

Adjustment #1

The Peoples Gas Light and Coke CompanyTotal Utility Plant

Title of Adjustment: Cushion Gas Additions

Calendar Years 2009 and 2010

Workpapers: See WP JH-3.3P

Line No.	Plant Function [A]	Balance at 12-31-2008 [L]	Calendar Year 2009		Balance at 12-31-2009	Calendar Year 2010		Balance at 12-31-2010
			Gross Additions	Retirements		Gross Additions	Retirements	
1	Acct 101 - Non Recoverable Cushion							
2	Rebuttal		6,908,000			7,710,000		
3	Surrebuttal		6,628,000			7,236,000		
4	Reduction		(280,000)		(280,000)	(474,000)		(754,000)
5	Impact on Rate Base - Average CY 2010							(517,000)
6	Acct 117 - Recoverable Cushion							
7	Rebuttal		364,000			406,000		
8	Surrebuttal		349,000			381,000		
9	Reduction		(15,000)		(15,000)	(25,000)		(40,000)
10	Impact on Rate Base - Average CY 2010							(28,000)
11	Total Impact on Rate Base - Average CY 2010							(545,000)
12	Calculation of Book Depreciation Expense/Reserve							
13	CY 2009							
14	Average reduction - Acct 101		(140,000)					
15	Composite rate		2.500%					
16	CY 2009 Depreciation Expense		(4,000)					
17	Accumulated Depreciation Reserve at 12/31/09		(4,000)					
18								
19	CY 2010							
20	Average reduction for 2010 Expenditures - Acct 101					(237,000)		
21	CY 2009 Reduction - Acct 101					(280,000)		
22	Total Reduction for Calculating Depreciation					(517,000)		
23	Composite rate					2.500%		
24	CY 2010 Depreciation Expense					(13,000)		
25	Accumulated Depreciation Reserve at 12/31/10					(17,000)		
26	Average Reserve					(11,000)		
27	Calculation of Tax Depreciation/ Accumulated Deferred Income Taxes							
28	CY 2009							
29	Change in Tax Basis		(280,000)		Change in Tax Basis - 2009 Vintage	(280,000)		
30	Accelerated rate		5.000%		Accelerated rate	9.500%		
31	CY 2009 Tax Depreciation		(14,000)		CY 2010 Tax Depreciation - 2009	(27,000)		
32	Timing Difference		(10,000)					
33	Deferred Tax impact * 0.39745		(3,975)		Change in Tax Basis - 2010 vintage	(474,000)		
34	State @ 0.04745		(475)		Accelerated rate	5.000%		
35	Federal @ .35		(3,500)		CY 2010 Tax Depreciation - 2010	(24,000)		
36	Accumulated Deferred Income Taxes 12/31/09		(3,975)		Total CY 2010 Tax Depreciation	(51,000)		
37					Timing Difference	(38,000)		
38					Deferred Tax impact * 0.39745	(15,103)		
40					State @ 0.04745	(1,803)		Monthly Fed Provision
41					Federal @ .35	(13,300)		(1,000)
42	Accumulated Deferred Income Taxes 12/31/10					(19,078)		
43					State	(2,278)		
44					Federal	(16,800)		
45					Impact of Proration	6,000		
46					Federal Rate Base	(10,800)		
47								
48					Total Rate Base	(13,078)		
49					Average	(9,000)		

The Peoples Gas Light and Coke CompanyProration of Accumulated Deferred Income TaxesTest Year Ending December 31, 2010

Line No.	Description [A]	Days(1) [B]	Ratio [C]	Liberalized Depreciation Statutory Rate		Line No.
				Per Books [D]	Prorated [E]	
1	Balance 12/31/2009			\$ (4,000)	\$ (4,000)	1
2	January		100.0%	(500)	(1,000)	2
3	January	335	95.4%	(500)	0	3
4	February	307	87.5%	(1,000)	(1,000)	4
5	March	276	78.6%	(1,000)	(1,000)	5
6	April	246	70.1%	(1,000)	(1,000)	6
7	May	215	61.3%	(1,000)	(1,000)	7
8	June	185	52.7%	(1,000)	(1,000)	8
9	July	154	43.9%	(1,000)	0	9
10	August	123	35.0%	(1,000)	0	10
11	September	93	26.5%	(1,000)	0	11
12	October	62	17.7%	(1,000)	0	12
13	November	32	9.1%	(1,000)	0	13
14	December	1	0.3%	(1,000)	0	14
15	Balance 12/31/2010			\$ <u>(16,000)</u>	\$ <u>(10,000)</u>	15
				Impact of Proration	<u>6,000</u>	

Notes: (1) Total days in period: 351