

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method  
Average 2012

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.	
<b>Test Year Ending December 31, 2012</b>															
1	First and Refunding Mortgage Bonds:													1	
2	Series KK - 5%	(1) 02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 473,500	\$ 1,355,000	\$ 48,171,500	\$ 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	5,000	74,869,000 (4)	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	-	1,495,500	73,504,500	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	-	794,000	49,206,000	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	-	153,500	44,846,500	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	-	40,500	4,959,500	400,000	-	6,000	406,000	7
8	Series UU - 4.63		09/30/09	09/01/19	-	75,000,000	75,000,000	-	557,000	74,443,000	3,473,000	-	71,000	3,544,000	8
9	Series VV - 2.125	(1) 08/18/10	03/01/30	-	50,000,000	50,000,000	-	659,500	49,340,500	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	-	543,000	49,457,000	1,313,000	-	26,000	1,339,000	10	
11	New Issue - 2.9	(2) 11/01/11	11/01/21	-	50,000,000	50,000,000	-	606,667	49,393,333	1,450,000	-	140,000	1,590,000	11	
12	New Issue - 5.25	(3) 03/01/12	03/01/22	-	62,500,000	62,500,000	-	739,583	61,760,417	3,281,250	-	73,958	3,355,208	12	
13	Sub-Total				587,500,000	587,500,000	478,500	7,070,250	579,951,250	25,905,250	29,000	777,958	26,712,208	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	\$ -	\$ -	\$ -	\$ 1,193,000	\$ (1,193,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15	
16	Series Y - 7.5	(1) 03/01/85	02/01/33	04/03/00	-	-	-	541,000	(541,000)	-	-	26,000	26,000	16	
17	Series Z (HH) - 7.5	(1) 03/01/85	03/01/30	04/03/00	-	-	-	1,761,000	(1,761,000)	-	-	100,000	100,000	17	
18	Series AA - 10.25	(1) 03/01/85	06/01/35	08/01/95	-	-	-	1,184,000	(1,184,000)	-	-	52,000	52,000	18	
19	Series BB - 8.1	(1) 05/01/90	10/01/37	05/01/00	-	-	-	575,500	(575,500)	-	-	23,000	23,000	19	
20	Series DD - 5.75	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,837,000	(1,837,000)	-	-	70,000	70,000	20	
21	Series EE - Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	189,000	(189,000)	-	-	7,000	7,000	21	
22	Series FF - 6.1	(1) 06/01/95	06/01/35	06/02/05	-	-	-	1,140,000	(1,140,000)	-	-	50,000	50,000	22	
23	Series GG (LL) - Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	2,001,000	(2,001,000)	-	-	61,000	61,000	23	
24	Series II - Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	649,000	(649,000)	-	-	26,000	26,000	24	
25	Series JJ - Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	649,000	(649,000)	-	-	26,000	26,000	25	
26	Series OO - Variable Rate	(1) 10/09/03	10/01/37	10/01/11	-	-	-	859,000	(859,000)	-	-	34,000	34,000	26	
27	Series PP - Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	838,000	(838,000)	-	-	54,000	54,000	27	
28	Sub-Total				-	-	-	13,416,500	(13,416,500)	-	-	587,000	587,000	28	
29	Total				\$ 587,500,000	\$ 587,500,000	\$ 478,500	\$ 20,486,750	\$ 566,534,750	\$ 25,905,250	\$ 29,000	\$ 1,364,958	\$ 27,299,208	29	
30	Embedded Cost of Long-Term Debt (M / I)												4.82%	30	

Notes: (1) Tax-exempt bonds.  
(2) Assumed new taxable issuance at 2.90% coupon rate and issuance costs of 60 basis points plus \$400,000.  
(3) Assumed new taxable issuance at 6.10% 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, 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.	
<b>Test Year Ending December 31, 2012</b>															
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	
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	-	71,000	3,544,000	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	02/01/31	-	50,000,000	50,000,000	-	491,000	49,509,000	1,313,000	-	26,000	1,339,000	10	
11	New Issue - 2.9	(2) 11/01/11	11/01/21	-	50,000,000	50,000,000	-	536,667	49,463,333	1,450,000	-	140,000	1,590,000	11	
12	New Issue - 5.25	(3) 03/01/12	03/01/22	-	75,000,000	75,000,000	-	813,542	74,186,458	3,937,500	-	88,750	4,026,250	12	
13	Sub-Total				600,000,000	600,000,000	464,000	6,749,208	592,786,792	26,561,500	29,000	792,750	27,383,250	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)	-	-	61,000	61,000	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)	-	-	587,000	587,000	28	
29	Total				\$ 600,000,000	\$ 600,000,000	\$ 464,000	\$ 19,853,208	\$ 579,682,792	\$ 26,561,500	\$ 29,000	\$ 1,379,750	\$ 27,970,250	29	
30	Embedded Cost of Long-Term Debt (M / I)												4.83%	30	

Notes: (1) Tax-exempt bonds.  
(2) Assumed new taxable issuance at 2.90% coupon rate and issuance costs of 60 basis points plus \$400,000.  
(3) Assumed new taxable issuance at 6.10% 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.

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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.
<b>Forecasted Year Ending December 31, 2011</b>														
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	-	71,000	3,544,000	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	-	26,000	1,339,000	10
11	New Issue - 2.9	(2) 11/01/11	11/01/16	-	50,000,000	50,000,000	-	676,667	49,323,333	1,450,000	-	140,000	1,590,000	11
12	Sub-Total				525,000,000	525,000,000	493,000	6,725,667	517,781,333	22,624,000	29,000	704,000	23,357,000	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)	-	-	61,000	61,000	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)	-	-	587,000	587,000	27
28	Total				\$ 525,000,000	\$ 525,000,000	\$ 493,000	\$ 20,454,667	\$ 504,052,333	\$ 22,624,000	\$ 29,000	\$ 1,291,000	\$ 23,944,000	28
29	Embedded Cost of Long-Term Debt (M / I)												4.75%	29

Notes: (1) Tax-exempt bonds.  
(2) Assumed new taxable issuance at 2.90% coupon rate and issuance costs of 60 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.