

Corrected Calculation of Demand-Related Costs per Therm for SC 1

(Correcting NS-PGL Ex. 28.1; all data from that exhibit unless otherwise noted)

<u>Line</u>	<u>Peoples Gas</u>	<u>North Shore</u>
SC 1 Demand Costs		
1 Production and gathering	\$ 452,435	\$ 432,092
2 Gas in storage	3,938,716	577,058
3 Storage	20,166,548	223,770
4 Transmission	5,552,772	1,863,094
5 Distribution	93,004,084	16,113,425
6 Total SC 1 Demand Costs	\$ 123,114,555	\$ 19,209,439
7 Adjusted for EPECM @ 98.6%	\$ 121,390,951	\$ 18,940,507
8 Less: Rider SSC Revenues from SC 1	\$ (30,028,000)	\$ (1,508,000)
9 SC 1 Demand Costs to Recover in Base Rates	\$ 91,362,951	\$ 17,432,507
10 Annual SC 1 Therms	686,542,160	181,939,248
11 Base Rate SC 1 Demand Cost per Therm	\$ 0.13308	\$ 0.09581

Notes

Line 8: PGL (or NS) Sch. E-5, Section B, page 1, line 10

Line 9: Line 7 + line 8

**Proposed Residential Rate Design Using Peoples Gas Proposed Revenue Requirement
 Calculation of Demand and Customer Costs - Revised GCI Ex. 3.9**

1	SC 1 demand costs to recover in base rates	\$	91,362,951
2	Add: reallocation of A&G O&M		-
3	Total demand costs	\$	91,362,951
4	Annual therms		686,542,160
5	Demand cost per therm	\$	0.13308
6	Customer costs per Company	\$	281,843,366
7	Less: reallocation of A&G O&M		-
8	Less: uncollectible expense		(23,712,703)
9	Total customer costs	\$	258,130,663
<i>Recover customer-related A&G through first block</i>			
10	Customer-related A&G per company	\$	95,025,802
11	Less: reallocation of A&G O&M		-
12	Customer-related A&G	\$	95,025,802
13	Customer cost in customer charge	\$	163,104,860
14	Residential bills		9,010,251
15	Residential customer charge	\$	18.10
16	Total residential uncollectibles	\$	23,712,703
17	Less: recovered in Rider UEA-GC		(13,385,677)
18	Recoverable in distribution charges	\$	10,327,026
19	Distribution uncollectibles factor		2.8242%

Notes:

- Line 1: GCI Ex. 8.1, line 9
- Line 2: adjustment removed
- Line 3: line 1 + line 2
- Line 4: NS-PGL Ex. 28.1, line 24
- Line 5: line 3 / line 4
- Line 6: Sch. E-6, p. 27, l. 40, col. C x EPECM adjustment (98.6%)
- Line 7: adjustment removed
- Line 8: Sch. E-6, p. 10, l. 43, col. C x EPECM adjustment (98.6%)
- Line 9: Sum of lines 6 through 8
- Line 10: Sch. E-6, p. 10, l. 55-56, col. C x EPECM adjustment (98.6%)
- Line 11: line 7
- Line 12: line 10 + line 11
- Line 13: line 9 - line 12
- Line 14: GCI Ex. 3.9, p. 2, l. 1-2
- Line 15: line 13 / line 14
- Line 16: - line 8
- Line 17: PGL Ex. 12.12, line 1, col. G
- Line 18: line 16 + line 17
- Line 19: line 18 / GCI Ex. 3.9, p. 2, l. 6

Proposed Residential Rate Design Using Peoples Gas Proposed Revenue Requirement - Revised GCI Ex. 3.9

Rate Element	Billing Units	Present		Co. Proposed			GCI Proposed		
		Rate	Revenue	Rate	Revenue	% Change	Rate	Revenue	% Change
1 Customer charge - sales	8,474,828	19.50	165,259,146	28.21	239,074,898	44.7%	19.50	165,259,146	0.0%
2 Customer charge - transp	535,423	18.00	9,637,614	26.65	14,269,023	48.1%	19.50	10,440,749	8.3%
3 First 50 therms	285,622,000	0.33372	95,317,774	0.28608	81,710,742	-14.3%	0.47302	135,104,918	41.7%
4 All over 50 therms	400,920,000	0.12360	49,553,712	0.10974	43,996,961	-11.2%	0.13684	54,861,893	10.7%
5 Total			319,768,246		379,051,623	18.5%		365,666,706	14.4%
6 Target revenues, excluding uncollectibles on gas supply								365,665,946	

Notes on Billing Units:

- Line 1: Sch. E-5, section B, p. 1, l. 2
- Line 2: Sch. E-5, section C, p. 1, l. 2
- Line 3: Sch. E-5, sections B and C, p. 1, l. 4
- Line 4: Sch. E-5, sections B and C, p. 1, l. 5

Notes:

- Line 1: Larger of residential customer charge as calculated on p. 1 plus uncollectibles factor or current charge
- Line 6: Line 5 (Co. Proposed) + GCI Ex. 3.9, p. 1, l. 17

**Proposed Residential Rate Design Using North Shore Proposed Revenue Requirement
 Calculation of Demand and Customer Costs - Revised GCI Ex. 3.10**

1	SC 1 demand costs to recover in base rates	\$	17,432,507
2	Add: reallocation of A&G O&M		-
3	Total demand costs	\$	17,432,507
4	Annual therms		181,939,248
5	Demand cost per therm	\$	0.09581
6	Customer costs per Company	\$	42,988,718
7	Less: reallocation of A&G O&M		-
8	Less: uncollectible expense		(1,311,704)
9	Total customer costs	\$	41,677,013
<i>Recover customer-related A&G through first block</i>			
10	Customer-related A&G per company	\$	19,785,742
11	Less: reallocation of A&G O&M		-
12	Customer-related A&G	\$	19,785,742
13	Customer cost in customer charge	\$	21,891,272
14	Residential bills		1,761,299
15	Residential customer charge	\$	12.43
16	Total residential uncollectibles	\$	1,311,704
17	Less: recovered in Rider UEA-GC		(815,227)
18	Recoverable in distribution charges	\$	496,477
19	Distribution uncollectibles factor		0.8188%

Notes:

- Line 1: GCI Ex. 8.1, line 9
- Line 2: adjustment removed
- Line 3: line 1 + line 2
- Line 4: NS-PGL Ex. 28.1, line 24
- Line 5: line 3 / line 4
- Line 6: Sch. E-6, p. 27, l. 40, col. C x EPECM adjustment (98.6%)
- Line 7: adjustment removed
- Line 8: Sch. E-6, p. 10, l. 43, col. C x EPECM adjustment (98.6%)
- Line 9: Sum of lines 6 through 8
- Line 10: Sch. E-6, p. 10, l. 55-56, col. C x EPECM adjustment (98.6%)
- Line 11: line 7
- Line 12: line 10 + line 11
- Line 13: line 9 - line 12
- Line 14: GCI Ex. 3.10, p. 2, l. 1-2
- Line 15: line 13 / line 14
- Line 16: - line 8
- Line 17: NS Ex. 12.12, line 1, col. G
- Line 18: line 16 + line 17
- Line 19: line 18 / GCI Ex. 3.10, p. 2, l. 6

Proposed Residential Rate Design Using North Shore Proposed Revenue Requirement - Revised GCI Ex. 3.10

Rate Element	Billing Units	Present		Co. Proposed			GCI Proposed		
		Rate	Revenue	Rate	Revenue	% Change	Rate	Revenue	% Change
1 Customer charge - sales	1,634,447	17.80	29,093,157	24.75	40,452,563	39.0%	17.80	29,093,157	0.0%
2 Customer charge - transp	126,852	17.30	2,194,540	24.20	3,069,818	39.9%	17.80	2,257,966	2.9%
3 First 50 therms	66,397,000	0.26036	17,287,123	0.18089	12,010,553	-30.5%	0.27292	18,121,069	4.8%
4 All over 50 therms	115,542,000	0.07319	8,456,519	0.05120	5,915,750	-30.0%	0.09660	11,161,357	32.0%
5 Total			57,031,338		61,448,685	7.7%		60,633,549	6.3%
6 Target revenues, excluding uncollectibles								60,633,458	

Notes on Billing Units:

- Line 1: Sch. E-5, section B, p. 1, l. 2
- Line 2: Sch. E-5, section C, p. 1, l. 2
- Line 3: Sch. E-5, sections B and C, p. 1, l. 4
- Line 4: Sch. E-5, sections B and C, p. 1, l. 5

Notes:

- Line 1: Larger of residential customer charge as calculated on p. 1 plus uncollectibles factor or current charge
- Line 6: Line 5 (Co. Proposed) + GCI Ex. 3.10, p. 1, l. 17

Peoples Gas / North Shore Calculation of Fixed Cost Recovery under Companies Proposed Rates

SC 1 Sales and Transportation Customers - Excluding Cost of Gas and State / Municipal Tax Surcharges
(x \$1,000, except percentages)

(Source: All data from Schedule E-5, Section B, page 1 and Section C, page 1)

<u>Line</u>		<u>Peoples Gas</u>	<u>North Shore</u>
1	Customer charge	253,344	43,523
2	Distribution block 1	81,711	12,011
3	Distribution block 2	43,997	5,915
4	Rider SSC	30,028	1,508
5	Customer % as calculated by Co.	62%	69%
6	Customer charge as % of base revenues	67%	71%
7	Customer + block 1 charges as % of base revenues	88%	90%

Line 5: Line 1 / sum of lines 1-4

Line 6: Line 1 / sum of lines 1-3

Line 7: (line 1 + line 2) / sum of lines 1-3

Stability of Sales in SC 1 Block 1

SC 1 Sales and Transportation Customers, as projected in 2009 and 2011 rate cases (x 1,000 therms)

(Source: All data from Schedule E-5, Section B, page 1 and Section C, page 1 in each case)

Line		Peoples Gas			North Shore		
		2009 Case	2011 Case	Change	2009 Case	2011 Case	Change
1	Block 1 Consumption	294,493	285,622	(8,871)	67,709	66,397	(1,312)
2	Block 2 Consumption	428,161	400,920	(27,241)	118,643	115,542	(3,101)
3	Total Consumption	722,654	686,542	(36,112)	186,352	181,939	(4,413)

Peoples Gas / North Shore Calculation of SC 1 Revenue Recovery

SC 1 Sales and Transportation Customers - Excluding Cost of Gas and State / Municipal Tax Surcharges

(x \$1,000, except percentages)

(Source: all data from page 2 of GCI Ex. 8.2 and GCI Ex. 8.3)

Line		Peoples Gas			North Shore		
		Present	Co. Proposed	GCI Proposed	Present	Co. Proposed	GCI Proposed
1	Customer charge	174,896,760	253,343,921	175,699,895	31,287,696	43,522,382	31,351,122
2	Distribution block 1	95,317,774	81,710,742	135,104,918	17,287,123	12,010,553	18,121,069
3	Distribution block 2	49,553,712	43,996,961	54,861,893	8,456,519	5,915,750	11,161,357
4	Total	319,768,246	379,051,623	365,666,706	57,031,338	61,448,685	60,633,549
5	Customer + block 1 as % of base rates	85%	88%	85%	85%	90%	82%

Note: GCI Proposed rates exclude uncollectibles on gas cost. These costs are included in Companies' proposed rates.