples Gas has failed to demonstrate that it is pursuing this project prior to the
138 end of the 2010 test year. Therefore, I am recommending the removal of all of
139 Peoples Gas' requested costs associated with the project. Pursuant to Peoples
140 Gas' response to Staff data request RWB 4.20, the amount I am recommending
141 for removal from the year end balances for the gathering system addition are
142 \$750,000 for 2009 and \$10,800,000 for 2010.

143 Q. What standard must Peoples Gas follow to include new capital additions into its
144 rates?

145 A. Peoples Gas must meet the requirements of Section 9-211 of the Public Utilities
146 Act ("Act"). This section of the Act states as follows:

147 The Commission, in any determination of rates or charges,
148 shall include in a utility's rate base only the value of such
149 investment which is both prudently incurred and used and
150 useful in providing service to public utilities customers. [220
151 ILCS 5/9-211]

152 Further, the Act provides a definition of used and useful in Section 9-212 of the
153 Act that states:

154 A generation or production facility is used and useful only if,
155 and only to the extent that, it is necessary to meet customer
156 demand or economically beneficial in meeting such demand.
157 [220 ILCS 5/9-212]

158 Q. Has the Commission defined prudence in past cases?

159 A. Yes. In Docket No. 88-0142, the Commission defined prudence as follows:

160 Prudence is that standard of care which a reasonable
161 person would be expected to exercise under the same
162 circumstances encountered by utility management at the
163 time decisions had to be made. In determining whether a
164 judgment was prudently made, only those facts available at
165 the time judgment was exercised can be considered.
166 Hindsight review is impermissible. (ICC Docket No. 88-0142,
167 Order February 5, 1992, pp. 25-26)

168 Q. What is Peoples Gas' stated purpose for its gas gathering system replacement
169 project?

170 A. In Peoples Gas, Section 285.6100, Schedule F-4, Major Additions to Plant and
171 Service Since the Last Rate case, at Column E, line 3, the Company states
172 "Internal corrosion has been observed in the Gathering System and can be
173 expected to continue. The existing system is not designed to be pigged for
174 cleaning and inspection."

175 Q. In your opinion, has Peoples Gas provided enough documentation in order
176 support the inclusion of cost associated with this project in its rate increase
177 request?

178 A. No, for reasons that will be explained in more detail later in my testimony.
179 Further, the testimony of a Peoples Gas witness supports my position.
180 Specifically, Peoples Gas witness Thomas Puracchio describes the gas
181 gathering system replacement project at pages 8 through 10 of his direct

182 testimony. Mr. Puracchio states that the cost benefit analysis and business case
183 which are expected to demonstrate that the project will be prudent and used and
184 useful will not be developed until 2009. Peoples Gas Ex. TLP-1.0, p. 10.

185 Q. To the best of your knowledge has Peoples Gas acquired the pertinent
186 documentation, such as a cost benefit analysis, or developed a business case to
187 justify this project?

188 A. No. Peoples Gas indicated, in a revised response to a Staff data request titled
189 "PGL ENG 1.39 REV," that it will not provide a cost benefit analysis until after the
190 completion of the engineering study associated with the project.

191 Q. Has Peoples Gas completed the engineering study for this project?

192 A. No. Peoples Gas in a supplemental response to Staff data request ENG 1.39
193 titled "PGL ENG 1.39 Supp" presented to Staff a copy of its request for proposal
194 ("RFP") for an engineering study of the gas gathering system at the Manlove
195 storage field. Peoples Gas indicated in a revised response to Staff data request
196 ENG 1.39 titled "PGL ENG 1.39 REV", that this engineering study has an
197 expected completion date of November 2009.

198 Further, I should note that my understanding of this engineering study RFP is
199 that it is not requesting bids for a well defined project, but is instead more of a

200 general RFP to identify the scope and cost associated with the replacement
201 project.

202 Q. Why is a cost benefit analysis important for Staff to determine if a project is
203 prudent and used and useful?

204 A. In order for Staff to make an informed objective decision on Peoples Gas'
205 request and to make a prudence and used and useful determination, Peoples
206 Gas must demonstrate how it reached a decision as well as demonstrate a
207 benefit or need for the project. Aside from a slide show in which Peoples Gas
208 makes an unsubstantiated claim of increased safety and reliability associated
209 with the project, Peoples Gas has not provided Staff any documentation on how
210 the replacement project is needed or will benefit its ratepayers.

211 Q. Is the timing of the engineering study and cost benefit analysis for the project a
212 concern to you?

213 A. Yes. While Peoples Gas recent issuance of the engineering study RFP does
214 indicate it intends to obtain more detailed data regarding the proposed project, it
215 also indicates Peoples Gas is still at the starting point in determining what needs
216 to be replaced and the likely timeline for the project. Further, without these
217 details, Peoples Gas cannot produce a cost benefit analysis for the project.

218 In short, Peoples Gas cannot demonstrate if it will even initiate the project in
219 2010 or provide any documentation to support the prudence or used and
220 usefulness of the project.

221 Q. Has Peoples Gas made any adjustments to its original cost estimate associated
222 with this project?

223 A. Yes. Peoples Gas, in its update of its response to MHE 11.04, indicated that the
224 assumed test year cost associated with the project had reduced to \$8,300,000
225 for the project.

226 Q. Does Peoples Gas' revision to the test year cost for the project cause you to be
227 concerned about the estimated cost of the project?

228 A. Yes. It indicates that Peoples Gas' initial project cost projection was, at best, a
229 rough estimate for the cost of the project during the test year. Moreover,
230 Peoples Gas' lack of detailed information further supports my concern that
231 Peoples Gas does not have any definitive timeline for the project, let alone a
232 good handle on the overall cost or extent of the project. Given the unknown
233 nature of the project, I cannot support including any estimated costs associated
234 with it in the test year.

235 Q. What is your recommendation regarding this topic?

236 A. I recommend that the Commission remove Peoples Gas' projected end of year
237 balance increases of \$750,000 in 2009 and \$10,800,000 in 2010 associated with
238 this project. I also recommend that Peoples Gas, in its rebuttal testimony,
239 provide an update on the status of the project. This project update should
240 include the most recent estimate for the overall cost of the project, test year
241 project costs, its current timeline, the status of receiving any board approvals for
242 cost expenditures, documentation necessary for it to demonstrate the prudence
243 of its decision as well as any studies showing or demonstrating a benefit or need
244 for the project.

245 **Adjustment to Operation and Maintenance Expense**

246 Q. What conclusions have you reached regarding the Companies' requested
247 operations and maintenance ("O&M") expense amounts?

248 A. I determined that the Companies have overstated their transportation fuel costs
249 amounts in the test year. My calculations show that Peoples Gas overstated its
250 transportation costs by \$1,875,721 and North Shore overstated its amounts by
251 \$411,497.

252 Q. What are transportation fuel costs?

253 A. Transportation fuel cost represents the costs that are associated with the use of
254 unleaded gasoline and diesel fuel for company fleet vehicles and company
255 owned construction equipment.

256 Q. How do the Companies account for their transportation fuel costs?

257 A. The Companies have transportation fuel costs spread out over several different
258 accounts. However, all of these accounts are contained within the general
259 category of distribution accounts. For simplicity, my recommended adjustments
260 just revise the overall distribution accounts for each company versus each
261 individual account.

262 Q. How did the Companies' estimate their test year expenses for transportation
263 fuel?

264 A. The Companies' response to Staff data request ENG 1.38 and ENG 5.01,
265 indicate the Companies based their requested test year transportation fuel costs
266 from the July 2008, Energy Information Administration ("EIA")/ Short-Term
267 Energy Outlook, Table 4c, for PADD 2. The Companies' forecasted costs from
268 relying on that table were \$4.31/gallon for gasoline and \$4.80/gallon for diesel
269 fuel.

270 Q. Have the forecasted prices of both gasoline and diesel fuel changed since July
271 2008?

272 A. Yes.

273 Q. What did the Companies request for their company-use unleaded gasoline and
274 diesel fuel in the test year?

275 A. Peoples Gas requested \$3,951,683 for transportation fuel, while North Shore
276 requested \$921,132.

277 Q. Do you agree with the Companies' forecasted costs associated with their
278 company-use unleaded gasoline and diesel fuel?

279 A. No. The forecasted costs associated with company-use unleaded gasoline and
280 diesel fuel came from the July 2008 EIA/ Short-term Energy Outlook. However, I
281 am aware that significant price reductions have occurred for both gasoline and
282 diesel fuel since June 2008.

283 Q. Have the Companies provided any updates to their transportation fuel requests
284 that relied on more up-to-date EIA forecasts?

285 A. No. In response to Staff data requests ENG 1.38 and ENG 5.01, the Companies
286 provided the same EIA forecasts for transportation fuel as were provided in the
287 original fillings.

288 Q. How did the EIA transportation fuel cost projections from July 2008 compare to
289 April 2009?

290 A. My review showed that the April 2009 costs were significantly lower than the
291 June 2008 amounts assumed by the Companies. I calculated the 12-month
292 average for both unleaded gasoline and diesel fuel from the April 2009 EIA
293 report, from the EIA/Short Term Energy Outlook, U.S. Nominal Price, Table 2.
294 As shown in Staff Exhibit 13.1, Schedule 13.3, the averages showed a cost of
295 \$2.30/gallon for unleaded gasoline and \$2.47/gallon for diesel fuel.

296 Q. Why did you choose to use in the April 2009 EIA/Short Term Energy Outlook,
297 U.S. Nominal Prices, Table 4, the designation "Gasoline All Grades," instead of
298 "Gasoline Regular Grade"?

299 A. The gasoline price the Companies originally forecasted in July 2008 correspond
300 more closely with the price shown for July 2008 in the April 2009 EIA/Short Term
301 Energy Outlook, U.S. Nominal Prices, Table 2 for "Gasoline All Grades" than it
302 did for "Gasoline Regular Grade". I relied upon the April 2009 price that reflects
303 recent price changes and more closely mimicked the Companies' original price
304 estimate.

305 Q. What adjustments are you proposing regarding the Companies' requested levels
306 of transportation fuel in the test year?

307 A. I recommend that the Commission reduce Peoples Gas' O&M costs associated
308 with its transportation fuel by \$1,875,721 as shown on ICC Staff Exhibit 13.0,
309 Schedule 13.4P. I am also recommending that the Commission reduce North

310 Shores' O&M costs associated with its transportation fuel by \$411,497, as shown
311 on ICC Staff Exhibit 13.0, Schedule 13.4N.

312 Q. Does this conclude your direct testimony?

313 A. Yes.

Peoples Gas Recoverable Cushion Gas Adjustment

1	2010 Requested Recoverable Cushion Gas Value	\$627,185
2	2010 Requested Recoverable Cushion Gas Volume	64,009
3	Originally filed Price per Dth	\$10.14
4	2010 Revised Price per Dth	\$5.80
5	2010 Adjustment	\$255,935
6	2010 Year-Ending Balance	\$371,250
7	2009 Requested Recoverable Cushion Gas Value	\$637,849
8	2009 Requested Recoverable Cushion Gas Volume	62,879
9	Originally filed Price per Dth	\$10.14
10	2009 Revised Price per Dth	\$5.76
11	2009 Adjustment	\$275,663
12	2009 Year-Ending Balance	\$362,186

Line 1 = Response to Staff data request RWB 4.20

Line 2, Line 3, Line 4 = Response to Staff data request DLH-7.03

Line 5 = Line 1 - (Line 2 * Line 4)

Line 6 = Line 1 - Line 5

Line 7 = Response to Staff data request RWB 4.22

Line 8 = Line 7 / Line 9

Line 9, Line 10 = Response to Staff data request DLH-7.03

Line 11 = Line 1 - (Line 8 * Line 10)

Line 12 = Line 7 - Line 11

Peoples Gas Non-Recoverable Cushion Gas Adjustment

1	2010 Requested Non-Recoverable Cushion Gas Value	\$12,358,944
2	2010 Requested Non-Recoverable Cushion Gas Volume(Dth)	1,216,165
3	Originally filed Price per Dth	\$10.14
4	2010 Revised Price per Dth	\$5.80
5	2010 Adjustment	\$5,305,185
6	2010 Year-Ending Balance	\$7,053,759
7	2009 Requested Non-Recoverable Cushion Gas Value	\$12,119,132
8	2009 Requested Non-Recoverable Cushion Gas Volume	1,194,709
9	Originally filed Price per Dth	\$10.14
10	2009 Revised Price per Dth	\$5.76
11	2009 Adjustment	\$5,237,606
12	2009 Year-Ending Balance	\$6,881,526

Line 1 = Response to Staff data request RWB 4.20 REV

Line 2, Line 3, Line 4 = Response to Staff data request DLH-7.03

Line 5 = Line 1 - (Line 2 * Line 4)

Line 6 = Line 1 - Line 5

Line 7 = Response to Staff data request RWB 4.22

Line 8 = Line 7 / Line 9

Line 9, Line 10 = Response to Staff data request DLH-7.03

Line 11 = Line 1 - (Line 8 * Line 10)

Line 12 = Line 7 - Line 11

April 2009 E.I.A/ U.S. Nominal Price, Table 2

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	12-Month Average
1 Gasoline All Grades ¹	225	227	228	236	238	239	240	241	242	236	233	229	235
2 On-highway Diesel Fuel ¹	238	238	243	248	249	248	247	248	252	252	254	252	247

1=Price in Cents per gallon

Source:EIA/Short Term Energy Outlook, U.S. Nominal Prices, Table 2 <http://www.eia.doe.gov/emeu/steo/pub/outlook.html>

North Shore Adjusted Fuel Costs for 2010

1	North Shore Unleaded Gasoline Price per Gallon	\$4.15
2	North Shore Unleaded Gasoline Volume	129,500
3	Adjusted Unleaded Gasoline Price per Gallon	\$2.35
4	Retail Card Unleaded Fuel Costs at 4.19/Gallon	\$3,000
5	Unleaded Gasoline Adjustment	\$234,417
6	Total Adjusted Unleaded Fuel Cost	\$306,008
7	North Shore Diesel Fuel Price per Gallon	\$4.80
8	North Shore Diesel Volume	76,000
9	Adjusted Diesel Fuel Price per Gallon	\$2.47
10	Diesel Fuel Adjustment	\$177,080
11	Total Adjusted Diesel Fuel Cost	\$187,720
12	Total Adjustment	\$411,497

Line 1, Line 2 = Response to Staff data request ENG 5.01

Line 3 = Staff Exhibit 13.01, Schedule 13.03, Column Q, Line 1

Line 4 = Response to Staff data request ENG 5.01

Line 5 = (Line 1 * Line 2 + Line 4) - Line 6

Line 6 = Line 3 * Line 2 + ((Line 4 / 4.19) * Line 3)

Line 7, Line 8 = Response to Staff data request ENG 5.01

Line 9 = Staff Exhibit 13.01, Schedule 13.03, Column Q, Line 2

Line 10 = (Line 7 * Line 8) - Line 11

Line 11 = Line 8 * Line 7 - Line 10

Line 12 = Line 5 + Line 10

Peoples Gas Adjusted Fuel Costs for 2010

1	Peoples Gas Unleaded Gasoline Price per Gallon	\$4.31
2	Peoples Gas Unleaded Gasoline Volume	463,000
3	Adjusted Unleaded Gasoline Price per Gallon	\$2.35
4	Retail Card Unleaded Fuel Costs at 4.19/Gallon	\$45,000
5	Unleaded Gasoline Adjustment	\$927,241
6	Total Adjusted Unleaded Fuel Cost 2010	\$1,113,289
7	Peoples Gas Diesel Fuel Price per Gallon	\$4.80
8	Peoples Gas Diesel Volume	384,000
9	Adjusted Diesel Fuel Price per Gallon	\$2.47
10	Diesel Fuel Adjustment	\$948,480
11	Total Adjusted Diesel Fuel Cost	\$894,720
12	Total Adjustment	\$1,875,721

Line 1, Line 2 = Response to Staff data request ENG 1.38

Line 3 = Staff Exhibit 13.01, Schedule 13.03, Column Q, Line 1

Line 4 = Response to Staff data request ENG 1.38

Line 5 = (Line 1 * Line 2 + Line 4) - Line 6

Line 6 = Line 3 * Line 2 + ((Line 4 / 4.19) * Line 3)

Line 7, Line 8 = Response to Staff data request ENG 1.38

Line 9 = Staff Exhibit 13.01, Schedule 13.03, Column Q, Line 2

Line 10 = (Line 7 * Line 8) - Line 11

Line 11 = Line 8 * Line 7 - Line 10

Line 12 = Line 5 + Line 10