

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method
Forecasted Year Ending December 31, 2012 (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.
Test Year Ending December 31, 2012														
1	First and Refunding Mortgage Bonds:													1
2	Series KK - 5%	(1) 02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 462,000	\$ 1,322,000	\$ 48,216,000	\$ 2,500,000	\$ 23,000	\$ 66,000	\$ 2,589,000	2
3	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	2,000	50,000 (4)	74,948,000	3,469,000	6,000	151,000	3,626,000	3
4	Series QQ - 4.875	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,467,000	73,533,000	3,656,000	-	57,000	3,713,000	4
5	Series RR - 4.3	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	777,000	49,223,000	2,150,000	-	35,000	2,185,000	5
6	Series SS - 7	11/03/08	11/01/13	-	45,000,000	45,000,000	-	96,000	44,904,000	3,150,000	-	115,000	3,265,000	6
7	Series TT - 8	11/03/08	11/01/18	-	5,000,000	5,000,000	-	37,000	4,963,000	400,000	-	6,000	406,000	7
8	Series UU - 4.63	09/30/09	09/01/19	-	75,000,000	75,000,000	-	518,000	74,482,000	3,473,000	-	78,000	3,551,000	8
9	Series VV - 2.125	(1) 08/18/10	03/01/30	-	50,000,000	50,000,000	-	641,000	49,359,000	1,063,000	-	37,000	1,100,000	9
10	Series WW - 2.625	(1) 10/05/10	02/01/33	-	50,000,000	50,000,000	-	491,000	49,509,000	1,313,000	-	104,000	1,417,000	10
11	New Issue - 4.45	(2) 06/01/11	06/01/21	-	100,000,000	100,000,000	-	884,000	99,116,000	4,450,000	-	105,000	4,555,000	11
12	New Issue - 5.9	(3) 03/01/12	03/01/22	-	50,000,000	50,000,000	-	665,000	49,335,000	2,950,000	-	73,000	3,023,000	12
13	Sub-Total				625,000,000	625,000,000	464,000	6,948,000	617,588,000	28,574,000	29,000	827,000	29,430,000	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	\$ -	\$ -	\$ -	\$ 1,164,000	\$ (1,164,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15
16	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	528,000	(528,000)	-	-	26,000	26,000	16
17	Series Z (HH) - 7.5	(1) 03/01/85	03/01/30	04/03/00	-	-	-	1,711,000	(1,711,000)	-	-	100,000	100,000	17
18	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,158,000	(1,158,000)	-	-	52,000	52,000	18
19	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	564,000	(564,000)	-	-	23,000	23,000	19
20	Series DD - 5.75	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,802,000	(1,802,000)	-	-	70,000	70,000	20
21	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	185,000	(185,000)	-	-	7,000	7,000	21
22	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,115,000	(1,115,000)	-	-	50,000	50,000	22
23	Series GG (LL) - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	1,952,000	(1,952,000)	-	-	97,000	97,000	23
24	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	636,000	(636,000)	-	-	26,000	26,000	24
25	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	636,000	(636,000)	-	-	26,000	26,000	25
26	Series OO - Variable Rate	(1) 10/09/03	10/01/37	10/01/11	-	-	-	842,000	(842,000)	-	-	34,000	34,000	26
27	Series PP - Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	811,000	(811,000)	-	-	54,000	54,000	27
28	Sub-Total				-	-	-	13,104,000	(13,104,000)	-	-	623,000	623,000	28
29	Total				\$ 625,000,000	\$ 625,000,000	\$ 464,000	\$20,052,000	\$ 604,484,000	\$ 28,574,000	\$ 29,000	\$ 1,450,000	\$ 30,053,000	29
30	Embedded Cost of Long-Term Debt (M / I)												4.97%	30

Notes: (1) Tax-exempt bonds.
(2) Assumed new taxable issuance at 4.45% coupon rate and issuance costs of 65 basis points plus \$400,000.
(3) Assumed new taxable issuance at 5.90% coupon rate and issuance costs of 65 basis points plus \$400,000.
(4) Includes \$24,000 for the unamortized debt expense related to an interest rate swap on these bonds.
(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, 2011 (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, 2011														
1	First and Refunding Mortgage Bonds:													1
2	Series KK - 5%	(1) 02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 485,000	\$ 1,388,000	\$ 48,127,000	\$ 2,500,000	\$ 23,000	\$ 66,000	\$ 2,589,000	2
3	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	8,000	202,000	(3) 74,790,000	3,469,000	6,000	\$ 151,000	3,626,000	3
4	Series QQ - 4.875	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,524,000	73,476,000	3,656,000	-	\$ 57,000	3,713,000	4
5	Series RR - 4.3	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	811,000	49,189,000	2,150,000	-	\$ 35,000	2,185,000	5
6	Series SS - 7	11/03/08	11/01/13	-	45,000,000	45,000,000	-	211,000	44,789,000	3,150,000	-	\$ 115,000	3,265,000	6
7	Series TT - 8	11/03/08	11/01/18	-	5,000,000	5,000,000	-	44,000	4,956,000	400,000	-	\$ 6,000	406,000	7
8	Series UU - 4.63	09/30/09	09/01/19	-	75,000,000	75,000,000	-	596,000	74,404,000	3,473,000	-	\$ 78,000	3,551,000	8
9	Series VV - 2.125	(1) 08/18/10	03/01/30	-	50,000,000	50,000,000	-	678,000	49,322,000	1,063,000	-	\$ 37,000	1,100,000	9
10	Series WW - 2.625	(1) 10/05/10	02/01/33	-	50,000,000	50,000,000	-	595,000	49,405,000	1,313,000	-	\$ 104,000	1,417,000	10
11	New Issue - 4.45	(2) 06/01/11	06/01/21	-	100,000,000	100,000,000	-	989,000	99,011,000	4,450,000	-	105,000	4,555,000	11
12	Sub-Total				575,000,000	575,000,000	493,000	7,038,000	567,469,000	25,624,000	29,000	754,000	26,407,000	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	\$ -	\$ -	\$ -	\$ 1,222,000	\$ (1,222,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	14
15	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	554,000	(554,000)	-	-	\$ 26,000	26,000	15
16	Series Z (HH) - 7.5	(1) 03/01/85	03/01/30	04/03/00	-	-	-	1,811,000	(1,811,000)	-	-	\$ 100,000	100,000	16
17	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,210,000	(1,210,000)	-	-	\$ 52,000	52,000	17
18	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	587,000	(587,000)	-	-	\$ 23,000	23,000	18
19	Series DD - 5.75	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,872,000	(1,872,000)	-	-	\$ 70,000	70,000	19
20	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	193,000	(193,000)	-	-	\$ 7,000	7,000	20
21	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,165,000	(1,165,000)	-	-	\$ 50,000	50,000	21
22	Series GG (LL) - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	2,050,000	(2,050,000)	-	-	\$ 97,000	97,000	22
23	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	662,000	(662,000)	-	-	\$ 26,000	26,000	23
24	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	662,000	(662,000)	-	-	\$ 26,000	26,000	24
25	Series OO - Variable Rate	(1) 10/09/03	10/01/37	10/01/11 (4)	-	-	-	876,000	(876,000)	-	-	\$ 34,000	34,000	25
26	Series PP - Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	865,000	(865,000)	-	-	\$ 54,000	54,000	26
27	Sub-Total				-	-	-	13,729,000	(13,729,000)	-	-	623,000	623,000	27
28	Total				\$ 575,000,000	\$ 575,000,000	\$ 493,000	\$ 20,767,000	\$ 553,740,000	\$ 25,624,000	\$ 29,000	\$ 1,377,000	\$ 27,030,000	28
29	Embedded Cost of Long-Term Debt (M / I)												4.88%	29

Notes: (1) Tax-exempt bonds.
(2) Assumed new taxable issuance at 4.45% coupon rate and issuance costs of 65 basis points plus \$400,000.
(3) Includes \$94,000 for the unamortized debt expense related to an interest rate swap on these bonds.
(4) Assumed repurchase on 10/1/2011.
(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, 2010 (10)

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, 2010														
1	First and Refunding Mortgage Bonds:													
2	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	1
3	Series NN-2 - 4.625	04/29/03	05/01/13	-	75,000,000	75,000,000	14,000	353,000 (2)	74,633,000	3,469,000	6,000	151,000	3,626,000	2
4	Series OO - .56 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	910,000	50,090,000	286,000 (4)	-	34,000	320,000	3
5	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	4
6	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	5
7	Series SS - 7	11/03/08	11/01/13	-	45,000,000	45,000,000	-	327,000	44,673,000	3,150,000	-	115,000	3,265,000	6
8	Series TT - 8	11/03/08	11/01/18	-	5,000,000	5,000,000	-	50,000	4,950,000	400,000	-	6,000	406,000	7
9	Series UU - 4.63	09/30/09	09/01/19	-	75,000,000	75,000,000	-	674,000	74,326,000	3,473,000	-	78,000	3,551,000	8
10	Series VV - 2.125	(1) 08/18/10	03/01/30	-	50,000,000	50,000,000	-	715,000 (3)	49,285,000	1,063,000	-	37,000 (5)	1,100,000	9
11	Series WW - 2.625	(1) 10/05/10	02/01/33	-	50,000,000	50,000,000	-	699,000 (3)	49,301,000	1,313,000	-	104,000 (6)	1,417,000	10
12	Sub-Total				526,000,000	526,000,000	522,000	7,609,000	517,869,000	21,460,000	29,000	683,000	22,172,000	11
13	Less: Amortization of Losses on Reacquired Bonds													
14	Series X - 6.875%	(1) 03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,280,000	\$ (1,280,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	12
15	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	581,000	(581,000)	-	-	26,000	26,000	13
16	Series Z (HH) - 7.5	(1) 03/01/85	03/01/30 (7)	04/03/00	-	-	-	1,911,000 (8)	(1,911,000)	-	-	100,000	100,000	14
17	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,261,000	(1,261,000)	-	-	52,000	52,000	15
18	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	610,000	(610,000)	-	-	23,000	23,000	16
19	Series DD - 5.75	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,942,000	(1,942,000)	-	-	70,000	70,000	17
20	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	200,000	(200,000)	-	-	7,000	7,000	18
21	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,215,000	(1,215,000)	-	-	50,000	50,000	19
22	Series GG (LL) - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	2,147,000 (9)	(2,147,000)	-	-	97,000	97,000	20
23	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	687,000	(687,000)	-	-	26,000	26,000	21
24	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	687,000	(687,000)	-	-	26,000	26,000	22
25	Series PP - Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	919,000	(919,000)	-	-	54,000	54,000	23
26	Sub-Total				-	-	-	13,440,000	(13,440,000)	-	-	589,000	589,000	24
27	Total				\$ 526,000,000	\$ 526,000,000	\$ 522,000	\$ 21,049,000	\$ 504,429,000	\$ 21,460,000	\$ 29,000	\$ 1,272,000	\$ 22,761,000	25
28	Embedded Cost of Long-Term Debt (M / I)													4.51%

Notes: (1) Tax-exempt bonds.
(2) Includes \$165,000 for the unamortized debt expense related to an interest rate swap on these bonds.
(3) Based on actual expenses through 11/30/10.
(4) Based on auction rate in effect as of December 31, 2009.
(5) Based on 11/30/10 amortization amount.
(6) Based on amortization term to mandatory tender date of 8/1/15.
(7) Amortizing to life of new debt.
(8) Includes unamortized amount from Series HH bonds and \$250,000 call premium.
(9) Includes unamortized amount from Series LL bonds and \$250,000 call premium.
(10) Based on six months or actual data and six months of forecasted data unless otherwise noted.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method
Historical Year Ended December 31, 2009

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) (4) [K]	Annualized Amort. Of Debt Expense (4) [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
Historical Year Ended December 31, 2009														
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	\$ -	\$ 1,444,000	\$ 48,556,000	\$ 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	531,000	1,520,000	47,949,000	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	-	902,000	49,098,000	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	8,000	14,000	49,978,000	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	20,000	505,000	74,475,000	3,469,000	6,000	151,000	3,626,000	6
7	Series OO - .56 Auction Rate	(1) 10/09/03	10/01/37	-	51,000,000	51,000,000	-	944,000	50,056,000	286,000	(3)	34,000	320,000	7
8	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	8
9	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	9
10	Series SS - 7	11/03/08	11/01/13	-	45,000,000	45,000,000	-	442,000	44,558,000	3,150,000	-	115,000	3,265,000	10
11	Series TT - 8	11/03/08	11/01/18	-	5,000,000	5,000,000	-	56,000	4,944,000	400,000	-	6,000	406,000	11
12	Series UU - 4.63	09/30/09	09/01/19	-	75,000,000	75,000,000	-	687,000	74,313,000	3,473,000	-	71,000	3,544,000	12
13	Sub-Total				576,000,000	576,000,000	559,000	9,033,000	566,408,000	25,334,000	78,000	808,000	26,220,000	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	\$ -	\$ -	\$ -	\$ 1,338,000	\$ (1,338,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15
16	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	607,000	(607,000)	-	-	26,000	26,000	16
17	Series Z - 7.5	(1) 03/01/85	03/01/15	04/03/00	-	-	-	340,000	(340,000)	-	-	66,000	66,000	17
18	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,313,000	(1,313,000)	-	-	52,000	52,000	18
19	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	633,000	(633,000)	-	-	23,000	23,000	19
20	Series DD - 5.75	(1) 12/01/93	11/01/38	12/01/03	-	-	-	2,012,000	(2,012,000)	-	-	70,000	70,000	20
21	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	207,000	(207,000)	-	-	7,000	7,000	21
22	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,265,000	(1,265,000)	-	-	50,000	50,000	22
23	Series GG - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	1,144,000	(1,144,000)	-	-	50,000	50,000	23
24	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	713,000	(713,000)	-	-	26,000	26,000	24
25	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	713,000	(713,000)	-	-	26,000	26,000	25
26	Series PP - Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	972,000	(972,000)	-	-	54,000	54,000	26
27	Sub-Total				-	-	-	11,257,000	(11,257,000)	-	-	508,000	508,000	27
28	Total				\$ 576,000,000	\$ 576,000,000	\$ 559,000	\$ 20,290,000	\$ 555,151,000	\$ 25,334,000	\$ 78,000	\$ 1,316,000	\$ 26,728,000	28
29	Embedded Cost of Long-Term Debt (M / I)												4.81%	29

Notes: (1) Tax-exempt bonds.
(2) Includes \$236,000 for the unamortized debt expense related to an interest rate swap on these bonds.
(3) Based on auction rate in effect as of December 31, 2009.
(4) Annualized amounts were created using the 12/31/09 amortization amounts multiplied by 12 months.