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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
Tampa, Florida 33601
e-mail: aw@macfar.com

September 4, 2013

VIA FEDEX

Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
13 SEP -5 AM 10:56
COMMISSION
CLERK

Re: Docket No. 110320-GU -- Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System

Dear Ms. Cole:

Enclosed for filing with the Commission on behalf of Peoples Gas System in the above docket, please find the original and 12 copies of Peoples' petition referenced above. Enclosed also are five copies of First Revised Sheet No. 7.806 to Peoples' Natural Gas Tariff, Original Volume No. 3, for which the Company's petition seeks the Commission's approval. Two copies of coded (legislative style) versions of the revised sheet required by Rule 25-9.005, F.A.C., are also enclosed.

Please note that this tariff filing is not being made pursuant to the file-and-suspend provisions of Section 366.06(3), *Florida Statutes*, in order to permit the Commission Staff sufficient time to address the filing.

Please acknowledge your receipt of the enclosures and the date of their filing on the enclosed copy of this letter, and return the same to me in the enclosed preaddressed envelope.

no postage on envelope.
nothing returned to filer.

-brr

COM	
AFD	5
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Ann Cole
September 4, 2013
Page 2

Thank you for your usual assistance.

Sincerely,

A handwritten signature in blue ink that reads "Ansley Watson, Jr." with a stylized, cursive script.

Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of Cast Iron/)
Bare Steel Pipe Replacement Rider)
(Rider CI/BSR), by Peoples Gas System.)
_____)

Docket No. 110320-GU

Submitted for Filing: 9-5-13

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL OF
2014 CAST IRON/BARE STEEL PIPE REPLACEMENT
RIDER REVENUE REQUIREMENTS AND SURCHARGES**

Peoples Gas System (“Peoples” or the “Company”), by its undersigned counsel, petitions the Commission for approval of the projected Revenue Requirements to be recovered by the Company during January through December 2014 through its Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), and the Surcharges to be collected for such recovery, and in support of this petition states:

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System
P.O. Box 2562
Tampa, Florida 33601-2562

2. The names and mailing address of the persons authorized to receive notices and communications with respect to this petition are:

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

Ms. Paula K. Brown
Regulatory Affairs
Peoples Gas System
P. O. Box 111
Tampa, Florida 33601-0111

Ms. Kandi M. Floyd
Manager – State Regulatory
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

3. The Commission has jurisdiction to entertain this petition pursuant to Sections 366.04(1), 366.05(1) and 366.06, *Florida Statutes*.

4. Peoples is a natural gas local distribution company (“LDC”) providing sales and transportation delivery of natural gas throughout most of the State of Florida, and is a natural gas public utility subject to the Commission’s statutory jurisdiction to establish rates and charges under Section 366.06.

BACKGROUND

5. By its Order No. PSC-12-0476-TRF-GU, issued on September 18, 2012, in Docket No. 110320-GU, the Commission approved Peoples’ Rider CI/BSR, together with projected Revenue Requirements contemplated by the rider for recovery during 2013, and Surcharges through which to recover the projected Revenue Requirements.

6. The rider, and the Commission’s order approving it, contemplates the filing by Peoples of annual petitions to establish revised Surcharges to be effective the following calendar year (in the case of this petition, calendar year 2014) in September each year, starting in 2013. The petitions are to contain an actual/estimated true-up showing seven months of actual and five months of projected costs and revenues for the calendar year in which the petition is filed, and a projection showing 12 months of projected rider Revenues Requirements for the 12-month period beginning January 1 following the filing of the petition.¹

¹ The order also requires a final true-up showing the actual replacement costs and actual Surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing, including the final over- or under-recovery for the final true-up period. This final true-up amount is not known at the time of the filing of this petition inasmuch as the period for which the final true-up amount is to be calculated has not ended. Peoples will file a petition for approval of the final true-up amount for the year 2013 at a time in 2014 determined in consultation with the Commission Staff.

7. This petition is the filing contemplated by the rider and the Commission's order approving it, minus the projected true-up, the information for the preparation of which will not be available until after the first quarter of 2014.

RELIEF REQUESTED

8. Peoples' petition for approval of the rider contemplated annual capital expenditures of approximately \$8 million for the replacement of bare steel and cast iron infrastructure, but made clear that was only an estimate, and that the expenditures could be more or less than that amount during any year in which the program is in effect. In Peoples last rate case, the Commission approved \$1 million dollars in rate base for the 2009 projected test year for replacement of ageing infrastructure. As such, in continuing with its commitment to spend \$1 million annually for replacement activities, Peoples has excluded the first \$1 million of its annual capital expenditures for replacement activities and those dollars will be included in rate base in a future rate case. Thus, as filed, the rider approved by the Commission initially contemplated recovery through the rider of a return on, and depreciation and ad valorem tax expense associated with only \$7 million of annual capital expenditures for cast iron/bare steel replacements. As shown in Exhibit A attached to this petition, Peoples provides calculations of the projected true-up for calendar year 2013 and projects that its actual expenditures for such replacements during 2013 will be \$11,661,656. This re-projected total does not include the first \$1 million in such expenditures.

9. Exhibit B includes projected capital expenditures for the replacement of cast iron/bare steel infrastructure during calendar year 2014, and Exhibit C contains revised Surcharges to be collected from customers commencing with bills rendered for

meter readings taken on and after January 1, 2014. The estimated true-up for 2013, an over-recovery, reduces the total amount to be collected through the revised Surcharges during 2014. Projected capital expenditures for replacements during 2014 are \$10,250,000 (not including the first \$1 million of such expenditures).

10. First Revised Sheet No. 7.806 to Peoples' Natural Gas Tariff, Original Volume No. 3, setting forth the revised surcharges accompanies the filing of this petition.

WHEREFORE, Peoples respectfully requests that the Commission enter its order:

- A. approving the projected Revenue Requirements for 2014 (as adjusted by the projected true-up for 2013) set forth in Exhibits A and B to this petition; and
- B. approving Peoples' billing of the recovery Surcharges for 2014 set forth in Exhibit C to this petition commencing with bills rendered for meter readings taken on and after January 1, 2014.

Respectfully submitted,



ANSLEY WATSON, JR.
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Attorneys for Peoples Gas System

PEOPLES GAS SYSTEM

“EXHIBIT A”

***CALCULATION OF ACTUAL AND REFORECAST AMOUNT FOR
2013 (PAGE 1 OF 3)***

PROJECTED TRUE-UP AMOUNT FOR 2013 (PAGE 2 OF 3)

INTEREST PROVISION FOR 2013 (PAGE 3 OF 3)

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2013 to December 2013
 Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of Period Amount	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Re-forecast August	Re-forecast September	Re-forecast October	Re-forecast November	Re-forecast December	End of Period Total
1. Investments														
a. Eligible Replacements - Mains (Plastic)				\$ 296,780	\$ 770,437	\$ 1,064,695	\$ 946,948	\$ 1,022,341	1,660,171	1,700,438	1,531,399	1,445,821	1,190,798	\$ 11,599,827
b. Eligible Replacements - Mains (Steel)		-	-	7,445	-	3,451	-	-	-	-	-	-	-	10,896
c. Eligible Replacements - Services (Plastic)		-	-	11,813	10,915	(1,516)	13,345	16,376	-	-	-	-	-	50,933
d. Eligible Replacements - Services (Steel)		-	-	-	-	-	-	-	-	-	-	-	-	-
e. Eligible Replacements - Regulators		-	-	-	-	-	-	-	-	-	-	-	-	-
f. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
g. Closings to Plant		-	-	204,776	500,269	525,753	522,094	451,959	1,660,171	1,700,438	1,531,399	1,445,821	1,190,798	9,733,477
2. Gross Plant-in-Service/Depreciation Base	\$ -	\$ -	\$ -	\$ 204,776	\$ 705,045	\$ 1,230,798	\$ 1,752,892	\$ 2,204,851	\$ 3,865,022	\$ 5,565,460	\$ 7,096,859	\$ 8,542,680	\$ 9,733,478	
3. Less: Accumulated Depreciation	-	-	-	-	(532)	(2,366)	(5,566)	(10,123)	(15,856)	(25,905)	(40,375)	(58,827)	(81,038)	
4. CWIP - NonInterest Bearing				81,262	362,345	903,222	1,341,421	1,928,179	1,928,179	1,928,179	1,928,179	1,928,179	1,928,179	
5. Net Book Value (Lines 2 + 3 + 4)	\$ -	\$ -	\$ -	\$ 286,038	\$ 1,066,857	\$ 2,131,654	\$ 3,088,748	\$ 4,122,907	\$ 5,777,345	\$ 7,467,734	\$ 8,984,663	\$ 10,412,032	\$ 11,580,619	
6. Average Net Book Value		\$ -	\$ -	\$ 143,019	\$ 676,448	\$ 1,599,256	\$ 2,610,201	\$ 3,605,827	\$ 4,950,126	\$ 6,622,540	\$ 8,226,198	\$ 9,698,347	\$ 10,996,325	
7. Return on Average Net Book Value														
a. Equity component Grossed up for taxes (A)		\$ -	\$ -	\$ 967	\$ 4,575	\$ 10,815	\$ 17,652	\$ 24,385	\$ 33,476	\$ 44,787	\$ 55,632	\$ 65,587	\$ 74,365	\$ 332,241
b. Debt component (B)		\$ -	\$ -	\$ 375	\$ 1,773	\$ 4,193	\$ 6,843	\$ 9,453	\$ 12,977	\$ 17,362	\$ 21,566	\$ 25,425	\$ 28,828	\$ 128,795
8. Investment Expenses														
a. Depreciation (C)		0	-	-	532	1,833	3,200	4,558	5,733	10,049	14,470	18,452	22,211	81,038
b. Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
c. Property Taxes (D)		-	-	-	-	-	-	-	-	-	-	-	-	-
d. Other		-	-	-	-	-	-	-	-	-	-	-	-	-
9. Total Recoverable Costs (Lines 7 + 8)	\$ -	\$ -	\$ -	\$ 1,342	\$ 6,880	\$ 16,841	\$ 27,695	\$ 38,396	\$ 52,186	\$ 72,198	\$ 91,668	\$ 109,464	\$ 125,404	\$ 542,074

Notes:

- (A) Line 7a = Line 6 x 8.1153% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.628002.
- (B) Line 7b = Line 6 x 3.1459% x 1/12.
- (C) Applicable depreciation rate is .26%
- (D) Ad Valorem Tax Rate is 1.79%

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Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2013 to December 2013
 Current Period True-Up Amount

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Re-forecast August	Re-forecast September	Re-forecast October	Re-forecast November	Re-forecast December	End of Period Total
1. CIBSR Revenues (net of Revenue Taxes)	\$55,214	\$50,058	\$55,084	\$53,474	\$39,868	\$36,970	\$36,101	\$46,681	\$46,681	\$46,681	\$46,681	\$46,681	\$560,176
2. True-Up Provision	0	0	0	0	0	0	0	0	0	0	0	0	0
3. CIBSR Revenues Applicable to Period (Lines 1 + 2)	55,214	50,058	55,084	53,474	39,868	36,970	36,101	46,681	46,681	46,681	46,681	46,681	560,176
4. CIBSR Costs													
a. Return on Investment	0	0	1,342	6,348	15,008	24,495	33,838	46,453	62,149	77,198	91,012	103,193	461,036
b. Depreciation	0	0	0	532	1,833	3,200	4,558	5,733	10,049	14,470	18,452	22,211	81,038
c. Property Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Total CIBSR Costs	0	0	1,342	6,880	16,841	27,695	38,396	52,186	72,198	91,668	109,664	125,404	542,074
5. Over/Under Recovery (Line 3 - Line 4d)	55,214	50,058	53,742	46,593	23,027	9,275	(2,294)	(5,504)	(25,517)	(44,987)	(62,783)	(78,723)	18,101
6. Interest Provision	2	6	11	13	13	12	12	23	33	27	19	9	180
7. Beginning Balance True-Up & Interest Provision	0	55,216	105,280	159,033	205,639	228,679	237,966	235,684	230,203	204,719	159,759	96,995	0
8. True-Up Collected/(Refunded)	0	0	0	0	0	0	0	0	0	0	0	0	0
9. End of Period Total True-Up (Lines 5+6+7+8)	\$55,216	\$105,280	\$159,033	\$205,639	\$228,679	\$237,966	\$235,684	\$230,203	\$204,719	\$159,759	\$96,995	\$18,281	\$18,281

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2013 to December 2013
 Interest Provision

Line	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Re-forecast August	Re-forecast September	Re-forecast October	Re-forecast November	Re-forecast December	End of Period Total
1. Beginning True-Up Amount	\$0	\$55,216	\$105,280	\$159,033	\$205,639	\$228,679	\$237,966	\$235,684	\$230,203	\$204,719	\$159,759	\$96,995	
2. Ending True-Up Amount Before Interest	55,214	105,274	159,022	205,626	228,666	237,954	235,872	230,180	204,686	159,732	96,976	18,272	
3. Total of Beginning & Ending True-Up (Lines 1 + 2)	55,214	160,490	264,302	364,659	434,305	466,633	473,638	465,864	434,889	364,451	256,735	115,267	
4. Average True-Up Amount (Line 3 x 1/2)	27,607	80,245	132,151	182,330	217,153	233,317	236,819	232,932	217,445	182,226	128,368	57,634	
5. Interest Rate (First Day of Reporting Business Month)	0.05%	0.09%	0.10%	0.08%	0.08%	0.07%	0.06%	0.05%	0.18%	0.18%	0.18%	0.18%	
6. Interest Rate (First Day of Subsequent Business Month)	0.09%	0.10%	0.08%	0.08%	0.07%	0.06%	0.05%	0.18%	0.18%	0.18%	0.18%	0.18%	
7. Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.14%	0.19%	0.18%	0.16%	0.15%	0.13%	0.11%	0.23%	0.36%	0.36%	0.36%	0.36%	
8. Average Interest Rate (Line 7 x 1/2)	0.070%	0.095%	0.090%	0.080%	0.075%	0.065%	0.055%	0.115%	0.180%	0.180%	0.180%	0.180%	
9. Monthly Average Interest Rate (Line 8 x 1/12)	0.005%	0.008%	0.008%	0.007%	0.006%	0.005%	0.005%	0.010%	0.015%	0.015%	0.015%	0.015%	
10. Interest Provision for the Month (Line 4 x Line 9)	\$2	\$6	\$11	\$13	\$13	\$12	\$12	\$23	\$33	\$27	\$19	\$9	\$180

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PEOPLES GAS SYSTEM

“EXHIBIT B”

2014 PROJECTION (PAGE 1 OF 2)

DEBT AND EQUITY CALCULATION (PAGE 2 OF 2)

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Projected Amount for the Period
 January 2014 to December 2014
 Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1 Investments													
a. Eligible Replacements - Mains	\$ -	\$ 674,000	\$ 846,000	\$ 1,044,000	\$ 1,075,500	\$ 1,075,500	\$ 922,500	\$ 922,500	\$ 945,000	\$ 918,000	\$ 918,000	\$ 909,000	\$ 10,250,000
b. Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Eligible Replacements - Regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d. Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e. Closings to Plant	\$ 482,045	\$ 867,034	\$ 947,775	\$ 1,070,831	\$ 1,067,749	\$ 1,084,686	\$ 967,640	\$ 956,355	\$ 964,766	\$ 939,575	\$ 934,181	\$ 923,386	
2 Gross Plant in-Service/Depreciation Base	\$ 10,215,523	\$ 11,082,566	\$ 12,030,331	\$ 13,101,163	\$ 14,188,911	\$ 15,273,598	\$ 16,241,237	\$ 17,197,592	\$ 18,162,358	\$ 19,101,933	\$ 20,036,114	\$ 20,959,500	
3 Less: Accumulated Depreciation	\$ (106,183)	\$ (132,573)	\$ (161,203)	\$ (192,281)	\$ (226,126)	\$ (262,780)	\$ (302,237)	\$ (344,194)	\$ (388,621)	\$ (435,540)	\$ (484,867)	\$ (536,647)	
4 CWP - Noninterest Bearing	\$ 1,446,134	\$ 1,253,101	\$ 1,151,325	\$ 1,124,494	\$ 1,112,246	\$ 1,103,059	\$ 1,057,919	\$ 1,024,065	\$ 1,004,298	\$ 982,724	\$ 966,543	\$ 952,157	
5 Net Book Value (Lines 2 + 3 + 4)	\$ 11,555,474	\$ 12,203,084	\$ 13,020,454	\$ 14,033,376	\$ 15,075,031	\$ 16,113,876	\$ 16,996,920	\$ 17,877,463	\$ 18,778,036	\$ 19,649,117	\$ 20,517,770	\$ 21,375,010	
6 Average Net Book Value	\$ 10,321,705	\$ 11,879,279	\$ 12,611,769	\$ 13,526,915	\$ 14,554,203	\$ 15,594,454	\$ 16,555,398	\$ 17,437,191	\$ 18,327,750	\$ 19,213,576	\$ 20,083,443	\$ 20,946,390	
7 Return on Average Net Book Value													
a. Equity component Grossed up for taxes (A)	\$ 65,422	\$ 75,295	\$ 79,938	\$ 85,738	\$ 92,249	\$ 98,843	\$ 104,934	\$ 110,523	\$ 116,167	\$ 121,782	\$ 127,296	\$ 132,765	\$ 1,210,952
b. Debt component (B)	\$ 22,135	\$ 25,475	\$ 27,046	\$ 29,008	\$ 31,211	\$ 33,442	\$ 35,503	\$ 37,394	\$ 39,304	\$ 41,204	\$ 43,069	\$ 44,920	\$ 409,711
8 Investment Expenses													
a. Depreciation (C)	\$ 25,145	\$ 26,390	\$ 28,630	\$ 31,078	\$ 33,845	\$ 36,655	\$ 39,457	\$ 41,957	\$ 44,427	\$ 46,919	\$ 49,347	\$ 51,760	\$ 455,609
b. Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c. Property Taxes (D)	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 11,522	\$ 138,264
d. Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9 Revenue Requirements (Lines 7 + 8)	\$ 124,224	\$ 138,682	\$ 147,136	\$ 157,346	\$ 168,827	\$ 180,462	\$ 191,416	\$ 201,396	\$ 211,420	\$ 221,427	\$ 231,234	\$ 240,967	\$ 2,214,536
10 Est. projected 2013 true-up over/(under)	\$ 18,281												
11 Revenue Requirements Net of Est. Projected Recovery	\$ 105,943	\$ 244,625	\$ 391,761	\$ 549,107	\$ 717,934	\$ 898,396	\$ 1,089,812	\$ 1,291,208	\$ 1,502,628	\$ 1,724,055	\$ 1,965,289	\$ 2,196,256	

Notes:
 (A) Line 7a = Line 6 x 7.606% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.628002.
 (B) Line 7b = Line 6 x 2.573% x 1/12.

PEOPLES GAS SYSTEM
CAST IRON / BARE STEEL RIDER
EXHIBIT B
PAGE 2 OF 2
FILED: SEPTEMBER 5, 2013

Peoples Gas System
Cast Iron/Bare Steel Replacement Rider
Calculation of Debt and Equity Return
January 2014 through December 2014

Calculation of Revenue Requirement Rate of Return
(In Dollars)

	(1)	(2)	(3)	(4)
	December Rate Base ESR (\$000)	Ratio %	Cost Rate %	Weighted Cost Rate %
Long Term Debt	\$ 228,830	35.28%	6.38%	2.2509%
Short Term Debt	0	0.00%	0.59%	0.0000%
Preferred Stock	0	0.00%	4.33%	0.0000%
Customer Deposits	39,230	6.05%	5.33%	0.3225%
Common Equity	281,925	43.46%	10.75%	4.6720%
Deferred ITC - Zero Cost	0	0.00%	0.00%	0.0000%
Accumulated Deferred Income Taxes & Zero Cost ITCs	98,646	15.21%	0.00%	0.0000%
Total	\$ 648,631	100.01%		7.2454%
ITC split between Debt and Equity:				
Long Term Debt	\$ 228,830		Long Term Debt	44.80%
Short Term Debt	0		Short Term Debt	0.00%
Equity - Preferred	0		Equity - Preferred	0.00%
Equity - Common	281,925		Equity - Common	55.20%
Total	\$ 510,755		Total	100.00%
Deferred ITC - Weighted Cost:				
Debt = .0% * 45.26%		0.0000%		
Equity = .0% * 54.74%		0.0000%		
	Weighted Cost	0.0000%		
Total Equity Cost Rate:				
Preferred Stock	0.0000%			
Common Equity	4.6720%			
Deferred ITC - Weighted Cost	0.0000%			
	4.6720%			
Times Tax Multiplier	1.628002			
	Total Equity Component	7.6060%		
Total Debt Cost Rate:				
Long Term Debt	2.2509%			
Short Term Debt	0.0000%			
Customer Deposits	0.3225%			
Deferred ITC - Weighted Cost	0.0000%			
	Total Debt Component	2.5734%		

Notes:
Column (1) - From December 2012 PGS ESR
Column (2) - Column (1) / Total Column (1)
Column (3) - From December 2012 PGS ESR
Column (4) - Column (2) x Column (3)

PEOPLES GAS SYSTEM

“EXHIBIT C”

SURCHARGE CALCULATION (PAGE 1 OF 1)

PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL RIDER
 EXHIBIT C
 PAGE 1 OF 1
 FILED: SEPTEMBER 5, 2013

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Summary of CI/BSR Surcharge Calculation
 January 2014 Through December 2014

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.96%	\$767,830	68,740,920	\$0.01117
SGS	5,474,814	5,937,386	11,412,200	2.87%	63,054	7,695,000	\$0.00819
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.75%	323,876	79,188,252	\$0.00409
GS-2	81,315,915	8,975,978	90,291,893	22.71%	498,876	129,526,000	\$0.00385
GS-3	46,157,083	2,496,659	48,653,742	12.24%	268,819	87,403,000	\$0.00308
GS-4	25,447,491	447,292	25,894,783	6.51%	143,073	51,996,000	\$0.00275
GS-5	22,396,181	427,101	22,823,282	5.74%	126,102	105,000,000	\$0.00120
NGVS	244,131	48,338	292,469	0.07%	1,616	153,000	\$0.01056
CSLS	534,119	10,816	544,935	0.14%	3,011	716,000	\$0.00421
WHS	786,453	35,448	821,901	0.21%	4,541	3,719,000	\$0.00122
TOTAL	\$287,359,407	\$110,142,304	\$397,501,711	100.00%	\$2,196,256	530,418,172	

* Source: Data in these columns are from Schedule H-2 of the Cost of Service Study approved in Peoples' last rate case

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2013, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator	\$0.01117 per therm
Small General Service	\$0.00819 per therm
General Service – 1/ Commercial Standby Generator Service	\$0.00409 per therm
General Service – 2	\$0.00385 per therm
General Service – 3	\$0.00308 per therm
General Service – 4	\$0.00275 per therm
General Service – 5	\$0.00120 per therm
Commercial Street Lighting	\$0.004216 per therm
Natural Gas Vehicle Service	\$0.01056 per therm
Wholesale	\$0.00122 per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

"Eligible Replacements" means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing cast iron, wrought iron and bare steel facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

"CI/BSR Revenues" means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

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**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2013, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator	\$0.011170232 per therm
Small General Service	\$0.00819204 per therm
General Service – 1/ Commercial Standby Generator Service	\$0.00409414 per therm
General Service – 2	\$0.00385406 per therm
General Service – 3	\$0.00308078 per therm
General Service – 4	\$0.00275076 per therm
General Service – 5	\$0.0012035 per therm
Commercial Street Lighting	\$0.0042160394 per therm
Natural Gas Vehicle Service	\$0.010560484 per therm
Wholesale	\$0.00122078 per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

“Eligible Replacements” means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company’s rate base for purposes of determining the Company’s base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing cast iron, wrought iron and bare steel facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

“CI/BSR Revenues” means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

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