

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method
Test Year Ending December 31, 2013

Line No.	Debt Issue Type, Coupon Rate	Date Issued	Maturity Date	Date Reacquired	Principal Amount at Issuance	Twelve Month Average			Carrying Value	Annual Coupon Interest	Annualized Amort. Of Discount or (Premium) (3)	Annualized Amort. Of Debt Expense (3)	Annualized Interest Expense	Line No.
						Face Amount Outstanding	Unamortized Discount or (Premium)	Unamortized Debt Expense (Gain)						
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]=[F-G-H]	[J]=[A*F]	[K]	[L]	[M]=[J+K+L]	
Test Year Ending December 31, 2013														
1	First and Refunding Mortgage Bonds:													1
2	Series KK 5.00%	(1) 02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 449,000	\$ 1,287,000	\$ 48,264,000	\$ 2,500,000	\$ 23,000	\$ 66,000	\$ 2,589,000	2
3	Series NN-2 4.625%	(1) 04/29/03	05/01/13	-	75,000,000	25,000,000	-	5,000	(2) 24,995,000	1,156,000	2,000	51,000	1,209,000	3
4	Series QQ 4.875%	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,437,000	73,563,000	3,656,000	-	57,000	3,713,000	4
5	Series RR 4.30%	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	758,000	49,242,000	2,150,000	-	35,000	2,185,000	5
6	Series SS 7.00%	11/03/08	11/01/13	-	45,000,000	37,500,000	-	36,000	37,464,000	2,625,000	-	96,000	2,721,000	6
7	Series TT 8.00%	11/03/08	11/01/18	-	5,000,000	5,000,000	-	34,000	4,966,000	400,000	-	6,000	406,000	7
8	Series UU 4.63%	09/30/09	09/01/19	-	75,000,000	75,000,000	-	476,000	74,524,000	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	-	615,000	49,385,000	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	-	535,000	49,465,000	1,313,000	-	27,000	1,340,000	10
11	Series XX 2.21%	11/01/11	11/01/16	-	50,000,000	50,000,000	-	368,000	49,632,000	1,105,000	-	112,000	1,217,000	11
12	New Issue 4.05%	11/01/12	11/01/22	-	100,000,000	100,000,000	-	976,000	99,024,000	4,050,000	-	105,000	4,155,000	12
13	New Issue 4.95%	09/01/13	09/01/23	-	200,000,000	66,667,000	-	555,000	66,112,000	3,300,000	-	57,000	3,357,000	13
14	Sub-Total				825,000,000	634,167,000	449,000	7,082,000	626,636,000	26,791,000	25,000	727,000	27,543,000	14
15	Less: Amortization of Losses on Reacquired Bonds													15
16	Series X 6.875%	(1) 03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,133,000	\$ (1,133,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	16
17	Series Y 7.50%	(1) 03/01/85	02/01/33	04/03/00	-	-	-	-	-	-	-	-	-	17
18	Series GG Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	-	-	-	-	-	-	18
19	Series LL 3.75%	(1) 02/20/03	02/01/33	10/04/10	-	-	-	2,413,000	(5) (2,413,000)	-	-	123,000	(5) 123,000	19
20	Series Z 7.50%	(1) 03/01/85	03/01/15	04/03/00	-	-	-	-	-	-	-	-	-	20
21	Series HH 4.75%	(1) 03/01/00	03/01/30	08/18/10	-	-	-	1,657,000	(6) (1,657,000)	-	-	100,000	(6) 100,000	21
22	Series AA 10.25%	(1) 03/01/85	06/01/35	08/01/95	-	-	-	-	-	-	-	-	-	22
23	Series FF 6.10%	(1) 06/01/95	06/01/35	06/02/05	-	-	-	2,218,000	(7) (2,218,000)	-	-	101,000	(7) 101,000	23
24	Series BB 50% 8.10%	(1) 05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	24
25	Series II Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	-	-	-	-	-	-	25
26	Series JJ 36% Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	26
27	Series OO Variable Rate	(1) 10/09/03	10/01/37	08/18/11	-	-	-	2,044,000	(8) (2,044,000)	-	-	84,000	(8) 84,000	27
28	Series BB 50% 8.10%	(1) 05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	28
29	Series JJ 64% Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	29
30	Series EE Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	30
31	Series PP Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	1,567,000	(9) (1,567,000)	-	-	65,000	(9) 65,000	31
32	Series DD 5.75%	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,765,000	(1,765,000)	-	-	70,000	70,000	32
33	Sub-Total				-	-	-	12,797,000	(12,797,000)	-	-	601,000	601,000	33
34	Total				\$ 825,000,000	\$ 634,167,000	\$ 449,000	\$ 19,879,000	\$ 613,839,000	\$ 26,791,000	\$ 25,000	\$ 1,328,000	\$ 28,144,000	34

35 Embedded Cost of Long-Term Debt (M / I) 4.58% (10) 35

Notes: (1) Tax-exempt bonds.
 (2) Includes \$2,000 for the unamortized debt expense related to an interest rate swap on these bonds.
 (3) Annualized amounts were created using the 12/31/11 amortization amounts multiplied by 12 months.
 (4) Total costs amortized based on life of the debt.
 (5) Refinancing Series combined (Y, GG, and LL). Lines 17 through 19.
 (6) Refinancing Series combined (Z and HH). Lines 20 and 21.
 (7) Refinancing Series combined (AA and FF). Lines 22 and 23.
 (8) Refinancing Series combined (BB, II, JJ 36%, and OO). Lines 24 through 27.
 (9) Refinancing Series combined (BB, JJ 64%, EE, and PP). Lines 28 through 31.
 (10) Proposed embedded cost of debt requested in this filing.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Forecasted Year Ending December 31, 2012

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount at Issuance [E]	Twelve Month Average			Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annual Amort. Of Discount or (Premium) (4) [K]	Annual Amort. Of Debt Expense (4) [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.	
						Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]							
Forecasted Year Ending December 31, 2012 (1)															
1	First and Refunding Mortgage Bonds:													1	
2	Series KK 5.00%	(2)	02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 472,000	\$ 1,352,000	\$ 48,176,000	\$ 2,500,000	\$ 23,000	\$ 66,000	\$ 2,589,000	2
3	Series NN-2 4.625%	(2)	04/29/03	05/01/13	-	75,000,000	75,000,000	5,000	98,000	(3) 74,897,000	3,469,000	6,000	153,000	3,628,000	3
4	Series QQ 4.875%	(2)	11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,494,000	73,506,000	3,656,000	-	57,000	3,713,000	4
5	Series RR 4.30%	(2)	06/01/05	06/01/35	-	50,000,000	50,000,000	-	792,000	49,208,000	2,150,000	-	35,000	2,185,000	5
6	Series SS 7.00%	(2)	11/03/08	11/01/13	-	45,000,000	45,000,000	-	149,000	44,851,000	3,150,000	-	115,000	3,265,000	6
7	Series TT 8.00%	(2)	11/03/08	11/01/18	-	5,000,000	5,000,000	-	40,000	4,960,000	400,000	-	6,000	406,000	7
8	Series UU 4.63%	(2)	09/30/09	09/01/19	-	75,000,000	75,000,000	-	554,000	74,446,000	3,473,000	-	78,000	3,551,000	8
9	Series VV 2.125%	(2)	08/18/10	03/01/30	-	50,000,000	50,000,000	-	652,000	49,348,000	1,063,000	-	37,000	1,100,000	9
10	Series WW 2.625%	(2)	10/05/10	02/01/33	-	50,000,000	50,000,000	-	562,000	49,438,000	1,313,000	-	27,000	1,340,000	10
11	Series XX 2.21%	(2)	11/01/11	11/01/16	-	50,000,000	50,000,000	-	479,000	49,521,000	1,105,000	-	112,000	1,217,000	11
12	New Issue 4.05%	(2)	11/01/12	11/01/22	-	100,000,000	16,667,000	-	173,000	16,494,000	675,000	-	18,000	693,000	12
13	Sub-Total					625,000,000	541,667,000	477,000	6,345,000	534,845,000	22,954,000	29,000	704,000	23,687,000	13
14	Less: Amortization of Losses on Reacquired Bonds														14
15	Series X 6.875%	(2)	03/01/85	02/01/33	03/14/03	\$ -	\$ -	\$ -	\$ 1,191,000	\$ (1,191,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15
16	Series Y 7.50%	(2)	03/01/85	02/01/33	04/03/00	-	-	-	-	-	-	-	-	-	16
17	Series GG Variable Rate	(2)	03/01/00	02/01/33	03/27/03	-	-	-	-	-	-	-	-	-	17
18	Series LL 3.75%	(2)	02/20/03	02/01/33	10/04/10	-	-	-	2,537,000	(6) (2,537,000)	-	-	123,000	(6) 123,000	18
19	Series Z 7.50%	(2)	03/01/85	03/01/15	04/03/00	-	-	-	-	-	-	-	-	-	19
20	Series HH 4.75%	(2)	03/01/00	03/01/30	08/18/10	-	-	-	1,757,000	(7) (1,757,000)	-	-	100,000	(7) 100,000	20
21	Series AA 10.25%	(2)	03/01/85	06/01/35	08/01/95	-	-	-	-	-	-	-	-	-	21
22	Series FF 6.10%	(2)	06/01/95	06/01/35	06/02/05	-	-	-	2,320,000	(8) (2,320,000)	-	-	101,000	(8) 101,000	22
23	Series BB 50% 8.10%	(2)	05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	23
24	Series II Variable Rate	(2)	03/01/00	10/01/37	11/12/03	-	-	-	-	-	-	-	-	-	24
25	Series JJ 36% Variable Rate	(2)	03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	25
26	Series OO Variable Rate	(2)	10/09/03	10/01/37	08/18/11	-	-	-	2,129,000	(9) (2,129,000)	-	-	84,000	(9) 84,000	26
27	Series BB 50% 8.10%	(2)	05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	27
28	Series JJ 64% Variable Rate	(2)	03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	28
29	Series EE Variable Rate	(2)	12/01/93	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	29
30	Series PP Variable Rate	(2)	10/09/03	10/01/37	04/17/08	-	-	-	1,632,000	(10) (1,632,000)	-	-	66,000	(10) 66,000	30
31	Series DD 5.75%	(2)	12/01/93	11/01/38	12/01/03	-	-	-	1,834,000	(1,834,000)	-	-	70,000	70,000	31
32	Sub-Total					-	-	-	13,400,000	(13,400,000)	-	-	602,000	602,000	32
33	Total					\$ 625,000,000	\$ 541,667,000	\$ 477,000	\$ 19,745,000	\$ 521,445,000	\$ 22,954,000	\$ 29,000	\$ 1,306,000	\$ 24,289,000	33
34	Embedded Cost of Long-Term Debt (M / I)													4.66%	34

Notes: (1) Based on zero months of actual data and 12 months of forecasted data.
(2) Tax-exempt bonds.
(3) Includes \$35,000 for the unamortized debt expense related to an interest rate swap on these bonds.
(4) Annualized amounts were created using the 12/31/11 amortization amounts multiplied by 12 months.
(5) Total costs amortized based on life of the debt.
(6) Refinancing Series combined (Y, GG, and LL). Lines 16 through 18.
(7) Refinancing Series combined (Z and HH). Lines 19 and 20.
(8) Refinancing Series combined (AA and FF). Lines 21 and 22.
(9) Refinancing Series combined (BB, II, JJ 36%, and OO). Lines 23 through 26.
(10) Refinancing Series combined (BB, JJ 64%, EE, and PP). Lines 27 through 30.

The Peoples Gas Light and Coke Company

Embedded Cost of Long-Term Debt

Net Proceeds Method

Historical Year Ended December 31, 2011

Line No.	Debt Issue Type, Coupon Rate	Date Issued	Maturity Date	Date Reacquired	Principal Amount at Issuance	Twelve Month Average			Carrying Value	Annual Coupon Interest	Annual Amort. Of Discount or (Premium) (3)	Annual Amort. Of Debt Expense (3)	Annual Interest Expense	Line No.
						Face Amount Outstanding	Unamortized Discount or (Premium)	Unamortized Debt Expense (Gain)						
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]=[F-G-H]	[J]=[A*F]	[K]	[L]	[M]=[J+K+L]	
Historical Year Ended December 31, 2011														
1	First and Refunding Mortgage Bonds:													1
2	Series KK 5.00%	(1) 02/06/03	02/01/33	-	\$ 50,000,000	\$ 50,000,000	\$ 495,000	\$ 1,418,000	\$ 48,087,000	\$ 2,500,000	\$ 23,000	\$ 66,000	\$ 2,589,000	2
3	Series NN-2 4.625%	(1) 04/29/03	05/01/13	-	75,000,000	75,000,000	11,000	221,000	(2) 74,768,000	3,469,000	6,000	151,000	3,626,000	3
4	Series OO Variable	10/09/03	10/01/37	08/18/11	51,000,000	29,750,000	-	524,000	29,226,000	137,000	-	23,000	160,000	
5	Series QQ 4.875%	(1) 11/25/03	11/01/38	-	75,000,000	75,000,000	-	1,550,000	73,450,000	3,656,000	-	57,000	3,713,000	5
6	Series RR 4.30%	(1) 06/01/05	06/01/35	-	50,000,000	50,000,000	-	827,000	49,173,000	2,150,000	-	35,000	2,185,000	6
7	Series SS 7.00%	11/03/08	11/01/13	-	45,000,000	45,000,000	-	264,000	44,736,000	3,150,000	-	115,000	3,265,000	7
8	Series TT 8.00%	11/03/08	11/01/18	-	5,000,000	5,000,000	-	47,000	4,953,000	400,000	-	6,000	406,000	8
9	Series UU 4.63%	09/30/09	09/01/19	-	75,000,000	75,000,000	-	632,000	74,368,000	3,473,000	-	78,000	3,551,000	9
10	Series VV 2.125%	(1) 08/18/10	03/01/30	-	50,000,000	50,000,000	-	689,000	49,311,000	1,063,000	-	37,000	1,100,000	10
11	Series WW 2.625%	(1) 10/05/10	02/01/33	-	50,000,000	50,000,000	-	590,000	49,410,000	1,313,000	-	27,000	1,340,000	11
12	Series XX 2.21%	11/01/11	11/01/16	-	50,000,000	8,333,000	-	173,000	8,160,000	184,000	-	19,000	203,000	12
13	Sub-Total				576,000,000	513,083,000	506,000	6,935,000	505,642,000	21,495,000	29,000	614,000	22,138,000	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	\$ -	\$ -	\$ -	\$ 1,249,000	\$ (1,249,000)	\$ -	\$ -	\$ 58,000	\$ 58,000	15
16	Series Y 7.50%	(1) 03/01/85	02/01/33	04/03/00	-	-	-	-	-	-	-	-	-	16
17	Series GG Variable Rate	(1) 03/01/00	02/01/33	03/27/03	-	-	-	-	-	-	-	-	-	17
18	Series LL 3.75%	(1) 02/20/03	02/01/33	10/04/10	-	-	-	2,660,000	(4) (2,660,000)	-	-	123,000	(4) 123,000	18
19	Series Z 7.50%	(1) 03/01/85	03/01/15	04/03/00	-	-	-	-	-	-	-	-	-	19
20	Series HH 4.75%	(1) 03/01/00	03/01/30	08/18/10	-	-	-	1,856,000	(5) (1,856,000)	-	-	100,000	(5) 100,000	20
21	Series AA 10.25%	(1) 03/01/85	06/01/35	08/01/95	-	-	-	-	-	-	-	-	-	21
22	Series FF 6.10%	(1) 06/01/95	06/01/35	06/02/05	-	-	-	2,421,000	(6) (2,421,000)	-	-	101,000	(6) 101,000	22
23	Series BB 50% 8.10%	(1) 05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	23
24	Series II Variable Rate	(1) 03/01/00	10/01/37	11/12/03	-	-	-	-	-	-	-	-	-	24
25	Series JJ 36% Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	25
26	Series OO Variable Rate	(1) 10/09/03	10/01/37	08/18/11	-	-	-	1,689,000	(7) (1,689,000)	-	-	62,000	(7) 62,000	26
27	Series BB 50% 8.10%	(1) 05/01/90	10/01/37	05/01/00	-	-	-	-	-	-	-	-	-	27
28	Series JJ 64% Variable Rate	(1) 03/01/00	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	28
29	Series EE Variable Rate	(1) 12/01/93	10/01/37	10/14/03	-	-	-	-	-	-	-	-	-	29
30	Series PP Variable Rate	(1) 10/09/03	10/01/37	04/17/08	-	-	-	1,702,000	(8) (1,702,000)	-	-	85,000	(8) 85,000	30
31	Series DD 5.75%	(1) 12/01/93	11/01/38	12/01/03	-	-	-	1,904,000	(1,904,000)	-	-	70,000	70,000	31
32	Sub-Total				-	-	-	13,481,000	(13,481,000)	-	-	599,000	599,000	32
33	Total				\$ 576,000,000	\$ 513,083,000	\$ 506,000	\$ 20,416,000	\$ 492,161,000	\$ 21,495,000	\$ 29,000	\$ 1,213,000	\$ 22,737,000	33
34	Embedded Cost of Long-Term Debt (M / I)												4.62%	34

Notes: (1) Tax-exempt bonds.

(2) Includes \$77,000 for the unamortized debt expense related to an interest rate swap on these bonds.

(3) Annualized amounts were created using the 12/31/11 amortization amounts multiplied by 12 months.

(4) Refinancing Series combined (Y, GG, and LL). Lines 16 through 18.

(5) Refinancing Series combined (Z and HH). Lines 19 and 20.

(6) Refinancing Series combined (AA and FF). Lines 21 and 22.

(7) Refinancing Series combined (BB, II, JJ 36%, and OO). Lines 23 through 26.

(8) Refinancing Series combined (BB, JJ 64%, EE, and PP). Lines 27 through 30.