

ORIGINAL

Timolyn Henry

From: Ansley Watson, JR. [AW@macfar.com]
Sent: Friday, September 09, 2005 3:46 PM
To: Filings@psc.state.fl.us
Cc: kfloyd@peoplesgas.com; mcosta@tecoenergy.com
Subject: Docket No. 050003-GU
Attachments: PGS Mid-Course Correction 050003-GU- Petition.pdf

- a. Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
Phone: (813) 273-4321
Fax: (813) 273-4396
E-mail: aw@macfar.com
- b. Docket No. 050003-GU – Purchased gas adjustment (PGA) true-up
- c. Peoples Gas System
- d. Total of fifteen (15) pages
- e. The attached document consists of a cover letter and Peoples Gas System’s Petition for Approval of Mid-Course Correction to PGA Cap.

Ansley Watson, Jr.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
Phone: (813) 273-4321
Fax: (813) 273-4396
E-mail: aw@macfar.com

CMP _____
COM 5
CTR _____
ECR _____
GCL _____
OPC _____
RCA _____
SCR _____
SGA _____
SEC 1

DOCUMENT NUMBER-DATE
08610 SEP-9 3
PSC-COMMISSION CLERK

ORIGINAL

MACFARLANE FERGUSON & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

1501 SOUTH FLORIDA AVENUE
LAKELAND, FLORIDA 33803
(863) 680-9908 FAX (863) 683-2849

ONE TAMPA CITY CENTER, SUITE 2000
201 NORTH FRANKLIN STREET
P.O. BOX 1531 (ZIP 33601)
TAMPA, FLORIDA 33602
(813) 273-4200 FAX (813) 273-4396

www.mfmlegal.com
EMAIL: info@mfmlegal.com

625 COURT STREET
P. O. BOX 1669 (ZIP 33757)
CLEARWATER, FLORIDA 33756
(727) 441-8966 FAX (727) 442-8470

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

September 9, 2005

VIA E-FILING

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

**Re: Docket No. 050003-GU – Purchased gas adjustment (PGA) true-up
(Petition for Approval of Mid-Course Correction to PGA Cap by
Peoples Gas System)**

Dear Ms. Bayo:

Enclosed for filing on behalf of Peoples Gas System, please find Peoples' petition referenced above.

Please note that in view of the subject matter, Peoples is requesting that this petition be considered by the Commission at the earliest available agenda conference.

Thank you for your usual assistance.

Sincerely,



ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Parties of Record
Mrs. Kandi M. Floyd

DOCUMENT NUMBER-DATE

08610 SEP-9 8

2000 COMMISSION CLERK

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : Docket No. 050003-GU
Adjustment (PGA) True-Up :
_____ : Submitted for Filing: 9-9-05

**PETITION OF PEOPLES GAS SYSTEM FOR
APPROVAL OF MID-COURSE CORRECTION TO PGA CAP**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys, hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment ("PGA") factor to be applied effective as of the date of the Commission vote through the last billing cycle for December 2005, inclusive, and in support thereof says:

1. The name and address of the petitioner are:

Peoples Gas System
702 N. Franklin Street - 7th Floor
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should be addressed are:

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601-1531

Angela Llewellyn
Peoples Gas System
Post Office Box 2562
Tampa, Florida 33601-2562

3. The Commission has adopted a method for the recovery of purchased gas costs by regulated natural gas utilities to be used for the recovery of such costs through the calendar year commencing January 1 and ending December 31. For calendar year 2005, the Commission has approved for each investor-owned natural gas utility a levelized PGA factor, which serves as a cap, or maximum recovery factor.

DOCUMENT NUMBER-DAT
08610 SEP-9 4
FPSC-COMMISSION CLE

4. By its Order No. PSC-93-0708-FOF-GU, issued in Docket No. 930003-GU on May 10, 1993, the Commission determined that a utility may, at its option, request a mid-course correction if re-projected expenses for the remainder of the period significantly exceed projected revenues for the period when using the Commission-approved cap.

5. Order No. PSC-04-1182-FOF-GU, issued on December 1, 2004, approved Peoples' levelized PGA cap of \$0.99037 per therm for the period January through December 2005. This factor was based on Peoples' projected purchased gas costs for the 12-month projection period of \$150,273,520 and total sales of 152,875,591 therms. It also contemplated that Peoples would be able to refund during 2005 its overrecovery for 2004 of \$3,179,465. Although the factor was approved in mid-December 2004, the projections on which the factor was based were made in September 2004.

6. As indicated by the revised Schedule E-1/R.1 (attached hereto as Appendix A), Peoples' re-projected expenses for calendar year 2005 will significantly exceed re-projected revenues. Specifically, Peoples' expenses for the period are now projected to be \$229,524,769, while its revenues for the same period would be \$224,705,218. When this difference between expenses and revenues is coupled with Company used gas, the beginning true-up balance, and interest, the ending true-up balance is projected to be an underrecovery of \$14,297,993. See Appendices A through C attached hereto. Thus, unless a mid-course correction is made in the factor for the remainder of 2005, the \$9,398,356 underrecovery that existed at the beginning

of 2005¹ will grow to an underrecovery of \$14,297,993 by the end of December.

7. The primary reason for expenses exceeding revenues is a drastic increase in the price of natural gas during the recent months. Since the Company's cap was approved by the Commission in December 2004, a convergence of fundamental factors has resulted in an extraordinary environment affecting natural gas pricing. A healthy economy, high oil prices, and weak natural gas supply production have contributed significantly to an unprecedented increase in natural gas costs on a national basis. Exacerbating the situation, well-publicized Hurricane Katrina has wreaked havoc on Gulf of Mexico supply production. Damage assessments are currently on-going and the full breadth of the damage and ensuing price signals may not be known for several weeks. In addition, during and after the hurricane, the gas market depended heavily on natural gas storage inventories to augment their interrupted supplies. These storage supplies are traditionally ear-marked for the winter peaking demand and August and September are generally injection months. Over the next several weeks the market will attempt to replenish the storage inventories, thus putting further pressure on natural gas prices. In addition, the current mark-to-market value of existing hedges alone will not alleviate the expected continuance of price volatility and upward price pressures although approximately sixty-two percent (62%) of Peoples' expected purchases through December 2005 are hedged. There are no current indications that natural gas prices will experience any meaningful decrease in the next several months. The Company needs its PGA cap increased to provide its customers with the appropriate price signal while affording the Company the opportunity to recover additional costs

¹ See Schedule A-2, line 12, of Peoples' monthly PGA filing for December 2004.

associated with already increased natural gas prices. The higher cap will also accommodate continued upward price pressures and market uncertainty over the next three months.

8. Peoples requests that the Commission approve an increase in its PGA cap from \$0.99037 per therm to \$1.50017 per therm. Peoples requests that this increased cap be approved effective as of the date of the Commission vote through the last billing cycle for December 2005, and that it continue in effect until a new cap is approved by order of the Commission. Applying this increased PGA cap through December 2005 may not eliminate the full amount of the re-projected expenses. However, it will allow Peoples to recover the majority of the current increased costs during the remainder of the year, thereby reducing the impact of the true-up for any underrecovery on sales customers (who are subject to the purchased gas adjustment) during the year 2006.

9. The average residential customer with monthly consumption of 25 therms would incur an additional gas cost of \$12.75 per month if natural gas costs require the PGA to increase to the proposed new cap.

10. Because of the need to reduce the projected underrecovery of expenses, it is necessary that the increased cap be approved for application to customers' bills beginning immediately. The Commission has previously approved mid-course corrections in recovery factors to become effective at earlier dates under similar circumstances when the amount of the projected underrecovery was substantial. See, for example, *In re: Purchased Gas Adjustment (PGA) True-Up*, Order No. PSC-94-0207-FOF-GU (February 21, 1994), approving an increase in the authorized purchase

gas adjustment factor (or cap) for West Florida Natural Gas Company. See also *In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor*, Order No. PSC-92-0271-FOF-EI (April 29, 1992), approving a decrease in the fuel adjustment factors for Florida Power Corporation, and *In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor*, Order No. 2135 (June 5, 1989), approving an increase in the fuel adjustment factors for Florida Power & Light Company. More recently, the Commission approved mid-course corrections to the purchased gas adjustment cap for several companies during the year 2000. Those companies included Peoples (Order No. PSC-00-1524-PCO-GU), Indiantown Gas Company, Inc. (Order No. PSC-00-1909-PCO-GU), South Florida Natural Gas (Order No. PSC-00-1523-PCO-GU), Chesapeake Utilities Corporation (Order No. PSC-00-1910-PCO-GU), Florida Public Utilities Company (Order No. PSC-00-2137-PCO-GU), St. Joe Natural Gas Company (Order No. PSC-00-2138-PCO-GU), and City Gas Company of Florida (Order No. PSC-00-1422-PCO-GU).


11. Peoples also recognizes there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, pursuant to the procedures in this docket, such prudence review will occur as a matter of course at the hearing to be held in this docket in November 2005. If the increase in the cost recovery cap is ultimately found imprudent, Peoples' ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery (and such disallowance will flow to the ratepayers through the true-up mechanism which is an integral part of the procedures in this docket). On the other hand, if the mid-course

correction is not implemented as soon as possible and Peoples' costs are found to have been prudently incurred, Peoples would be entitled to collect interest from its current ratepayers on the amount of the underrecovery, thereby further increasing the cost of gas to the ratepayers.

WHEREFORE, Peoples respectfully requests that the Commission will:

- A. consider this petition at the earliest possible agenda conference; and
- B. enter its order under the proposed agency action procedure approving an increase in Peoples' maximum PGA factor (or cap) to \$1.50017 per therm for application effective as of the date of the Commission vote through the last billing cycle for December 2005.

Respectfully submitted,



ANSLEY WATSON, JR., of
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601
Telephone: (813) 273-4321
Facsimile: (813) 273-4396
E-mail: aw@macfar.com
Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition has been furnished by regular U.S. Mail this 9th day of September, 2005, to all parties of record in Docket No. 050003-GU.



Ansley Watson, Jr.

COMPANY: PEOPLES GAS SYSTEM		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION							SCHEDULE E-1/R.1 REVISED-WITHOUT MID-COURSE CORRECTION 2 of 3					
REVISED ESTIMATE FOR THE PROJECTED PERIOD:		JANUARY 05 through DECEMBER 05							Appendix A					
For Residential Customers									REVISED PROJECTION					
COST OF GAS PURCHASED		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL						
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	COMMODITY Pipeline	\$177,790	\$204,057	\$173,252	\$91,041	\$85,590	\$85,744	\$127,284	\$88,269	\$82,200	\$80,267	\$86,179	\$118,208	\$1,399,881
2	NO NOTICE SERVICE	\$27,281	\$24,841	\$19,137	\$14,185	\$14,858	\$14,185	\$14,858	\$14,858	\$14,188	\$17,733	\$18,758	\$27,031	\$221,711
3	SWING SERVICE	\$1,885,289	\$1,811,860	\$1,107,589	\$111,852	\$659,585	\$879,008	\$1,289,007	\$0	\$0	\$0	\$0	\$0	\$7,343,969
4	COMMODITY Other	\$11,803,778	\$6,867,395	\$10,891,382	\$6,466,329	\$6,083,621	\$6,136,550	\$10,172,658	\$2,451,638	\$2,870,589	\$3,020,211	\$3,898,298	\$6,582,974	\$77,025,421
5	DEMAND	\$2,445,086	\$2,191,830	\$2,481,200	\$1,882,792	\$1,803,843	\$1,837,892	\$1,754,135	\$1,734,818	\$1,687,932	\$2,571,807	\$2,820,339	\$2,808,912	\$25,718,186
6	OTHER	\$101,724	\$144,022	\$141,887	\$143,409	\$188,983	\$42,185	\$70,909	\$77,860	\$79,460	\$87,200	\$92,440	\$105,100	\$1,273,180
LESS END-USE CONTRACT:														
7	COMMODITY Pipeline	\$53,898	\$40,745	\$94,098	\$33,825	\$30,143	\$28,770	\$56,687	\$57,236	\$56,527	\$55,155	\$56,583	\$66,477	\$599,844
8	DEMAND	\$285,521	\$148,054	\$278,130	\$180,024	\$175,117	\$179,437	\$361,491	\$363,370	\$351,649	\$349,037	\$337,776	\$378,240	\$3,345,850
9	OTHER	\$150,643	\$148,547	\$143,503	\$118,407	\$104,485	\$94,237	\$90,251	\$85,843	\$83,074	\$103,850	\$100,500	\$103,850	\$1,327,190
10														
11	TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$15,771,086	\$10,708,059	\$14,128,696	\$8,397,352	\$8,304,516	\$8,492,920	\$12,920,222	\$3,860,793	\$4,243,116	\$5,289,176	\$6,421,153	\$9,182,258	\$107,709,346
12	NET UNBILLED	\$2,080,897	(\$210,855)	(\$427,848)	(\$764,983)	(\$901,121)	(\$561,386)	(\$246,218)	\$0	\$0	\$0	\$0	\$0	(\$1,031,494)
13	COMPANY USE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	TOTAL THERM SALES	\$11,714,059	\$9,001,397	\$7,928,507	\$6,081,560	\$4,123,027	\$3,340,049	\$3,162,763	\$3,092,883	\$3,211,955	\$3,632,771	\$4,507,725	\$7,707,858	\$67,484,453
THERMS PURCHASED														
15	COMMODITY Pipeline	24,730,847	21,473,174	25,784,979	15,617,054	16,483,694	14,640,745	22,896,774	15,485,371	14,698,843	15,376,274	18,566,890	21,911,100	225,425,744
16	NO NOTICE SERVICE	5,511,320	4,977,966	3,866,150	2,865,735	2,981,260	2,865,735	2,961,280	2,961,280	2,885,735	3,582,438	3,789,375	5,581,938	44,790,169
17	SWING SERVICE	2,795,254	2,629,706	1,628,148	150,592	1,019,176	1,221,501	1,660,810	0	0	0	0	0	11,102,985
18	COMMODITY Other	18,009,044	10,624,094	15,108,842	9,411,549	9,285,023	8,825,305	13,167,655	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	108,712,801
19	DEMAND	54,462,938	48,726,621	54,725,216	42,363,607	33,897,248	34,497,294	38,990,859	35,834,901	34,725,188	58,972,184	82,848,894	64,943,857	560,988,802
20	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT:														
21	COMMODITY Pipeline	6,264,370	4,458,161	7,278,714	4,880,988	4,349,824	4,151,521	8,179,950	8,259,106	8,156,931	7,958,859	8,164,856	9,592,616	81,693,794
22	DEMAND	6,204,021	4,472,363	7,913,957	4,610,101	4,838,919	4,745,937	9,471,530	9,425,946	9,121,883	9,811,667	9,495,162	9,811,667	89,721,053
23	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24	TOTAL PURCHASES (17+18)	20,804,288	13,253,800	19,734,888	9,582,141	10,304,199	9,848,806	14,828,265	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	117,815,586
25	NET UNBILLED	2,187,350	(228,055)	(746,456)	(776,309)	(914,464)	(568,877)	(249,863)	0	0	0	0	0	(1,297,474)
26	COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
27	TOTAL THERM SALES	10,429,102	9,972,991	8,480,080	6,927,617	6,098,635	3,959,180	3,459,454	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	70,808,049
CENTS PER THERM														
28	COMMODITY Pipeline (1/15)	0.00719	0.00950	0.00672	0.00583	0.00520	0.00588	0.00581	0.00570	0.00559	0.00522	0.00520	0.00539	0.00621
29	NO NOTICE SERVICE (2/18)	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495
30	SWING SERVICE (3/17)	0.80291	0.81287	0.68110	0.74275	0.64717	0.71981	0.77623	0.00000	0.00000	0.00000	0.00000	0.00000	0.68144
31	COMMODITY Other (4/18)	0.65544	0.64840	0.70782	0.88706	0.65305	0.71148	0.77255	0.78108	0.88068	0.81925	0.85219	0.84162	0.72180
32	DEMAND (5/19)	0.04489	0.04498	0.04534	0.04444	0.04731	0.04747	0.04742	0.04841	0.04861	0.04514	0.04487	0.04476	0.04594
33	OTHER (6/20)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.00857	0.00914	0.00881	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00734
35	DEMAND (8/22)	0.04280	0.03288	0.03514	0.03471	0.03777	0.03781	0.03817	0.03855	0.03855	0.03557	0.03557	0.03855	0.03729
36	OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37	TOTAL COST OF PURCHASES (11/24)	0.75807	0.80792	0.84426	0.87819	0.80594	0.86251	0.87132	1.23003	1.30176	1.42929	1.40389	1.17521	0.91422
38	NET UNBILLED (12/25)	0.95124	0.92370	0.57317	0.98541	0.98541	0.98541	0.98541	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39	COMPANY USE (13/26)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
40	TOTAL COST OF THERMS SOLD (11/27)	1.51222	1.07371	1.66810	1.21216	1.62880	2.14512	3.73476	1.23003	1.30176	1.42929	1.40389	1.17521	1.52115
41	TRUE-UP (E-4)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)
42	TOTAL COST OF GAS (40+41)	1.49142	1.05291	1.64530	1.19136	1.60800	2.12432	3.71396	1.20923	1.28096	1.40849	1.38289	1.15441	1.50035
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	1.49892	1.05820	1.65358	1.19735	1.61809	2.13501	3.72864	1.21531	1.28741	1.41558	1.38985	1.18022	1.50789
45	PGA FACTOR ROUNDED TO NEAREST .001	149.892	105.820	165.358	119.735	161.809	213.501	373.284	121.531	128.741	141.558	138.985	118.022	150.789

	ACTUAL							REVISED PROJECTION					
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
COST OF GAS PURCHASED													
1 COMMODITY Pipeline	\$153,043	\$181,538	\$174,714	\$102,417	\$108,243	\$128,441	\$187,834	\$138,468	\$124,897	\$103,832	\$100,274	\$108,736	\$1,819,237
2 NO NOTICE SERVICE	\$24,125	\$21,790	\$16,923	\$17,742	\$18,334	\$17,742	\$18,334	\$18,334	\$17,742	\$15,259	\$16,140	\$23,775	\$228,240
3 SWING SERVICE	\$1,450,715	\$1,433,805	\$1,116,912	\$125,828	\$841,860	\$1,296,216	\$2,003,476	\$0	\$0	\$0	\$0	\$0	\$8,268,813
4 COMMODITY Other	\$10,160,826	\$8,109,542	\$10,781,588	\$7,274,276	\$7,738,298	\$9,049,172	\$15,811,143	\$3,845,814	\$4,354,854	\$3,906,878	\$4,535,928	\$5,944,094	\$89,513,289
5 DEMAND	\$2,182,189	\$1,938,087	\$2,184,135	\$2,354,867	\$2,005,978	\$2,048,313	\$2,193,952	\$2,169,792	\$2,111,149	\$2,212,950	\$2,426,804	\$2,501,298	\$26,319,500
6 OTHER	\$87,566	\$128,128	\$143,084	\$161,327	\$238,831	\$62,208	\$110,212	\$122,140	\$120,540	\$112,800	\$107,580	\$94,900	\$1,489,095
LESS END-USE CONTRACT:													
7 COMMODITY Pipeline	\$46,224	\$36,248	\$64,639	\$38,052	\$38,473	\$42,425	\$88,107	\$89,786	\$85,752	\$71,347	\$65,838	\$60,025	\$728,916
8 DEMAND	\$234,801	\$129,158	\$245,951	\$200,147	\$219,024	\$224,428	\$452,129	\$454,479	\$439,818	\$300,334	\$290,646	\$325,462	\$3,516,373
9 OTHER	\$133,214	\$131,381	\$128,900	\$148,095	\$130,683	\$117,866	\$112,880	\$107,388	\$103,903	\$89,359	\$86,477	\$89,359	\$1,377,462
10													
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$13,824,235	\$9,516,105	\$13,989,846	\$9,650,183	\$10,565,160	\$12,215,374	\$19,681,835	\$5,643,016	\$8,099,310	\$5,890,679	\$6,743,743	\$8,195,955	\$121,815,421
12 NET UNBILLED	\$987,066	(\$39,583)	(\$19,835)	(\$297,322)	(\$662,408)	(\$323,980)	(\$183,241)	\$0	\$0	\$0	\$0	\$0	(\$519,304)
13 COMPANY USE	\$8,758	\$8,348	\$9,272	\$11,470	\$12,867	\$13,371	\$18,583	\$0	\$0	\$0	\$0	\$0	\$80,485
14 TOTAL THERM SALES	\$17,285,455	\$15,287,864	\$18,835,330	\$15,982,968	\$17,475,533	\$17,449,124	\$27,336,258	\$4,852,003	\$4,872,503	\$4,899,273	\$5,245,034	\$8,959,824	\$157,220,765
THERMS PURCHASED													
15 COMMODITY Pipeline	21,288,593	19,103,498	25,982,317	17,568,358	21,013,416	21,589,755	35,277,106	24,282,104	22,297,992	19,890,409	19,276,882	19,784,818	267,364,825
16 NO NOTICE SERVICE	4,873,581	4,402,034	3,418,851	3,584,285	3,703,741	3,584,285	3,703,741	3,703,741	3,584,285	3,082,583	3,280,625	4,803,083	45,704,832
17 SWING SERVICE	2,406,188	2,339,504	1,639,864	169,408	1,300,824	1,801,289	2,581,050	0	0	0	0	0	12,238,105
18 COMMODITY Other	15,502,389	9,451,689	15,236,292	10,587,483	11,850,927	12,718,176	20,486,201	4,923,842	4,944,645	4,788,851	5,322,692	7,062,669	122,838,846
19 DEMAND	48,181,779	43,089,134	48,393,714	52,985,498	42,396,354	43,148,851	48,265,831	44,819,839	43,431,888	48,022,577	54,076,280	55,881,923	571,874,466
20 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT:													
21 COMMODITY Pipeline	5,392,440	3,968,179	7,338,098	5,490,852	5,551,838	6,121,979	12,713,920	12,956,168	12,373,979	10,295,405	9,500,481	8,661,648	100,382,765
22 DEMAND	5,486,239	3,954,927	6,998,253	5,765,999	5,799,541	5,935,893	11,848,340	11,789,328	11,409,027	8,442,597	8,170,255	8,442,597	94,040,996
23 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (17+18)	17,908,575	11,791,173	18,876,156	10,756,901	13,151,751	14,520,445	23,047,251	4,923,842	4,944,645	4,768,851	5,322,692	7,062,669	135,074,951
25 NET UNBILLED	744,183	(84,540)	(223,570)	(342,836)	(580,101)	(297,784)	(322,929)	0	0	0	0	0	(1,087,597)
26 COMPANY USE	9,302	8,825	9,341	11,449	13,053	14,000	18,398	0	0	0	0	0	82,388
27 TOTAL THERM SALES	22,372,734	21,068,398	28,103,498	18,827,428	23,193,486	22,408,870	31,554,620	4,923,842	4,844,645	4,768,851	5,322,692	7,062,669	192,549,530
CENTS PER THERM													
28 COMMODITY Pipeline (1/15)	0.00719	0.00950	0.00872	0.00583	0.00520	0.00588	0.00561	0.00570	0.00559	0.00522	0.00520	0.00539	0.00608
29 NO NOTICE SERVICE (2/18)	0.00485	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495
30 SWING SERVICE (3/17)	0.60291	0.61287	0.68110	0.74275	0.64717	0.71981	0.77823	0.00000	0.00000	0.00000	0.00000	0.00000	0.87588
31 COMMODITY Other (4/18)	0.65544	0.64640	0.70762	0.68708	0.65305	0.71146	0.77255	0.78108	0.88068	0.81925	0.85219	0.84182	0.72872
32 DEMAND (5/19)	0.04489	0.04498	0.04534	0.04444	0.04731	0.04747	0.04742	0.04841	0.04881	0.04514	0.04487	0.04478	0.04804
33 OTHER (6/20)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
LESS END-USE CONTRACT:													
34 COMMODITY Pipeline (7/21)	0.00857	0.00914	0.00881	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00724
35 DEMAND (8/22)	0.04280	0.03288	0.03514	0.03471	0.03777	0.03781	0.03817	0.03855	0.03855	0.03557	0.03557	0.03855	0.03738
36 OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37 TOTAL COST OF PURCHASES (11/24)	0.78077	0.80705	0.82897	0.89711	0.80333	0.84125	0.85398	1.14608	1.23352	1.23524	1.26698	1.18046	0.90184
38 NET UNBILLED (12/25)	1.32641	0.61331	0.08872	0.86724	1.14189	1.08797	0.50550	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39 COMPANY USE (13/28)	0.94128	0.94577	0.99282	1.00182	0.97043	0.95505	1.01127	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
40 TOTAL COST OF THERMS SOLD (11/27)	0.60897	0.45172	0.53594	0.51256	0.45552	0.54512	0.62374	1.14606	1.23352	1.23524	1.26698	1.18046	0.83284
41 TRUE-UP (E-4)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)
42 TOTAL COST OF GAS (40+41)	0.58817	0.43092	0.51514	0.49178	0.43472	0.52432	0.60294	1.12528	1.21272	1.21444	1.24618	1.13966	0.61184
43 REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	0.59112	0.43309	0.51773	0.49423	0.43691	0.52898	0.60597	1.13092	1.21882	1.22055	1.25245	1.14539	0.61482
45 PGA FACTOR ROUNDED TO NEAREST .001	59.112	43.309	51.773	49.423	43.691	62.898	60.597	113.092	121.882	122.055	125.245	114.539	81.492

COMPANY: PEOPLES GAS SYSTEM		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION							SCHEDULE E-1/R-1 REVISED-WITH MID-COURSE CORRECTION 1 of 3					
REVISED ESTIMATE FOR THE PROJECTED PERIOD:		JANUARY 05 through DECEMBER 05							Appendix B					
Combined For All Rate Classes														
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	REVISED PROJECTION					
COST OF GAS PURCHASED		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
1	COMMODITY Pipeline	\$330,833	\$385,595	\$347,968	\$193,458	\$194,833	\$212,185	\$325,118	\$228,737	\$208,897	\$184,099	\$186,453	\$224,844	\$3,019,118
2	NO NOTICE SERVICE	\$51,408	\$48,431	\$36,061	\$31,927	\$32,992	\$31,928	\$32,992	\$32,992	\$31,928	\$32,992	\$34,888	\$51,408	\$447,953
3	SWING SERVICE	\$3,138,004	\$3,045,465	\$2,224,482	\$237,880	\$1,501,445	\$2,175,223	\$3,292,483	\$0	\$0	\$0	\$0	\$0	\$15,812,782
4	COMMODITY Other	\$21,964,605	\$12,976,937	\$21,472,850	\$13,740,605	\$13,902,917	\$15,185,722	\$25,983,800	\$8,297,550	\$7,225,243	\$4,782,588	\$8,068,560	\$11,262,167	\$162,783,642
5	DEMAND	\$4,807,285	\$4,129,697	\$4,675,335	\$4,237,659	\$3,609,819	\$3,688,004	\$3,948,087	\$3,904,610	\$3,799,081	\$4,784,757	\$5,247,143	\$5,408,208	\$52,037,685
6	OTHER	\$189,290	\$272,150	\$284,971	\$304,736	\$425,594	\$104,393	\$181,120	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$2,782,254
LESS END-USE CONTRACT:														
7	COMMODITY Pipeline	\$99,922	\$78,893	\$128,736	\$71,877	\$88,816	\$71,195	\$144,795	\$147,022	\$142,279	\$128,502	\$122,421	\$128,502	\$1,326,860
8	DEMAND	\$500,322	\$275,209	\$524,082	\$380,172	\$394,142	\$403,865	\$813,820	\$817,849	\$791,467	\$649,371	\$628,424	\$703,702	\$6,882,225
9	OTHER	\$283,857	\$279,907	\$270,402	\$266,502	\$235,188	\$212,101	\$203,131	\$193,209	\$188,977	\$193,209	\$188,977	\$193,209	\$2,704,649
10														
11	TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$29,385,322	\$20,224,165	\$28,118,544	\$18,047,514	\$18,869,675	\$20,708,294	\$32,802,055	\$9,503,809	\$10,342,426	\$9,015,352	\$12,789,232	\$16,123,312	\$225,749,701
12	NET UNBILLED	\$3,067,783	(\$250,238)	(\$447,683)	(\$1,062,305)	(\$1,583,530)	(\$885,348)	(\$408,459)	\$0	\$0	\$0	\$0	\$0	(\$1,550,798)
13	COMPANY USE	\$8,758	\$8,346	\$9,272	\$11,470	\$12,567	\$13,371	\$16,583	\$0	\$0	\$0	\$0	\$0	\$80,465
14	TOTAL THERM SALES	\$28,979,514	\$24,269,061	\$27,763,837	\$22,024,526	\$21,588,580	\$20,789,173	\$30,499,019	\$7,944,986	\$8,084,458	\$12,621,051	\$14,773,092	\$22,217,414	\$241,554,692
THERMS PURCHASED														
15	COMMODITY Pipeline	48,019,440	40,578,670	51,747,296	33,185,410	37,477,110	38,230,500	57,973,880	39,777,475	36,996,835	35,286,683	35,843,552	41,895,718	492,790,589
16	NO NOTICE SERVICE	10,385,000	9,380,000	7,285,000	6,450,000	6,885,000	6,450,000	6,665,000	6,665,000	6,450,000	6,665,000	7,050,000	10,385,000	90,495,000
17	SWING SERVICE	5,201,440	4,969,210	3,266,010	320,000	2,320,000	3,022,770	4,241,980	0	0	0	0	0	23,341,080
18	COMMODITY Other	33,511,433	20,075,763	30,345,134	19,999,042	21,135,950	21,344,481	33,833,856	8,082,820	8,204,157	8,455,409	9,897,158	14,884,444	229,549,447
19	DEMAND	102,624,715	81,815,755	103,118,930	95,349,105	78,293,800	77,844,145	83,258,490	80,654,740	78,157,074	105,994,700	116,928,174	120,825,780	1,132,863,288
20	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT:														
21	COMMODITY Pipeline	11,656,810	8,424,340	14,514,810	10,371,840	9,801,260	10,273,500	20,893,870	21,215,274	20,530,910	18,254,264	17,665,417	18,254,264	182,056,559
22	DEMAND	11,890,260	8,427,290	14,912,110	10,376,100	10,436,460	10,681,830	21,317,870	21,215,274	20,530,910	18,254,264	17,665,417	18,254,264	183,782,049
23	OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24	TOTAL PURCHASES (17+18)	38,712,873	25,044,973	33,811,144	20,319,042	23,455,950	24,367,251	37,875,516	8,082,820	8,204,157	8,455,409	9,897,158	14,884,444	252,890,537
25	NET UNBILLED	2,931,513	(292,585)	(970,028)	(1,119,145)	(1,494,565)	(867,481)	(572,792)	0	0	0	0	0	(2,385,071)
26	COMPANY USE	9,302	8,825	9,341	11,449	13,053	14,000	16,398	0	0	0	0	0	82,368
27	TOTAL THERM SALES	32,801,836	31,039,389	34,583,576	25,755,043	28,292,022	26,367,850	35,014,074	8,082,820	8,204,157	8,455,409	9,897,158	14,884,444	283,357,580
CENTS PER THERM														
28	COMMODITY Pipeline (1/15)	0.00719	0.00950	0.00672	0.00583	0.00520	0.00588	0.00561	0.00570	0.00558	0.00522	0.00520	0.00539	0.00613
29	NO NOTICE SERVICE (2/16)	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495
30	SWING SERVICE (3/17)	0.60291	0.61287	0.68110	0.74275	0.64717	0.71961	0.77623	0.00000	0.00000	0.00000	0.00000	0.00000	0.66890
31	COMMODITY Other (4/18)	0.65544	0.64640	0.70762	0.68706	0.65305	0.71146	0.77255	0.78108	0.88088	0.56562	0.81524	0.75664	0.70906
32	DEMAND (5/19)	0.04489	0.04498	0.04534	0.04444	0.04731	0.04747	0.04742	0.04841	0.04881	0.04514	0.04487	0.04476	0.04594
33	OTHER (6/20)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.00857	0.00914	0.00881	0.00693	0.00693	0.00693	0.00693	0.00693	0.00683	0.00693	0.00693	0.00693	0.00729
35	DEMAND (8/22)	0.04280	0.03266	0.03514	0.03471	0.03777	0.03781	0.03817	0.03855	0.03855	0.03557	0.03557	0.03955	0.03734
36	OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37	TOTAL COST OF PURCHASES (11/24)	0.75932	0.80751	0.83858	0.88821	0.80447	0.84984	0.86077	1.17875	1.28083	1.08822	1.29322	1.08323	0.89268
38	NET UNBILLED (12/25)	1.04848	0.85524	0.46152	0.94921	1.04614	1.02062	0.71485	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39	COMPANY USE (13/26)	0.94128	0.94577	0.99282	1.00182	0.97043	0.95505	1.01127	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
40	TOTAL COST OF THERMS SOLD (11/27)	0.89615	0.65156	0.81306	0.70074	0.66695	0.78538	0.93111	1.17875	1.28083	1.08822	1.29322	1.08323	0.85720
41	TRUE-UP (E-4)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)
42	TOTAL COST OF GAS (40+41)	0.87535	0.63076	0.78226	0.67994	0.64618	0.76458	0.91031	1.15795	1.23983	1.04542	1.27242	1.06243	0.83640
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	0.87975	0.63394	0.78625	0.68336	0.64941	0.76841	0.91489	1.16377	1.24807	1.05088	1.27882	1.06778	0.84061
45	PGA FACTOR ROUNDED TO NEAREST .001	87.975	63.394	78.625	68.336	64.941	76.841	91.489	116.377	124.807	105.088	127.882	106.778	84.061

COMPANY: PEOPLES GAS SYSTEM

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.1
REVISED-WITH MID-COURSE CORRECTION
2 of 3

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

JANUARY 05 through DECEMBER 05

Appendix B

For Residential Customers

	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	REVISED PROJECTION					TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
COST OF GAS PURCHASED													
1 COMMODITY Pipeline	\$177,790	\$204,057	\$173,252	\$91,041	\$85,590	\$85,744	\$127,284	\$88,269	\$82,200	\$80,267	\$88,179	\$118,208	\$1,399,881
2 NO NOTICE SERVICE	\$27,281	\$24,841	\$19,137	\$14,185	\$14,658	\$14,185	\$14,658	\$14,658	\$14,186	\$17,733	\$16,758	\$27,631	\$221,711
3 SWNG SERVICE	\$1,885,289	\$1,611,680	\$1,107,569	\$111,852	\$859,585	\$879,008	\$1,289,007	\$0	\$0	\$0	\$0	\$0	\$7,343,969
4 COMMODITY Other	\$11,803,778	\$8,867,395	\$10,891,382	\$6,466,329	\$6,063,621	\$8,136,550	\$10,172,658	\$2,451,636	\$2,870,589	\$2,085,207	\$3,728,288	\$5,918,269	\$75,256,703
5 DEMAND	\$2,445,088	\$2,191,830	\$2,481,200	\$1,882,782	\$1,603,843	\$1,837,692	\$1,754,135	\$1,734,818	\$1,887,932	\$2,571,807	\$2,820,339	\$2,908,912	\$25,718,188
6 OTHER	\$101,724	\$144,022	\$141,887	\$143,409	\$186,983	\$42,185	\$70,909	\$77,860	\$78,460	\$87,200	\$92,440	\$105,100	\$1,273,160
LESS END-USE CONTRACT:													
7 COMMODITY Pipeline	\$53,898	\$40,745	\$64,098	\$33,825	\$30,143	\$28,770	\$56,887	\$57,236	\$56,527	\$55,155	\$56,583	\$66,477	\$599,944
8 DEMAND	\$265,521	\$146,054	\$278,130	\$180,024	\$175,117	\$179,437	\$361,491	\$383,370	\$351,649	\$349,037	\$337,778	\$378,240	\$3,345,850
9 OTHER	\$150,843	\$148,547	\$143,503	\$118,407	\$104,485	\$94,237	\$90,251	\$85,843	\$83,074	\$103,850	\$100,500	\$103,850	\$1,327,190
10													
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$15,771,088	\$10,708,059	\$14,128,696	\$8,397,352	\$8,304,516	\$8,492,920	\$12,920,222	\$3,860,793	\$4,243,116	\$4,334,173	\$6,252,143	\$8,527,553	\$105,940,628
12 NET UNBILLED	\$2,080,897	(\$210,655)	(\$427,848)	(\$764,983)	(\$901,121)	(\$581,368)	(\$246,218)	\$0	\$0	\$0	\$0	\$0	(\$1,031,494)
13 COMPANY USE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14 TOTAL THERM SALES	\$11,714,059	\$9,001,387	\$7,928,507	\$8,061,560	\$4,123,027	\$3,340,049	\$3,182,783	\$3,082,983	\$3,211,855	\$5,502,778	\$6,828,123	\$11,875,251	\$75,642,453
THERMS PURCHASED													
15 COMMODITY Pipeline	24,730,847	21,473,174	25,764,979	15,817,054	16,483,894	14,840,745	22,896,774	15,485,371	14,688,843	15,378,274	18,568,890	21,911,100	225,425,744
16 NO NOTICE SERVICE	5,511,320	4,977,966	3,886,150	2,865,735	2,961,280	2,865,735	2,961,260	2,961,260	2,865,735	3,582,438	3,788,375	5,581,938	44,790,169
17 SWNG SERVICE	2,795,254	2,829,706	1,626,146	150,592	1,019,178	1,221,501	1,660,610	0	0	0	0	0	11,102,985
18 COMMODITY Other	18,009,044	10,624,084	15,108,842	9,411,549	9,285,023	8,825,305	13,167,655	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	106,712,601
19 DEMAND	54,462,936	48,726,821	54,725,216	42,383,607	33,897,246	34,497,294	38,990,859	35,834,901	34,725,188	56,972,184	62,848,894	64,943,857	560,988,802
20 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT:													
21 COMMODITY Pipeline	6,284,370	4,458,161	7,276,714	4,880,988	4,349,624	4,151,521	8,178,950	8,259,108	8,156,831	7,958,859	8,164,956	9,592,618	81,683,784
22 DEMAND	6,204,021	4,472,383	7,913,857	4,810,101	4,638,819	4,745,937	9,471,530	8,425,948	8,121,883	9,811,067	8,495,182	9,811,667	69,721,053
23 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (17+18)	20,804,298	13,253,800	16,734,988	9,582,141	10,304,199	9,848,806	14,828,265	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	117,815,588
25 NET UNBILLED	2,187,350	(228,055)	(746,458)	(776,309)	(914,464)	(589,877)	(249,883)	0	0	0	0	0	(1,287,474)
26 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
27 TOTAL THERM SALES	10,429,102	9,972,991	8,480,080	8,927,817	5,098,535	3,959,180	3,459,454	3,138,778	3,259,512	3,686,558	4,574,466	7,821,775	70,808,049
CENTS PER THERM													
28 COMMODITY Pipeline (1/15)	0.00719	0.00950	0.00672	0.00583	0.00520	0.00588	0.00581	0.00570	0.00559	0.00522	0.00520	0.00538	0.00621
29 NO NOTICE SERVICE (2/16)	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495
30 SWNG SERVICE (3/17)	0.60281	0.81287	0.88110	0.74275	0.64717	0.71961	0.77623	0.00000	0.00000	0.00000	0.00000	0.00000	0.66144
31 COMMODITY Other (4/18)	0.85544	0.64840	0.70782	0.88706	0.85305	0.71146	0.77255	0.78108	0.88088	0.56562	0.81524	0.75664	0.70523
32 DEMAND (5/19)	0.04489	0.04498	0.04534	0.04444	0.04731	0.04747	0.04742	0.04841	0.04861	0.04514	0.04487	0.04478	0.04584
33 OTHER (6/20)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
LESS END-USE CONTRACT:													
34 COMMODITY Pipeline (7/21)	0.00857	0.00914	0.00881	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00693	0.00734
35 DEMAND (8/22)	0.04280	0.03266	0.03514	0.03471	0.03777	0.03781	0.03817	0.03855	0.03855	0.03557	0.03557	0.03855	0.03729
36 OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37 TOTAL COST OF PURCHASES (11/24)	0.75807	0.80782	0.84428	0.87819	0.80594	0.86251	0.87132	1.23003	1.30176	1.17567	1.38675	1.09023	0.89921
38 NET UNBILLED (12/25)	0.95124	0.82370	0.57317	0.98541	0.98541	0.98541	0.98541	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
39 COMPANY USE (13/26)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
40 TOTAL COST OF THERMS SOLD (11/27)	1.51222	1.07371	1.86810	1.21216	1.62880	2.14512	3.73478	1.23003	1.30176	1.17567	1.38675	1.09023	1.49617
41 TRUE-UP (E-4)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)
42 TOTAL COST OF GAS (40+41)	1.49142	1.05291	1.84530	1.19136	1.60800	2.12432	3.71396	1.20923	1.28096	1.15487	1.36595	1.06943	1.47537
43 REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	1.49892	1.05820	1.85358	1.19735	1.61809	2.13501	3.73264	1.21531	1.28741	1.16088	1.35272	1.07481	1.48279
45 PGA FACTOR ROUNDED TO NEAREST .001	149.892	105.820	185.358	119.735	161.609	213.501	373.264	121.531	128.741	116.068	135.272	107.481	148.279

COMPANY: PEOPLES GAS SYSTEM
 PURCHASED GAS ADJUSTMENT
 COST RECOVERY CLAUSE CALCULATION
 REVISED ESTIMATE FOR THE PROJECTED PERIOD: JANUARY 05 through DECEMBER 05
 SCHEDULE E -AIR,1
 REVISED WITH MID-COURSE CORRECTION
 3 of 3
 Appendix B

COST OF GAS PURCHASED	REVISIED PROJECTION												TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMMODITY Pipeline	\$153,043	\$181,538	\$174,714	\$102,417	\$109,243	\$128,441	\$187,834	\$198,408	\$124,697	\$109,832	\$100,274	\$108,756	\$1,619,237
2 NO NOTICE SERVICE	\$24,125	\$21,780	\$16,923	\$17,742	\$18,334	\$17,742	\$18,334	\$18,334	\$17,742	\$15,259	\$16,140	\$23,775	\$220,240
3 SWING SERVICE	\$1,450,715	\$1,433,805	\$1,116,912	\$125,828	\$841,860	\$1,296,746	\$2,003,478	\$0	\$0	\$0	\$0	\$0	\$8,268,813
4 COMMODITY Other	\$10,160,828	\$8,109,542	\$10,781,568	\$17,274,276	\$17,735,286	\$9,049,172	\$15,811,143	\$3,845,914	\$4,354,054	\$2,697,379	\$4,339,272	\$5,343,898	\$87,506,939
5 DEMAND	\$2,162,199	\$2,938,067	\$2,194,135	\$2,354,867	\$2,068,978	\$2,048,313	\$2,183,932	\$2,189,782	\$2,111,149	\$2,112,850	\$2,112,850	\$2,112,850	\$26,319,500
6 OTHER	\$87,566	\$128,128	\$143,084	\$161,327	\$238,831	\$82,208	\$110,212	\$122,140	\$120,540	\$107,800	\$107,800	\$94,900	\$1,489,085
LESS END-USE CONTRACT:													
7 COMMODITY Pipeline	\$46,224	\$36,248	\$84,639	\$38,052	\$39,473	\$42,425	\$88,107	\$89,786	\$85,752	\$71,347	\$65,898	\$80,025	\$726,918
8 DEMAND	\$234,801	\$129,166	\$245,951	\$200,147	\$219,024	\$224,428	\$452,129	\$454,478	\$439,818	\$300,334	\$290,846	\$325,482	\$3,516,373
9 OTHER	\$133,214	\$131,361	\$126,900	\$148,095	\$130,883	\$117,865	\$112,880	\$107,368	\$103,903	\$89,359	\$86,477	\$89,359	\$1,377,462
10													
11 TOTAL COST (1+2+3+4+5+6)-(7+8+9+10)	\$13,624,235	\$9,516,105	\$13,989,846	\$9,650,163	\$10,565,160	\$12,215,374	\$19,681,835	\$5,643,016	\$6,099,310	\$4,681,179	\$6,547,089	\$7,585,759	\$119,809,071
12 NET UNBILLED	\$987,066	(\$39,583)	(\$19,583)	(\$287,322)	(\$692,408)	(\$323,980)	(\$183,241)	\$0	\$0	\$0	\$0	\$0	(\$519,304)
13 COMPANY USE	\$8,756	\$8,346	\$9,272	\$11,470	\$12,867	\$13,371	\$16,583	\$0	\$0	\$0	\$0	\$0	\$80,465
14 TOTAL THERM SALES	\$17,289,455	\$15,287,864	\$19,835,330	\$15,862,956	\$17,478,533	\$17,449,124	\$27,336,256	\$4,852,003	\$4,872,603	\$7,118,272	\$7,944,989	\$10,542,163	\$185,922,298
LESS END-USE CONTRACT:													
15 COMMODITY Pipeline	21,288,593	19,103,486	25,982,317	17,588,356	21,013,418	21,589,755	35,277,106	24,292,104	22,297,992	19,890,409	19,278,662	19,794,818	287,384,825
16 NO NOTICE SERVICE	4,873,881	4,402,034	3,418,851	3,584,265	3,703,741	3,584,265	3,703,741	3,703,741	3,584,265	3,082,563	3,280,825	4,803,063	45,704,832
17 SWING SERVICE	2,406,185	2,339,504	1,839,884	1,69,408	1,300,824	1,801,289	2,581,050	4,923,842	4,944,845	0	0	0	12,238,105
18 COMMODITY Other	15,502,389	9,451,869	15,236,292	10,587,493	11,950,927	12,719,178	20,486,201	4,923,842	4,944,845	4,788,851	5,322,892	7,082,669	122,836,846
19 DEMAND	48,161,279	43,089,134	48,393,714	52,989,498	42,386,354	43,146,851	46,285,831	44,819,839	43,431,888	49,022,577	54,079,280	55,881,923	571,874,466
20 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT:													
21 COMMODITY Pipeline	5,362,440	3,966,179	7,338,086	5,490,852	5,551,536	6,121,979	12,713,920	12,866,188	12,373,979	10,295,405	9,500,481	8,861,848	100,382,765
22 DEMAND	5,486,239	3,954,927	6,998,253	5,785,998	5,789,241	5,935,893	11,846,340	11,789,328	11,409,027	8,442,587	8,170,255	8,442,587	94,040,896
23 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (17+18)	17,908,575	11,791,173	16,876,156	10,756,901	13,151,751	14,520,445	23,047,251	4,923,842	4,944,845	4,788,851	5,322,892	7,082,669	135,074,651
25 NET UNBILLED	744,183	(94,540)	(223,570)	(342,836)	(580,101)	(297,784)	(322,929)	0	0	0	0	0	(1,087,587)
26 COMPANY USE	9,302	8,625	9,241	11,449	13,053	14,000	18,398	0	0	0	0	0	82,368
27 TOTAL THERM SALES	22,372,734	21,088,368	28,103,498	18,827,428	23,183,488	22,408,870	31,554,820	4,923,842	4,944,845	4,788,851	5,322,892	7,082,669	192,549,530
CENTS PER THERM	(1/15)	0.00950	0.00872	0.00583	0.00520	0.00586	0.00561	0.00570	0.00559	0.00522	0.00520	0.00519	0.00508
28 COMMODITY Pipeline	(1/15)	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495	0.00495
29 NO NOTICE SERVICE	(2/16)	0.00291	0.61257	0.66110	0.74275	0.64177	0.71961	0.77823	0.78108	0.56582	0.81524	0.75684	0.71238
30 SWING SERVICE	(9/17)	0.65544	0.64640	0.70782	0.88706	0.65305	0.71148	0.77255	0.88068	0.56582	0.64487	0.75684	0.71238
31 COMMODITY Other	(4/18)	0.04489	0.04488	0.04488	0.04444	0.04431	0.044747	0.04811	0.04811	0.04811	0.04811	0.04811	0.04811
32 DEMAND	(5/19)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
33 OTHER	(6/20)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
LESS END-USE CONTRACT:													
34 COMMODITY Pipeline	(7/21)	0.00857	0.00914	0.00881	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893	0.00893
35 DEMAND	(8/22)	0.00420	0.00326	0.00314	0.00377	0.00377	0.00377	0.00385	0.00385	0.00357	0.00357	0.00357	0.00357
36 OTHER	(9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37 TOTAL COST OF PURCHASES	(11/24)	0.76077	0.80705	0.82897	0.89711	0.80332	0.84825	0.85388	0.85650	0.80000	0.80000	0.80000	0.80000
38 NET UNBILLED	(12/25)	1.32641	0.61331	0.08872	0.89724	1.14188	1.08179	1.08179	1.01127	1.46906	1.23552	1.23552	0.00000
39 COMPANY USE	(13/26)	0.94128	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282	0.98282
40 TOTAL COST OF THERMS SOLD	(11/27)	0.60987	0.45172	0.53594	0.51256	0.45652	0.54512	0.62374	0.62374	1.01127	1.23552	1.23552	0.00000
41 TRUE-UP	(E-4)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)	(0.02080)
42 TOTAL COST OF GAS	(40+41)	0.58917	0.43082	0.51514	0.49176	0.43472	0.52432	0.60284	0.60284	1.05282	1.21772	1.21772	0.96782
43 REVENUE TAX FACTOR	(42+43)	1.00503	1.00309	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES (42+43)		0.59112	0.43309	0.51773	0.49423	0.43691	0.52886	0.60597	0.60597	1.13092	1.21882	1.21882	0.96565
45 PGA FACTOR ROUNDED TO NEAREST .001		59.112	43.309	51.773	49.423	43.691	52.886	60.597	60.597	113.092	121.882	121.882	96.565

COMPANY: PEOPLES GAS SYSTEM

PURCHASED GAS ADJUSTMENT FACTOR (Or Cap)(Dollars Per Therm*)
FOR THE PERIOD JANUARY 2005 THROUGH DECEMBER 2005

WITHOUT MID-COURSE CORRECTION

PGA FACTOR(OR CAP):

Jan 1 '05 through Dec 31, '05 0.99037

	Jan'05	Feb'05	Mar'05	Apr'05	May'05	Jun'05	Jul'05	Aug'05 Revised	Sep'05 Revised	Oct'05 Revised	Nov'05 Revised	Dec'05 Revised
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projection	Projection	Projection	Projection	Projection
Residential Customers	0.92835	0.92835	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037
Commercial Customers	0.92021	0.92486	0.97169	0.98109	0.94960	0.93413	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037

WITH MID-COURSE CORRECTION

PGA FACTOR(OR CAP):

Date of Commission Vote Through Dec 31, '05 1.50017

	Jan'05	Feb'05	Mar'05	Apr'05	May'05	Jun'05	Jul'05	Aug'05 Revised	Sep'05 Revised	Oct'05 Revised	Nov'05 Revised	Dec'05 Revised
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projection	Projection	Projection	Projection	Projection
Residential Customers	0.92835	0.92835	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	0.99037	1.50017	1.50017	1.50017
Commercial Customers	0.92021	0.92486	0.97169	0.98109	0.94960	0.93413	0.99037	0.99037	0.99037	1.50017	1.50017	1.50017

INCREASE IN PGA FACTOR(OR CAP)

Date of Commission Vote Through Dec 31, '05 0.50980

*Includes Revenue Tax Factor