

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Peoples Gas ) DOCKET NO. 891353-GU  
 System, Inc. for a rate increase. ) ORDER NO. 23481  
 ) ISSUED: 9-14-90  
 )

Pursuant to Notice, a prehearing Conference was held on September 6, 1990, before Commissioner Gerald L. Gunter, Prehearing Officer.

APPEARANCES: ANSLEY WATSON, JR., Esquire, and JAMES W. GOODWIN, II, Esquire, MacFarlane, Ferguson, Allison & Kelly, P. O. Box 1531, Tampa, Florida 33601, on behalf of Peoples Gas System, Inc.

JOHN W. MCWHIRTER, JR., Esquire, Lawson, McWhirter, Grandoff & Reeves, 201 E. Kennedy Boulevard, Suite 800, Post Office Box 3350, Tampa, Florida 33601-3350, and VICKI GORDON KAUFMAN, Lawson, McWhirter, Grandoff & Reeves, 522 E. Park Avenue, Suite 200, Tallahassee, Florida 32301, on behalf of Florida Industrial Gas Users.

PAUL SEXTON, Esquire, Richard A. Zambo, P.A., 211 South Gadsden Street, Tallahassee, Florida 32301, on behalf of Tropicana Products, Inc.

CHARLES REHWINKLE, Esquire and JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-2400, on behalf of the Citizens of the State of Florida.

MICHAEL A. PALECKI, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0863, on behalf of the Commission Staff.

MARTHA BROWN, Esquire, Office of the General Counsel, 101 East Gaines Street, Tallahassee, Florida 32399-0861, Counsel of the Commissioners.

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PREHEARING ORDER

Background

On April 12, 1990, Peoples Gas System (Peoples) filed a petition requesting authority to increase rates and charges to add revenues of \$14,283,034. That would allow Peoples to earn an overall rate of return of 10.64%, or 13.75% return on equity. The Company did not request an interim increase.

On July 3, 1990, we issued Order No. \_\_\_\_\_ in Docket No. 891353-GU, suspending Peoples' proposed permanent rates pending the outcome of a formal hearing. This order was issued pursuant to Section 366.06(3), Florida Statutes, for the purpose of conducting further review of the data and calculations submitted by Peoples, and in order to obtain additional support and information in these proceedings.

Use of Prefiled Testimony

All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party seeks to introduce an interrogatory or a deposition, or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions, subject to the same conditions.

Order of Witnesses

The witness schedule is set forth below in order of appearance by the witness' name, subject matter, and the issues which will be covered by his or her testimony.

| <u>Witness</u>                   | <u>Subject Matter</u>  | <u>Issues</u>                      |
|----------------------------------|--|------------------------------------|
| <u>(Direct)</u>                  |  |                                    |
| 1. Jack E. Uhl<br>(PGS)          | General Company information;<br>capital expenditures; need for<br>rate increase; capital<br>structure; interest coverage<br>ratios.  | 3, 19,<br>25, 72                   |
| 2. Francis J. Sivard<br>(PGS)    | Rate base, net operating<br>income, and adjustments<br>thereto (historic base year<br>and projected test year);<br>acquisition adjustment; cost<br>of service study.   | 1-50,<br>52-59,<br>61-70,<br>72-76 |
| 3. Dr. Roger A. Morin<br>(PGS)   | Cost of capital and return on<br>common equity.  | 71, 72                             |
| 4. Daniel R. Pountney<br>(PGS)   | Sources of gas supply; risks<br>created by open access on FGT<br>System; adequacy of gas supply<br>and pipeline capacity; projected<br>therm sales and transportation;<br>rate design; rate schedules and<br>tariff modifications.   | 51, 60<br>76-92                    |
| 5. Dr. Alan Rosenberg<br>(FIGU)  | All rate design issues.  | 76-92                              |
| 6. Norris Elswick<br>(Tropicana) | Tropicana's gas usage and fuel<br>purchasing strategy; its past<br>and current experience with local<br>distribution companies; its current<br>goals in its relationship with<br>Peoples Gas System; and the factors<br>leading to Tropicana's consideration<br>of bypass. | 86                                 |

| <u>Witness</u>                     | <u>Subject Matter</u>   | <u>Issues</u>                    |
|------------------------------------|---|----------------------------------|
| <u>(Direct)</u>                    |   |                                  |
| 7. Kent D. Taylor<br>(Tropicana)   | Retention of Rate Schedule LIS for service to Tropicana as an equitable means of avoiding "rate shock" and utility bypass; proposed language changes to Peoples tariffs to improve flexibility to respond to bypass and reduce non-price incentives for bypass; and the industrial management implications of utility bypass. | 76-88,<br>89-92                  |
| 8. Avis H. Payne<br>(OPC)          | Acquisition adjustment for the purchase of Southern Gas Company.  |                                  |
| 9. Stephen F. Clinger<br>(OPC)     | Rate of Return.   |                                  |
| 10. Kathryn D. Brown<br>(Staff)    | Customer Complaint Activity.  |                                  |
| 11. Andrew L. Maurey<br>(Staff)    | Cost of Common equity capital and appropriate point for setting rates.  |                                  |
| 12. Thomas E. Stambaugh<br>(Staff) | Staff Audit report. (need not appear by agreement of parties)   |                                  |
| 13. S. Ronald Mayes<br>(Staff)     | Supplemental Staff Audit Report.  |                                  |
| <u>(Rebuttal)</u>                  |   |                                  |
| 14. Jack E. Uhl<br>(PGS)           | Acquisition adjustment.   | 3, 19,<br>25, 72                 |
| 15. Francis J. Sivard<br>(PGS)     | Acquisition adjustment.   | 1-50,<br>52-59<br>61-70<br>72-76 |

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| <u>Witness</u>                  | <u>Subject Matter</u>                        | <u>Issues</u>   |
|---------------------------------|--|-----------------|
| 16. Daniel R. Pountney<br>(PGS) | Rate schedules and tariff modifications.     | 51, 60<br>76-92 |
| 17. Dr. Roger A. Morin<br>(PGS) | Cost of capital and return on common equity. | 71-72           |

EXHIBIT LIST

| <u>EXHIBIT</u> | <u>Witness</u>        | <u>Description</u>  |
|----------------|-----------------------|---|
| <u>(JEU-1)</u> | Uhl<br>(Peoples)      | Calculated average return on capital (9/30/91)              |
| <u>(JEU-2)</u> | Uhl                   | Natural gas industry acquisition summary                    |
| <u>(JEU-3)</u> | Uhl                   | Ratio of Market to Book Value, Common Stock - May 31, 1990  |
| <u>(JEU-4)</u> | Uhl                   | Propane industry acquisition summary                        |
| <u>(FJS-1)</u> | Sivard<br>(Peoples)   | Minimum Filing Requirements (except MFR Schedule #-9)       |
|                | Pountney<br>(Peoples) | MFR Schedule E-9  |
| <u>(FJS-2)</u> | Sivard                | Revenue effect and justification for acquisition adjustment |
| <u>(FJS-3)</u> | Sivard                | Comparison of customer rates - Southern Gas vs. Peoples Gas |
| <u>(DRP-1)</u> | Pountney              | Effect of rate restructuring                                |

| <u>EXHIBIT</u>  | <u>Witness</u>      | <u>Description</u>  |
|-----------------|---------------------|---|
| <u>(RAM-1)</u>  | Morin<br>(Peoples)  | Resume, publications, etc.  |
| <u>(RAM-2)</u>  | Morin               | DCF Model - Quarterly timing adjustment   |
| <u>(RAM-3)</u>  | Morin               | Required market return - illustrative DCF calculation   |
| <u>(RAM-4)</u>  | Morin               | Required market return and measures of risks for gas distribution utilities (5-year historical growth and analysis growth forecasts |
| <u>(RAM-5)</u>  | Morin               | Flotation cost allowance  |
| <u>(RAM-6)</u>  | Morin               | Moody's gas distribution utilities risk premium analysis (1984-1989)  |
| <u>(RAM-7)</u>  | Morin               | Peoples Gas System, Inc. composite cost of average total capital -- September 30-1991   |
| <u>(RAM-8)</u>  | Morin               | Quarterly DCF model   |
| <u>(RAM-9)</u>  | Morin               | Index of gas utilities, growth rates and expected return on equity  |
| <u>(RAM-10)</u> | Morin               | Summary Statistics of Annual Returns (1926-1988)  |
| <u>(RAM-11)</u> | Morin               | Arithmetic vs. geometric means for forecasting based on historical benchmark returns  |
| <u>AR-1</u>     | Rosenberg<br>(FIGU) | Composite Exhibit   |

| <u>EXHIBIT</u> | <u>Witness</u> | <u>Description</u>  |
|----------------|----------------|---|
| <u>KDT-1</u>   | Taylor         | Professional Credentials of Kent D. Taylor  |
| <u>KDT-2</u>   | Taylor         | Cost per Therm of Proposed Tropicana Bypass Facility  |
| <u>KDT-3</u>   | Taylor         | Revenue Requirement Reconciliation of Current Rate Schedule LIS to Proposed Rate Schedule ISLV-1. (Corrected 8/22/90) |
| <u>KDT-4</u>   | Taylor         | Proposed Language Changes to Rate Schedule CTS  |
| <u>AP-1</u>    | Payne<br>(OPC) | Peoples Gas "Revenue Effect and Justification for Acquisition Adjustment"   |
| <u>AP-2</u>    | Payne          | Peoples Gas "Transactions with Affiliated Companies" year ending 9/30/89.   |
| <u>AP-3</u>    | Payne          | Southern Gas Company Previous Acquisitions and Intercompany Charges. Docket No. 891260-GU.                            |
| <u>AP-4</u>    | Payne          | Southern Gas Outside Professional Services  |
| <u>AP-5</u>    | Payne          | Peoples Gas Rate Case Expense   |
| <u>AP-6</u>    | Payne          | Peoples Gas Outside Professional Services   |
| <u>AP-7</u>    | Payne          | Peoples Gas Outside Professional Services   |
| <u>AP-8</u>    | Payne          | Staff Recommendation - Docket No. 891309-WS   |

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| <u>EXHIBIT</u> | <u>Witness</u>    | <u>Description</u>  |
|----------------|-------------------|---|
| <u>SCH. 1</u>  | Clinger<br>(OPC)  | Investment Risk Characteristics -<br>Gas Index                            |
| <u>SCH. 2</u>  | Clinger           | Discounted Cash Flow Model  |
| <u>SCH. 3</u>  | Clinger           | Capital Asset Pricing Model   |
| <u>SCH. 4</u>  | Clinger           | Risk Premium Analysis   |
| <u>SCH. 5</u>  | Clinger           | Cost of Equity - Gas Index  |
| <u>SCH. 6</u>  | Clinger           | Market-to-Book Ratio Analysis   |
| <u>SCH. 7</u>  | Clinger           | Bond Yields   |
| <u>SCH. 8</u>  | Clinger           | Key to Moody's Corporate Bond<br>Ratings                                  |
| <u>KDB-1</u>   | Brown<br>(Staff)  | Logged complaints charts  |
| <u>KDB-2</u>   | Brown             | Complaint Rate by Type  |
| <u>KDB-3</u>   | Brown             | Gas Utility Complaints  |
| <u>ALM-1</u>   | Maurey<br>(Staff) | Interest and Inflation Rates<br>Stock Market Performance                  |
| <u>ALM-2</u>   | Maurey            | Moody's Natural Gas Distribution<br>Index Investment Risk Characteristics |



| <u>EXHIBIT</u> | <u>Witness</u>       | <u>Description</u>   |
|----------------|----------------------|--|
| <u>ALM-3</u>   | Maurey               | DCF Model Equation   |
| <u>ALM-4</u>   | Maurey               | Non-Constant Growth Annual Compounded<br>DCF Model                                 |
| <u>ALM-5</u>   | Maurey               | Estimated Monthly Risk Premiums  |
| <u>ALM-6</u>   | Maurey               | DCF Analysis, Moody's Natural Gas<br>Distribution Index                            |
| <u>ALM-7</u>   | Maurey               | Estimated Monthly Risk Premiums  |
| <u>ALM-8</u>   | Maurey               | Risk Premium Analysis  |
| <u>ALM-9</u>   | Maurey               | Peoples Gas, Therm Sales and<br>Revenues   |
| <u>ALM-10</u>  | Maurey               | Moody's Natural Gas Distribution<br>Index Revenue Breakdown                        |
| <u>ALM-11</u>  | Maurey               | Bond Yield Differentials   |
| <u>TES-1</u>   | Stambaugh<br>(Staff) | Staff audit report of Peoples Gas<br>System, Inc. for 12 months ending<br>9/30/89. |
| <u>SRM-1</u>   | Mayes<br>(Staff)     | Staff audit report of Peoples Gas<br>System, Inc. for year ending<br>9/30/89.      |
| <u>Staff-1</u> | (Staff)              | Deposition Transcript of Francis<br>J. Sivard, Pgs. 29, 32-33                      |
| <u>Staff-2</u> | (Staff)              | Staff Interrogatories-75, 78, 79<br>(F.J. Sivard)                                  |

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| <u>EXHIBIT</u> | <u>Witness</u> | <u>Description</u>                             |
|----------------|----------------|--|
| <u>Staff-3</u> | (Staff)        | Deposition Exhibits 8, 15, 16<br>(F.J. Sivard) |
| <u>Staff-4</u> | (Staff)        | Staff Interrogatories Nos. 54, 63              |

Parties Statements of Basic Positions

STAFF: Peoples Gas System, Inc. has not sufficiently supported its request for an increase in revenues of \$14,283,034. It has supported an increase of \$6,993,662. Staff has not taken a position on several policy issues, pending the testimony of parties at hearing.

PEOPLES: The present rates and charges of the Company are insufficient to yield reasonable compensation for the services which it provides. The Commission should approve new rates developed in accordance with the method used in Attachment 6, so as to permit the Company to recover an additional revenue requirement of \$9,392,000, such additional revenue requirement being based on an overall rate of return of 10.56% (within a range of 10.14% to 10.98%) on the projected September 30, 1991 adjusted average net investment rate base of \$192,033,000.

FIGU: FIGU recommends setting rates based upon cost of service. It identifies a mistake in the Peoples Gas System cost of service study and derives a proper revenue allocation based upon the amended cost of service study.

The FIGU testimony also addresses open access transportation on the Peoples Gas System. FIGU explains why open access is beneficial to the system and recommends certain tariff modifications that will eliminate unnecessary barriers to a workable and attractive transportation program. (Rosenberg)

TROPICANA: For many years, Tropicana was a major customer of Southern Gas, which was recently purchased by Peoples Gas. Peoples Gas is now proposing a 170% increase in Tropicana's non-gas energy charge, which, if accepted by the Commission, will result in a substantial rate shock to Tropicana and will jeopardize Tropicana's willingness to accept service from Peoples Gas. Tropicana is currently being served under Rate Schedule LIS and should remain under that rate schedule as a matter of fairness and to avoid jeopardizing utility service. Additionally, language changes should be made to Rate Schedules LIS, CIS and CTS and other transportation schedules to provide Peoples Gas with the flexibility to negotiate rates to preserve utility service and to eliminate non-price disincentives to continued service.

OPC: Citizen's basic position is that Peoples Gas Systems, Inc. should be allowed the opportunity to earn a reasonable return on and of its reasonable, and prudently incurred investment and operating expenses, that are necessary to provide reliable service to its customers.

#### POSITIONS OF PARTIES

2. ISSUE: Should adjustments be made to Account 392.03 Aircraft and its related Accumulated Depreciation to allocate additional non-utility related plant?

#### POSITIONS:

PEOPLES: No. The company is unwilling to agree to any additional allocation as proposed by Staff. Staff's methodology results in an unrealistic and unreasonable allocation. (Sivard)

OPC: Accept Staff's position.

STAFF: Yes. Account 392.03 should be reduced by \$326,781, and its related Accumulated Depreciation should be reduced by \$121,319 to allocate additional non-utility related plant.

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3. ISSUE: Should the Company's proposed acquisition adjustment of \$2,253,000 in the projected test year rate base be accepted?

POSITIONS:

PEOPLES: Yes. The full amount of the Company's proposed acquisition adjustment should be approved because of the savings and benefits which will accrue to the former Southern Gas ratepayers as a result of People's acquisition of Southern's gas distribution system. (Sivard, Uhl)

OPC: No. The Company has not shown or demonstrated extraordinary circumstances that would warrant the recovery of an acquisition adjustment. A mere showing of decreases in certain costs does not demonstrate extraordinary circumstances. The acquisition adjustment and related amortization should be disallowed.

STAFF: No position at this time pending further discovery at the Hearing Conference. For the preliminary purpose of calculating the rate base, Staff has not adjusted the Company's acquisition adjustment amount.

4. ISSUE: Should Account 374, Land be reduced in the projected test year to reflect the original cost of a parking lot which was purchased during the acquisition of Southern Gas Company?

POSITIONS:

PEOPLES: The Company does not oppose Staff's adjustment. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Account 374, Land should be reduced by \$98,756 in the projected test year to reflect the original in-service cost of a parking lot located in Sarasota.

15. ISSUE: Has the purchase of the natural gas assets of Southern Gas been booked by Peoples at the appropriate costs and

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reserve amounts to plant-in-service and accumulated depreciation?

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: As adjusted by issues 4, 8, 13, and 21. (It may be appropriate to delete this issue).

STAFF: Yes. As adjusted by Issues 4, 8, 13, and 21

6. ISSUE: What is the appropriate amount of projected test year Accumulated Depreciation and Amortization?

POSITIONS:

PEOPLES: \$104,600,000. (Sivard)

OPC: \$104,389,532.

STAFF: The appropriate amount of projected test year Accumulated Depreciation and Amortization is \$104,479,663. (This number does not include Customer Advances for Construction in the amount of \$1,002,000 which would be included in Total Deductions on Attachment 1.) This amount will depend on Staff's position on Issue 3.

19. ISSUE: Should "Other Investments" in the amount of \$2,035,000 be included in the projected year working capital?

POSITIONS:

PEOPLES: Yes. Both the asset and related accrued liability should be included in working capital. (Uhl, Sivard)

OPC: No. This amount represents life insurance and supplemental retirement for certain selective executives. Working capital should be reduced by \$2,035,000 and pension

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and benefit reserve should be reduced by \$1,592,000 to remove all effects from rate base.

STAFF: Yes.

29. ISSUE: What is the appropriate amount of projected test year working capital allowance? (This is a calculation based on the resolution of the preceding working capital issues.)

POSITIONS:

PEOPLES: Agrees with Staff. (Sivard)

OPC: Working Capital - \$10,448,780.

STAFF: The appropriate amount of projected test year working capital allowance is \$10,891,780.

30. ISSUE: What is the appropriate rate base to be used for the projected test year ended September 30, 1991? (This is a calculation based on the resolution of the preceding rate base issues.)

POSITIONS:

PEOPLES: \$192,033,000. (Sivard)

OPC: Ratebase - \$189,221,666.

STAFF:

COMPARATIVE RATE BASE

Projected Test Year Ending 9/30/91

|                          | <u>Company</u><br><u>As Filed</u> | <u>Staff</u>  |
|--------------------------|-----------------------------------|---------------|
| Utility Plant-In-Service | \$286,913,000                     | \$277,727,418 |
| Acquisition Adjustment   | 4,240,000                         | 4,240,000     |
| Accumulated Depreciation |                                   |               |

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|                                       |                      |                      |
|---------------------------------------|----------------------|----------------------|
| and Amortization                      | <u>106,134,000</u>   | <u>104,479,663</u>   |
| Net Utility Plant-In-Service          | 185,019,000          | 177,487,755          |
| Construction Work-In-Progress         | 4,450,000            | 4,450,000            |
| Customer Advances for<br>Construction | <u>1,002,000</u>     | <u>1,002,000</u>     |
| Net Utility Plant                     | <u>188,467,000</u>   | <u>180,935,755</u>   |
|                                       | <u>Company</u>       |                      |
|                                       | <u>As Filed</u>      | <u>Staff</u>         |
| Working Capital Allowance             | <u>15,251,000</u>    | <u>10,891,780</u>    |
| Total Rate Base                       | <u>\$203,718,000</u> | <u>\$191,827,535</u> |
|                                       | =====                | =====                |

32. ISSUE: What are the appropriate trend factors to be used in deriving the projected test year operating and maintenance expenses?

POSITIONS:

PEOPLES: Does not oppose staff's adjustments. (Sivard)

OPC: Citizens agree with Staff.

STAFF: The appropriate trend factors to be used to derive the projected test year operating and maintenance expenses are as follows:

| <u>FACTOR</u>               | <u>HBY + 1</u> | <u>PTY</u> |
|-----------------------------|----------------|------------|
| Payroll Only                | 4.35%          | 4.19%      |
| Payroll x Customer Growth   | 4.89%          | 4.73%      |
| Customer Growth x Inflation | 5.45%          | 4.84%      |
| Inflation Only              | 4.90%          | 4.30%      |

By applying these factors, the following adjustments are required:

| <u>ADJUSTMENT TYPE</u>      | <u>PTY AMOUNT</u>              |
|-----------------------------|--------------------------------|
| Payroll Expense             | \$ 273,760 decrease in expense |
| Customer Growth x Inflation | \$ 13,185 decrease in expense  |
| Inflation Only              | \$ 9,648 increase in expense   |

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41. ISSUE: Should the projected test year expenses be reduced by \$73,388 to remove legal expenses incurred to represent the Company in Sunset Legislation?

POSITIONS:

PEOPLES: No. The staff's proposed adjustment results in total legal expenses which are unrealistic. Legal expense after making this adjustment is less than the Company's actual legal expense for the first nine months of the base year plus 1. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year expenses should be reduced by \$73,388 to eliminate this non-recurring item.

47. ISSUE: Should an adjustment be made to eliminate the projected test year employee activity costs?

POSITIONS:

PEOPLES: No. The \$125,088 adjustment proposed by staff relates primarily to the appreciation dinners and safety picnics for all employees which the company considers to be a form of non-cash compensation. (Sivard)

OPC: Agree with Staff.

STAFF: Yes. The projected test year expenses should be reduced by \$125,088 to eliminate employee activity costs.

49. ISSUE: Should pension expense be adjusted for the projected test year 1991?

POSITIONS:

PEOPLES: Agrees with Staff. (Sivard)

OPC: Citizens accept Staff adjustments.



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STAFF: Yes. pension expense should be decreased by \$100,324 and working capital should be increased by \$50,162.

50. ISSUE: What is the appropriate amount of rate case expense to be included in the projected year?

POSITIONS:

PEOPLES: \$94,063. (Sivard)

OPC: Agree with Staff.

STAFF: The appropriate amount of rate case expense to be included in the projected test year \$94,063 as filed by the Company.

51. ISSUE: What is the appropriate amount of AGA dues to be included in the projected test year?

POSITIONS:

PEOPLES: It is Peoples' position that AGA dues in the amount of \$168,978.00 are appropriately included in the projected test year. The Staff has taken the position that 42.6% of the AGA dues paid by the Company are allocated by the AGA to Conservation, Customer Education, Promotion of Consumption, Institutional and Environmental Advertising as well as AGA Lobbying efforts that should not be allowed for purposes of cost recovery. Peoples does not agree with this Staff position.

The American Gas Association (AGA) has proposed a 1991 advertising budget of \$11 million supported in total by member dues. Of this total AGA has requested approval for \$4 million to be spent toward an environmental campaign designed to promote natural gas as part of an energy solution designed to promote natural gas as an environmentally safe energy replacement source.

In order to expand these dollars AGA has solicited major manufacturers to provide cooperative dollars over and above

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the \$11 million to provide additional advertising of new technology designed to promote energy efficiency and conservation. AGA's position is supported by NARUC, since the major objectives of AGA's new campaign are (1) to increase the public's preference for gas when involved in personal decisions on energy for homes, commercial use and for industry, and (2) to encourage the public to philosophically endorse a national energy policy favoring increased use of natural gas. The campaign will consist of print media directed at thought leaders and upscale consumers using magazines and periodicals such as the "Wall Street Journal", "Business Week", "Fortune", "U.S. News", "Smithsonian", etc. and television where the ads will appear on major sporting events, new broadcasts and other prime time viewing.

The themes of the three ads that have been produced for television are directed at industrial air pollution, natural gas for power generation, and the need for natural gas vehicles. A copy of each of these ads is available on video should the Commission be willing to view them.

The Staff's proposed reduction is based on a 1989 NARUC study of AGA expenditures funded by member dues for the year ended December 31, 1988. The total of such expenditure in 1988 was \$27,091,581.00.

It is Staff's position that there was \$11,553,783.00 included in these 1988 expenditures that should not be included in costs for rate determination purposes. The \$11,553,783.00 was made up of the following:

Advertising:

|                     |                 |         |
|---------------------|-----------------|---------|
| Energy Conservation | \$ 1,297,096.00 |         |
| Customer Education  | \$ 8,806,256.00 |         |
| Promote Gas Use     | \$ 621,909.00   |         |
| Institutional       | \$ 140,902.00   |         |
| Environmental       | \$ 493,274.00   |         |
| Lobbying            | \$ 194,301.00   |         |
|                     | \$11,553,738.00 | = 42.6% |
|                     | \$27,091,581.00 |         |

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The 1991 AGA planned budget is not finalized, but it is anticipated a similar total dollar amount will be allocated differently to provide an advertising thrust toward showing natural gas as the domestic environmentally sound energy alternative to foreign oil consumption - which is a message in keeping with the national energy policy.

Peoples believes that the membership dues paid AGA make a significant contribution toward energy conservation and customer education and are appropriately recoverable in rates in this rate case as they have been in prior rate cases.

The Florida Commission would be unique in a disallowance of over 40% of AGA dues when compared to other states over the past 3 years. During that period, when the issue was considered in California, Connecticut, Georgia, Indiana, Michigan, Ohio, Oregon, Pennsylvania and Wisconsin, the highest percentage of dues disallowed was 13.8%. (Pountney)

OPC: Accepts Staff's position.

STAFF: The appropriate amount of AGA dues to be included in the projected test year is \$94,440. A reduction of \$74,538 should be made to the projected test year operating expenses.

58. ISSUE: Should an adjustment be made to sales promotion expenses to remove chamber of commerce dues, expenditures on community activities, posting errors, and various non-utility advertising and promotional expenditures?

POSITIONS:

PEOPLES: Yes. AN Adjustment should be made reducing sales promotion expenses by \$167,247. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. An adjustment should be made reducing sales promotion expenses by \$210,340 for the following expenses:

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|  |                |
|--|----------------|
| Tampa Bay Buck Tickets                       | \$ 1,092       |
| Non-utility Advertising & Promo Expenditures | 183,214        |
| Chamber of Commerce Dues                     | 14,638         |
| Community Activities                         | 3,397          |
| Posting Errors                               | 2,761          |
| Booth and Sign at Fair                       | 3,141          |
| Civic Dues                                   | 2,097          |
| <br>Total Adjustment                         | <br>\$ 210,340 |

60. ISSUE: Should there be an adjustment to Account 913 removing \$400,000 for conservation and image enhancing advertising?

POSITIONS:

PEOPLES: No. It is Peoples' position that if the natural gas industry is to make a significant impact on Florida's future energy requirements it will need to speak to the environmental, safety, availability and advantages of natural gas through advertising. Because of this Peoples has included advertising dollars in the projected test year that would assist the Company to attach new high priority customers to its system. It is intended that the advertising dollars be spent to promote consumer awareness of natural gas as an energy alternative and to provide educational information about the use and availability of natural gas. It is further intended that this budget would provide the vehicle for the delivery of safety and positive environmental information about natural gas.

The extreme cold weather surrounding the 1989 Christmas Holiday weekend, which caused severe electrical production shortfall throughout Peninsula Florida, also pointed to the void of alternatives available to customers. In response to the '89 holiday electric energy shortfall, Governor Bob Martinez said "there's just a lot of things you can do, a lot needs to be done to work with the public." PSC Chairman Michael Wilson added "...residents need to be told to conserve energy" (Miami Herald report 1/16/90). Joe Jenkins, PSC Director of Electric and Gas Division, commenting on the PSC's leadership, noted it "will encourage greater use of alternatives to electricity" (Tampa Tribune 12/26/89).

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Bob Trapp, Assistant Director of Electric and Gas Division, indicated "In the coming weeks, the PSC staff plans to examine what went wrong, how to improve customer notification and whether Florida should reduce its dependence on electric heat by encouraging more widespread use of natural gas." He also observed there is a need for "better education of the public..." (St. Petersburg Times 12/31/89). The Orlando Sentinel on 1/4/90 observed that "the (electric) utilities said the only way to prevent such severe power outages is to inform customers to conserve."

The Florida House of Representatives Speaker's Task Force on Emergency Preparedness' final report, April 1990, also recognizes the need to increase public awareness. The first recommendation of the Task Force's Subcommittee on Public Awareness and Education is that "a comprehensive public awareness and educating program should be statutorily created and funded." Additionally, the Florida Electrical Emergency Contingency Plan prepared in response to the PSC's request places high priority on communication with the public throughout the plan.

Because natural gas is a logical energy alternative for space conditioning and water heating, we believe that new efforts should be made to encourage the use of natural gas within the framework of energy conservation programs as well as outside of that framework. We believe that such advertising, if conducted within specific guidelines, whereby we (i) identify the problem of energy alternative selection, (ii) offer solutions to the problem, (iii) provide direction on where the solutions can be found, and (iv) make certain that such advertising is primarily for consumer awareness, education, safety and environmental, would be cost effective for Florida.

It is vital that natural gas play a more active role in Florida's energy future. Modern gas appliances are extremely efficient -- and the gas requirements for space and water conditioning are very low in Florida -- making feasibility for such growth marginal. By providing consumer awareness/educational advertising, Peoples would be positioned to play a more significant role in meeting Florida's future energy requirements.

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Peoples' position is supported by the timely and relevant comments of Edward F. Burke, former President of NARUC, which appeared in the June 7, 1990, issue of "Public Utilities Fortnightly" at pages 16-20 (see Answer to Interrogatory No. 134, Staff's 4th Set, pages 3-7).

The historic regulatory objection to allowing base rate recovery of gas utility advertising is based on the concept that the gas utility is a pure monopoly and that ratepayers pay a cost (advertising) with no associated benefit. However;

--The natural gas industry must compete against an alternate fuel at every level - residential, commercial and industrial. It is not a "pure monopoly".

--There are 12 million electric customers in Florida compared to 500,000 natural gas customers.

--The electric industry spends almost 5 times more than the gas industry to advertise on a national basis and in Florida it spends 9 times more than the gas industry.

--Florida does not have excess electric generation capacity and needs alternate energy opportunities.

--Present Energy Conservation Advertising guidelines are now restrictive and lack flexibility that would allow messages designed to attract new gas users.

--The addition of new gas users benefits all Florida ratepayers. (Pountney)

OPC: Yes. The base year expenses include amounts for conservation awareness and educational advertising. The Company's request of an additional \$400,000 over and above the historical expenses actually incurred and trended to the projected test year should be disallowed.

STAFF: Yes. The Company's request for an additional \$400,000 over historic base year expenditures to be used for additional conservation, promotional, educational, and image enhancing advertising should be denied.

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63. ISSUE: What is the appropriate amount of the projected test year depreciation and amortization expense?

POSITIONS:

PEOPLES: Agree with Staff. (Sivard)

OPC: Depreciation and amortization - \$13,681,680.

STAFF: The appropriate amount of the projected test year depreciation and amortization expense is \$13,771,811. This amount will depend on Staff's position on Issue 3.

66. ISSUE: Should adjustments be made to current income taxes, interest reconciliation, and the parent debt adjustment for the effect of changes to the projected test year net operating income and capital structure?

POSITIONS:

PEOPLES: Yes. The following adjustments should be made for the effect of changes to the projected test year operating income and capital structure:

|                                    |                                |
|------------------------------------|--------------------------------|
| <u>Current Income Tax Expense:</u> |                                |
| State Income Tax                   | \$119,000 increase             |
| Federal Income Tax                 | 696,000 increase               |
| Interest Reconciliation            | 116,000 increase               |
| Parent Debt Adjustment             | <u>267,465 decrease</u>        |
| Total Adjustments                  | \$663,535 increase<br>(Sivard) |

OPC: Yes. The following adjustments should be made:

|                         |              |
|-------------------------|--------------|
| Current Income Tax      | \$1,114,542  |
| Interest Reconciliation | \$ (197,000) |
| Parent Debt Adjustment  | \$ (238,000) |

STAFF: Yes. The following adjustments should be made for the effect of changes to the projected test year operating income and capital structure:

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|                             |                        |
|-----------------------------|------------------------|
| Current Income Tax Expense: |                        |
| State Income Tax            | \$156,875 increase     |
| Federal Income Tax          | 916,437 increase       |
| Interest Reconciliation     | 46,691 decrease        |
| Parent Debt Adjustment      | 267,465 decrease       |
| <br>Total Adjustments       | <br>\$759,156 increase |

67. ISSUE: What is the appropriate amount of income tax expense to be included in the projected test year?

POSITIONS:

PEOPLES: \$2,278,000. (Sivard)

OPC: Income Tax Expense - \$2,293,542.

STAFF: \$2,373,156

68. ISSUE: What is the appropriate amount of the projected test year net operating income?

POSITIONS:

PEOPLES: \$14,454,000. (Sivard)

OPC: NOI - \$15,233,302.

STAFF: \$15,075,523.

71. ISSUE: What is the appropriate cost of common equity to be used to calculate the projected test year overall cost of capital?

POSITIONS:

PEOPLES: 13.75%. (Morin)

OPC: 11.60%.



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STAFF: The appropriate cost of equity to be used in calculating the projected test year overall cost of capital is 12.80%.

72. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the projected test year ending September 30, 1991?

POSITIONS:

PEOPLES: 10.56%. The reconciliation of the capital structure to the rate base should be done on a pro-rata basis except for Investment Tax Credits which should reduce Equity and Sinking Fund payments and Unamortized D.D.&E. which should reduce Long Term Debt. (See Witnesses, also see Attachment A for Chart)

OPC: 9.60%.

STAFF: The weighted average cost of capital for the projected test year ending September 30, 1991, is 10.12%.

74. ISSUE: What is the appropriate amount of the projected test year deficiency?

POSITIONS:

PEOPLES: \$9,392,000. (Sivard)

OPC: Revenue Deficiency - \$4,788,541.

STAFF: The appropriate amount of the projected test year deficiency is \$6,993,662.

76. ISSUE: What is the appropriate cost of service methodology to be used in allocating costs to the various rate classes?

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

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TROPICANA: The cost of service methodology should utilize direct assignment of costs whenever possible and use the peak and average method where direct assignment is not feasible. (Taylor)

FIGU: All specific costs that can be directly attributable to identifiable customers or customer classes should be directly assigned. All joint investment should be allocated on the underlying principle of cost-causation. Where possible, generally-accepted conventional methods of cost allocation should be utilized. Operation and maintenance expenses and depreciation expenses should be allocated on the "cost follows plant" principle. (Rosenberg)

OPC: No position.

STAFF: Staff's cost of service study as modified for Peoples Gas System.

- 77. ISSUE: Should the Company's proposed revenue requirement allocation be approved?

POSITIONS:

PEOPLES: No. Revenue requirements have changed due to prior adjustments. The revenue requirements should be allocated by the method used in Attachment 6. (Pountney)

TROPICANA: No. (Taylor)

FIGU: No. The proposed revenue requirement should be allocated with the objective of bring all classes to their cost of service as measured by the appropriate cost-of-service study. The corrected cost-of-service study sponsored by FIGU witness Rosenberg, as well as the study put forward by Staff (Attachment 6), indicates that the small interruptible and interruptible classes are well above cost of service at current rates and are consequently subsizing other customers. The current rates for these classes should be decreased. (Rosenberg)

OPC: No position.

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STAFF: No. Revenue requirements have changed due to prior adjustments by staff. The revenue requirements should be allocated as shown in Attachment 6.

78. ISSUE: Should the Company's proposed restructured rate schedule classification be approved?

POSITIONS:

PEOPLES: Agrees with staff's position. (Pountney)

TROPICANA: No. Rate schedule LIS should be retained. The charges under this schedule most properly recognize Tropicana's cost occurrence behavior and will help preserve utility service to Tropicana. Further, there is no need to establish separate rate schedules for the ISLV customers. (Taylor).

FIGU: FIGU has no objections to the Company's proposed rate classifications. However, customers with multiple locations should be allowed to aggregate usage requirements for purposes of rate classification eligibility. (Rosenberg)

OPC: No position.

STAFF: Yes. However, the names of the rate schedules should be as follows:

| <u>FROM</u>                  | <u>TO</u>                      |
|------------------------------|--------------------------------|
| Residential                  | Residential                    |
| General Service              | General Service                |
| General Service Large Volume | General Service Large Volume 1 |
| Firm Industrial              | General Service Large Volume 2 |
| Wholesale                    | Wholesale                      |
| Small Interruptible          | Small Interruptible            |
| Interruptible                | Interruptible                  |
| Interruptible Large Volume 1 | Interruptible Large Volume     |
| Interruptible Large Volume 2 |                                |

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79. ISSUE: What should the rates and charges be for Peoples Gas System?

POSITIONS:

PEOPLES: Rates and charges should be those resulting from the approved total revenue requirement, based on the method used in Attachment 6. (Pountney)

TROPICANA: The rates for Tropicana should be those currently specified in Rate Schedule LIS. (Taylor)

FIGU: Rates and charges should be those resulting from the approved total revenue requirement of Peoples in the proposed revenue requirement allocation as outlined in Issue 77. Based on Mr. Rosenberg's cost-of-service study, the following are the maximum rates that should be approved:

|                  | <u>Small<br/>Interruptible</u> | <u>Large<br/>Interruptible</u> |
|------------------|--------------------------------|--------------------------------|
| Customer Charge  | \$150.00                       | \$225.00                       |
| Per Therm Charge | \$0.03276                      | \$0.02390                      |

OPC: No position.

STAFF: The rates shown on Attachment 6.

80. ISSUE: How should the revenue deficiency be allocated between customer classes?

POSITIONS:

PEOPLES: Agree with Staff. (Pountney)

TROPICANA: No position at this time. (Taylor)

OPC: No position.

FIGU: No. The proposed revenue requirement should be allocated with the objective of bringing all classes to their

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cost of service as measured by the appropriate cost-of-service study. The corrected cost-of-service study sponsored by FIGU witness Rosenberg, as well as the study put forward by Staff (Attachment 6), indicates that the small interruptible and interruptible classes are well above cost of service at current rates and are consequently subsidizing other customers. The current rates for these classes should be decreased. (Rosenberg)

STAFF: The revenue increase should be allocated between rate classes so as to move toward equal rates of return for all classes as much as possible.

81. ISSUE: What are the billing determinants to be used in the projected test year?

POSITIONS:

PEOPLES: Agrees with staff. (Pountney)

TROPICANA: In the case of Tropicana Products, 57,000,000 therms per year. (Taylor)

FIGU: Those that are most representative of forecast usage for the projected test year. (Rosenberg)

OPC: No position.

STAFF: As used in Attachment 6.

STAFF: No.

83. ISSUE: Should the Company's proposed transportation rate schedules be approved?

POSITIONS:

PEOPLES: Yes, with the following modifications:

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A. The definition of the "currently applicable firm rate" on Sheet No. 7.804 (Rate Schedule CTS) should be modified to read:

"The 'currently applicable firm rate' as used herein means the non-gas energy charge prescribed in the otherwise applicable firm rate schedule, adjusted pursuant to the Competitive Rate Adjustment Clause set forth in Sheets Nos. 7.104 and 7.105."

B. "Bypass opportunities" should be added to the list of competitive conditions (on Sheet No. 7.804) to be used by the Company in determining the dollar amount of the transportation charge under Rate Schedule CTS.

C. Language on all transportation rate schedules, making the rates in such schedules subject to the Energy Conservation Cost Recovery Adjustment Clause, should be deleted pursuant to the Commission's decision on August 23, 1990 in Docket No. 900002-EG, exempting interruptible customers from energy conservation cost recovery charges.

D. Language requiring the customer to have available and ready for use a suitable alternate fuel should be deleted from all transportation rate schedules (See Issue 82).

E. Special Condition 5 in Rate Schedule CTS and Special Condition 4 in Rate Schedules SITA, ITS and ITSLV, should be changed to read: The Company makes no guarantee against and assumes no liability for interruptions of service."

F. The provisions of Special Condition 10 in Rate Schedule CTS, and Special Condition 9 in Rate Schedules SITS, ITS and ITSLV, relating to nomination and scheduling of receipts and deliveries, should be modified as proposed by Tropicana.

G. In Special Condition 15 of Rate Schedule CTS, and in Special Condition 14 of Rate Schedules SITS, ITS and ITSLV, delete the first sentence and insert the following:

"As between Company and Customer, Customer shall be deemed to be in control and

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possession of the gas until it have been delivered to Company for transportation at the Receipt Point (PGS Gate Station). Company shall thereupon be deemed to be in control and possession of the gas until the gas shall have been delivered to Customer at the Delivery Point (Customer's Meter), after which Customer shall be deemed to be in control and possession. Customer shall have no responsibility with respect to any gas after it has been delivered to Company at the Receipt Point (PGS Gate Station) on account of anything which may be done, happen or arise with respect to said gas, until said gas is delivered to Customer at the Delivery Point (Customer's Meter). Company shall have no responsibility with respect to said gas prior to its delivery to Company at the Receipt Point (PGS Gate Station), or after its delivery to Customer at the Delivery Point (Customer's Meter), or on account of anything which may be done, happen or arise with respect to said gas prior to such receipt or after such delivery."

H. Delete Special Condition 17 from both Rate Schedule ITSLV and Rate Schedule ISLV. (Pountney)

TROPICANA: Not as filed. See Issues 84, 85, 88 and 91. (Taylor)

FIGU: Yes. The company's proposed transportation rates should be approved with the modifications suggested by FIGU relating to pricing for overtenders (Issue 84), balancing provisions (Issue 85), penalties for customer imbalances (Issue 91), and the establishment of standby charges (Issue 92).

OPC: No position at this time.

STAFF: Yes.

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84. ISSUE: How should Peoples establish pricing for overtenders?

POSITIONS:

PEOPLES: The Company's proposed transportation tariffs provide, among other things, that actual daily receipts of natural gas by the Company for transportation (less retainage for transportation shrinkage) shall equal actual daily deliveries by the Company to the Customer. Difference between actual receipts and actual deliveries are considered to be "imbalances." As proposed by the Company, the Rate Schedule provides that when imbalances result from undertenders (because monthly deliveries exceed monthly receipts), the excess deliveries will be deemed to have been purchased from Peoples under the otherwise applicable sales rate schedule. When imbalances result from overtenders (actual receipts exceed actual deliveries for the month) by more than 5% of deliveries, the excess receipts will be deemed to have been purchased by the Company at the lowest of three possible prices.

Intervenors have suggested that imbalances resulting from both undertenders and overtenders be permitted, not to exceed 5% of receipts or deliveries, as applicable, that the remaining imbalance in either case be carried forward to the following month, and that the as filed alternative prices payable by the Company to the customer in the event of an overtender be eliminated.

Peoples agrees with the 5% "cushion" suggested by intervenors with respect to imbalances which result from overtenders. However, imbalances which result from undertenders must be deemed to have been purchased out of Peoples' system supply at the applicable sales rate. Permitting a monthly variance of 5% with respect to undertenders would permit customers to "hedge" their gas purchases on the FGT and Peoples systems. The FGT system is capacity constrained and neither system has storage capability or peak shaving plants. In periods of declining prices from month to month, there would be a tendency on the part of transportation customers to undertender up to 5%. If the transporting customers on the Peoples system undertendered in the aggregate by 5%, Peoples



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could be placed in the position of exceeding its allocation of firm purchase capacity from FGT (under FGT Rate Schedule G).

TROPICANA: Peoples should be granted the option to either purchase the excess over 105% of actual deliveries at the customer's cost of gas or carryover any excess over 105% of actual deliveries to the following month as an imbalance and that gas will be first through the meter the following month. Tropicana's goal is to remain whole. Whether or not Peoples might enjoy some financial advantage by purchasing Tropicana's gas is irrelevant. (Taylor)

OPC: No position.

FIGU: For imbalances which result in overtenders, PGS will buy the excess (outside the tolerance level) at a price equal to the lowest commodity rate which PGS paid for other sources during that month. (Rosenberg)

STAFF: Transportation customers may experience overtenders (actual gas receipts into the pipeline exceed actual deliveries to the customer in a given month). In such circumstances, to be eligible for reimbursement by Peoples, customers should be required to provide suitable evidence of their purchase price, including third party transportation charges (contract or similar documentation).

85. ISSUE: Should the Company modify its transportation rate schedules to reflect more closely the balancing provisions of its tariff to that of Florida Gas Transmission Company?

POSITIONS:

PEOPLES: Yes. Peoples' transportation rate schedules should be modified as indicated under Peoples' position on Issue 83. (Pountney)

TROPICANA: Yes. However, the effect of aggregation should be recognized, so that the net effect on the pipeline is recognized. (Taylor)

FIGU: Yes.

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OPC: No position.

STAFF: Yes.

86. ISSUE: Should Peoples Gas retain the existing LIS Rate Schedule for service to Tropicana?

POSITIONS:

PEOPLES: No. Peoples does not believe that retention of the LIS schedule is warranted. (Pountney)

TROPICANA: Yes. Tropicana occupies a unique situation on the Bradenton/Sarasota system and retaining the LIS Rate Schedule will provide an equitable means of avoiding rate shock to Tropicana, as well as helping to preserve Tropicana's willingness to accept service from Peoples Gas. (Elswick, Taylor)

FIGU: No position.

OPC: No position.

STAFF: No, retention of the LIS schedule is not warranted. See Issue 78 for proposed schedules.

87. ISSUE: Should the CTS/CIS Rate Schedules be modified to provide Peoples with the flexibility to avoid bypass?

POSITIONS:

PEOPLES: Yes; as indicated in paragraph B of Peoples' position on Issue 83. (Pountney)

TROPICANA: Yes. Tropicana's proposed changes should be adopted to enhance Peoples Gas' ability to preserve utility service. (Taylor)

FIGU: Yes, if no other customers are adversely affected. (Rosenberg)

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OPC: Agree with FIGU.

STAFF: No position at this time.

88. ISSUE: Should the Peoples Gas operating procedures under all transportation rate schedules be modified as proposed by Tropicana?

POSITIONS:

PEOPLES: Yes; as indicated in paragraph F of Peoples' position on Issue 83. (Pountney)

TROPICANA: Yes. Mr. Taylor's testimony outlines Tropicana's proposed changes. (Taylor)

FIGU: FIGU supports those modifications which are cost-based and foster user flexibility. (Rosenberg)

OPC: No position.

STAFF: No position at this time.

89. ISSUE: Should the price of alternative fuels be used as a rationale for charging customers more than Peoples cost of service?

POSITIONS:

PEOPLES: Yes. At the time Peoples' CIS/CTS schedules were approved by the Commission it was clearly stated in the Commission Order and readily recognizable by the industrial intervenors that if the Company were caused to discount its rate as a result of alternate fuel pricing such discount would be absorbed by all other rate classes. In the event such alternate fuel price increased above the cost of service applicable rate then the Company would be allowed to follow such comparable rate up to 90% of its firm gas (GSLV) rate. This condition, designed to make other rate classes whole, recognizes the value of service concept vs. cost of service

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application and is appropriate in the case of the CIS/CTS schedule. (Pountney)

TROPICANA: No position.

FIGU: No.

OPC: No position at this time, pending testimony at the hearing.

STAFF: No position at this time.

90. ISSUE: Is Peoples' existing sales rate excluding the cost of gas a proper surrogate for cost-based transportation rates?

POSITIONS:

PEOPLES: Yes. (Pountney)

TROPICANA: Yes. Except for working capital related cost of service items which show the monthly gas cost carrying costs. (Taylor)

FIGU: At the present time, FIGU accepts these rates as reasonable surrogates. Nevertheless, FIGU reserves the right to advocate more exact cost-based transportation rates in the future as experience is gained with this service. (Rosenberg)

OPC: No position.

STAFF: Yes, until more experience is gained under transportation procedures.

91. ISSUE: Are Peoples' proposed penalties for customer imbalances appropriate?

POSITIONS:

PEOPLES: Peoples' disagrees with Tropicana's proposal to eliminate language relating to scheduling penalties. The Company has no storage facilities whatsoever. The Company's

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language as filed in the tariff relates to the scheduling of deliveries versus actual deliveries at the Company's Receipt Points (Peoples Gate Stations). Tropicana is suggesting by its proposed added language that the only issue regarding scheduling relates to scheduling imbalances and associated penalties imposed by an upstream pipeline (e.g., FGT). Tropicana's modification to the tariff language completely misses the point that Tropicana has an obligation to properly nominate and schedule volumes to be received by Peoples at its Gate Stations and to assure that volumes scheduled to flow into Peoples' Receipt Point Gate Stations are as close as possible to actual deliveries. When such actual deliveries are expected to change, Tropicana needs only to properly change its nomination to Peoples to reschedule more closely to the level of actual volumes expected to flow into Peoples.

Since the Company has no storage whatsoever all volumes received by Peoples must be dispatched on a daily and hourly basis from each of its 34 gate station receipt points to its customers, and adjust its takes from its upstream pipeline (FGT) and also its deliveries to customers, where necessary, and/or reroute gas flows so as to maintain the operational integrity of its own distribution system.

Proper scheduling goes beyond the issue of possible penalties imposed by an upstream pipeline. The scheduling penalties which can be imposed by Peoples in regard to its own Receipt Points are of the same design and percent tolerance as the penalties FGT can impose in regard to FGT receipt points. It is entirely reasonable and appropriate that Peoples provide in its tariff for scheduling penalties in order to maintain a reasonable degree of control over the operational integrity, reliability and safety of its diverse distribution pipeline system. (Pountney)

TROPICANA: No. Only the pass-through of actually incurred penalties and charges directly related to the Customer's behavior are acceptable. The effects of aggregation should also be considered. Peoples should not plan to provide low quality service. (Taylor)

FIGU: Yes, provided that the customer is given a 5% tolerance limit and a 45-day make-up period to resolve the imbalance.

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OPC: No position.

STAFF: No position at this time.

92. ISSUE: How should Peoples establish standby charges for transportation customers?

POSITIONS:

PEOPLES: When a customer contractually agrees to pay the demand charges associated with reserving capacity on the FGT system for either FTS-1 firm transportation capacity or G firm resale then Peoples has an obligation to provide gas service to that customer in the event the customer requires standby service. If a customer of Peoples does not elect such service, Peoples has no obligation to provide standby service in the event of a failure of such customer's gas supply. (Pountney)

TROPICANA: Standby service charges should be a flow-through of upstream demand charges related to the Customer's standby volume requirements. (Taylor)

FIGU: The principles underlying the establishment of standby charges should be the same as those underlying any other rates, i.e. cost of service. Because transportation on Peoples' system is still in its infancy, there is currently insufficient information with which to ascertain a standby charge. Furthermore, regardless of the levels of these charges, it should be made clear that their payment is at the option and discretion of the transportation customer and that the only consequence of not paying the standby charges is the relegation of such a customer to the status of any new sales customer.

OPC: No position.

STAFF: No position at this time.

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STIPULATED ISSUES

The parties have stipulated to those issues noted herein.

1. ISSUE: Should adjustments be made to Plant-In-Service, Accumulated Depreciation and the related Depreciation Expense to reflect changes in non-utility allocations?

STIPULATED

POSITIONS:

PEOPLES: The company does not oppose the staff's adjustments. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Adjustments should be made to the following accounts to reflect changes in non-utility allocations:

| <u>ACCOUNT</u> | <u>PLANT</u> | <u>ACCUMULATED<br/>DEPRECIATION</u> | <u>DEPRECIATION<br/>EXPENSE</u> |
|----------------|--------------|-------------------------------------|---------------------------------|
| 374            | (64,453)     | 0                                   | 0                               |
| 375            | (223,021)    | (40,095)                            | (5,987)                         |
| 390            | (9,328)      | (8,939)                             | (987)                           |
|                | <hr/>        | <hr/>                               | <hr/>                           |
| To             | \$(296,802)  | \$(49,034)                          | \$(6,974)                       |
|                | =====        | =====                               | =====                           |

5. ISSUE: Should adjustments be made to Utility Plant, Accumulated Depreciation, and Depreciation Expense in the projected test year to reflect the 13-month average effect of over-capitalization of A&G overhead expense?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

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OPC: Accepts Staff's position.

STAFF: Yes. Utility Plant should be reduced by \$2,395,238, Accumulated Depreciation should be reduced by \$137,628, and Depreciation Expense should be reduced by \$108,504.

6. ISSUE: Should the projected test year Plant-in-Service, Accumulated Depreciation, and the related Depreciation Expense be reduced to remove liability insurance capitalized in accordance with Staff Advisory Bulletin 33?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The projected test year Plant-in-Service, Accumulated Depreciation, and the related Depreciation Expense be reduced by \$805,445, \$48,110, and \$36,487 respectively.

7. ISSUE: Should Account 374, Land be reduced by \$100,000 in the projected test year to remove a budgeted land purchase in the Sarasota division which will not occur?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. An adjustment should be made to Account 374, Land in the projected test year to remove a budgeted land purchase in the Sarasota division.



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8. ISSUE: Should adjustments be made to remove plant items purchased during the Southern Gas Company acquisition which will subsequently be sold back to Southeast Propane?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The projected test year Utility Plant should be reduced by \$51,194, Accumulated Depreciation should be reduced by \$24,917, and Depreciation Expense should be reduced by \$2,956 to remove items which will be sold back to Southeast Propane.

9. ISSUE: Should projected test year adjustments be made to Account 375, Structures & Improvements to reflect over-budgeted items in the Sarasota division and to remove non-utility improvements in the St. Petersburg division?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The Account 375, Structures and Improvements should be reduced by \$395,621, Accumulated Depreciation should be reduced by \$11,632, and the related Depreciation Expense should be reduced by \$9,983 to remove over-budgeted structures and non-utility improvements.

10. ISSUE: Should a non-utility allocation be made to Account 375, Structures & Improvements and the related depreciations accounts in the projected test year to reflect common plant usage at the budgeted N. Miami office building?

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STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Non-utility allocations should be made to Account 375, Structures and Improvements in the amount of \$114,231, Accumulated Depreciation in the amount of \$833 and Depreciation Expense in the amount of \$3,094 to reflect common plant usage at a budgeted N. Miami office building.

11. ISSUE: Should adjustments be made to the projected test year Plant-in-Service, Accumulated Depreciation, and Depreciation Expense to reflect over-projections in the company's construction budgets?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Adjustments are necessary to the following accounts to reflect over-projections in the company's construction budgets.

| <u>Account</u> | <u>Plant</u>   | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|----------------|-------------------------------------|---------------------------------|
| 376 & 376.02   | (2,238,684)    | (237,364)                           | (70,155)                        |
| 378            | (63,920)       | (435)                               | (2,435)                         |
| 385            | (111,405)      | 422                                 | (3,008)                         |
| 391            | (189,682)      | (4,333)                             | (10,253)                        |
| 391.02         | (230,544)      | (57,552)                            | (38,244)                        |
|                | <hr/>          | <hr/>                               | <hr/>                           |
| TOTAL          | \$ (2,834,235) | \$ (299,242)                        | \$ (124,095)                    |
|                | =====          | =====                               | =====                           |

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12. ISSUE: What, if any, adjustments are appropriate to Utility Plant-in-Service, Accumulated Depreciation, and Depreciation Expense in the projected test year to reflect additional non-utility allocations to common plant items?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Adjustments are appropriate in the following accounts to reflect additional non-utility allocations:

| <u>Account</u> | <u>Plant</u>            | <u>Accumulated<br/>Depreciation</u> | <u>Depreciation<br/>Expense</u> |
|----------------|-------------------------|-------------------------------------|---------------------------------|
| 391            | (260,277)               | (82,690)                            | (13,795)                        |
| 391.01         | (491,565)               | (260,596)                           | (81,600)                        |
| 391.02         | (108,760)               | (50,237)                            | (8,701)                         |
| 397            | (178,239)               | (76,112)                            | (13,368)                        |
|                | _____                   | _____                               | _____                           |
| TOTAL          | \$ (1,038,841)<br>===== | \$ (469,625)<br>=====               | \$ (117,464)<br>=====           |

13. ISSUE: Should the computer lease purchased during the Southern Gas Company acquisition be removed from utility rate base to reflect a non used and useful capitalized lease?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The computer lease located in the Sarasota division should be removed from rate base to reflect a non

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used and useful capitalized lease. This requires adjustments to reduce Account 390 by \$162,541, the related Accumulated Amortization by \$38,384, and Amortization Expense by \$4,064.

14. ISSUE: What, if any, adjustments are necessary to reflect the effect of retiring inactive service lines which have been inactive for five years or more?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Utility Plant should be reduced by \$565,897, Accumulated Depreciation should be reduced by \$453,613, and Depreciation Expense should be reduced by \$33,831 to reflect the effect of retiring inactive service lines which have been inactive for five years or more.

17. ISSUE: Should Accounts Receivable - Gas be reduced in the projected test year working capital calculation to reflect a change in the company's trending methodology?

STIPULATED

POSITIONS:

PEOPLES: Accept Staff's position. (Sivard)

OPC: Accept Staff's position.

STAFF: Yes. Accounts Receivable - Gas should be reduced by \$371,000 to reflect a change in the Company's trending methodology for the projected test year.

18. ISSUE: Should the projected test year working capital allowance be reduced to remove non-utility related Accounts Receivable - Other?

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STIPULATED

POSITIONS:

PEOPLES: Does not oppose Staff's position. (Sivard)

OPC: Accept Staff's position.

STAFF: Yes. The projected test year working capital allowance should be reduced by \$324,000 to remove non-utility related Accounts Receivable - Other.

20. ISSUE: Should Unbilled Competitive Rates be removed from the projected test year calculation since these unbilled revenues are recovered in the Purchased Gas Adjustment (PGA) docket?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Unbilled Competitive Rates should be removed from the projected test year thereby reducing the working capital calculation by \$2,695,000.

22. ISSUE: Should material and supplies be reduced in the projected test year working capital to reflect a change in the Company's methodology in trending?

STIPULATED

POSITIONS:

PEOPLES: Does not oppose Staff's adjustments. (Sivard)

OPC: Accepts Staff's position.

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STAFF: Yes. Operating material and supplies should be reduced by \$474,000 in the projected test year working capital to reflect a change in the Company's methodology in trending.

21. ISSUE: Should an adjustment be made to operating material and supplies in the projected test year to remove non-utility related inventory?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position.

OPC: Accepts Staff's position.

STAFF: Yes. An adjustment should be made to the projected test year operating material and supplies thereby reducing working capital by \$80.350.

23. ISSUE: Should Prepayments - Insurance be reduced in the projected test year to reflect a change in the method of trending used by the Company?

STIPULATED

POSITIONS:

PEOPLES: Does not oppose Staff's adjustments. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Prepayments - Insurance should be reduced by \$108,000 in the projected test year to reflect Staff's change in the method the Company trended this account.

24. ISSUE: Should an adjustment be made to allocate non-utility insurance recorded in the projected test year Prepayments - Insurance?

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STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. A non-utility allocation of \$263,160 should be made to Prepayments - Insurance to remove non-utility related insurance in the projected test year.

25. ISSUE: What is the appropriate amount of "Environmental - WIP" to be included in working capital?

STIPULATED

POSITIONS:

PEOPLES: \$3,618,000. (Uhl, Sivard)

OPC: Accepts Staff's position.

STAFF: The appropriate 13-month average of "Environmental - WIP" to be included in the projected year working capital is \$3,618,000.

26. ISSUE: Should Accounts Payable - Gas be increased in the working capital calculation to reflect a change in trending methodology?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustments. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Accounts Payable - Gas should be increased by \$114,000 in the projected test year working capital calculation thereby reducing working capital.

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27. ISSUE: Should the projected test year Working Capital and Amortization Expense be reduced to reflect a gain on the sale of utility related property which was inadvertently omitted in the Company's calculations?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustments. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The projected test year Working Capital should be reduced by \$56,872 and Amortization Expense should be reduced by \$22,737 to reflect a gain on the sale of utility related property which was omitted in the Company's calculations.

28. ISSUE: Should Miscellaneous Current Liabilities be reduced, thereby increasing working capital, to remove non-utility related liabilities and pipeline refunds addressed in the Purchased Gas Adjustment (PGA) docket?

STIPULATED

POSITIONS:

PEOPLES: Yes, by \$77,000. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. Miscellaneous Current Liabilities should be reduced by \$77,000 in the working capital calculation thereby increasing working capital.

31. ISSUE: Should the projected test year net operating income be increased for sales tax collections?



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STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year net operating income should be increased \$31,401 for sales tax collections.

33. ISSUE: Should adjustments be made for the effect of the Company exceeding the O & M benchmark?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The following reductions should be made to the projected test year operating and maintenance expense for the effect of benchmark variances:

|                                     |            |
|-------------------------------------|------------|
| General and Administrative Salaries | \$ 107,897 |
| Customer Records and Collections    | \$ 48,612  |

34. ISSUE: Should an adjustment of \$2,725 be made to reduce the projected test year operating expense for the elimination of non-recurring rent expense?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts staff's position.

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STAFF: Yes. The projected test year operating expenses should be reduced by \$2,725 to remove non-recurring rent expense included in Account 881.

35. ISSUE: Should Account 921 be increased by \$18,100 for the effect of projected postage increases?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. Account 921 should be increased by \$18,100 for the effect of upcoming postal increases.

36. ISSUE: Should the projected test year expenses be reduced to eliminate strike costs incurred in the historic base year?

STIPULATED

POSITIONS:

PEOPLES: Yes, by \$40,391. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year expenses should be reduced by \$40,391 to eliminate the effect of strike costs.

37. ISSUE: Should Account 922 be adjusted for the effect of increased data processing expenses.

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

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OPC: Accepts staff's adjustments.

STAFF: Yes. Account 922 (a contra expense account) should be increased by \$49,235 to properly account for the incremental increase in data processing costs. Since this is a contra expense account, this adjustment has the effect of reducing the projected test year expenses.

38. ISSUE: Should an adjustment be made to allocate a portion of general outside expenses to non-utility operations?

STIPULATED

POSITIONS:

PEOPLES: Does not oppose staff's adjustments. (Sivard)

OPC: Accepts staff's adjustments.

STAFF: Yes. General outside services expenses should be reduced by 45,843 to allocate a portion of these costs to non-utility operations.

39. ISSUE: Should an adjustment be made to allocate a portion of internal audit fees to non-utility operations?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's adjustments.

STAFF: Yes. The projected test year expenses should be reduced by \$39,137 to allocate a portion of these costs to non-utility operations.

40. ISSUE: Should an adjustment of \$34,370 be made to allocate general legal expenses to non-utility operations?

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STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's adjustments.

STAFF: Yes. The projected test year general legal expenses should be reduced by \$34,370.

42. ISSUE: What is the appropriate amount of FERC counsel expense to be included in the projected test year?

STIPULATED

POSITIONS:

PEOPLES: Does not oppose staff's adjustments. (Sivard)

OPC: Accepts staff's position.

STAFF: The appropriate amount of FERC counsel expense to be included in the projected test year is \$154,739 which requires that a reduction of \$91,735 be made to the projected test year expenses.

43. ISSUE: Should an adjustment be made to allocate a portion of property insurance expense to non-utility operations?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's position.

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STAFF: Yes. A reduction of \$30,699 should be made to the projected test year property insurance expense to allocate a portion of these costs to non-utility operations?

44. ISSUE: What is the appropriate amount of liability insurance expense to be included in the projected test year?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

OPC: Accepts staff's position.

STAFF: The appropriate liability insurance to be included in the projected test year expenses is \$2,048,355. An adjustment of \$203,779 should be made to increase the projected test year liability insurance expense.

45. ISSUE: Should an adjustment be made to allocate a portion of life insurance expense to non-utility operations?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year expenses should be reduced by \$88,290 to allocate a portion of life insurance expense to non-utility operations.

46. ISSUE: Should an adjustment be made to reduce the projected amount of salary savings expense?

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STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year salary savings expense should be reduced by \$20,451.

48. ISSUE: Should an adjustment be made to reduce the amount of the projected test year health care expenses?

STIPULATED

POSITIONS:

PEOPLES: Does not oppose Staff's adjustment. (Sivard)

OPC: Accepts Staff's adjustment.

STAFF: Yes. The projected test year health care expense should be reduced by \$290,664.

52. ISSUE: Should an adjustment be made to allocate a portion of employee relocation expenses?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustment. (Sivard)

OPC: Accepts Staff's adjustment.

STAFF: Yes. The projected test year expenses should be reduced \$11,996 for the allocation of employee relocation expenses to non-utility operations.

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53. ISSUE: Should an adjustment be made to reduce the projected test year rent expense for additional non-utility allocations?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustment. (Sivard)

OPC: Accepts Staff's adjustment.

STAFF: Yes. The projected test year rent expense should be reduced \$84,020 for additional non-utility allocations.

54. ISSUE: Should an adjustment be made to reduce the projected test year general maintenance expense?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustment. (Sivard)

OPC: Accepts Staff's adjustment.

STAFF: Yes. The projected test year general maintenance expense should be reduced \$45,041 for the allocation of maintenance expense and the removal of non-recurring maintenance expense.

55. ISSUE: Should the projected test year expenses be reduced for the effect of changing the trend factors applied to portions of Accounts 870, 871, 874, 877, 879, 887, 889, 903, 905, 912, 920, 921, 925, and 926?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustment. (Sivard)

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OPC: Citizens agree with Staff.

STAFF: Yes. The projected test year expenses should be reduced \$72,592 for the effect of changing the trend factors applied to portions of operating and maintenance expense accounts.

56. ISSUE: What is the appropriate A&G transfer expense adjustment to be used in calculating the projected test year expenses.

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's adjustment. (Sivard)

OPC: Accepts Staff's adjustment.

STAFF: The appropriate A&G transfer expense adjustment is \$1,006,501. The Company's adjustment of \$1,043,000 should be reduced by \$27,499.

57. ISSUE: Should an adjustment be made to Account 887, Maintenance of Mains, to normalize the effect of out of period and non-recurring adjustments made in the historic base year?

STIPULATED

POSITIONS:

PEOPLES: Accepts Staff's position. (Sivard)

OPC: Accepts Staff's position.

STAFF: Yes. The following non-recurring and out of period expense items should be removed from Account 887:

|   |              |
|---|--------------|
| Out of Period Inventory Adjustment        | \$14,072     |
| Out of Period Accrual of Accounts Payable | 5,026        |
| Non-recurring Repair Costs                | <u>2,016</u> |
| Total Adjustment                          | \$21,114     |



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59. ISSUE: Should an adjustment be made to Account 886, Maintenance of Structures and Improvements, to remove maintenance expenses on the portion of common plant allocated to non-utility operations?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

OPC: Accepts staff's adjustments.

STAFF: Yes. It is proper to apportion maintenance costs between utility and non-utility operations when the facilities being maintained are used in both utility and non-utility operations. The same non-utility percentage used to allocate common plant (17.25%) has been applied to Account 886, to derive Staff's recommended adjustment of \$71,820.

61. ISSUE: Should any specific adjustments be made to the projected test year expenses relating to Southern Gas?

STIPULATED

POSITIONS:

PEOPLES: Agrees with Staff.

OPC: Agrees with Staff.

STAFF: No. The projected test year net operating income issues incorporate the effect of Southern Gas.

62. ISSUE: Should an adjustment be made to eliminate a duplication of acquisition amortization expense included in the projected test year?

STIPULATED

POSITIONS:

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PEOPLES: Yes. (Sivard)

OPC: Yes.

STAFF: Yes. The projected test year amortization expense should be reduced by \$90,000.

64. ISSUE: Should an adjustment be made to the projected test year payroll taxes for the effect of Staff's reductions in payroll expense and change in projection methodology?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's adjustments. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The projected test year payroll tax expense should be reduced by \$28,892 for the effect of reducing the projected payroll expense.

65. ISSUE: Should the Company be allowed to eliminate gross receipts tax from base rates and state the tax as a separate line item on the customer's bill?

STIPULATED

POSITIONS:

PEOPLES: Yes. (Sivard)

OPC: Accepts staff's position.

STAFF: Yes. The Company should be allowed to eliminate gross receipts tax from base rates. The projected test year operating revenues should be reduced by \$1,818,998 and the projected test year taxes-other expense should likewise be reduced by \$1,818,998. Although these adjustments do not effect the projected test year operating income, the projected

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revenue deficiency would be lower because the revenue expansion factor would not be grossed up for this tax.

69. ISSUE: What is the appropriate amount of investment tax credits to be included in the capital structure?

STIPULATED

POSITIONS:

PEOPLES: \$4,678,000. (Sivard)

OPC: Agrees with Staff.

STAFF: \$4,678,000.

70. ISSUE: What is the appropriate amount of deferred income taxes to be included in the projected test year capital structure?

STIPULATED

POSITIONS:

PEOPLES: \$19,412,000. (Sivard)

OPC: Agrees with Staff.

STAFF: \$19,412,000.

73. ISSUE: What is the appropriate revenue expansion factor to be used in calculating the projected test year revenue deficiency?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

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OPC: Accepts staff's position.

STAFF: The appropriate revenue expansion factor that should be used to calculate the projected test year revenue deficiency is 1.6214%.

75. ISSUE: What should the miscellaneous service charges be?

STIPULATED

POSITIONS:

PEOPLES: Accepts staff's position. (Sivard)

OPC: Accepts staff's position.

STAFF:

|                                |             |
|--------------------------------|-------------|
| Initial Connection Residential | \$25.00     |
| Reconnection Residential       | 25.00       |
| Initial Connection Commercial  | 50.00       |
| Change of Account              | 10.00       |
| Check charge                   | 5% or 10.00 |

82. ISSUE: Should customers served under the interruptible rate schedules be required to have available and ready for use a suitable alternate fuel as a special condition for service?

STIPULATED

POSITIONS:

PEOPLES: No. (Pountney)

TROPICANA: No. (Taylor)

OPC: No position.

FIGU: No.

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MOTIONS

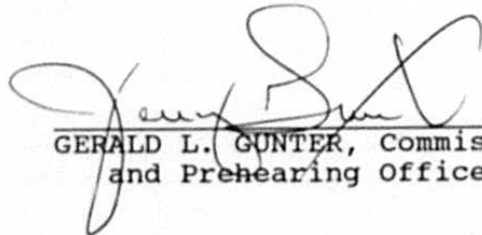
None

OTHER MATTERS

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By Order of Commissioner Gerald L. Gunter, Prehearing Officer,  
this 14th day of SEPTEMBER, 1990.

  
GERALD L. GUNTER, Commissioner  
and Prehearing Officer

PEOPLES.bmi

MAP:bmi

ATTACHMENT A  
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SEE PEOPLES GAS ISSUE 72

|                   |           | ADJUSTMENTS | PRORATA<br>ADJUSTMENTS | ADJUSTED  | RATIO   | COST<br>RATE | WEIGHTED<br>COST |
|-------------------|-----------|-------------|------------------------|-----------|---------|--------------|------------------|
| COMMON EQUITY     | \$89,169  | (\$4,678)   | (4,079)                | \$80,412  | 41.87%  | 13.75%       | 5.7577%          |
| LONG TERM DEBT    | 80,794    | (345)       | (3,883)                | 76,566    | 39.87%  | 10.66%       | 4.2563%          |
| SHORT TERM DEBT   | 49        | 0           | (2)                    | 47        | 0.02%   | 10.25%       | 0.0025%          |
| CUSTOMER DEPOSITS | 12,694    |             | (613)                  | 12,081    | 6.29%   | 8.76%        | 0.5511%          |
| DEFERRED TAXES    | 19,412    |             | (937)                  | 18,475    | 9.62%   |              |                  |
| CREDITS           |           | 4,678       | (226)                  | 4,452     | 2.32%   |              |                  |
| TOTAL             | \$202,118 | (\$345)     | (\$9,740)              | \$192,033 | 100.00% |              | 10.5616%         |

(Uhl, Sivard, Morin)

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PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU  
COMPARATIVE AVERAGE RATE BASES  
PTY 9/30/91

ATTACHMENT 1  
SEPTEMBER 7, 1990

| ADJ<br>NO | COMPANY                           |                     |                      | STAFF                 |                      |
|-----------|-----------------------------------|---------------------|----------------------|-----------------------|----------------------|
|           | TOTAL<br>PER BOOKS                | JURIS.<br>ADJUST.   | COMPANY<br>ADJUSTED  | JURIS.<br>ADJUST.     | ADJ.<br>JURIS.       |
|           | PLANT IN SERVICE                  |                     |                      |                       |                      |
|           | UTILITY PLANT                     |                     |                      |                       |                      |
|           | 289,521,000                       |                     |                      |                       |                      |
| 1         |                                   | (2,388,000)         |                      | (296,802)             |                      |
| 2         |                                   | (220,000)           |                      | (326,781)             |                      |
|           | CONSTRUCTION WORK IN PROGRESS     |                     |                      |                       |                      |
|           | 4,450,000                         |                     |                      |                       |                      |
| 3         | ACQUISITION ADJUSTMENT            |                     |                      |                       |                      |
|           | 4,240,000                         |                     |                      |                       |                      |
|           | PLANT HELD FOR FUTURE USE         |                     |                      |                       |                      |
|           | 229,000                           | (229,000)           |                      |                       |                      |
| 4         | ACCT. 374 SARASOTA PARKING LOT    |                     |                      | (98,756)              |                      |
| 5         | A&G CAPITILIZATION                |                     |                      | (2,395,238)           |                      |
| 6         | LIABILITY CAPITILIZATION          |                     |                      | (805,445)             |                      |
| 7         | ACCT. 374 SARASOTA BUDGET         |                     |                      | (100,000)             |                      |
| 8         | ACQUIRED PLANT ITEMS RESOLD       |                     |                      | (51,194)              |                      |
| 9         | ACCT. 375 OVERBUDGET & NONUTILITY |                     |                      | (395,621)             |                      |
| 10        | ACCT. 375 N. MIAMI ALLOCATION     |                     |                      | (114,231)             |                      |
| 11        | BUDGET OVERPROJECTIONS            |                     |                      | (2,834,235)           |                      |
| 12        | OTHER COMMON PLANT ALLOCATIONS    |                     |                      | (1,038,841)           |                      |
| 13        | ACCT. 390 COMPUTER LEASE          |                     |                      | (162,541)             |                      |
| 14        | INACTIVE SERVICE LINES            |                     |                      | (565,897)             |                      |
|           | <u>TOTAL PLANT</u>                | <u>(2,837,000)</u>  | <u>295,603,000</u>   | <u>(9,185,582)</u>    | <u>286,417,418</u>   |
|           | ACCUM. DEPREC. & AMORT.           |                     |                      |                       |                      |
|           | ACCUM. DEPR. - PLANT              |                     |                      |                       |                      |
|           | 106,833,000                       |                     |                      |                       |                      |
| 1         | COMMON PLANT ALLOCATION           | (699,000)           |                      | (49,034)              |                      |
|           | CUSTOMER ADV. FOR CONSTRUCT.      |                     |                      |                       |                      |
|           | 1,002,000                         |                     |                      |                       |                      |
| 2         | AIRCRAFT ALLOCATION               |                     |                      | (121,319)             |                      |
| 3         | ACQUISITION ADJUSTMENT            |                     |                      |                       |                      |
|           |                                   |                     |                      |                       |                      |
| 5         | A&G CAPITILIZATION                |                     |                      | (137,628)             |                      |
| 6         | LIABILITY CAPITILIZATION          |                     |                      | (48,110)              |                      |
| 8         | ACQUIRED PLANT ITEMS RESOLD       |                     |                      | (24,917)              |                      |
| 9         | ACCT. 375 OVERBUDGET & NONUTILITY |                     |                      | (11,632)              |                      |
| 10        | ACCT. 375 N. MIAMI ALLOCATION     |                     |                      | (833)                 |                      |
| 11        | BUDGET OVERPROJECTIONS            |                     |                      | (299,242)             |                      |
| 12        | OTHER COMMON PLANT ALLOCATIONS    |                     |                      | (469,625)             |                      |
| 13        | ACCT. 390 COMPUTER LEASE          |                     |                      | (38,384)              |                      |
| 14        | INACTIVE SERVICE LINES            |                     |                      | (453,613)             |                      |
| 16        | <u>TOTAL DEDUCTION</u>            | <u>(699,000)</u>    | <u>107,136,000</u>   | <u>(1,654,337)</u>    | <u>105,481,663</u>   |
|           | <u>NET UTILITY PLANT</u>          | <u>(2,138,000)</u>  | <u>188,467,000</u>   | <u>(7,531,245)</u>    | <u>180,935,755</u>   |
| 29        | <u>WORKING CAPITAL</u>            | <u>16,485,000</u>   | <u>15,251,000</u>    | <u>(4,359,220)</u>    | <u>10,891,780</u>    |
| 30        | <u>TOTAL RATE BASE</u>            | <u>\$14,347,000</u> | <u>\$203,718,000</u> | <u>(\$11,890,465)</u> | <u>\$191,827,535</u> |

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PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU  
COMPARATIVE WORKING CAPITAL COMPONENTS  
PTY 9/30/91

ATTACHMENT 1A  
SEPTEMBER 7, 1990

| ADJ<br>NO | COMPANY              |                     |                     | STAFF                |                     |
|-----------|----------------------|---------------------|---------------------|----------------------|---------------------|
|           | TOTAL<br>PER BOOKS   | JURIS.<br>ADJUST.   | COMPANY<br>ADJUSTED | JURIS.<br>ADJUST.    | ADJ.<br>JURIS.      |
|           | (1,234,000)          |                     |                     |                      |                     |
|           |                      | (50,000)            |                     |                      |                     |
|           |                      | (233,000)           |                     |                      |                     |
|           |                      | (295,000)           |                     |                      |                     |
|           |                      | (1,381,000)         |                     |                      |                     |
|           |                      | 49,000              |                     |                      |                     |
|           |                      | 5,601,000           |                     |                      |                     |
|           |                      | 12,614,000          |                     |                      |                     |
|           |                      | 80,000              |                     |                      |                     |
|           |                      | 100,000             |                     |                      |                     |
| 17        |                      |                     |                     | (371,000)            |                     |
| 18        |                      |                     |                     | (324,000)            |                     |
| 20        |                      |                     |                     | (2,695,000)          |                     |
| 21        |                      |                     |                     | (80,350)             |                     |
| 22        |                      |                     |                     | (474,000)            |                     |
| 23        |                      |                     |                     | (108,000)            |                     |
| 24        |                      |                     |                     | (263,160)            |                     |
| 26        |                      |                     |                     | (114,000)            |                     |
| 27        |                      |                     |                     | (56,872)             |                     |
| 49        |                      |                     |                     | 50,162               |                     |
| 28        |                      |                     |                     | 77,000               |                     |
| 29        | <u>(\$1,234,000)</u> | <u>\$16,485,000</u> | <u>\$15,251,000</u> | <u>(\$4,359,220)</u> | <u>\$10,891,780</u> |



PEOPLES GAS SYSTEM INC.  
DOCKET NO. 891353-GU  
COMPARATIVE NOIs  
PYE 9/30/91

ATTACHMENT 2

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| ADJ<br>NO | COMPANY      |               | STAFF               |             | ADJUSTED<br>JURIS. |
|-----------|--------------|---------------|---------------------|-------------|--------------------|
|           | PER BOOKS    | ADJUST.       | COMPANY<br>ADJUSTED | ADJUSTS.    |                    |
|           | 229,373,000  |               |                     |             |                    |
|           |              | (151,174,000) |                     |             |                    |
| 31        |              |               |                     | 31,401      |                    |
| 65        |              |               |                     | (1,818,998) |                    |
|           | 229,373,000  | (151,174,000) | 78,199,000          | (1,787,597) | 76,411,403         |
|           | 190,338,000  |               |                     |             |                    |
|           |              | (149,147,000) |                     |             |                    |
|           |              | 1,034,000     |                     |             |                    |
| 32-60     |              |               |                     | (2,263,197) |                    |
|           | 190,338,000  | (148,113,000) | 42,225,000          | (2,263,197) | 39,961,803         |
|           | 13,373,000   |               |                     |             |                    |
|           |              | (136,000)     |                     |             |                    |
|           |              | 1,005,000     |                     |             |                    |
|           |              | 90,000        |                     |             |                    |
| 1         |              |               |                     | (6,974)     |                    |
| 3         |              |               |                     |             |                    |
| 5         |              |               |                     | (108,504)   |                    |
| 6         |              |               |                     | (36,487)    |                    |
| 8         |              |               |                     | (2,956)     |                    |
| 9         |              |               |                     | (9,983)     |                    |
| 10        |              |               |                     | (3,094)     |                    |
| 11        |              |               |                     | (124,095)   |                    |
| 12        |              |               |                     | (117,464)   |                    |
| 13        |              |               |                     | (4,064)     |                    |
| 14        |              |               |                     | (33,831)    |                    |
| 27        |              |               |                     | (22,737)    |                    |
| 62        |              |               |                     | (90,000)    |                    |
| 63        | 13,373,000   | 959,000       | 14,332,000          | (560,189)   | 13,771,811         |
|           | 9,104,000    |               |                     |             |                    |
|           |              | (2,027,000)   |                     |             |                    |
| 64        |              |               |                     | (28,892)    |                    |
| 65        |              |               |                     | (1,818,998) |                    |
|           | 9,104,000    | (2,027,000)   | 7,077,000           | (1,847,890) | 5,229,110          |
|           | 1,304,000    |               |                     |             |                    |
|           |              | (640,000)     |                     |             |                    |
| 66        |              |               |                     | 916,437     |                    |
|           | 1,304,000    | (640,000)     | 664,000             | 916,437     | 1,580,437          |
|           | 225,000      |               |                     |             |                    |
|           |              | (110,000)     |                     |             |                    |
| 66        |              |               |                     | 156,875     |                    |
|           | 225,000      | (110,000)     | 115,000             | 156,875     | 271,875            |
|           | 412,000      |               |                     |             |                    |
|           | 108,000      |               |                     |             |                    |
|           | 520,000      | 0             | 520,000             | 0           | 520,000            |
| 66        |              | 403,000       | 403,000             | (46,691)    | 356,309            |
| 66        |              | (88,000)      | (88,000)            | (267,465)   | (355,465)          |
|           | 214,864,000  | (149,616,000) | 65,248,000          | (3,912,120) | 61,335,880         |
| 68        | \$14,509,000 | (\$1,558,000) | \$12,951,000        | \$2,124,523 | \$15,075,523       |

PEOPLES GAS SYSTEM INC.  
DOCKET NO. 891353-GU  
O&M ADJUSTMENTS  
FOR THE PTY ENDING 9/30/91

ATTACHMENT 2A

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| ADJ<br>NO. | COMPANY<br>PER FILING                | STAFF               |                      |
|------------|--------------------------------------|---------------------|----------------------|
|            |                                      | ADJUSTMENTS         | ADJUSTED<br>JURIS    |
|            | OPERATING EXPENSES:                  |                     |                      |
|            | \$42,225,000                         |                     |                      |
| 32         | ADJ FOR PAYROLL FACTOR               | (273,760)           |                      |
| 32         | ADJ FOR CUST GRWTH X INFL            | (13,185)            |                      |
| 32         | ADJ FOR INCREASED INFLATION RATE     | 9,648               |                      |
| 33         | BENCHMARK - G&A SALARIES             | (107,897)           |                      |
| 33         | BENCHMARK - CUST RECORDS             | (48,612)            |                      |
| 34         | NON-RECURRING RENT                   | (2,725)             |                      |
| 35         | POSTAL INCREASES                     | 18,100              |                      |
| 36         | ADJ FOR STRIKE COSTS                 | (40,391)            |                      |
| 37         | ADJ ACCOUNT 922 - DP EXPENSE         | (49,235)            |                      |
| 38         | ADJ NON-UTILITY GEN OUTSIDE SERV     | (45,843)            |                      |
| 39         | ADJ NON-UTILITY INTERNAL AUDIT       | (39,137)            |                      |
| 40         | ADJ NON-UTILITY GENERAL LEGAL        | (34,370)            |                      |
| 41         | ADJ FOR SUNSET COUNSEL EXP           | (73,388)            |                      |
| 42         | ADJ FERC COUNSEL EXPENSE             | (91,735)            |                      |
| 43         | ADJ NON-UTILITY PROPERTY INSUR       | (30,699)            |                      |
| 44         | ADJ LIABILITY INSUR                  | 203,779             |                      |
| 45         | ADJ NON-UTILITY LIFE INSUR           | (88,290)            |                      |
| 46         | ADJ SALARY SAVINGS EXP PROJECTION    | (20,451)            |                      |
| 47         | ELIMINATE EMPLOYEE ACTIVITY COSTS    | (125,088)           |                      |
| 48         | ADJ HEALTH INSUR PROJECTION          | (290,664)           |                      |
| 49         | ADJ PENSION EXPENSE                  | (100,324)           |                      |
| 50         | RATE CASE EXPENSE ADJUSTMENT         | 0                   |                      |
| 51         | ADJ FOR AGA DUES                     | (74,538)            |                      |
| 52         | ADJ NON-UTILITY EMPLOY RELOCATION    | (11,966)            |                      |
| 53         | ADJ NON-UTILITY RENT EXPENSE         | (84,020)            |                      |
| 54         | ADJ NON-UTILITY GEN MAINT            | (45,041)            |                      |
| 55         | ADJ FOR TRENDS APPLIED               | (72,592)            |                      |
| 56         | ADJ A&G CAPITALIZED                  | (27,499)            |                      |
| 57         | ADJ NON-UTILITY MAINTENANCE OF MAINS | (21,114)            |                      |
| 58         | ADJ NON-UTILITY ADVERTISING          | (210,340)           |                      |
| 59         | ADJ NON-UTILITY MAINTENANCE EXP      | (71,820)            |                      |
| 60         | ADJ PROJECTED ADVERTISING EXP        | (400,000)           |                      |
|            | TOTAL                                | <u>\$42,225,000</u> | <u>(\$2,263,197)</u> |
|            |                                      |                     | <u>\$39,961,803</u>  |

NOTE: \$5 ROUNDING ERROR WHEN COMPARED TO TREND ANALYSIS.

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

ORDER NO. 23481  
DOCKET NO. 891353-GU  
PAGE 67

| STAFF<br>TREND RATES:           |                                | BASE YEAR<br>+ 1<br>9/30/90 | PROJECTED<br>TEST YEAR<br>9/30/91 |                              |   |
|---------------------------------|--------------------------------|-----------------------------|-----------------------------------|------------------------------|---|
| # 1                             | PAYROLL ONLY                   | 4.35%                       | 4.19%                             |                              |   |
| # 2                             | CUST GRWTH X PAY               | 4.89%                       | 4.73%                             |                              |   |
| # 3                             | CUST GRWTH X INFL              | 5.45%                       | 4.84%                             |                              |   |
| # 4                             | INFLATION ONLY                 | 4.90%                       | 4.30%                             |                              |   |
| CUSTOMER GROWTH                 |                                | 0.5200%                     | 0.5200%                           | ) FOR INFORMATIONAL PURPOSES |   |
| ACCOUNT<br>DISTRIBUTION EXPENSE | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1            | PROJECTED<br>TEST YEAR            | TREND<br>BASIS<br>APPLIED    |   |
| 870                             | Payroll-trended                | 153,806                     | 160,497                           | 167,221                      | 1 |
|                                 | Other trended                  | 21,218                      | 22,374                            | 23,457                       | 3 |
|                                 | Other trended                  | 47,546                      | 49,876                            | 52,020                       | 4 |
|                                 | Other not trended              | 0                           | 0                                 | 0                            |   |
|                                 | Total                          | 222,570                     | 232,747                           | 242,699                      |   |
| 871                             | Payroll-trended                | 95,419                      | 100,085                           | 104,819                      | 2 |
|                                 | Other trended                  | 11,390                      | 12,011                            | 12,592                       | 3 |
|                                 | Other trended                  | 94,496                      | 99,126                            | 103,389                      | 4 |
|                                 | Other not trended              | 0                           | 0                                 | 0                            |   |
|                                 | Total                          | 201,305                     | 211,222                           | 220,800                      |   |
| 874                             | Payroll-trended                | 1,549,067                   | 1,624,816                         | 1,701,670                    | 2 |
|                                 | Other trended                  | 570,175                     | 601,250                           | 630,350                      | 3 |
|                                 | Other trended                  | 243,163                     | 255,078                           | 266,046                      | 4 |
|                                 | Other not trended              | 0                           | 0                                 | 0                            |   |
|                                 | Total                          | 2,362,405                   | 2,481,144                         | 2,598,067                    |   |
| 875                             | Payroll-trended                | 49,451                      | 51,602                            | 53,764                       | 1 |
|                                 | Other trended                  | 24,268                      | 25,457                            | 26,552                       | 4 |
|                                 | Other not trended              | 0                           | 0                                 | 0                            |   |
|                                 | Total                          | 73,719                      | 77,059                            | 80,316                       |   |
| 876                             | Payroll-trended                | 141,370                     | 147,520                           | 153,701                      | 1 |
|                                 | Other trended                  | 19,943                      | 20,920                            | 21,820                       | 4 |
|                                 | Other not trended              | 0                           | 0                                 | 0                            |   |
|                                 | Total                          | 161,313                     | 168,440                           | 175,520                      |   |
| SUB-TOTAL                       |                                | \$3,021,312                 | \$3,170,612                       | \$3,317,402                  |   |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| STAFF<br>TREND RATES: | BASE YEAR<br>+ 1<br>9/30/90 | PROJECTED<br>TEST YEAR<br>9/30/91 |                              |
|-----------------------|-----------------------------|-----------------------------------|------------------------------|
| # 1 PAYROLL ONLY      | 4.35%                       | 4.19%                             |                              |
| # 2 CUST GRWTH X PAY  | 4.89%                       | 4.73%                             |                              |
| # 3 CUST GRWTH X INFL | 5.45%                       | 4.84%                             |                              |
| # 4 INFLATION ONLY    | 4.90%                       | 4.30%                             |                              |
| CUSTOMER GROWTH       | 0.5200%                     | 0.5200%                           | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT<br>DISTRIBUTION EXPENSE | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|---------------------------------|--------------------------------|------------------|------------------------|---------------------------|
| 877 Payroll-trended             | 25,598                         | 26,712           | 27,831                 | 1                         |
| Other trended                   | 12,147                         | 12,809           | 13,429                 | 3                         |
| Other trended                   | 6,397                          | 6,710            | 6,999                  | 4                         |
| Other not trended               | 0                              | 0                | 0                      |                           |
| Total                           | 44,142                         | 46,231           | 48,259                 |                           |
| 878 Payroll-trended             | 1,685,861                      | 1,768,300        | 1,851,940              | 2                         |
| Other trended                   | 848,098                        | 894,319          | 937,604                | 3                         |
| Other not trended               | 0                              | 0                | 0                      |                           |
| Total                           | 2,533,959                      | 2,662,619        | 2,789,545              |                           |
| 879 Payroll-trended             | 1,286,314                      | 1,349,215        | 1,413,033              | 2                         |
| Other trended                   | 327,470                        | 345,317          | 362,030                | 3                         |
| Other trended                   | 210,942                        | 221,278          | 230,793                | 4                         |
| Other not trended               | 0                              | 0                | 0                      |                           |
| Total                           | 1,824,726                      | 1,915,810        | 2,005,856              |                           |
| 880 Payroll-trended             | 375,306                        | 391,632          | 408,041                | 1                         |
| Other Trended                   | 308,179                        | 323,280          | 337,181                | 4                         |
| Other not trended               | 0                              | 0                | 0                      |                           |
| Total                           | 683,485                        | 714,912          | 745,222                |                           |
| 881 Payroll-trended             | 0                              | 0                | 0                      |                           |
| Other trended                   | 63,863                         | 66,992           | 69,873                 | 4                         |
| Other not trended               | 0                              | 0                | 0                      |                           |
| Total                           | 63,863                         | 66,992           | 69,873                 |                           |
| TOTAL DISTR EXP                 | \$8,171,487                    | \$8,577,176      | \$8,976,156            |                           |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

ORDER NO. 23481  
DOCKET NO. 891353-GU  
PAGE 69

| STAFF<br>TREND RATES: | BASE YEAR<br>+ 1<br>9/30/90 | PROJECTED<br>TEST YEAR<br>9/30/91 |                              |
|-----------------------|-----------------------------|-----------------------------------|------------------------------|
| # 1 PAYROLL ONLY      | 4.35%                       | 4.19%                             |                              |
| # 2 CUST GRWTH X PAY  | 4.89%                       | 4.73%                             |                              |
| # 3 CUST GRWTH X INFL | 5.45%                       | 4.84%                             |                              |
| # 4 INFLATION ONLY    | 4.90%                       | 4.30%                             |                              |
| CUSTOMER GROWTH       | 0.5200%                     | 0.5200%                           | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT<br>MAINTENANCE EXPENSE | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|--------------------------------|--------------------------------|------------------|------------------------|---------------------------|
| 885 Payroll-trended            | 88,224                         | 92,062           | 95,919                 | 1                         |
| Other trended                  | 17,472                         | 18,424           | 19,316                 | 3                         |
| Other not trended              | 0                              | 0                | 0                      |                           |
| Total                          | 105,696                        | 110,486          | 115,235                |                           |
| 886 Payroll-trended            | 132,346                        | 138,818          | 145,384                | 2                         |
| Other trended                  | 176,870                        | 186,509          | 195,536                | 3                         |
| Other not trended              | 0                              | 0                | 0                      |                           |
| Total                          | 309,216                        | 325,327          | 340,920                |                           |
| 887 Payroll-trended            | 831,582                        | 872,246          | 913,504                | 2                         |
| Other trended                  | 789,133                        | 832,141          | 872,416                | 3                         |
| Other not trended              | 088Y 0                         | 0                | 0                      |                           |
| Total                          | 1,620,715                      | 1,704,387        | 1,785,920              |                           |
| 889 Payroll-trended            | 80,918                         | 84,875           | 88,889                 | 2                         |
| Other trended                  | 35,437                         | 37,368           | 39,177                 | 3                         |
| Other not trended              | 0                              | 0                | 0                      |                           |
| Total                          | 116,355                        | 122,243          | 128,066                |                           |
| 890 Payroll-trended            | 123,202                        | 129,227          | 135,339                | 2                         |
| Other trended                  | 49,579                         | 52,281           | 54,811                 | 3                         |
| Other not trended              | 0                              | 0                | 0                      |                           |
| Total                          | 172,781                        | 181,508          | 190,150                |                           |
| SUB-TOTAL                      | \$2,324,763                    | \$2,443,951      | \$2,560,292            |                           |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET -- PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| STAFF<br>TREND RATES: |                   | BASE YEAR<br>+ 1<br>9/30/90 | PROJECTED<br>TEST YEAR<br>9/30/91 |                              |
|-----------------------|-------------------|-----------------------------|-----------------------------------|------------------------------|
| # 1                   | PAYROLL ONLY      | 4.35%                       | 4.19%                             |                              |
| # 2                   | CUST GRWTH X PAY  | 4.89%                       | 4.73%                             |                              |
| # 3                   | CUST GRWTH X INFL | 5.45%                       | 4.84%                             |                              |
| # 4                   | INFLATION ONLY    | 4.90%                       | 4.30%                             |                              |
|                       | CUSTOMER GROWTH   | 0.5200%                     | 0.5200%                           | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                    | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1   | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|----------------------------|--------------------------------|--------------------|------------------------|---------------------------|
| <b>MAINTENANCE EXPENSE</b> |                                |                    |                        |                           |
| 891 Payroll-trended        | 53,465                         | 56,079             | 58,732                 | 2                         |
| Other trended              | 25,158                         | 26,529             | 27,813                 | 3                         |
| Other not trended          | 0                              | 0                  | 0                      |                           |
| Total                      | 78,623                         | 82,609             | 86,545                 |                           |
| 892 Payroll-trended        | 450,238                        | 472,255            | 494,592                | 2                         |
| Other trended              | 227,734                        | 240,146            | 251,769                | 3                         |
| Other not trended          | 0                              | 0                  | 0                      |                           |
| Total                      | 677,972                        | 712,400            | 746,361                |                           |
| 893 Payroll-trended        | 315,309                        | 330,728            | 346,371                | 2                         |
| Other trended              | 522,181                        | 550,640            | 577,291                | 3                         |
| Other not trended          | 0                              | 0                  | 0                      |                           |
| Total                      | 837,490                        | 881,367            | 923,662                |                           |
| 894 Payroll-trended        | 45,100                         | 47,305             | 49,543                 | 2                         |
| Other trended              | 63,027                         | 66,462             | 69,679                 | 3                         |
| Other not trended          | 0                              | 0                  | 0                      |                           |
| Total                      | 108,127                        | 113,767            | 119,222                |                           |
| <b>TOTAL MAINT EXP</b>     | <b>\$4,026,975</b>             | <b>\$4,234,095</b> | <b>\$4,436,082</b>     |                           |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| STAFF<br>TREND RATES: | BASE YEAR      | PROJECTED            |                              |
|-----------------------|----------------|----------------------|------------------------------|
|                       | + 1<br>9/30/90 | TEST YEAR<br>9/30/91 |                              |
| # 1 PAYROLL ONLY      | 4.35%          | 4.19%                |                              |
| # 2 CUST GRWTH X PAY  | 4.89%          | 4.73%                |                              |
| # 3 CUST GRWTH X INFL | 5.45%          | 4.84%                |                              |
| # 4 INFLATION ONLY    | 4.90%          | 4.30%                |                              |
| CUSTOMER GROWTH       | 0.5200%        | 0.5200%              | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                  | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|--------------------------|--------------------------------|------------------|------------------------|---------------------------|
| CUSTOMER ACCT. & COLLEC. |                                |                  |                        |                           |
| 901 Payroll-trended      | 20,903                         | 21,925           | 22,962                 | 2                         |
| Other trended            | 43                             | 45               | 48                     | 3                         |
| Other not trended        | 0                              | 0                | 0                      |                           |
| Total                    | 20,946                         | 21,971           | 23,010                 |                           |
| 902 Payroll-trended      | 916,771                        | 961,601          | 1,007,085              | 2                         |
| Other trended            | 128,810                        | 135,830          | 142,404                | 3                         |
| Other not trended        | 0                              | 0                | 0                      |                           |
| Total                    | 1,045,581                      | 1,097,431        | 1,149,409              |                           |
| 903 Payroll-trended      | 2,807,997                      | 2,945,308        | 3,084,621              | 2                         |
| Other trended            | 1,071,499                      | 1,129,896        | 1,184,583              | 3                         |
| Other trended            | 93,106                         | 97,668           | 101,868                | 4                         |
| Other not trended        | 437,601                        | 443,465          | 513,300                |                           |
| Total                    | 4,410,203                      | 4,616,337        | 4,884,372              |                           |
| 904 Payroll-trended      | 0                              | 0                | 0                      |                           |
| Other trended            | 327,024                        | 344,847          | 361,537                | 3                         |
| Other not trended        | 0                              | 0                | 0                      |                           |
| Total                    | 327,024                        | 344,847          | 361,537                |                           |
| 905 Payroll-trended      | 31,655                         | 33,203           | 34,773                 | 2                         |
| Other trended            | 40,003                         | 42,183           | 44,225                 | 3                         |
| Other not trended        | 223,362                        | 234,307          | 244,382                | 4                         |
| Total                    | 295,020                        | 309,693          | 323,380                |                           |
| TOTAL CUST SERV EXP      | \$6,098,774                    | \$6,390,278      | \$6,741,788            |                           |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

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| STAFF<br>TREND RATES: |                   | BASE YEAR<br>+ 1<br>9/30/90 | PROJECTED<br>TEST YEAR<br>9/30/91 |                              |
|-----------------------|-------------------|-----------------------------|-----------------------------------|------------------------------|
| # 1                   | PAYROLL ONLY      | 4.35%                       | 4.19%                             |                              |
| # 2                   | CUST GRWTH X PAY  | 4.89%                       | 4.73%                             |                              |
| # 3                   | CUST GRWTH X INFL | 5.45%                       | 4.84%                             |                              |
| # 4                   | INFLATION ONLY    | 4.90%                       | 4.30%                             |                              |
|                       | CUSTOMER GROWTH   | 0.5200%                     | 0.5200%                           | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                 | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|-------------------------|--------------------------------|------------------|------------------------|---------------------------|
| SALES PROMOTION EXPENSE |                                |                  |                        |                           |
| 911 Payroll-trended     | 96,243                         | 100,430          | 104,638                | 1                         |
| Other trended           | 4,392                          | 4,607            | 4,805                  | 4                         |
| Other not trended       | 0                              | 0                | 0                      |                           |
| Total                   | 100,635                        | 105,037          | 109,443                |                           |
| 912 Payroll-trended     | 1,094,138                      | 1,141,733        | 1,189,572              | 1                         |
| Other trended           | 213,405                        | 223,862          | 233,488                | 4                         |
| Other not trended       | 0                              | 0                | 0                      |                           |
| Total                   | 1,307,543                      | 1,365,595        | 1,423,060              |                           |
| 913 Payroll-trended     | 2,308                          | 2,421            | 2,535                  | 2                         |
| Other trended           | 45,977                         | 48,230           | 50,304                 | 4                         |
| Other not trended       | 0                              | 0                | 0                      |                           |
| Total                   | 48,285                         | 50,651           | 52,839                 |                           |
| 916 Payroll-trended     | 84,287                         | 88,409           | 92,590                 | 2                         |
| Other trended           | 125,743                        | 132,596          | 139,014                | 3                         |
| Other not trended       | 0                              | 0                | 0                      |                           |
| Total                   | 210,030                        | 221,005          | 231,604                |                           |
| TOTAL SELLING EXP       | \$1,666,493                    | \$1,742,287      | \$1,816,946            |                           |



PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 28

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| STAFF<br>TREND RATES: | BASE YEAR      | PROJECTED            |                              |
|-----------------------|----------------|----------------------|------------------------------|
|                       | + 1<br>9/30/90 | TEST YEAR<br>9/30/91 |                              |
| # 1 PAYROLL ONLY      | 4.35%          | 4.19%                |                              |
| # 2 CUST GRWTH X PAY  | 4.89%          | 4.73%                |                              |
| # 3 CUST GRWTH X INFL | 5.45%          | 4.84%                |                              |
| # 4 INFLATION ONLY    | 4.90%          | 4.30%                |                              |
| CUSTOMER GROWTH       | 0.5200%        | 0.5200%              | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT             | TOTAL<br>COMBINED<br>BASE YEAR | BASE YEAR<br>+ 1 | PROJECTED<br>TEST YEAR | TREND<br>BASIS<br>APPLIED |
|---------------------|--------------------------------|------------------|------------------------|---------------------------|
| 920 Payroll-trended | 4,034,892                      | 4,210,410        | 4,386,826              | 1                         |
| Other trended       | 116,288                        | 121,347          | 126,431                | 1                         |
| Other not trended   | 0                              | 0                | 263,250                |                           |
| Other not trended   |                                |                  | 1,006,763              |                           |
| Total               | 4,151,180                      | 4,331,756        | 5,783,270              |                           |
| 921 Payroll-trended | 239,349                        | 249,761          | 260,226                | 1                         |
| Payroll-trended     | 276,000                        | 289,496          | 303,190                | 2                         |
| Other trended       | 764,821                        | 806,504          | 845,539                | 3                         |
| Other trended       | 1,273,699                      | 1,336,110        | 1,393,563              | 4                         |
| Other not trended   | 473,054                        | 457,216          | 544,012                |                           |
| Other not trended   | 1,911,204                      | 2,889,700        | 3,184,900              |                           |
| Total               | 4,938,127                      | 6,028,787        | 6,531,429              |                           |
| 922 Payroll-trended | 0                              | 0                | 0                      |                           |
| Other trended       | (4,114,698)                    | (4,338,949)      | (4,548,954)            | 3                         |
| Other not trended   | 0                              | 0                | (49,235)               |                           |
| Total               | (4,114,698)                    | (4,338,949)      | (4,598,189)            |                           |
| 923 Payroll-trended | 0                              | 0                | 0                      |                           |
| Other trended       | 470,845                        | 493,916          | 515,155                | 4                         |
| Other not trended   | 349,807                        | 240,071          | 250,394                |                           |
| Total               | 820,652                        | 733,987          | 765,549                |                           |
| 924 Payroll-trended | 0                              | 0                | 0                      |                           |
| Other not trended   | 133,478                        | 140,018          | 146,039                | 4                         |
| Other not trended   | 0                              | 0                | 0                      |                           |
| Total               | 133,478                        | 140,018          | 146,039                |                           |
| 925 Payroll-trended | 316,839                        | 330,621          | 344,475                | 1                         |
| Other trended       | 86,253                         | 90,954           | 95,356                 | 3                         |
| Other trended       | 101,382                        | 106,350          | 110,923                | 4                         |
| Other not trended   | 1,607,631                      | 1,728,960        | 2,048,355              |                           |
| Total               | 2,112,105                      | 2,256,885        | 2,599,108              |                           |
| SUB-TOTAL           | \$8,040,844                    | \$9,152,485      | \$11,227,206           |                           |

PEOPLES GAS SYSTEM, INC.  
O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ORDER NO. 23481  
DOCKET NO. 891353-GU  
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| STAFF TREND RATES:    | BASE YEAR + 1<br>9/30/90 | PROJECTED TEST YEAR<br>9/30/91 |                              |
|-----------------------|--------------------------|--------------------------------|------------------------------|
| # 1 PAYROLL ONLY      | 4.35%                    | 4.19%                          |                              |
| # 2 CUST GRWTH X PAY  | 4.89%                    | 4.73%                          |                              |
| # 3 CUST GRWTH X INFL | 5.45%                    | 4.84%                          |                              |
| # 4 INFLATION ONLY    | 4.90%                    | 4.30%                          |                              |
| CUSTOMER GROWTH       | 0.5200%                  | 0.5200%                        | ) FOR INFORMATIONAL PURPOSES |

| ACCOUNT                             | TOTAL COMBINED<br>BASE YEAR | BASE YEAR + 1 | PROJECTED TEST YEAR | TREND BASIS<br>APPLIED |
|-------------------------------------|-----------------------------|---------------|---------------------|------------------------|
| <b>ADMINISTRATIVE &amp; GENERAL</b> |                             |               |                     |                        |
| 926 Payroll-trended                 | 3,310                       | 3,454         | 3,599               | 1                      |
| Other trended                       | 0                           | 0             | 0                   |                        |
| Other trended                       | 659,540                     | 688,230       | 717,067             | 1                      |
| Other trended                       | 315,725                     | 331,196       | 345,437             | 4                      |
| Other not trended                   | 2,783,126                   | 3,760,954     | 4,490,393           |                        |
| Total                               | 3,761,701                   | 4,783,834     | 5,556,495           |                        |
| 928 Payroll-trended                 | 0                           | 0             | 0                   |                        |
| Other trended                       | 0                           | 0             | 0                   |                        |
| Other not trended                   | 56,256                      | 129,131       | 94,063              |                        |
| Total                               | 56,256                      | 129,131       | 94,063              |                        |
| 930 Payroll-trended                 | 0                           | 0             | 0                   |                        |
| Other trended                       | 267,529                     | 280,638       | 292,705             | 4                      |
| Other not trended                   | 0                           | 0             | 0                   |                        |
| Total                               | 267,529                     | 280,638       | 292,705             |                        |
| 931 Payroll-trended                 | 0                           | 0             | 0                   |                        |
| Other not trended                   | 676,976                     | 710,148       | 740,684             | 4                      |
| Other not trended                   | 0                           | 0             | 0                   |                        |
| Total                               | 676,976                     | 710,148       | 740,684             |                        |
| 932 Payroll-trended                 | 9,389                       | 9,797         | 10,208              | 1                      |
| Other trended                       | 63,490                      | 66,601        | 69,465              | 4                      |
| Other not trended                   | 0                           | 0             | 0                   |                        |
| Total                               | 72,879                      | 76,398        | 79,673              |                        |
| TOTAL A & G EXP                     | 12,876,185                  | 15,132,634    | 17,990,827          |                        |
| TOTAL O&M EXPENSES                  | \$32,839,914                | \$36,076,469  | \$39,961,798        |                        |

PEOPLES GAS SYSTEMS, INC.  
 DOCKET NO. 891353-GU  
 COST OF CAPITAL - 13 MONTH AVERAGE  
 TEST YEAR ENDING 9/30/91  
 STAFF POSITION

ATTACHMENT 3

ORDER NO. 23481  
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DOLLARS IN THOUSANDS

| CAPITAL<br>COMPONENT | COMPANY<br>FILING | ADJUSTMENTS |          |          | RATIO  | %            | %                |
|----------------------|-------------------|-------------|----------|----------|--------|--------------|------------------|
|                      |                   | SPECIFIC    | PRO RATA | ADJUSTED |        | COST<br>RATE | WEIGHTED<br>COST |
| COMMON EQUITY        | 89,169            | (8,367)     | (4,617)  | 76,185   | 0.3972 | 12.80        | 5.0836           |
| LONG-TERM DEBT       | 80,794            | (345)       | (4,596)  | 75,853   | 0.3954 | 10.66        | 4.2152           |
| SHORT-TERM DEBT      | 49                | 5,368       | (309)    | 5,108    | 0.0266 | 10.25        | 0.2729           |
| CUSTOMER DEPOSITS    | 12,694            | 0           | (725)    | 11,969   | 0.0624 | 8.76         | 0.5466           |
| DEFERRED TAXES       | 19,412            | 0           | (1,109)  | 18,303   | 0.0954 | 0.00         | 0.0000           |
| TAX CREDITS          | 0                 | 4,678       | (267)    | 4,411    | 0.0230 | 0.00         | 0.0000           |
| TOTAL                | 202,118           | 1,334       | (11,624) | 191,828  | 1.0000 |              | 10.1182          |

THE OVERALL WEIGHTED AVERAGE COST OF CAPITAL TO BE USED FOR RATEMAKING PURPOSES FOR  
 THE PROJECTED TEST YEAR IS 10.12%.

PEOPLES GAS SYSTEM INC.  
 DOCKET NO. 891353-GU  
 NET OPERATING INCOME MULTIPLIER  
 PYE 9/30/91

## ATTACHMENT 4

ORDER NO. 23481  
 DOCKET NO. 891353-GU  
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| <u>ADJ<br/>NO</u> | <u>DESCRIPTION</u>              | <u>COMPANY</u>        | <u>STAFF</u>          |
|-------------------|---------------------------------|-----------------------|-----------------------|
|                   | REVENUE REQUIREMENT             | 100.0000%             | 100.0000%             |
|                   | GROSS RECEIPTS TAX RATE         | 1.5000%               | 0.0000%               |
|                   | REGULATORY ASSESSMENT FEE       | 0.3750%               | 0.3750%               |
|                   | BAD DEBT RATE                   | 0.1869%               | 0.1869%               |
|                   | NET BEFORE INCOME TAXES         | <u>97.9381%</u>       | <u>99.4381%</u>       |
|                   | STATE INCOME TAX RATE           | 5.5000%               | 5.5000%               |
|                   | STATE INCOME TAX                | 5.3866%               | 5.4691%               |
|                   | NET BEFORE FEDERAL INCOME TAXES | <u>92.5515%</u>       | <u>93.9690%</u>       |
|                   | FEDERAL INCOME TAX RATE         | 34.0000%              | 34.0000%              |
|                   | FEDERAL INCOME TAXES            | 31.4675%              | 31.9495%              |
|                   | REVENUE EXPANSION FACTOR        | <u>61.0840%</u>       | <u>62.0195%</u>       |
| 73                | NET OPERATING INCOME MULTIPLIER | <u><u>1.6371%</u></u> | <u><u>1.6124%</u></u> |

PEOPLES GAS SYSTEM INC.  
DOCKET NO. 891353-GU  
PROJECTED TEST YEAR INCREASE  
PTY 9/30/91

ATTACHMENT 5

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DOCKET NO. 891353-GU  
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| ISSUE<br>NO. |                                | COMPANY<br>PER FILING | STAFF               |
|--------------|--------------------------------|-----------------------|---------------------|
|              | RATE BASE (AVERAGE)            | 203,718,000           | 191,827,535         |
|              | RATE OF RETURN                 | X 10.6400%            | 10.1200%            |
|              | REQUIRED NOI                   | <u>\$21,675,595</u>   | <u>\$19,412,947</u> |
|              | Operating Revenues             | \$78,199,000          | \$76,411,403        |
|              | Operating Expenses:            |                       |                     |
|              | Operation & Maintenance        | 42,225,000            | 39,961,803          |
|              | Depreciation & Amortization    | 14,332,000            | 13,771,811          |
|              | Taxes Other Than Income Taxes  | 7,077,000             | 5,229,110           |
|              | Current Income Taxes - Federal | 664,000               | 1,580,437           |
|              | - State                        | 115,000               | 271,875             |
|              | Deferred Income Taxes          | 520,000               | 520,000             |
|              | Interest Reconciliation        | 403,000               | 356,309             |
|              | Parent Debt Adjustment         | (88,000)              | (355,465)           |
|              | Total Operating Expenses       | <u>65,248,000</u>     | <u>61,335,880</u>   |
|              | ACHIEVED NOI                   | <u>\$12,951,000</u>   | <u>\$15,075,523</u> |
|              | NOI DEFICIENCY                 | \$8,724,595           | \$4,337,424         |
| 74           | NOI MULTIPLIER                 | X 1.6371              | X 1.6124            |
|              | REVENUE INCREASE               | <u>\$14,283,034</u>   | <u>\$6,993,662</u>  |

NOTE: THE STAFF CALCULATED DEFICIENCY IS \$107,135 LOWER DUE TO ELIMINATING THE EFFECT OF GROSS RECEIPTS TAX. AS STATED IN ISSUE 65, THE COMPANY WOULD STATE THE GROSS RECEIPTS TAX AS A SEPARATE LINE ITEM ON THE CUSTOMER'S BILL.

COST OF SERVICE SUMMARYPROPOSED RATE DESIGN

COMPANY NAME: PEOPLES GAS SYSTEM, INC.

DOCKET NO. 891353-GU

|  | <u>TOTAL</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>COMMERCIAL<br/>LARGE VOL.1</u> | <u>COMMERCIAL<br/>LARGE VOL.2</u> | <u>SMALL<br/>WHOLESALE</u> | <u>SMALL<br/>INTERRUPT</u> | <u>INTERRUPT<br/>INTERRUPT</u> | <u>INTERRUPT<br/>LARGE VOL.</u> |     |
|--|--------------|--------------------|-------------------|-----------------------------------|-----------------------------------|----------------------------|----------------------------|--------------------------------|---------------------------------|-----|
| <u>PRESENT RATES (projected last year)</u> |              |                    |                   |                                   |                                   |                            |                            |                                |                                 |     |
| GAS SALES (due to growth)                  | 75,170,325   | 19,568,375         | 13,080,113        | 23,336,235                        | 2,744,175                         | 12,387                     | 4,760,054                  | 8,605,137                      | 3,063,849                       | 0   |
| OTHER OPERATING REVENUE                    | 1,210,112    | 726,067            | 484,045           | 0                                 | 0                                 | 0                          | 0                          | 0                              | 0                               | 0   |
| TOTAL                                      | 76,380,437   | 20,294,442         | 13,564,158        | 23,336,235                        | 2,744,175                         | 12,387                     | 4,760,054                  | 8,605,137                      | 3,063,849                       | 0   |
| RATE OF RETURN                             | 7.90%        | -9.80%             | 2.99%             | 15.09%                            | 10.58%                            | 5.18%                      | 27.13%                     | 44.59%                         | 96.52%                          | ERR |
| INDEX                                      | 1.00         | -0.01              | 0.00              | 0.02                              | 0.01                              | 0.01                       | 0.03                       | 0.06                           | 0.12                            | ERR |
| <u>PROPOSED RATES</u>                      |              |                    |                   |                                   |                                   |                            |                            |                                |                                 |     |
| GAS SALES                                  | 81,363,460   | 23,585,284         | 15,752,393        | 26,513,298                        | 3,117,932                         | 15,406                     | 4,760,054                  | 6,683,418                      | 935,675                         | 0   |
| OTHER OPERATING REVENUE                    | 2,010,200    | 1,206,120          | 804,080           | 0                                 | 0                                 | 0                          | 0                          | 0                              | 0                               | 0   |
| TOTAL                                      | 83,373,660   | 24,791,404         | 16,556,473        | 26,513,298                        | 3,117,932                         | 15,406                     | 4,760,054                  | 6,683,418                      | 935,675                         | 0   |
| TOTAL REVENUE INCREASE                     | 6,993,223    | 4,496,962          | 2,992,315         | 3,177,063                         | 373,757                           | 3,019                      | 0                          | (1,921,719)                    | (2,128,174)                     | 0   |
| PERCENT INCREASE                           | 9.16%        | 22.16%             | 22.06%            | 13.61%                            | 13.62%                            | 24.37%                     | 0.00%                      | -22.33%                        | -69.46%                         | ERR |
| RATE OF RETURN                             | 10.12%       | -1.00%             | 10.02%            | 17.01%                            | 12.69%                            | 10.17%                     | 22.61%                     | 23.60%                         | 4.39%                           | ERR |
| INDEX                                      | 1.00         | -0.10              | 0.99              | 1.68                              | 1.25                              | 1.01                       | 2.23                       | 2.33                           | 0.43                            | ERR |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

COST OF SERVICE SUMMARY  
CALCULATION OF PROPOSED RATES

ATTACHMENT 6

|                                      | TOTAL       | RESIDENTIAL | COMMERCIAL | COMMERCIAL  |             | SMALL     | INTERRUPT  |             |            |            |
|--------------------------------------|-------------|-------------|------------|-------------|-------------|-----------|------------|-------------|------------|------------|
|                                      |             |             |            | LARGE VOL.1 | LARGE VOL.2 | WHOLESALE | INTERRUPT  | INTERRUPT   |            | LARGE VOL. |
| PROPOSED TOTAL TARGET REVENUES       | 83,373,660  | 24,791,404  | 16,556,473 | 26,513,298  | 3,117,932   | 15,406    | 4,760,054  | 6,683,418   | 935,675    | 0          |
| LESS OTHER OPERATING REVENUE         | 2,010,200   | 1,206,120   | 804,080    | 0           | 0           | 0         | 0          | 0           | 0          | 0          |
| LESS CUSTOMER CHARGE REVENUES        |             |             |            |             |             |           |            |             |            |            |
| PROPOSED CUSTOMER CHARGES            |             | \$7.00      | \$17.00    | \$26.00     | \$75.00     | \$0.00    | \$150.00   | \$225.00    | \$225.00   | \$0.00     |
| TIMES:NUMBER OF BILLS                | 2,114,520   | 1,864,800   | 195,996    | 51,480      | 960         | 24        | 996        | 240         | 24         | 0          |
| EQUALS:CUSTOMER CHARGE REVENUES      | 18,004,812  | 13,053,600  | 3,331,932  | 1,338,480   | 72,000      | 0         | 149,400    | 54,000      | 5,400      | 0          |
| LESS OTHER NON-THERM-RATE REVENUES   |             |             |            |             |             |           |            |             |            |            |
| EQUALS:PER-THERM TARGET REVENUES     | 63,358,648  | 10,531,684  | 12,420,461 | 25,174,818  | 3,045,932   | 15,406    | 4,610,654  | 6,629,418   | 930,275    | 0          |
| DIVIDED BY:NUMBER OF THERMS          | 574,510,338 | 40,078,000  | 52,719,000 | 138,676,900 | 23,241,150  | 156,000   | 78,545,455 | 148,968,833 | 92,125,000 | 0          |
| EQUALS:PER-THERM RATES(UNRNDED)      |             | 0.262780    | 0.235597   | 0.181536    | 0.131058    | 0.098756  | 0.058700   | 0.044502    | 0.010098   | ERR        |
| PER-THERM RATES(RNDED)               |             | 0.26278     | 0.23560    | 0.18154     | 0.13106     | 0.09876   | 0.05870    | 0.04450     | 0.01010    | ERR        |
| PER-THERM-RATE REVENUES(RNDED RATES) | 63,359,283  | 10,531,697  | 12,420,596 | 25,175,404  | 3,045,985   | 15,407    | 4,610,618  | 6,629,113   | 930,463    | ERR        |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.

DOCKET NO. 891353-GU

COST OF SERVICE SUMMARY

ATTACHMENT 6

CALCULATION OF PROPOSED RATES

| <u>SUMMARY PROPOSED TARIFF RATES</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>COMMERCIAL</u>   |                     | <u>WHOLESALE</u> | <u>SMALL</u>     |                  | <u>INTERRUPT</u>  |        |
|--------------------------------------|--------------------|-------------------|---------------------|---------------------|------------------|------------------|------------------|-------------------|--------|
|                                      |                    |                   | <u>LARGE VOL. 1</u> | <u>LARGE VOL. 2</u> |                  | <u>INTERRUPT</u> | <u>INTERRUPT</u> | <u>LARGE VOL.</u> |        |
| CUSTOMER CHARGES                     | \$7.00             | \$17.00           | \$26.00             | \$75.00             | \$0.00           | \$150.00         | \$225.00         | \$225.00          | \$0.00 |
| ENERGY CHARGES                       |                    |                   |                     |                     |                  |                  |                  |                   |        |
| NON-GAS (CENTS PER THERM)            | 26.278             | 23.560            | 18.154              | 13.106              | 9.876            | 5.870            | 4.450            | 1.010             | ERR    |
| PURCHASED GAS ADJUSTMENT             | 0.000              | 0.000             | 0.000               | 0.000               | 0.000            | 0.000            | 0.000            | 0.000             | 0.000  |
| TOTAL (INCLUDING PGA)                | 26.278             | 23.560            | 18.154              | 13.106              | 9.876            | 5.870            | 4.450            | 1.010             | ERR    |

SUMMARY PRESENT TARIFF RATES

| <u>SUMMARY PRESENT TARIFF RATES</u> | <u>RESIDENTIAL</u> | <u>COMMERCIAL</u> | <u>SEE ATTACHMENT FOR RATE COMPARISON</u> |        |        |        |        |        |        |
|-------------------------------------|--------------------|-------------------|---|--------|--------|--------|--------|--------|--------|
|                                     |                    |                   | CUSTOMER CHARGES                          | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| ENERGY CHARGES                      |                    |                   |   |        |        |        |        |        |        |
| NON-GAS (CENTS PER THERM)           | 0.00               | 0.00              | 0.00                                      | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| PURCHASED GAS ADJUSTMENT            | 0.000              | 0.000             | 0.000                                     | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |
| TOTAL (INCLUDING PGA)               | 0.000              | 0.000             | 0.000                                     | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  |

SUMMARY OTHER OPERATING REVENUE

|  | <u>PRESENT</u> |                | <u>PROPOSED</u> |                |
|--|----------------|----------------|-----------------|----------------|
|  | <u>CHARGE</u>  | <u>REVENUE</u> | <u>CHARGE</u>   | <u>REVENUE</u> |
| RESIDENTIAL CONNECTION/RECONNECTION      | \$15.00        | \$915,030      | \$25.00         | \$1,325,050    |
| COMMERCIAL CONNECTION/RECONNECTION       | \$25.00        | \$190,082      | \$50.00         | \$380,150      |
| CHANGE OF ACCOUNT                        | \$10.00        | \$100,000      | \$10.00         | \$100,000      |
| BILL COLLECTION IN LIEU OF DISCONNECTION | \$0.00         | \$0            | \$10.00         | \$200,000      |
| RETURNED CHECK CHARGE                    | \$10.00        | \$5,000        | \$10.00         | \$5,000        |

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PEOPLES GAS SYSTEM, INC.  
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## RATE COMPARISON

ATTACHMENT 6

| RATE SCHEDULE  | PRESENT RATE | RATE INCREASE | STAFF         |
|--|--------------|---------------|---------------|
|  |              |               | PROPOSED RATE |
| <u>RESIDENTIAL (Peoples)</u>                                       |              |               |               |
| CUSTOMER CHARGE  | \$6.00       | \$1.00        | \$7.00        |
| ENERGY CHARGE (cents/therm)  | 22.2440      | 4.03          | 26.2780       |
| <u>RESIDENTIAL (Southern)</u>                                      |              |               |               |
| CUSTOMER CHARGE  | \$5.00       | \$2.00        | \$7.00        |
| ENERGY CHARGE (cents/therm)  | 21.7400      | 4.54          | 26.2780       |
| <u>GENERAL SERVICE (Peoples)</u>                                   |              |               |               |
| CUSTOMER CHARGE  | \$16.00      | \$1.00        | \$17.00       |
| ENERGY CHARGE (cents/therm)  | 19.5000      | 4.06          | 23.5600       |
| <u>GENERAL SERVICE (Southern)</u>                                  |              |               |               |
| CUSTOMER CHARGE  | \$10.00      | \$7.00        | \$17.00       |
| ENERGY CHARGE (cents/therm)  | 21.3700      | 2.19          | 23.5600       |
| <u>GENERAL SERVICE LARGE VOLUME 1 (Peoples)</u>                    |              |               |               |
| CUSTOMER CHARGE  | \$25.00      | \$1.00        | \$26.00       |
| ENERGY CHARGE (cents/therm)  | 16.2680      | 1.89          | 18.1540       |
| <u>GENERAL SERVICE LARGE VOLUME 1 (Southern from Industrial)</u>   |              |               |               |
| CUSTOMER CHARGE  | \$20.00      | \$6.00        | \$26.00       |
| ENERGY CHARGE (cents/therm)  | 20.7500      | -2.60         | 18.1540       |
| <u>GENERAL SERVICE LARGE VOLUME 2 (Peoples)</u>                    |              |               |               |
| CUSTOMER CHARGE  | \$100.00     | (\$25.00)     | \$75.00       |
| ENERGY CHARGE (cents/therm)  | 9.0000       | 4.11          | 13.1060       |
| <u>GENERAL SERVICE LARGE VOLUME 2 (Peoples from GSI.V)</u>         |              |               |               |
| CUSTOMER CHARGE  | \$25.00      | \$50.00       | \$75.00       |
| ENERGY CHARGE (cents/therm)  | 16.2680      | -3.16         | 13.1060       |
| <u>GENERAL SERVICE LARGE VOLUME 2 (Southern from Int. Service)</u> |              |               |               |
| CUSTOMER CHARGE  | \$40.00      | \$35.00       | \$75.00       |
| ENERGY CHARGE (cents/therm)  | 8.5300       | 4.58          | 13.1060       |
| <u>WHOLESALE SERVICE (Peoples)</u>                                 |              |               |               |
| CUSTOMER CHARGE  | \$0.00       | \$0.00        | \$0.00        |
| ENERGY CHARGE (cents/therm)  | 8.1330       | 1.74          | 9.8760        |
| <u>SMALL INTERRUPTIBLE (Peoples)</u>                               |              |               |               |
| CUSTOMER CHARGE  | \$100.00     | \$50.00       | \$150.00      |
| ENERGY CHARGE (cents/therm)  | 9.0000       | -3.13         | 5.8700        |
| <u>SMALL INTERRUPTIBLE (Peoples from ISI.V)</u>                    |              |               |               |
| CUSTOMER CHARGE  | \$225.00     | (\$75.00)     | \$150.00      |
| ENERGY CHARGE (cents/therm)  | 5.8800       | -0.01         | 5.8700        |
| <u>INTERRUPTIBLE (Peoples)</u>                                     |              |               |               |
| CUSTOMER CHARGE  | \$225.00     | \$0.00        | \$225.00      |
| ENERGY CHARGE (cents/therm)  | 5.8800       | -1.43         | 4.4500        |
| <u>INTERRUPTIBLE LARGE VOLUME (Southern from Large Int.)</u>       |              |               |               |
| CUSTOMER CHARGE  | \$35,264.00  | (\$35,039.00) | \$225.00      |
| ENERGY CHARGE (cents/therm)  | 0.0000       | 1.00          | 1.0000        |
| <u>INTERRUPTIBLE LARGE VOLUME (Peoples from Large Int.)</u>        |              |               |               |
| CUSTOMER CHARGE  | \$225.00     | \$0.00        | \$225.00      |
| ENERGY CHARGE (cents/therm)  | 5.8800       | 4.88          | 1.0000        |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
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SCHEDULE - A (COST OF SERVICE)  
 CLASSIFICATION OF RATE BASE  
 (Page 1 of 2:PLANT)

ATTACHMENT 6

|                                   | TOTAL            | CUSTOMER        | CAPACITY         | COMMODITY | CLASSIFIER                 |
|-----------------------------------|------------------|-----------------|------------------|-----------|----------------------------|
| LOCAL STORAGE PLANT               | 0                |                 | 0                |           | 100% capacity              |
| INTANGIBLE PLANT:                 | 412598           |                 | 412598           |           | "                          |
| PRODUCTION PLANT                  | 0                |                 | 0                |           | "                          |
| DISTRIBUTION PLANT:               |                  |                 |                  |           |                            |
| 374 Land and Land Rights          | 1476461          |                 | 1476461          |           | "                          |
| 375 Structures and Improvements   | 9269390          |                 | 9269390          |           | "                          |
| 376 Mains                         | 155367691        |                 | 155367691        |           | "                          |
| 377 Comp.Sta.Eq.                  | 0                |                 | 0                |           | "                          |
| 378 Meas.& Reg.Sta.Eq.-Gen        | 1485149          |                 | 1485149          |           | "                          |
| 379 Meas.& Reg.Sta.Eq.-CG         | 1572042          |                 | 1572042          |           | "                          |
| 380 Services                      | 58646404         | 58646404        |                  |           | 100% customer              |
| 381-382 Meters                    | 18665582         | 18665582        |                  |           | "                          |
| 383-384 House Regulators          | 5850997          | 5850997         |                  |           | "                          |
| 385 Industrial Meas.& Reg.Eq.     | 3702330          |                 | 3702330          |           | 100% capacity              |
| 386 Property on Customer Premises | 0                | 0               | 0                | 0         | ac 374-385                 |
| 387 Other Equipment               | 675216           | 219317          | 455899           | 0         | ac 374-386                 |
| Total Distribution Plant          | 256711262        | 83382300        | 173328962        | 0         | 256711262                  |
| GENERAL PLANT:                    | 20603415         | 10301708        | 10301708         |           | 50% customer,50%, capacity |
| PLANT ACQUISITIONS:               | 4240000          |                 | 4240000          |           | 100% capacity              |
| GAS PLANT FOR FUTURE USE:         | 0                |                 | 0                |           | "                          |
| CWIP:                             | 4450000          | 1445403         | 3004597          | 0         | dist.plant                 |
| <b>TOTAL PLANT</b>                | <b>286417275</b> | <b>95129410</b> | <b>191287865</b> | <b>0</b>  | <b>286417275 checksum</b>  |

COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GUSCHEDULE - A (COST OF SERVICE)  
CLASSIFICATION OF RATE BASE  
(Page 2 of 2: ACCUMULATED DEPRECIATION)

ATTACHMENT 6

|                                   | TOTAL     | CUSTOMER | CAPACITY  | COMMODITY | CLASSIFIER            |
|-----------------------------------|-----------|----------|-----------|-----------|-----------------------|
| LOCAL STORAGE PLANT:              | 0         | 0        | 0         | 0         | related plant         |
| INTANGIBLE PLANT:                 | 250515    | 0        | 250515    | 0         | rel.plant account     |
| PRODUCTION PLANT:                 | 0         |          | 0         |           | "                     |
| DISTRIBUTION PLANT:               |           |          |           |           |                       |
| 375 Structures and Improvements   | 1546837   | 0        | 1546837   | 0         | "                     |
| 376 Mains                         | 49171475  | 0        | 49171475  | 0         | "                     |
| 377 Compressor Sta. Eq.           | 0         | 0        | 0         | 0         | "                     |
| 378 Meas.& Reg.Sta. Eq.-Gen       | 411347    | 0        | 411347    | 0         | "                     |
| 379 Meas.& Reg.Sta. Eq.-CG        | 611138    | 0        | 611138    | 0         | "                     |
| 380 Services                      | 29027568  | 29027568 | 0         | 0         | "                     |
| 381-382 Meters                    | 8601448   | 8601448  | 0         | 0         | "                     |
| 383-384 House Regulators          | 1929320   | 1929320  | 0         | 0         | "                     |
| 385 Indust.Meas.& Reg.Sta.Eq.     | 835540    | 0        | 835540    | 0         | "                     |
| 386 Property on Customer Premises | 0         | 0        | 0         | 0         | "                     |
| 387 Other Equipment               | 247164    | 80281    | 166883    | 0         | "                     |
| Total A.D. on Dist. Plant         | 92381837  | 39638617 | 52743220  | 0         | 92381837 checksum     |
| GENERAL PLANT:                    | 10278085  | 5139043  | 5139043   | 0         | general plant         |
| PLANT ACQUISITIONS:               | 1912853   | 0        | 1912853   | 0         | plant acquisitions    |
| RETIREMENT WORK IN PROGRESS:      | -343770   | -111660  | -232110   | 0         | distribution plant    |
| TOTAL ACCUMULATED DEPRECIATION    | 104479520 | 44666000 | 59813520  | 0         | 104479520 checksum    |
| -----                             |           |          |           |           |                       |
| NET PLANT (Plant less Accum.Dep.) | 181937755 | 50463410 | 131474345 | 0         | 181937755 checksum    |
| less: CUSTOMER ADVANCES           | -1002000  | -501000  | -501000   |           | 50% cust 50% cap      |
| plus: WORKING CAPITAL             | 10891780  | 7425058  | 3281796   | 184926    | oper. and maint. exp. |
| equals: TOTAL RATE BASE           | 191827535 | 57387468 | 134255141 | 184926    | 191827535 checksum    |
| -----                             |           |          |           |           |                       |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

SCHEDULE - B (COST OF SERVICE)  
CLASSIFICATION OF EXPENSES  
(Page 1 of 2)

ATTACHMENT 6

| OPERATIONS AND MAINTENANCE EXPENSES  | TOTAL    | CUSTOMER | CAPACITY | COMMODITY | CLASSIFIER      |
|--------------------------------------|----------|----------|----------|-----------|-----------------|
| LOCAL STORAGE PLANT:                 | 0        | 0        | 0        | 0         | ac 301-320      |
| PRODUCTION PLANT                     | 0        |          | 0        |           | 100% capacity   |
| DISTRIBUTION:                        |          |          |          |           |                 |
| 870 Operation Supervision & Eng.     | 242699   | 143731   | 98968    | 0         | ac 871-879      |
| 871 Dist.Load Dispatch               | 220800   |          | 220800   |           | 100% capacity   |
| 872 Compr.Sta.Lab. & Ex.             | 0        | 0        | 0        | 0         | ac 377          |
| 873 Compr.Sta.Fuel & Power           | 0        |          |          | 0         | 100% commodity  |
| 874 Mains and Services               | 2598067  | 711950   | 1886117  | 0         | ac376+ac380     |
| 875 Meas.& Reg. Sta.Eq.-Gen          | 80316    | 0        | 80316    | 0         | ac 378          |
| 876 Meas.& Reg. Sta.Eq.-Ind.         | 175520   | 0        | 175520   | 0         | ac 385          |
| 877 Meas.& Reg. Sta.Eq.-CG           | 48259    | 0        | 48259    | 0         | ac 379          |
| 878 Meter and House Reg.             | 2789545  | 2789545  | 0        | 0         | ac381+ac383     |
| 879 Customer Instal.                 | 0        | 0        | 0        | 0         | ac 386          |
| 880 Other Expenses                   | 2751078  | 1395630  | 1355448  | 0         | ac 387          |
| 881 Rents                            | 69873    |          | 69873    |           | 100% capacity   |
| 885 Maintenance Supervision          | 115235   | 45803    | 69432    | 0         | ac886-894       |
| 886 Maint. of Struct. and Improv.    | 340920   | 0        | 340920   | 0         | ac375           |
| 887 Maintenance of Mains             | 1785920  | 0        | 1785920  | 0         | ac376           |
| 888 Maint. of Comp.Sta.Eq.           | 0        | 0        | 0        | 0         | ac 377          |
| 889 Maint. of Meas.& Reg. Sta.Eq.-G  | 128066   | 0        | 128066   | 0         | ac 378          |
| 890 Maint. of Meas.& Reg. Sta.Eq.-I  | 190150   | 0        | 190150   | 0         | ac 385          |
| 891 Maint. of Meas.& Reg.Sta.Eq.-CG  | 86545    | 0        | 86545    | 0         | ac 379          |
| 892 Maintenance of Services          | 746361   | 746361   | 0        | 0         | ac 380          |
| 893 Maint. of Meters and House Reg.  | 923662   | 923662   | 0        | 0         | ac381-383       |
| 894 Maint. of Other Equipment        | 119222   | 47387    | 71835    | 0         | ac387           |
| Total Distribution Expenses          | 13412238 | 6804068  | 6608170  | 0         | 13412238 che    |
| CUSTOMER ACCOUNTS:                   |          |          |          |           |                 |
| 901 Supervision                      | 23010    | 23010    |          |           | 100% customer   |
| 902 Meter-Reading Expense            | 1149489  | 1149489  |          |           | "               |
| 903 Records and Collection Exp.      | 4884372  | 4884372  |          |           | "               |
| 904 Uncollectible Accounts           | 374608   |          |          | 374608    | 100% commodity  |
| 905 Misc. Expenses                   | 323380   | 323380   |          |           | 100% customer   |
| Total Customer Accounts              | 6754859  | 6380251  | 0        | 374608    |                 |
| (907-910) CUSTOMER SERV.& INFO. EXP. | 0        | 0        |          |           | "               |
| (911-916) SALES EXPENSE              | 1816946  | 1816946  |          |           | "               |
| (932) MAINT. OF GEN. PLANT           | 79673    | 39837    | 39837    | 0         | general plant   |
| (920-931) ADMINISTRATION AND GENERAL | 17911154 | 12210250 | 5396800  | 304104    | 0 O&M excl. A&G |
| TOTAL O&M EXPENSE                    | 39974870 | 27251352 | 12044806 | 678712    | 39974870 che    |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
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SCHEDULE - B (COST OF SERVICE)  
 CLASSIFICATION OF EXPENSES  
 (Page 2 of 2)

ATTACHMENT 6

| DEPRECIATION AND AMORTIZATION EXPENSE: | TOTAL           | CUSTOMER        | CAPACITY        | COMMODITY     | REVENUE       | CLASSIFIER          |
|--|-----------------|-----------------|-----------------|---------------|---------------|---------------------|
| Depreciation Expense                   | 12365612        | 3429805         | 8935807         | 0             |               | net plant           |
| Amort. of Other Gas Plant              | 0               |                 | 0               |               |               | 100% capacity       |
| Amort. of Property Loss                | 1194263         |                 | 1194263         |               |               | 100% capacity       |
| Amort. of Limited-term Inv.            | 112936          | 0               | 112936          |               |               | intangible plan     |
| Amort. of Acquisition Adj.             | 99000           | 33395           | 65605           |               |               | 100% commodity      |
| Amort. of Conversion Costs             | 0               |                 |                 |               |               | 100% commodity      |
| Total Deprec. and Amort. Expense       | 13771811        | 3463200         | 10308611        | 0             | 0             | 13771811 che        |
| TAXES OTHER THAN INCOME TAXES:         |                 |                 |                 |               |               |                     |
| Revenue Related                        | 480171          |                 |                 |               | 480171        | 100% revenue        |
| Other                                  | 4743764         | 1315760         | 3428004         | 0             |               | net plant           |
| Total Taxes other than Income Taxes    | 5223935         | 1315760         | 3428004         | 0             | 480171        |                     |
| REV.CRDT TO COS(NEG.OF OTHR OPR.REV)   | -2010200        | -2010200        |                 |               |               | 100% customer       |
| RETURN (REQUIRED NOI)                  | 19412960        | 5807616         | 13586630        | 18714         |               | rate base           |
| INCOME TAXES                           | 4990084         | 1492842         | 3492431         | 4811          | 0             | return(noi)         |
| <b>TOTAL OVERALL COST OF SERVICE</b>   | <b>81363460</b> | <b>37320571</b> | <b>42860481</b> | <b>702237</b> | <b>480171</b> | <b>81363460 che</b> |

ATTACHMENT 6

SCHEDULE - C (COST OF SERVICE)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

| CUSTOMER COSTS            | TOTAL RESIDENTIAL      |             |            |             | COMMERCIAL |            | SMALL    |           | INTERLUPT  |     |
|---------------------------|------------------------|-------------|------------|-------------|------------|------------|----------|-----------|------------|-----|
|                           | COMMERCIAL LARGE VOL.1 | LARGE VOL.2 | WHOLESALE  | INTERLUPT   | INTERLUPT  | LARGE VOL. | SMALL    | INTERLUPT | LARGE VOL. |     |
| No. of Customers          | 176210                 | 155400      | 16333      | 4290        | 80         | 2          | 83       | 20        | 2          | 0   |
| Weighting                 | NA                     | 1.0         | 3.5        | 4.0         | 4.0        | 3.8        | 4.0      | 4.0       | 1.0        | 0.0 |
| Weighted No. of Customers | 230467                 | 155400      | 57166      | 17160       | 320        | 8          | 332      | 80        | 2          | 0   |
| Allocation Factors        | 1                      | 0.674282793 | 0.24804191 | 0.074457482 | 0.00138888 | 0.000032   | 0.001440 | 0.0003471 | 0.000008   | 0   |

CAPACITY COSTS

|                                       |           |             |            |             |            |          |          |           |          |   |
|---------------------------------------|-----------|-------------|------------|-------------|------------|----------|----------|-----------|----------|---|
| Peak & Avg. Month Sales Vol. (therms) | 106338607 | 9927092     | 10307036   | 26583983    | 4037513    | 20375    | 14224292 | 26765063  | 14453051 | 0 |
| Allocation Factors                    | 1         | 0.093333602 | 0.09692656 | 0.249993711 | 0.03815655 | 0.000193 | 0.133764 | 0.2516965 | 0.135915 | 0 |
|                                       | 1         | 0.195045835 | 0.20251091 | 0.522317628 | 0.07972137 | 0.000404 |          |           |          |   |

COMMODITY COSTS

|                            |          |             |            |             |            |          |          |           |          |   |
|----------------------------|----------|-------------|------------|-------------|------------|----------|----------|-----------|----------|---|
| Annual Sales Vol. (therms) | 57451038 | 40078000    | 52719000   | 138676900   | 23241150   | 156000   | 78545455 | 148968833 | 92125000 | 0 |
| Allocation Factors         | 1        | 0.069760276 | 0.09176336 | 0.241382775 | 0.04045384 | 0.000271 | 0.136717 | 0.2592870 | 0.160353 | 0 |

REVENUE-RELATED COSTS

|                            |        |             |            |             |            |          |          |           |          |   |
|----------------------------|--------|-------------|------------|-------------|------------|----------|----------|-----------|----------|---|
| Tax on Cust. Cap. & Comod. | 303312 | 120453      | 59025      | 78556       | 10547      | 57       | 13095    | 17462     | 4116     | 0 |
| Allocation Factors         | 1      | 0.397123321 | 0.19460257 | 0.258993278 | 0.03477207 | 0.000169 | 0.043173 | 0.0875725 | 0.013571 | 0 |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
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SCHEDULE - D (COST OF SERVICE)  
ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

ATTACHMENT 6

| RATE BASE BY CUSTOMER CLASS            | TOTAL RESIDENTIAL | COMMERCIAL<br>COMMERCIAL<br>LARGE VOL.1 | COMMERCIAL<br>LARGE VOL.2 | SMALL<br>WHOLESALE | INTERRUPT<br>INTERRUPT | INTERRUPT<br>LARGE VOL. |                |                 |                |          |
|--|-------------------|---|---------------------------|--------------------|------------------------|-------------------------|----------------|-----------------|----------------|----------|
| <b>DIRECT AND SPECIAL ASSIGNMENTS:</b> |                   |   |                           |                    |                        |                         |                |                 |                |          |
| <b>Customer</b>                        |                   |   |                           |                    |                        |                         |                |                 |                |          |
| Meters                                 | 10064134          | 6786072                                 | 2496327                   | 749350             | 13974                  | 332                     | 14498          | 3493            | 87             | 0        |
| House Regulators                       | 3921677           | 3921677                                 | 0                         | 0                  | 0                      | 0                       | 0              | 0               | 0              | 0        |
| Services                               | 29618836          | 19971471                                | 7346713                   | 2205344            | 41125                  | 977                     | 42667          | 10281           | 257            | 0        |
| All Other                              | 13782821          | 9293519                                 | 3418717                   | 1026234            | 19137                  | 455                     | 19855          | 4784            | 120            | 0        |
| Total                                  | 57387468          | 39972740                                | 13261757                  | 3980928            | 74236                  | 1763                    | 77020          | 18559           | 464            | 0        |
| <b>Capacity</b>                        |                   |   |                           |                    |                        |                         |                |                 |                |          |
| Industrial Meas.& Reg. Sta. Eq.        | 2866790           | 0                                       | 0                         | 885096             | 135092                 | 685                     | 473588         | 891125          | 481204         | 0        |
| Meas.&Reg.Sta.Eq.-Gen.                 | 1073802           | 100243                                  | 104080                    | 268444             | 40973                  | 208                     | 143636         | 270272          | 145946         | 0        |
| Mains                                  | 106196216         | 18948496                                | 19673720                  | 50742604           | 7744847                | 39273                   | 2038072        | 6116789         | 892415         | 0        |
| All Other                              | 24118333          | 2670636                                 | 2772850                   | 7151755            | 1091573                | 5535                    | 5208209        | 4470174         | 747601         | 0        |
| Total                                  | 134255141         | 21719375                                | 22550650                  | 59047899           | 9012484                | 45701                   | 7863505        | 11748360        | 2267167        | 0        |
| <b>Commodity</b>                       |                   |   |                           |                    |                        |                         |                |                 |                |          |
| Account #                              | 0                 | 0                                       | 0                         | 0                  | 0                      | 0                       | 0              | 0               | 0              | 0        |
| Account #                              | 0                 | 0                                       | 0                         | 0                  | 0                      | 0                       | 0              | 0               | 0              | 0        |
| Account #                              | 0                 | 0                                       | 0                         | 0                  | 0                      | 0                       | 0              | 0               | 0              | 0        |
| All Other                              | 184926            | 12900                                   | 16969                     | 44638              | 7481                   | 50                      | 25283          | 47951           | 29654          | 0        |
| Total                                  | 184926            | 12900                                   | 16969                     | 44638              | 7481                   | 50                      | 25283          | 47951           | 29654          | 0        |
| <b>TOTAL</b>                           | <b>191827535</b>  | <b>61705016</b>                         | <b>35829377</b>           | <b>63073465</b>    | <b>9094202</b>         | <b>47514</b>            | <b>7965808</b> | <b>11814870</b> | <b>2297284</b> | <b>0</b> |

COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

SCHEDULE - E (COST OF SERVICE)  
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
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ATTACHMENT 6

|   | TOTAL RESIDENTIAL | COMMERCIAL  | COMMERCIAL  | SMALL     | INTERMPT | INTERMPT | INTERMPT   |         |        |   |
|---|-------------------|-------------|-------------|-----------|----------|----------|------------|---------|--------|---|
|   |                   | LARGE VOL.1 | LARGE VOL.2 | WHOLESALE | INTERMPT | INTERMPT | LARGE VOL. |         |        |   |
| Customer                                | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      |   |
| Capacity                                | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      |   |
| Commodity                               | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      |   |
| Revenue                                 | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      |   |
| Total                                   | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      |   |
| OPERATIONS AND MAINTENANCE EXPENSE:     |                   |             |             |           |          |          |            |         |        |   |
| DIRECT AND SPECIAL ASSIGNMENTS:         |                   |             |             |           |          |          |            |         |        |   |
| Customer                                |                   |             |             |           |          |          |            |         |        |   |
| 878 Meters and House Regulators         | 2789545           | 1880942     | 891924      | 207702    | 3873     | 92       | 4018       | 988     | 24     | 0 |
| 893 Maint. of Meters & House Reg.       | 923662            | 622809      | 229107      | 68774     | 1282     | 30       | 1331       | 321     | 8      | 0 |
| 874 Mains & Services                    | 711950            | 480055      | 176593      | 53010     | 989      | 23       | 1026       | 247     | 6      | 0 |
| 892 Maint. of Services                  | 746261            | 503258      | 185129      | 35372     | 1036     | 25       | 1075       | 259     | 6      | 0 |
| All Other                               | 22079834          | 14888052    | 5476724     | 1644009   | 30658    | 728      | 31807      | 7664    | 192    | 0 |
| Total                                   | 27251352          | 18375118    | 6759477     | 2029067   | 37838    | 899      | 38257      | 9460    | 236    | 0 |
| Capacity                                |                   |             |             |           |          |          |            |         |        |   |
| 876 Measuring & Reg. Sta. Eq. - I       | 175520            | 0           | 0           | 54190     | 8271     | 42       | 28996      | 54559   | 29462  | 0 |
| 890 Maint. of Meas. & Reg. Sta. Eq. - I | 190150            | 0           | 0           | 58707     | 8960     | 45       | 31412      | 59107   | 31918  | 0 |
| 874 Mains and Services                  | 1886117           | 176076      | 182815      | 471517    | 71968    | 365      | 252295     | 474729  | 256352 | 0 |
| 887 Maint. of Mains                     | 1785920           | 318660      | 330856      | 853347    | 130248   | 660      | 34275      | 102867  | 15008  | 0 |
| All Other                               | 8007099           | 886630      | 920565      | 2374327   | 362394   | 1838     | 1729085    | 1484063 | 248198 | 0 |
| Total                                   | 12044806          | 1381366     | 1434236     | 3812089   | 581839   | 2950     | 2076061    | 2175326 | 580937 | 0 |
| Commodity                               |                   |             |             |           |          |          |            |         |        |   |
| Account #                               | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      | 0 |
| Account #                               | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      | 0 |
| Account #                               | 0                 | 0           | 0           | 0         | 0        | 0        | 0          | 0       | 0      | 0 |
| All Other                               | 678712            | 47347       | 62281       | 163829    | 27457    | 184      | 92792      | 175988  | 108834 | 0 |
| Total                                   | 678712            | 47347       | 62281       | 163829    | 27457    | 184      | 92792      | 175988  | 108834 | 0 |
| TOTAL C&M                               | 39974870          | 19803831    | 8255994     | 6004985   | 647134   | 4033     | 2208111    | 2360773 | 690008 | 0 |



COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

SCHEDULE - E (COST OF SERVICE)  
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
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ATTACHMENT 6

|                                      | TOTAL RESIDENTIAL | COMMERCIAL  | COMMERCIAL  | COMMERCIAL | SMALL     | INTERRUPT | INTERRUPT  | INTERRUPT |       |   |
|--------------------------------------|-------------------|-------------|-------------|------------|-----------|-----------|------------|-----------|-------|---|
|                                      |                   | LARGE VOL.1 | LARGE VOL.2 | WHOLESALE  | INTERRUPT | INTERRUPT | LARGE VOL. |           |       |   |
| <b>DEPRECIATION EXPENSE:</b>         |                   |             |             |            |           |           |            |           |       |   |
| Customer                             | 3429805           | 2312658     | 850735      | 255375     | 4762      | 113       | 4941       | 1191      | 30    | 0 |
| Capacity                             | 8935807           | 1594408     | 1655432     | 4269701    | 651685    | 3305      | 171492     | 514693    | 75092 | 0 |
| Total                                | 12365612          | 3907066     | 2506167     | 4525076    | 656447    | 3418      | 176433     | 515884    | 75121 | 0 |
| <b>AMORT. OF GAS PLANT:</b>          |                   |             |             |            |           |           |            |           |       |   |
| Capacity                             | 0                 | 0           | 0           | 0          | 0         | 0         | 0          | 0         | 0     | 0 |
| <b>AMORT. OF PROPERTY LOSS:</b>      |                   |             |             |            |           |           |            |           |       |   |
| Capacity                             | 1194263           | 213091      | 221247      | 570642     | 87097     | 442       | 22920      | 68788     | 10036 | 0 |
| <b>AMORT OF LIMITED TERM INVEST.</b> |                   |             |             |            |           |           |            |           |       |   |
| Capacity                             | 112936            | 20151       | 20922       | 53963      | 8236      | 42        | 2167       | 6505      | 949   | 0 |
| <b>AMORT. OF ACQUISITION ADJ.:</b>   |                   |             |             |            |           |           |            |           |       |   |
| Customer                             | 33395             | 22518       | 8283        | 2487       | 46        | 1         | 48         | 12        | 0     | 0 |
| Capacity                             | 65605             | 11706       | 12154       | 31347      | 4785      | 24        | 1259       | 3779      | 551   | 0 |
| Total                                | 99000             | 34224       | 20437       | 33834      | 4831      | 25        | 1307       | 3790      | 552   | 0 |
| <b>AMORT. OF CONVERSION COSTS:</b>   |                   |             |             |            |           |           |            |           |       |   |
| Commodity                            | 0                 | 0           | 0           | 0          | 0         | 0         | 0          | 0         | 0     | 0 |

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SCHEDULE - E (COST OF SERVICE)  
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES  
 (Page 3 of 3)  
 ATTACHMENT 4

COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

|                                       | TOTAL RESIDENTIAL | COMMERCIAL  | COMMERCIAL  | SMALL     | SMALL    | SMALL    | SMALL    | SMALL    | SMALL    |   |
|---------------------------------------|-------------------|-------------|-------------|-----------|----------|----------|----------|----------|----------|---|
|                                       |                   | LARGE VOL.1 | LARGE VOL.2 | WHOLESALE | INTERMPT | INTERMPT | INTERMPT | INTERMPT | INTERMPT |   |
|                                       |                   |             |             |           |          |          |          |          |          |   |
| <b>TAXES OTHER THAN INCOME TAXES:</b> |                   |             |             |           |          |          |          |          |          |   |
| Customer                              | 1315760           | 887195      | 326384      | 97968     | 1827     | 43       | 1895     | 457      | 11       | 0 |
| Capacity                              | 3478004           | 611656      | 635066      | 1637966   | 250003   | 1268     | 65789    | 197449   | 28807    | 0 |
| Subtotal                              | 4743764           | 1498850     | 961430      | 1735935   | 251830   | 1311     | 87684    | 197906   | 28818    | 0 |
| Revenue                               | 480171            | 190688      | 93443       | 124361    | 16697    | 91       | 20730    | 27645    | 6517     | 0 |
| Total                                 | 5223935           | 1689538     | 1054872     | 1860296   | 268526   | 1402     | 88415    | 225551   | 35335    | 0 |
| <b>RETURN (NOI)</b>                   |                   |             |             |           |          |          |          |          |          |   |
| Customer                              | 5807616           | 4045244     | 1342091     | 402870    | 7513     | 178      | 7794     | 1878     | 47       | 0 |
| Capacity                              | 13586630          | 2198002     | 2282127     | 5975651   | 912064   | 4625     | 795787   | 1188935  | 229437   | 0 |
| Commodity                             | 18714             | 1306        | 1717        | 4517      | 757      | 5        | 2559     | 4853     | 3001     | 0 |
| Total                                 | 19412960          | 6244552     | 3625935     | 6383039   | 920334   | 4808     | 806140   | 1195666  | 232485   | 0 |
| <b>INCOME TAXES</b>                   |                   |             |             |           |          |          |          |          |          |   |
| Customer                              | 1492842           | 1039826     | 344983      | 103557    | 1931     | 46       | 2004     | 483      | 12       | 0 |
| Capacity                              | 3492431           | 564995      | 586619      | 1536036   | 234445   | 1189     | 204556   | 305615   | 58977    | 0 |
| Commodity                             | 4811              | 336         | 441         | 1161      | 195      | 1        | 658      | 1247     | 771      | 0 |
| Total                                 | 4990084           | 1605156     | 932043      | 1640754   | 236571   | 1236     | 207218   | 307345   | 59760    | 0 |
| <b>REVENUE CREDITED TO COS:</b>       |                   |             |             |           |          |          |          |          |          |   |
| Customer                              | -2010200          | -1206120    | -804080     | 0         | 0        | 0        | 0        | 0        | 0        | 0 |
| <b>TOTAL COST OF SERVICE:</b>         |                   |             |             |           |          |          |          |          |          |   |
| Customer                              | 37320571          | 25476439    | 8827854     | 2891324   | 53917    | 1281     | 55939    | 13479    | 337      | 0 |
| Capacity                              | 42860481          | 6593375     | 6847803     | 17887396  | 2730154  | 12844    | 1340033  | 4461089  | 984787   | 0 |
| Commodity                             | 702237            | 48988       | 64440       | 169508    | 28408    | 191      | 96008    | 182088   | 112606   | 0 |
| Subtotal                              | 80883289          | 32120802    | 15740096    | 20948228  | 2812480  | 15315    | 3493980  | 4656657  | 1097730  | 0 |
| Revenue                               | 480171            | 190688      | 93443       | 124361    | 16697    | 91       | 20730    | 27645    | 6517     | 0 |
| Total                                 | 81363460          | 32311490    | 15833539    | 21072589  | 2829177  | 15406    | 3512711  | 4684301  | 1104247  | 0 |

COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

SCHEDULE - F (COST OF SERVICE)  
 DERIVATION OF REVENUE DEFICIENCY

ATTACHMENT 6

| COST OF SERVICE BY CUSTOMER CLASS                             | COMMERCIAL        |            |             | COMMERCIAL  |           | WHOLESALE | SMALL       | INTERRUPT   |             |     |
|---|-------------------|------------|-------------|-------------|-----------|-----------|-------------|-------------|-------------|-----|
|   | TOTAL RESIDENTIAL | COMMERCIAL | LARGE VOL.1 | LARGE VOL.2 | INTERRUPT |           | INTERRUPT   | LARGE VOL.  |             |     |
| CUSTOMER COSTS  | 37,320,571        | 25,476,439 | 8,827,854   | 2,891,324   | 53,917    | 1,281     | 55,939      | 13,479      | 337         | 0   |
| CAPACITY COSTS  | 42,860,481        | 6,595,375  | 6,847,803   | 17,887,396  | 2,730,154 | 13,844    | 3,340,033   | 4,461,089   | 984,787     | 0   |
| COMMODITY COSTS   | 702,237           | 48,988     | 64,440      | 169,508     | 28,408    | 191       | 96,008      | 182,088     | 112,606     | 0   |
| REVENUE COSTS   | 480,171           | 190,688    | 93,443      | 124,361     | 16,697    | 91        | 20,730      | 27,645      | 6,517       | 0   |
| TOTAL   | 81,363,460        | 32,311,490 | 15,833,539  | 21,072,589  | 2,829,177 | 15,406    | 3,512,711   | 4,684,301   | 1,104,247   | 0   |
|   | 75170324          | 473522     | 316517      | 564698      | 66405     | 300       | 115185      | 208230      | 74140       | 0   |
| less:REVENUE AT PRESENT RATES<br>(in the projected test year) | 75,170,325        | 19,568,375 | 13,080,113  | 23,336,235  | 2,744,175 | 12,387    | 4,760,054   | 8,605,137   | 3,063,849   | 0   |
| equals: GAS SALES REVENUE DEFICIENCY                          | 6,193,135         | 12,743,115 | 2,753,426   | (2,263,646) | 85,002    | 3,019     | (1,247,343) | (3,920,836) | (1,959,602) | 0   |
| plus:DEFICIENCY IN OTHER OPERATING REV.                       | 800,088           | 480,053    | 320,035     | 0           | 0         | 0         | 0           | 0           | 0           | 0   |
| equals:TOTAL BASE-REVENUE DEFICIENCY                          | 6,993,223         | 13,223,168 | 3,073,461   | (2,263,646) | 85,002    | 3,019     | (1,247,343) | (3,920,836) | (1,959,602) | 0   |
| -----   |                   |            |             |             |           |           |             |             |             |     |
| UNIT COSTS:   |                   |            |             |             |           |           |             |             |             |     |
| Customer  | 17.649665         | 13.661754  | 45.040990   | 56.164026   | 56.164026 | 53.355825 | 56.164026   | 56.164026   | 14.041006   | ERR |
| Capacity  | 0.403057          | 0.664381   | 0.664381    | 0.672864    | 0.672864  | 0.672864  | 0.234812    | 0.166676    | 0.068137    | ERR |
| Commodity   | 0.001222          | 0.001222   | 0.001222    | 0.001222    | 0.001222  | 0.001222  | 0.001222    | 0.001222    | 0.001222    | ERR |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891333-GU

SCHEDULE - G (COST OF SERVICE)  
 RATE OF RETURN BY CUSTOMER CLASS  
 (Page 1 of 2 PRESENT RATES)

ATTACHMENT 6

|  | TOTAL RESIDENTIAL  | COMMERCIAL         | COMMERCIAL<br>LARGE VOL.1 | COMMERCIAL<br>LARGE VOL.2 | WHOLESALE        | SMALL<br>INTERRUPT | INTERRUPT<br>INTERRUPT | INTERRUPT<br>LARGE VOL. |                  |            |
|--|--------------------|--------------------|---------------------------|---------------------------|------------------|--------------------|------------------------|-------------------------|------------------|------------|
| <b>REVENUES: (projected test year)</b> |                    |                    |                           |                           |                  |                    |                        |                         |                  |            |
| Gas Sales (due to growth)              | 75,170,325         | 19,568,375         | 13,080,113                | 23,336,235                | 2,744,175        | 12,387             | 4,760,054              | 8,605,137               | 3,063,849        | 0          |
| Other Operating Revenue                | 1,210,112          | 726,067            | 484,045                   | 0                         | 0                | 0                  | 0                      | 0                       | 0                | 0          |
| <b>Total</b>                           | <b>76,380,437</b>  | <b>20,294,442</b>  | <b>13,564,158</b>         | <b>23,336,235</b>         | <b>2,744,175</b> | <b>12,387</b>      | <b>4,760,054</b>       | <b>8,605,137</b>        | <b>3,063,849</b> | <b>0</b>   |
| <b>EXPENSES:</b>                       |                    |                    |                           |                           |                  |                    |                        |                         |                  |            |
| Purchased Gas Cost                     | 0                  | 0                  | 0                         | 0                         | 0                | 0                  | 0                      | 0                       | 0                | 0          |
| C&M Expenses                           | 39,974,870         | 19,803,831         | 8,255,994                 | 6,004,985                 | 647,134          | 4,033              | 2,208,111              | 2,360,773               | 690,008          | 0          |
| Depreciation Expenses                  | 12,385,612         | 3,907,066          | 2,306,167                 | 4,525,076                 | 656,447          | 3,418              | 178,433                | 515,884                 | 75,121           | 0          |
| Amortization Expenses                  | 1,406,199          | 267,468            | 262,607                   | 658,439                   | 100,164          | 509                | 26,394                 | 79,084                  | 11,537           | 0          |
| Taxes Other Than Income--Fixed         | 4,743,764          | 1,498,850          | 961,430                   | 1,735,935                 | 251,830          | 1,311              | 67,684                 | 197,906                 | 28,818           | 0          |
| Taxes Other Than Income--Revenue       | 281,889            | 73,381             | 48,050                    | 87,511                    | 10,291           | 46                 | 17,850                 | 32,269                  | 11,489           | 0          |
| <b>Total Expsa excl. Income Taxes</b>  | <b>58,772,334</b>  | <b>25,550,595</b>  | <b>12,035,248</b>         | <b>13,011,945</b>         | <b>1,665,866</b> | <b>9,317</b>       | <b>2,496,473</b>       | <b>3,185,916</b>        | <b>816,974</b>   | <b>0</b>   |
| <b>INCOME TAXES:</b>                   | <b>2,458,456</b>   | <b>790,810</b>     | <b>459,188</b>            | <b>808,348</b>            | <b>116,551</b>   | <b>609</b>         | <b>102,090</b>         | <b>151,419</b>          | <b>29,442</b>    | <b>0</b>   |
| <b>NET OPERATING INCOME:</b>           | <b>15,149,647</b>  | <b>(6,046,963)</b> | <b>1,069,722</b>          | <b>9,515,942</b>          | <b>961,758</b>   | <b>2,461</b>       | <b>2,161,492</b>       | <b>5,267,802</b>        | <b>2,217,433</b> | <b>0</b>   |
| <b>-----</b>                           |                    |                    |                           |                           |                  |                    |                        |                         |                  |            |
| <b>RATE BASE:</b>                      | <b>191,827,535</b> | <b>61,705,016</b>  | <b>35,829,377</b>         | <b>63,073,465</b>         | <b>9,094,202</b> | <b>47,514</b>      | <b>7,865,808</b>       | <b>11,814,870</b>       | <b>2,297,284</b> | <b>0</b>   |
| <b>RATE OF RETURN</b>                  | <b>0.078975</b>    | <b>-0.097998</b>   | <b>0.029856</b>           | <b>0.150871</b>           | <b>0.103755</b>  | <b>0.051788</b>    | <b>0.271346</b>        | <b>0.445862</b>         | <b>0.965241</b>  | <b>EMR</b> |
| <b>-----</b>                           |                    |                    |                           |                           |                  |                    |                        |                         |                  |            |

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COMPANY NAME: PEOPLES GAS SYSTEM, INC.  
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SCHEDULE - G (COST OF SERVICE)  
 RATE OF RETURN BY CUSTOMER CLASS  
 (Page 2 of 2:PROPOSED RATES)

ATTACHMENT 6

|                                  | TOTAL             | RESIDENTIAL       | COMMERCIAL        | COMMERCIAL<br>LARGE VOL.1 | COMMERCIAL<br>LARGE VOL.2 | WHOLESALE     | SMALL<br>INTERRUPT | INTERRUPT        | INTERRUPT<br>LARGE VOL. |          |
|----------------------------------|-------------------|-------------------|-------------------|---------------------------|---------------------------|---------------|--------------------|------------------|-------------------------|----------|
| <b>REVENUES:</b>                 |                   |                   |                   |                           |                           |               |                    |                  |                         |          |
| Gas Sales                        | 81,363,460        | 23,585,284        | 15,752,393        | 26,513,298                | 3,117,932                 | 15,406        | 4,760,054          | 6,683,418        | 935,675                 | 0        |
| Other Operating Revenue          | 2,010,200         | 1,206,120         | 804,080           | 0                         | 0                         | 0             | 0                  | 0                | 0                       | 0        |
| <b>Total</b>                     | <b>83,373,660</b> | <b>24,791,404</b> | <b>16,556,473</b> | <b>26,513,298</b>         | <b>3,117,932</b>          | <b>15,406</b> | <b>4,760,054</b>   | <b>6,683,418</b> | <b>935,675</b>          | <b>0</b> |
| <b>EXPENSES:</b>                 |                   |                   |                   |                           |                           |               |                    |                  |                         |          |
| Purchased Gas Cost               | 0                 | 0                 | 0                 | 0                         | 0                         | 0             | 0                  | 0                | 0                       | 0        |
| O&M Expenses                     | 39,974,870        | 19,803,831        | 8,255,994         | 6,004,985                 | 647,134                   | 4,033         | 2,208,111          | 2,360,773        | 690,008                 | 0        |
| Depreciation Expenses            | 12,365,612        | 3,907,066         | 2,506,167         | 4,525,076                 | 656,447                   | 3,418         | 176,433            | 515,884          | 75,121                  | 0        |
| Amortization Expenses            | 1,406,199         | 267,466           | 262,607           | 658,439                   | 100,164                   | 509           | 26,394             | 79,084           | 11,537                  | 0        |
| Taxes Other Than Income--Fixed   | 4,743,764         | 1,498,850         | 961,430           | 1,735,935                 | 251,830                   | 1,311         | 67,684             | 197,906          | 28,818                  | 0        |
| Taxes Other Than Income--Revenue | 480,171           | 88,445            | 59,071            | 99,425                    | 11,692                    | 58            | 17,850             | 25,063           | 3,509                   | 0        |
| Total Expes excl. Income Taxes   | 58,970,616        | 25,565,659        | 12,045,269        | 13,023,860                | 1,667,267                 | 9,329         | 2,496,473          | 3,178,709        | 808,993                 | 0        |
| PRE TAX NOI:                     | 24,403,044        | (774,255)         | 4,511,204         | 13,489,438                | 1,450,665                 | 6,077         | 2,263,581          | 3,504,709        | 126,682                 | 0        |
| INCOME TAXES:                    | 4,990,084         | (158,324)         | 922,479           | 2,758,403                 | 296,641                   | 1,243         | 462,871            | 716,664          | 25,905                  | 0        |
| <b>NET OPERATING INCOME:</b>     | <b>19,412,960</b> | <b>(615,930)</b>  | <b>3,588,726</b>  | <b>10,731,035</b>         | <b>1,154,024</b>          | <b>4,835</b>  | <b>1,800,710</b>   | <b>2,788,044</b> | <b>100,777</b>          | <b>0</b> |
| -----                            |                   |                   |                   |                           |                           |               |                    |                  |                         |          |
| RATE BASE:                       | 191,827,535       | 61,705,016        | 35,829,377        | 63,073,465                | 9,094,202                 | 47,514        | 7,965,808          | 11,814,870       | 2,297,284               | 0        |
| RATE OF RETURN                   | 0.101200          | -0.009982         | 0.100162          | 0.170135                  | 0.126897                  | 0.101750      | 0.226055           | 0.235978         | 0.043868                | ERR      |
| -----                            |                   |                   |                   |                           |                           |               |                    |                  |                         |          |

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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: RESIDENTIAL

PEOPLES  
 PRESENT RATES

PROPOSED RATES

Customer Charge  
 6.00

Customer Charge  
 7.00

Energy Charge

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 22.244             |

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 26.278             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 10

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              |                                 | percent<br>increase<br>with fuel | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel |                                  |                    |
| 0              | 6.00                        | 6.00                         | 7.00                        | 7.00                         | 16.67                           | 16.67                            | 1.00               |
| 10             | 8.22                        | 10.84                        | 9.63                        | 12.25                        | 17.06                           | 12.94                            | 1.40               |
| 20             | 10.45                       | 15.68                        | 12.26                       | 17.49                        | 17.29                           | 11.52                            | 1.81               |
| 30             | 12.67                       | 20.52                        | 14.88                       | 22.74                        | 17.44                           | 10.77                            | 2.21               |
| 40             | 14.90                       | 25.37                        | 17.51                       | 27.98                        | 17.54                           | 10.30                            | 2.61               |
| 50             | 17.12                       | 30.21                        | 20.14                       | 33.23                        | 17.62                           | 9.99                             | 3.02               |
| 60             | 19.35                       | 35.05                        | 22.77                       | 38.47                        | 17.68                           | 9.76                             | 3.42               |
| 70             | 21.57                       | 39.89                        | 25.39                       | 43.72                        | 17.73                           | 9.59                             | 3.82               |
| 80             | 23.80                       | 44.73                        | 28.02                       | 48.96                        | 17.76                           | 9.45                             | 4.23               |
| 90             | 26.02                       | 49.57                        | 30.65                       | 54.21                        | 17.80                           | 9.34                             | 4.63               |
| 100            | 28.24                       | 54.42                        | 33.28                       | 59.45                        | 17.82                           | 9.25                             | 5.03               |
| 110            | 30.47                       | 59.26                        | 35.91                       | 64.70                        | 17.85                           | 9.18                             | 5.44               |
| 120            | 32.69                       | 64.10                        | 38.53                       | 69.94                        | 17.87                           | 9.11                             | 5.84               |
| 130            | 34.92                       | 68.94                        | 41.16                       | 75.19                        | 17.88                           | 9.06                             | 6.24               |
| 140            | 37.14                       | 73.78                        | 43.79                       | 80.43                        | 17.90                           | 9.01                             | 6.65               |
| 150            | 39.37                       | 78.62                        | 46.42                       | 85.68                        | 17.91                           | 8.97                             | 7.05               |
| 160            | 41.59                       | 83.47                        | 49.04                       | 90.92                        | 17.92                           | 8.93                             | 7.45               |
| 170            | 43.81                       | 88.31                        | 51.67                       | 96.17                        | 17.93                           | 8.90                             | 7.86               |
| 180            | 46.04                       | 93.15                        | 54.30                       | 101.41                       | 17.94                           | 8.87                             | 8.26               |
| 190            | 48.26                       | 97.99                        | 56.93                       | 106.66                       | 17.95                           | 8.84                             | 8.66               |

## ATTACHMENT 6

COST OF SERVICE SUMMARY  
RATE COMPARISONCOMPANY: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

## RATE SCHEDULE: COMMERCIAL

PEOPLES  
PRESENT RATESCustomer Charge  
16.00

## Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 19.5               |

## PROPOSED RATES

Customer Charge  
17.00

## Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 23.560             |

GAS COST CENTS/THERM  
26.172THERM USAGE INCREMENT  
50

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              |                                 | percent<br>increase<br>with fuel | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel |                                  |                    |
| 0              | 16.00                       | 16.00                        | 17.00                       | 17.00                        | 6.25                            | 6.25                             | 1.00               |
| 50             | 25.75                       | 38.84                        | 28.78                       | 41.87                        | 11.77                           | 7.80                             | 3.03               |
| 100            | 35.50                       | 61.67                        | 40.56                       | 66.73                        | 14.25                           | 8.20                             | 5.06               |
| 150            | 45.25                       | 84.51                        | 52.34                       | 91.60                        | 15.67                           | 8.39                             | 7.09               |
| 200            | 55.00                       | 107.34                       | 64.12                       | 116.46                       | 16.58                           | 8.50                             | 9.12               |
| 250            | 64.75                       | 130.18                       | 75.90                       | 141.33                       | 17.22                           | 8.57                             | 11.15              |
| 300            | 74.50                       | 153.02                       | 87.68                       | 166.20                       | 17.69                           | 8.61                             | 13.18              |
| 350            | 84.25                       | 175.85                       | 99.46                       | 191.06                       | 18.05                           | 8.65                             | 15.21              |
| 400            | 94.00                       | 198.69                       | 111.24                      | 215.93                       | 18.34                           | 8.68                             | 17.24              |
| 450            | 103.75                      | 221.52                       | 123.02                      | 240.79                       | 18.57                           | 8.70                             | 19.27              |
| 500            | 113.50                      | 244.36                       | 134.80                      | 265.66                       | 18.77                           | 8.72                             | 21.30              |
| 550            | 123.25                      | 267.20                       | 146.58                      | 290.53                       | 18.93                           | 8.73                             | 23.33              |
| 600            | 133.00                      | 290.03                       | 158.36                      | 315.39                       | 19.07                           | 8.74                             | 25.36              |
| 650            | 142.75                      | 312.87                       | 170.14                      | 340.26                       | 19.19                           | 8.75                             | 27.39              |
| 700            | 152.50                      | 335.70                       | 181.92                      | 365.12                       | 19.29                           | 8.76                             | 29.42              |
| 750            | 162.25                      | 358.54                       | 193.70                      | 389.99                       | 19.38                           | 8.77                             | 31.45              |
| 800            | 172.00                      | 381.38                       | 205.48                      | 414.86                       | 19.47                           | 8.78                             | 33.48              |
| 850            | 181.75                      | 404.21                       | 217.26                      | 439.72                       | 19.54                           | 8.78                             | 35.51              |
| 900            | 191.50                      | 427.05                       | 229.04                      | 464.59                       | 19.60                           | 8.79                             | 37.54              |
| 950            | 201.25                      | 449.88                       | 240.82                      | 489.45                       | 19.66                           | 8.80                             | 39.57              |

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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 1

PEOPLES  
 PRESENT RATES

PROPOSED RATES

Customer Charge  
 25.00

Customer Charge  
 26.00

Energy Charge

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 16.268             |

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 18.154             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 100

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 25.00                       | 25.00                        | 26.00                       | 26.00                        | 4.00                            | 4.00                             | 1.00               |
| 100            | 41.27                       | 67.44                        | 44.15                       | 70.33                        | 6.99                            | 4.28                             | 2.89               |
| 200            | 57.54                       | 109.88                       | 62.31                       | 114.65                       | 8.29                            | 4.34                             | 4.77               |
| 300            | 73.80                       | 152.32                       | 80.46                       | 158.98                       | 9.02                            | 4.37                             | 6.66               |
| 400            | 90.07                       | 194.76                       | 98.62                       | 203.30                       | 9.49                            | 4.39                             | 8.54               |
| 500            | 106.34                      | 237.20                       | 116.77                      | 247.63                       | 9.81                            | 4.40                             | 10.43              |
| 600            | 122.61                      | 279.64                       | 134.92                      | 291.96                       | 10.05                           | 4.40                             | 12.32              |
| 700            | 138.88                      | 322.08                       | 153.08                      | 336.28                       | 10.23                           | 4.41                             | 14.20              |
| 800            | 155.14                      | 364.52                       | 171.23                      | 380.61                       | 10.37                           | 4.41                             | 16.09              |
| 900            | 171.41                      | 406.96                       | 189.39                      | 424.93                       | 10.49                           | 4.42                             | 17.97              |
| 1000           | 187.68                      | 449.40                       | 207.54                      | 469.26                       | 10.58                           | 4.42                             | 19.86              |
| 1100           | 203.95                      | 491.84                       | 225.69                      | 513.59                       | 10.66                           | 4.42                             | 21.75              |
| 1200           | 220.22                      | 534.28                       | 243.85                      | 557.91                       | 10.73                           | 4.42                             | 23.63              |
| 1300           | 236.48                      | 576.72                       | 262.00                      | 602.24                       | 10.79                           | 4.42                             | 25.52              |
| 1400           | 252.75                      | 619.16                       | 280.16                      | 646.56                       | 10.84                           | 4.43                             | 27.40              |
| 1500           | 269.02                      | 661.60                       | 298.31                      | 690.89                       | 10.89                           | 4.43                             | 29.29              |
| 1600           | 285.29                      | 704.04                       | 316.46                      | 735.22                       | 10.93                           | 4.43                             | 31.18              |
| 1700           | 301.56                      | 746.48                       | 334.62                      | 779.54                       | 10.96                           | 4.43                             | 33.06              |
| 1800           | 317.82                      | 788.92                       | 352.77                      | 823.87                       | 11.00                           | 4.43                             | 34.95              |
| 1900           | 334.09                      | 831.36                       | 370.93                      | 868.19                       | 11.03                           | 4.43                             | 36.83              |



ATTACHMENT 6

COST OF SERVICE SUMMARY  
RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 2

PEOPLES  
PRESENT RATES

Customer Charge  
100.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 9                  |

PROPOSED RATES

Customer Charge  
75.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 13.106             |

GAS COST CENTS/THERM  
26.172

THERM USAGE INCREMENT  
500

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 100.00                      | 100.00                       | 75.00                       | 75.00                        | (25.00)                         | (25.00)                          | -25.00             |
| 500            | 145.00                      | 275.86                       | 140.53                      | 271.39                       | (3.08)                          | (1.62)                           | -4.47              |
| 1000           | 190.00                      | 451.72                       | 206.06                      | 467.78                       | 8.45                            | 3.56                             | 16.06              |
| 1500           | 235.00                      | 627.58                       | 271.59                      | 664.17                       | 15.57                           | 5.83                             | 36.59              |
| 2000           | 280.00                      | 803.44                       | 337.12                      | 860.56                       | 20.40                           | 7.11                             | 57.12              |
| 2500           | 325.00                      | 979.30                       | 402.65                      | 1,056.95                     | 23.89                           | 7.93                             | 77.65              |
| 3000           | 370.00                      | 1,155.16                     | 468.18                      | 1,253.34                     | 26.54                           | 8.50                             | 98.18              |
| 3500           | 415.00                      | 1,331.02                     | 533.71                      | 1,449.73                     | 28.60                           | 8.92                             | 118.71             |
| 4000           | 460.00                      | 1,506.88                     | 599.24                      | 1,646.12                     | 30.27                           | 9.24                             | 139.24             |
| 4500           | 505.00                      | 1,682.74                     | 664.77                      | 1,842.51                     | 31.64                           | 9.49                             | 159.77             |
| 5000           | 550.00                      | 1,858.60                     | 730.30                      | 2,038.90                     | 32.78                           | 9.70                             | 180.30             |
| 5500           | 595.00                      | 2,034.46                     | 795.83                      | 2,235.29                     | 33.75                           | 9.87                             | 200.83             |
| 6000           | 640.00                      | 2,210.32                     | 861.36                      | 2,431.68                     | 34.59                           | 10.01                            | 221.36             |
| 6500           | 685.00                      | 2,386.18                     | 926.89                      | 2,628.07                     | 35.31                           | 10.14                            | 241.89             |
| 7000           | 730.00                      | 2,562.04                     | 992.42                      | 2,824.46                     | 35.95                           | 10.24                            | 262.42             |
| 7500           | 775.00                      | 2,737.90                     | 1,057.95                    | 3,020.85                     | 36.51                           | 10.33                            | 282.95             |
| 8000           | 820.00                      | 2,913.76                     | 1,123.48                    | 3,217.24                     | 37.01                           | 10.42                            | 303.48             |
| 8500           | 865.00                      | 3,089.62                     | 1,189.01                    | 3,413.63                     | 37.46                           | 10.49                            | 324.01             |
| 9000           | 910.00                      | 3,265.48                     | 1,254.54                    | 3,610.02                     | 37.86                           | 10.55                            | 344.54             |
| 9500           | 955.00                      | 3,441.34                     | 1,320.07                    | 3,806.41                     | 38.23                           | 10.61                            | 365.07             |

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## ATTACHMENT 6

COST OF SERVICE SUMMARY  
RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
DOCKET NO. 891353-GU

RATE SCHEDULE: WHOLESALE

PEOPLES  
PRESENT RATES

Customer Charge  
0.00

## Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 8.133              |

## PROPOSED RATES

Customer Charge  
0.00

## Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 9.876              |

GAS COST CENTS/THERM  
26.172

THERM USAGE INCREMENT  
100

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 0.00                        | 0.00                         | 0.00                        | 0.00                         | ERR                             | ERR                              | 0.00               |
| 100            | 8.13                        | 34.31                        | 9.88                        | 36.05                        | 21.43                           | 5.08                             | 1.74               |
| 200            | 16.27                       | 68.61                        | 19.75                       | 72.10                        | 21.43                           | 5.08                             | 3.49               |
| 300            | 24.40                       | 102.92                       | 29.63                       | 108.14                       | 21.43                           | 5.08                             | 5.23               |
| 400            | 32.53                       | 137.22                       | 39.50                       | 144.19                       | 21.43                           | 5.08                             | 6.97               |
| 500            | 40.67                       | 171.53                       | 49.38                       | 180.24                       | 21.43                           | 5.08                             | 8.71               |
| 600            | 48.80                       | 205.83                       | 59.26                       | 216.29                       | 21.43                           | 5.08                             | 10.46              |
| 700            | 56.93                       | 240.14                       | 69.13                       | 252.34                       | 21.43                           | 5.08                             | 12.20              |
| 800            | 65.06                       | 274.44                       | 79.01                       | 288.38                       | 21.43                           | 5.08                             | 13.94              |
| 900            | 73.20                       | 308.75                       | 88.88                       | 324.43                       | 21.43                           | 5.08                             | 15.69              |
| 1000           | 81.33                       | 343.05                       | 98.76                       | 360.48                       | 21.43                           | 5.08                             | 17.43              |
| 1100           | 89.46                       | 377.36                       | 108.64                      | 396.53                       | 21.43                           | 5.08                             | 19.17              |
| 1200           | 97.60                       | 411.66                       | 118.51                      | 432.58                       | 21.43                           | 5.08                             | 20.92              |
| 1300           | 105.73                      | 445.97                       | 128.39                      | 468.62                       | 21.43                           | 5.08                             | 22.66              |
| 1400           | 113.86                      | 480.27                       | 138.26                      | 504.67                       | 21.43                           | 5.08                             | 24.40              |
| 1500           | 122.00                      | 514.58                       | 148.14                      | 540.72                       | 21.43                           | 5.08                             | 26.15              |
| 1600           | 130.13                      | 548.88                       | 158.02                      | 576.77                       | 21.43                           | 5.08                             | 27.89              |
| 1700           | 138.26                      | 583.19                       | 167.89                      | 612.82                       | 21.43                           | 5.08                             | 29.63              |
| 1800           | 146.39                      | 617.49                       | 177.77                      | 648.86                       | 21.43                           | 5.08                             | 31.37              |
| 1900           | 154.53                      | 651.80                       | 187.64                      | 684.91                       | 21.43                           | 5.08                             | 33.12              |

ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: SMALL INTERRUPTIBLE

PEOPLES  
 PRESENT RATES

Customer Charge  
 100.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 9                  |

PROPOSED RATES

Customer Charge  
 150.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 5.870              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 1000

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 100.00                      | 100.00                       | 150.00                      | 150.00                       | 50.00                           | 50.00                            | 50.00              |
| 1000           | 190.00                      | 451.72                       | 208.70                      | 470.42                       | 9.84                            | 4.14                             | 18.70              |
| 2000           | 280.00                      | 803.44                       | 267.40                      | 790.84                       | (4.50)                          | (1.57)                           | -12.60             |
| 3000           | 370.00                      | 1,155.16                     | 326.10                      | 1,111.26                     | (11.86)                         | (3.80)                           | -43.90             |
| 4000           | 460.00                      | 1,506.88                     | 384.80                      | 1,431.68                     | (16.35)                         | (4.99)                           | -75.20             |
| 5000           | 550.00                      | 1,858.60                     | 443.50                      | 1,752.10                     | (19.36)                         | (5.73)                           | -106.50            |
| 6000           | 640.00                      | 2,210.32                     | 502.20                      | 2,072.52                     | (21.53)                         | (6.23)                           | -137.80            |
| 7000           | 730.00                      | 2,562.04                     | 560.90                      | 2,392.94                     | (23.16)                         | (6.60)                           | -169.10            |
| 8000           | 820.00                      | 2,913.76                     | 619.60                      | 2,713.36                     | (24.44)                         | (6.88)                           | -200.40            |
| 9000           | 910.00                      | 3,265.48                     | 678.30                      | 3,033.78                     | (25.46)                         | (7.10)                           | -231.70            |
| 10000          | 1,000.00                    | 3,617.20                     | 737.00                      | 3,354.20                     | (26.30)                         | (7.27)                           | -263.00            |
| 11000          | 1,090.00                    | 3,968.92                     | 795.70                      | 3,674.62                     | (27.00)                         | (7.42)                           | -294.30            |
| 12000          | 1,180.00                    | 4,320.64                     | 854.40                      | 3,995.04                     | (27.59)                         | (7.54)                           | -325.60            |
| 13000          | 1,270.00                    | 4,672.36                     | 913.10                      | 4,315.46                     | (28.10)                         | (7.64)                           | -356.90            |
| 14000          | 1,360.00                    | 5,024.08                     | 971.80                      | 4,635.88                     | (28.54)                         | (7.73)                           | -388.20            |
| 15000          | 1,450.00                    | 5,375.80                     | 1,030.50                    | 4,956.30                     | (28.93)                         | (7.80)                           | -419.50            |
| 16000          | 1,540.00                    | 5,727.52                     | 1,089.20                    | 5,276.72                     | (29.27)                         | (7.87)                           | -450.80            |
| 17000          | 1,630.00                    | 6,079.24                     | 1,147.90                    | 5,597.14                     | (29.58)                         | (7.93)                           | -482.10            |
| 18000          | 1,720.00                    | 6,430.96                     | 1,206.60                    | 5,917.56                     | (29.85)                         | (7.98)                           | -513.40            |
| 19000          | 1,810.00                    | 6,782.68                     | 1,265.30                    | 6,237.98                     | (30.09)                         | (8.03)                           | -544.70            |

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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 6

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE

PEOPLES  
 PRESENT RATES

PROPOSED RATES

Customer Charge  
 225.00

Customer Charge  
 225.00

Energy Charge

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 5.88               |

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 4.450              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 50000

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 225.00                      | 225.00                       | 225.00                      | 225.00                       | 0.00                            | 0.00                             | 0.00               |
| 50000          | 3,165.00                    | 16,251.00                    | 2,450.00                    | 15,536.00                    | (22.59)                         | (4.40)                           | -715.00            |
| 100000         | 6,105.00                    | 32,277.00                    | 4,675.00                    | 30,847.00                    | (23.42)                         | (4.43)                           | -1430.00           |
| 150000         | 9,045.00                    | 48,303.00                    | 6,900.00                    | 46,158.00                    | (23.71)                         | (4.44)                           | -2145.00           |
| 200000         | 11,985.00                   | 64,329.00                    | 9,125.00                    | 61,469.00                    | (23.86)                         | (4.45)                           | -2860.00           |
| 250000         | 14,925.00                   | 80,355.00                    | 11,350.00                   | 76,780.00                    | (23.95)                         | (4.45)                           | -3575.00           |
| 300000         | 17,865.00                   | 96,381.00                    | 13,575.00                   | 92,091.00                    | (24.01)                         | (4.45)                           | -4290.00           |
| 350000         | 20,805.00                   | 112,407.00                   | 15,800.00                   | 107,402.00                   | (24.06)                         | (4.45)                           | -5005.00           |
| 400000         | 23,745.00                   | 128,433.00                   | 18,025.00                   | 122,713.00                   | (24.09)                         | (4.45)                           | -5720.00           |
| 450000         | 26,685.00                   | 144,459.00                   | 20,250.00                   | 138,024.00                   | (24.11)                         | (4.45)                           | -6435.00           |
| 500000         | 29,625.00                   | 160,485.00                   | 22,475.00                   | 153,335.00                   | (24.14)                         | (4.46)                           | -7150.00           |
| 550000         | 32,565.00                   | 176,511.00                   | 24,700.00                   | 168,646.00                   | (24.15)                         | (4.46)                           | -7865.00           |
| 600000         | 35,505.00                   | 192,537.00                   | 26,925.00                   | 183,957.00                   | (24.17)                         | (4.46)                           | -8580.00           |
| 650000         | 38,445.00                   | 208,563.00                   | 29,150.00                   | 199,268.00                   | (24.18)                         | (4.46)                           | -9295.00           |
| 700000         | 41,385.00                   | 224,589.00                   | 31,375.00                   | 214,579.00                   | (24.19)                         | (4.46)                           | -10010.00          |
| 750000         | 44,325.00                   | 240,615.00                   | 33,600.00                   | 229,890.00                   | (24.20)                         | (4.46)                           | -10725.00          |
| 800000         | 47,265.00                   | 256,641.00                   | 35,825.00                   | 245,201.00                   | (24.20)                         | (4.46)                           | -11440.00          |
| 850000         | 50,205.00                   | 272,667.00                   | 38,050.00                   | 260,512.00                   | (24.21)                         | (4.46)                           | -12155.00          |
| 900000         | 53,145.00                   | 288,693.00                   | 40,275.00                   | 275,823.00                   | (24.22)                         | (4.46)                           | -12870.00          |
| 950000         | 56,085.00                   | 304,719.00                   | 42,500.00                   | 291,134.00                   | (24.22)                         | (4.46)                           | -13585.00          |

COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 6

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME

PEOPLES  
 PRESENT RATES

PROPOSED RATES

Customer Charge  
 225.00

Customer Charge  
 225.00

Energy Charge

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 5.88               |

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 1.000              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 500000

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel |                                 |                                  |                    |
| 0              | 225.00                      | 225.00                       | 225.00                      | 225.00                       | 0.00                            | 0.00                             | 0.00               |
| 500000         | 29,625.00                   | 160,485.00                   | 5,225.00                    | 136,085.00                   | (82.36)                         | (15.20)                          | -24400.00          |
| 1000000        | 59,025.00                   | 320,745.00                   | 10,225.00                   | 271,945.00                   | (82.68)                         | (15.21)                          | -48800.00          |
| 1500000        | 88,425.00                   | 481,005.00                   | 15,225.00                   | 407,805.00                   | (82.78)                         | (15.22)                          | -73200.00          |
| 2000000        | 117,825.00                  | 641,265.00                   | 20,225.00                   | 543,665.00                   | (82.83)                         | (15.22)                          | -97600.00          |
| 2500000        | 147,225.00                  | 801,525.00                   | 25,225.00                   | 679,525.00                   | (82.87)                         | (15.22)                          | -122000.00         |
| 3000000        | 176,625.00                  | 961,785.00                   | 30,225.00                   | 815,385.00                   | (82.89)                         | (15.22)                          | -146400.00         |
| 3500000        | 206,025.00                  | 1,122,045.00                 | 35,225.00                   | 951,245.00                   | (82.90)                         | (15.22)                          | -170800.00         |
| 4000000        | 235,425.00                  | 1,282,305.00                 | 40,225.00                   | 1,087,105.00                 | (82.91)                         | (15.22)                          | -195200.00         |
| 4500000        | 264,825.00                  | 1,442,565.00                 | 45,225.00                   | 1,222,965.00                 | (82.92)                         | (15.22)                          | -219600.00         |
| 5000000        | 294,225.00                  | 1,602,825.00                 | 50,225.00                   | 1,358,825.00                 | (82.93)                         | (15.22)                          | -244000.00         |
| 5500000        | 323,625.00                  | 1,763,085.00                 | 55,225.00                   | 1,494,685.00                 | (82.94)                         | (15.22)                          | -268400.00         |
| 6000000        | 353,025.00                  | 1,923,345.00                 | 60,225.00                   | 1,630,545.00                 | (82.94)                         | (15.22)                          | -292800.00         |
| 6500000        | 382,425.00                  | 2,083,605.00                 | 65,225.00                   | 1,766,405.00                 | (82.94)                         | (15.22)                          | -317200.00         |
| 7000000        | 411,825.00                  | 2,243,865.00                 | 70,225.00                   | 1,902,265.00                 | (82.95)                         | (15.22)                          | -341600.00         |
| 7500000        | 441,225.00                  | 2,404,125.00                 | 75,225.00                   | 2,038,125.00                 | (82.95)                         | (15.22)                          | -366000.00         |
| 8000000        | 470,625.00                  | 2,564,385.00                 | 80,225.00                   | 2,173,985.00                 | (82.95)                         | (15.22)                          | -390400.00         |
| 8500000        | 500,025.00                  | 2,724,645.00                 | 85,225.00                   | 2,309,845.00                 | (82.96)                         | (15.22)                          | -414800.00         |
| 9000000        | 529,425.00                  | 2,884,905.00                 | 90,225.00                   | 2,445,705.00                 | (82.96)                         | (15.22)                          | -439200.00         |
| 9500000        | 558,825.00                  | 3,045,165.00                 | 95,225.00                   | 2,581,565.00                 | (82.96)                         | (15.22)                          | -463600.00         |

ORDER NO. 23481  
 DOCKET NO. 891353-GU  
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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: RESIDENTIAL

SOUTHERN  
 PRESENT RATES

Customer Charge  
 5.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 21.74              |

PROPOSED RATES

Customer Charge  
 7.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 26.278             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 10

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 5.00                        | 5.00                         | 7.00                        | 7.00                         | 40.00                           | 40.00                            | 2.00               |
| 10             | 7.17                        | 9.79                         | 9.63                        | 12.25                        | 34.20                           | 25.06                            | 2.45               |
| 20             | 9.35                        | 14.58                        | 12.26                       | 17.49                        | 31.10                           | 19.94                            | 2.91               |
| 30             | 11.52                       | 19.37                        | 14.88                       | 22.74                        | 29.17                           | 17.35                            | 3.36               |
| 40             | 13.70                       | 24.16                        | 17.51                       | 27.98                        | 27.86                           | 15.79                            | 3.82               |
| 50             | 15.87                       | 28.96                        | 20.14                       | 33.23                        | 26.90                           | 14.74                            | 4.27               |
| 60             | 18.04                       | 33.75                        | 22.77                       | 38.47                        | 26.17                           | 13.99                            | 4.72               |
| 70             | 20.22                       | 38.54                        | 25.39                       | 43.72                        | 25.60                           | 13.43                            | 5.18               |
| 80             | 22.39                       | 43.33                        | 28.02                       | 48.96                        | 25.14                           | 12.99                            | 5.63               |
| 90             | 24.57                       | 48.12                        | 30.65                       | 54.21                        | 24.77                           | 12.64                            | 6.08               |
| 100            | 26.74                       | 52.91                        | 33.28                       | 59.45                        | 24.45                           | 12.36                            | 6.54               |
| 110            | 28.91                       | 57.70                        | 35.91                       | 64.70                        | 24.18                           | 12.12                            | 6.99               |
| 120            | 31.09                       | 62.49                        | 38.53                       | 69.94                        | 23.95                           | 11.91                            | 7.45               |
| 130            | 33.26                       | 67.29                        | 41.16                       | 75.19                        | 23.75                           | 11.74                            | 7.90               |
| 140            | 35.44                       | 72.08                        | 43.79                       | 80.43                        | 23.57                           | 11.59                            | 8.35               |
| 150            | 37.61                       | 76.87                        | 46.42                       | 85.68                        | 23.42                           | 11.46                            | 8.81               |
| 160            | 39.78                       | 81.66                        | 49.04                       | 90.92                        | 23.28                           | 11.34                            | 9.26               |
| 170            | 41.96                       | 86.45                        | 51.67                       | 96.17                        | 23.15                           | 11.24                            | 9.71               |
| 180            | 44.13                       | 91.24                        | 54.30                       | 101.41                       | 23.04                           | 11.14                            | 10.17              |
| 190            | 46.31                       | 96.03                        | 56.93                       | 106.66                       | 22.94                           | 11.06                            | 10.62              |

ORDER NO. 23481  
 DOCKET NO. 891353-GU  
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COST OF SERVICE SUMMARY  
 RATE COMPARISON

ATTACHMENT 6

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL

SOUTHERN  
 PRESENT RATES

Customer Charge  
 10.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 21.37              |

PROPOSED RATES

Customer Charge  
 17.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 23.560             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 50

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 10.00                       | 10.00                        | 17.00                       | 17.00                        | 70.00                           | 70.00                            | 7.00               |
| 50             | 20.69                       | 33.77                        | 28.78                       | 41.87                        | 39.13                           | 23.97                            | 8.10               |
| 100            | 31.37                       | 57.54                        | 40.56                       | 66.73                        | 29.30                           | 15.97                            | 9.19               |
| 150            | 42.06                       | 81.31                        | 52.34                       | 91.60                        | 24.46                           | 12.65                            | 10.28              |
| 200            | 52.74                       | 105.08                       | 64.12                       | 116.46                       | 21.58                           | 10.83                            | 11.38              |
| 250            | 63.43                       | 128.86                       | 75.90                       | 141.33                       | 19.67                           | 9.68                             | 12.47              |
| 300            | 74.11                       | 152.63                       | 87.68                       | 166.20                       | 18.31                           | 8.89                             | 13.57              |
| 350            | 84.80                       | 176.40                       | 99.46                       | 191.06                       | 17.29                           | 8.31                             | 14.66              |
| 400            | 95.48                       | 200.17                       | 111.24                      | 215.93                       | 16.51                           | 7.87                             | 15.76              |
| 450            | 106.17                      | 223.94                       | 123.02                      | 240.79                       | 15.88                           | 7.53                             | 16.85              |
| 500            | 116.85                      | 247.71                       | 134.80                      | 265.66                       | 15.36                           | 7.25                             | 17.95              |
| 550            | 127.54                      | 271.48                       | 146.58                      | 290.53                       | 14.93                           | 7.02                             | 19.04              |
| 600            | 138.22                      | 295.25                       | 158.36                      | 315.39                       | 14.57                           | 6.82                             | 20.14              |
| 650            | 148.91                      | 319.02                       | 170.14                      | 340.26                       | 14.26                           | 6.66                             | 21.23              |
| 700            | 159.59                      | 342.79                       | 181.92                      | 365.12                       | 13.99                           | 6.51                             | 22.33              |
| 750            | 170.28                      | 366.57                       | 193.70                      | 389.99                       | 13.76                           | 6.39                             | 23.42              |
| 800            | 180.96                      | 390.34                       | 205.48                      | 414.86                       | 13.55                           | 6.28                             | 24.52              |
| 850            | 191.65                      | 414.11                       | 217.26                      | 439.72                       | 13.37                           | 6.19                             | 25.61              |
| 900            | 202.33                      | 437.88                       | 229.04                      | 464.59                       | 13.20                           | 6.10                             | 26.71              |
| 950            | 213.02                      | 461.65                       | 240.82                      | 489.45                       | 13.05                           | 6.02                             | 27.80              |

ORDER NO. 23481  
 DOCKET NO 891353-GU  
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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 1

SOUTHERN  
 PRESENT RATES

Customer Charge  
 20.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 20.75              |

PROPOSED RATES

Customer Charge  
 26.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 18.154             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 100

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 20.00                       | 20.00                        | 26.00                       | 26.00                        | 30.00                           | 30.00                            | 6.00               |
| 100            | 40.75                       | 66.92                        | 44.15                       | 70.33                        | 8.35                            | 5.09                             | 3.40               |
| 200            | 61.50                       | 113.84                       | 62.31                       | 114.65                       | 1.31                            | 0.71                             | 0.81               |
| 300            | 82.25                       | 160.77                       | 80.46                       | 158.98                       | (2.17)                          | (1.11)                           | -1.79              |
| 400            | 103.00                      | 207.69                       | 98.62                       | 203.30                       | (4.26)                          | (2.11)                           | -4.38              |
| 500            | 123.75                      | 254.61                       | 116.77                      | 247.63                       | (5.64)                          | (2.74)                           | -6.98              |
| 600            | 144.50                      | 301.53                       | 134.92                      | 291.96                       | (6.63)                          | (3.18)                           | -9.58              |
| 700            | 165.25                      | 348.45                       | 153.08                      | 336.28                       | (7.37)                          | (3.49)                           | -12.17             |
| 800            | 186.00                      | 395.38                       | 171.23                      | 380.61                       | (7.94)                          | (3.74)                           | -14.77             |
| 900            | 206.75                      | 442.30                       | 189.39                      | 424.93                       | (8.40)                          | (3.93)                           | -17.36             |
| 1000           | 227.50                      | 489.22                       | 207.54                      | 469.26                       | (8.77)                          | (4.08)                           | -19.96             |
| 1100           | 248.25                      | 536.14                       | 225.69                      | 513.59                       | (9.09)                          | (4.21)                           | -22.56             |
| 1200           | 269.00                      | 583.06                       | 243.85                      | 557.91                       | (9.35)                          | (4.31)                           | -25.15             |
| 1300           | 289.75                      | 629.99                       | 262.00                      | 602.24                       | (9.58)                          | (4.40)                           | -27.75             |
| 1400           | 310.50                      | 676.91                       | 280.16                      | 646.56                       | (9.77)                          | (4.48)                           | -30.34             |
| 1500           | 331.25                      | 723.83                       | 298.31                      | 690.89                       | (9.94)                          | (4.55)                           | -32.94             |
| 1600           | 352.00                      | 770.75                       | 316.46                      | 735.22                       | (10.10)                         | (4.61)                           | -35.54             |
| 1700           | 372.75                      | 817.67                       | 334.62                      | 779.54                       | (10.23)                         | (4.66)                           | -38.13             |
| 1800           | 393.50                      | 864.60                       | 352.77                      | 823.87                       | (10.35)                         | (4.71)                           | -40.73             |
| 1900           | 414.25                      | 911.52                       | 370.93                      | 868.19                       | (10.46)                         | (4.75)                           | -43.32             |



ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 2

SOUTHERN  
 PRESENT RATES

Customer Charge  
 40.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 8.53               |

PROPOSED RATES

Customer Charge  
 75.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 13.106             |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 500

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 40.00                       | 40.00                        | 75.00                       | 75.00                        | 87.50                           | 87.50                            | 35.00              |
| 500            | 82.65                       | 213.51                       | 140.53                      | 271.39                       | 70.03                           | 27.11                            | 57.88              |
| 1000           | 125.30                      | 387.02                       | 206.06                      | 467.78                       | 64.45                           | 20.87                            | 80.76              |
| 1500           | 167.95                      | 560.53                       | 271.59                      | 664.17                       | 61.71                           | 18.49                            | 103.64             |
| 2000           | 210.60                      | 734.04                       | 337.12                      | 860.56                       | 60.08                           | 17.24                            | 126.52             |
| 2500           | 253.25                      | 907.55                       | 402.65                      | 1,056.95                     | 58.99                           | 16.46                            | 149.40             |
| 3000           | 295.90                      | 1,081.06                     | 468.18                      | 1,253.34                     | 58.22                           | 15.94                            | 172.28             |
| 3500           | 338.55                      | 1,254.57                     | 533.71                      | 1,449.73                     | 57.65                           | 15.56                            | 195.16             |
| 4000           | 381.20                      | 1,428.08                     | 599.24                      | 1,646.12                     | 57.20                           | 15.27                            | 218.04             |
| 4500           | 423.85                      | 1,601.59                     | 664.77                      | 1,842.51                     | 56.84                           | 15.04                            | 240.92             |
| 5000           | 466.50                      | 1,775.10                     | 730.30                      | 2,038.90                     | 56.55                           | 14.86                            | 263.80             |
| 5500           | 509.15                      | 1,948.61                     | 795.83                      | 2,235.29                     | 56.31                           | 14.71                            | 286.68             |
| 6000           | 551.80                      | 2,122.12                     | 861.36                      | 2,431.68                     | 56.10                           | 14.59                            | 309.56             |
| 6500           | 594.45                      | 2,295.63                     | 926.89                      | 2,628.07                     | 55.92                           | 14.48                            | 332.44             |
| 7000           | 637.10                      | 2,469.14                     | 992.42                      | 2,824.46                     | 55.77                           | 14.39                            | 355.32             |
| 7500           | 679.75                      | 2,642.65                     | 1,057.95                    | 3,020.85                     | 55.64                           | 14.31                            | 378.20             |
| 8000           | 722.40                      | 2,816.16                     | 1,123.48                    | 3,217.24                     | 55.52                           | 14.24                            | 401.08             |
| 8500           | 765.05                      | 2,989.67                     | 1,189.01                    | 3,413.63                     | 55.42                           | 14.18                            | 423.96             |
| 9000           | 807.70                      | 3,163.18                     | 1,254.54                    | 3,610.02                     | 55.32                           | 14.13                            | 446.84             |
| 9500           | 850.35                      | 3,336.69                     | 1,320.07                    | 3,806.41                     | 55.24                           | 14.08                            | 469.72             |

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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: SMALL INTERRUPTIBLE

SOUTHERN  
 PRESENT RATES

Customer Charge  
 40.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 8.53               |

PROPOSED RATES

Customer Charge  
 150.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 5.870              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 1000

| therm<br>usage | PRESENT                     |                              |                             | PROPOSED                     |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 40.00                       | 40.00                        | 150.00                      | 150.00                       | 275.00                          | 275.00                           | 110.00             |
| 1000           | 125.30                      | 387.02                       | 208.70                      | 470.42                       | 66.56                           | 21.55                            | 83.40              |
| 2000           | 210.60                      | 734.04                       | 267.40                      | 790.84                       | 26.97                           | 7.74                             | 56.80              |
| 3000           | 295.90                      | 1,081.06                     | 326.10                      | 1,111.26                     | 10.21                           | 2.79                             | 30.20              |
| 4000           | 381.20                      | 1,428.08                     | 384.80                      | 1,431.68                     | 0.94                            | 0.25                             | 3.60               |
| 5000           | 466.50                      | 1,775.10                     | 443.50                      | 1,752.10                     | (4.93)                          | (1.30)                           | -23.00             |
| 6000           | 551.80                      | 2,122.12                     | 502.20                      | 2,072.52                     | (8.99)                          | (2.34)                           | -49.60             |
| 7000           | 637.10                      | 2,469.14                     | 560.90                      | 2,392.94                     | (11.96)                         | (3.09)                           | -76.20             |
| 8000           | 722.40                      | 2,816.16                     | 619.60                      | 2,713.36                     | (14.23)                         | (3.65)                           | -102.80            |
| 9000           | 807.70                      | 3,163.18                     | 678.30                      | 3,033.78                     | (16.02)                         | (4.09)                           | -129.40            |
| 10000          | 893.00                      | 3,510.20                     | 737.00                      | 3,354.20                     | (17.47)                         | (4.44)                           | -156.00            |
| 11000          | 978.30                      | 3,857.22                     | 795.70                      | 3,674.62                     | (18.67)                         | (4.73)                           | -182.60            |
| 12000          | 1,063.60                    | 4,204.24                     | 854.40                      | 3,995.04                     | (19.67)                         | (4.98)                           | -209.20            |
| 13000          | 1,148.90                    | 4,551.26                     | 913.10                      | 4,315.46                     | (20.52)                         | (5.18)                           | -235.80            |
| 14000          | 1,234.20                    | 4,898.28                     | 971.80                      | 4,635.88                     | (21.26)                         | (5.36)                           | -262.40            |
| 15000          | 1,319.50                    | 5,245.30                     | 1,030.50                    | 4,956.30                     | (21.90)                         | (5.51)                           | -289.00            |
| 16000          | 1,404.80                    | 5,592.32                     | 1,089.20                    | 5,276.72                     | (22.47)                         | (5.64)                           | -315.60            |
| 17000          | 1,490.10                    | 5,939.34                     | 1,147.90                    | 5,597.14                     | (22.96)                         | (5.76)                           | -342.20            |
| 18000          | 1,575.40                    | 6,286.36                     | 1,206.60                    | 5,917.56                     | (23.41)                         | (5.87)                           | -368.80            |
| 19000          | 1,660.70                    | 6,633.38                     | 1,265.30                    | 6,237.98                     | (23.81)                         | (5.96)                           | -395.40            |

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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE

SOUTHERN  
 PRESENT RATES

Customer Charge  
 40.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 8.53               |

PROPOSED RATES

Customer Charge  
 225.00

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 4.450              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 5000

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 40.00                       | 40.00                        | 225.00                      | 225.00                       | 462.50                          | 462.50                           | 185.00             |
| 5000           | 466.50                      | 1,775.10                     | 447.50                      | 1,756.10                     | (4.07)                          | (1.07)                           | -19.00             |
| 10000          | 893.00                      | 3,510.20                     | 670.00                      | 3,287.20                     | (24.97)                         | (6.35)                           | -223.00            |
| 15000          | 1,319.50                    | 5,245.30                     | 892.50                      | 4,818.30                     | (32.36)                         | (8.14)                           | -427.00            |
| 20000          | 1,746.00                    | 6,980.40                     | 1,115.00                    | 6,349.40                     | (36.14)                         | (9.04)                           | -631.00            |
| 25000          | 2,172.50                    | 8,715.50                     | 1,337.50                    | 7,880.50                     | (38.43)                         | (9.58)                           | -835.00            |
| 30000          | 2,599.00                    | 10,450.60                    | 1,560.00                    | 9,411.60                     | (39.98)                         | (9.94)                           | -1039.00           |
| 35000          | 3,025.50                    | 12,185.70                    | 1,782.50                    | 10,942.70                    | (41.08)                         | (10.20)                          | -1243.00           |
| 40000          | 3,452.00                    | 13,920.80                    | 2,005.00                    | 12,473.80                    | (41.92)                         | (10.39)                          | -1447.00           |
| 45000          | 3,878.50                    | 15,655.90                    | 2,227.50                    | 14,004.90                    | (42.57)                         | (10.55)                          | -1651.00           |
| 50000          | 4,305.00                    | 17,391.00                    | 2,450.00                    | 15,536.00                    | (43.09)                         | (10.67)                          | -1855.00           |
| 55000          | 4,731.50                    | 19,126.10                    | 2,672.50                    | 17,067.10                    | (43.52)                         | (10.77)                          | -2059.00           |
| 60000          | 5,158.00                    | 20,861.20                    | 2,895.00                    | 18,598.20                    | (43.87)                         | (10.85)                          | -2263.00           |
| 65000          | 5,584.50                    | 22,596.30                    | 3,117.50                    | 20,129.30                    | (44.18)                         | (10.92)                          | -2467.00           |
| 70000          | 6,011.00                    | 24,331.40                    | 3,340.00                    | 21,660.40                    | (44.44)                         | (10.98)                          | -2671.00           |
| 75000          | 6,437.50                    | 26,066.50                    | 3,562.50                    | 23,191.50                    | (44.66)                         | (11.03)                          | -2875.00           |
| 80000          | 6,864.00                    | 27,801.60                    | 3,785.00                    | 24,722.60                    | (44.86)                         | (11.07)                          | -3079.00           |
| 85000          | 7,290.50                    | 29,536.70                    | 4,007.50                    | 26,253.70                    | (45.03)                         | (11.11)                          | -3283.00           |
| 90000          | 7,717.00                    | 31,271.80                    | 4,230.00                    | 27,784.80                    | (45.19)                         | (11.15)                          | -3487.00           |
| 95000          | 8,143.50                    | 33,006.90                    | 4,452.50                    | 29,315.90                    | (45.32)                         | (11.18)                          | -3691.00           |

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ATTACHMENT 6

COST OF SERVICE SUMMARY  
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.  
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME

SOUTHERN  
 PRESENT RATES

PROPOSED RATES

Customer Charge  
 35264.00

Customer Charge  
 225.00

Energy Charge

Energy Charge

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 0                  |

| Beginning<br>therms | Ending<br>therms | cents<br>per therm |
|---------------------|------------------|--------------------|
| 0                   | 0                | 0                  |
| 0                   | N/A              | 1.000              |

GAS COST CENTS/THERM  
 26.172

THERM USAGE INCREMENT  
 500000

| therm<br>usage | PRESENT                     |                              | PROPOSED                    |                              |                                 |                                  | Dollar<br>Increase |
|----------------|-----------------------------|------------------------------|-----------------------------|------------------------------|---------------------------------|----------------------------------|--------------------|
|                | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | monthly<br>bill<br>w/o fuel | monthly<br>bill<br>with fuel | percent<br>increase<br>w/o fuel | percent<br>increase<br>with fuel |                    |
| 0              | 35,264.00                   | 35,264.00                    | 225.00                      | 225.00                       | (99.36)                         | (99.36)                          | -35039.00          |
| 500000         | 35,264.00                   | 166,124.00                   | 5,225.00                    | 136,085.00                   | (85.18)                         | (18.08)                          | -30039.00          |
| 1000000        | 35,264.00                   | 296,984.00                   | 10,225.00                   | 271,945.00                   | (71.00)                         | (8.43)                           | -25039.00          |
| 1500000        | 35,264.00                   | 427,844.00                   | 15,225.00                   | 407,805.00                   | (56.83)                         | (4.68)                           | -20039.00          |
| 2000000        | 35,264.00                   | 558,704.00                   | 20,225.00                   | 543,665.00                   | (42.65)                         | (2.69)                           | -15039.00          |
| 2500000        | 35,264.00                   | 689,564.00                   | 25,225.00                   | 679,525.00                   | (28.47)                         | (1.46)                           | -10039.00          |
| 3000000        | 35,264.00                   | 820,424.00                   | 30,225.00                   | 815,385.00                   | (14.29)                         | (0.61)                           | -5039.00           |
| 3500000        | 35,264.00                   | 951,284.00                   | 35,225.00                   | 951,245.00                   | (0.11)                          | (0.00)                           | -39.00             |
| 4000000        | 35,264.00                   | 1,082,144.00                 | 40,225.00                   | 1,087,105.00                 | 14.07                           | 0.46                             | 4961.00            |
| 4500000        | 35,264.00                   | 1,213,004.00                 | 45,225.00                   | 1,222,965.00                 | 28.25                           | 0.82                             | 9961.00            |
| 5000000        | 35,264.00                   | 1,343,864.00                 | 50,225.00                   | 1,358,825.00                 | 42.43                           | 1.11                             | 14961.00           |
| 5500000        | 35,264.00                   | 1,474,724.00                 | 55,225.00                   | 1,494,685.00                 | 56.60                           | 1.35                             | 19961.00           |
| 6000000        | 35,264.00                   | 1,605,584.00                 | 60,225.00                   | 1,630,545.00                 | 70.78                           | 1.55                             | 24961.00           |
| 6500000        | 35,264.00                   | 1,736,444.00                 | 65,225.00                   | 1,766,405.00                 | 84.96                           | 1.73                             | 29961.00           |
| 7000000        | 35,264.00                   | 1,867,304.00                 | 70,225.00                   | 1,902,265.00                 | 99.14                           | 1.87                             | 34961.00           |
| 7500000        | 35,264.00                   | 1,998,164.00                 | 75,225.00                   | 2,038,125.00                 | 113.32                          | 2.00                             | 39961.00           |
| 8000000        | 35,264.00                   | 2,129,024.00                 | 80,225.00                   | 2,173,985.00                 | 127.50                          | 2.11                             | 44961.00           |
| 8500000        | 35,264.00                   | 2,259,884.00                 | 85,225.00                   | 2,309,845.00                 | 141.68                          | 2.21                             | 49961.00           |
| 9000000        | 35,264.00                   | 2,390,744.00                 | 90,225.00                   | 2,445,705.00                 | 155.86                          | 2.30                             | 54961.00           |
| 9500000        | 35,264.00                   | 2,521,604.00                 | 95,225.00                   | 2,581,565.00                 | 170.03                          | 2.38                             | 59961.00           |