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IN REPLY REFER TO:

Ansley Watson, Jr.
P.O. Box 1531
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December 13, 2011

VIA FEDEX

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

110320-GU

RECEIVED-FPSC
11 DEC 14 PM 3:30
COMMISSION
CLERK

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

Dear Ms. Cole:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and 12 copies of Peoples' petition referenced above. Enclosed also are five copies of each of the following revised (or original) sheets to Peoples' Natural Gas Tariff, Original Volume No. 3, for which the Company's petition seeks the Commission's approval:

Fourth Revised Sheet No. 7.000-1
Fourth Revised Sheet No. 7.201-1
Third Revised Sheet No. 7.301-1
Third Revised Sheet No. 7.302-1
Fourth Revised Sheet No. 7.303-1
Second Revised Sheet No. 7.303-3
Second Revised Sheet No. 7.303-5
Fourth Revised Sheet No. 7.304-1
Third Revised Sheet No. 7.306-1
Third Revised Sheet No. 7.401-1
Second Revised Sheet No. 7.402-2
Second Revised Sheet No. 7.403-1
Seventh Revised Sheet No. 7.501
Original Sheet No. 7.806
Original Sheet No. 7.806-1

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FPSC-COMMISSION CLERK

Ann Cole
December 13, 2011
Page 2

Original Sheet No. 7.806-2
Original Sheet No. 7.806-3

Two copies of coded (legislative style) versions of each of the above revised sheets required by Rule 25-9.005, *F.A.C.*, are also enclosed.

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

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

Thank you for your usual assistance.

Sincerely,



Ansley Watson, Jr.

AWjr/a
Enclosures

cc: Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

Docket No. 110320 -GU

Submitted for Filing:
12-14-11

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL OF
CAST IRON/BARE STEEL PIPE REPLACEMENT RIDER (RIDER CI/BSR)**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned counsel and pursuant to Section 366.06, *Florida Statutes*, petitions the Commission for approval of a Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR) through which to recover additional costs of a program accelerating the replacement of cast iron and bare steel pipe in the Company's system. This petition is not submitted pursuant to the file-and-suspend provisions of Section 366.06(3), *Florida Statutes*, and the Company hereby waives the 60-day requirement for Commission action on the tariff filing that is the subject of this petition.

In support of this petition Peoples states:

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

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

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

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

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

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

3. Sections 366.04(1), 366.05(1) and 366.06, *Florida Statutes*, confer on the Commission's broad jurisdiction to establish, supervise and regulate rates and charges for public utilities, including jurisdiction to grant the relief sought by this petition.

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

BACKGROUND

5. On March 28, 2011, U.S. Department of Transportation ("USDOT") Secretary Ray LaHood wrote a letter to the Governors of each of the United States advising that recent pipeline failures around the country had elevated concerns about pipeline safety, and inviting them to a Pipeline Safety Forum on April 18, 2011. His letter expressed the desire of USDOT to "partner with you again to ensure that all pipeline companies in your State, both public and private, are correctly analyzing the risks to their pipeline systems and using the appropriate assessment technologies." The letter also asked the Governors to urge their respective staffs to "encourage companies and the State utility commission to accelerate pipeline repair, rehabilitation, and replacement programs for systems whose integrity cannot be positively confirmed."

6. Secretary LaHood's letter followed several events in Washington, D.C., where on February 14, 2011, he made an appearance at the National Association of Regulatory Utility Commissioners ("NARUC") 2011 Winter Meeting and expressed his concerns about pipeline safety and aged infrastructure. In response, NARUC President Tony Clark of North Dakota and Committee on Gas Chair Timothy Alan Simon of California issued the following statement:

On behalf of the nation's State public utility commissioners, we thank Secretary LaHood for meeting with us today. State regulators fully understand the importance of assuring the safety of our nation's pipeline system. We take these responsibilities seriously and personally. We truly appreciate the Secretary offering an invitation to us to speak about these issues on a bigger scale. The nation must be assured that its gas pipeline system is safe and reliable, and that responsibility falls on all of us. We welcome Secretary LaHood's call for action and we look forward to working with him, Pipeline and Hazardous Materials Safety Administrator Cynthia Quarterman, and whomever else the Secretary includes.

In addition, on February 16, 2011, Secretary LaHood met with the chief executives of numerous pipelines and local distribution companies from across the United States expressing again his concern about pipeline safety and aged pipe, while acknowledging that age is not the sole factor in determining whether a pipeline is fit for service.

7. The Pipeline and Hazardous Materials Safety Administration ("PHMSA") of the USDOT is responsible for pipeline safety nationwide. PHMSA Administrator Cynthia Quarterman testified before the U.S. House Committee on Energy and Commerce Subcommittee on Energy and Power on June 16, 2011:

. . . The pipeline infrastructure -- like our roads, bridges, ports, and rail infrastructure -- needs more attention. Investments now will ensure the safety of the American people and the integrity of the pipeline infrastructure to deliver energy for future generations. We are issuing a call to action for

all pipeline stakeholders, including the public, the pipeline industry and our State partners. Together, we need to chart a course to accelerate the identification, repair, rehabilitation and replacement of high risk pipeline infrastructure before it becomes a risk to people or the environment. PHMSA is specifically calling on State Public Utility Commissions to establish cost recovery mechanisms that effectively address infrastructure replacement costs.

8. Secretary LaHood's concerns reflect the regulatory and public alarm surrounding the vintage materials (cast and wrought iron, and unprotected bare steel) used in pipelines following a series of high profile pipeline accidents. These accidents received extensive national media coverage due to the dramatic visuals that they offered and have educated a segment of the national news media regarding pipeline safety issues, and gained the attention and focus of Congress, where bills focused on pipeline safety have been introduced.¹

9. Many state utility regulatory commissions have approved natural gas local distribution company recovery of costs associated with infrastructure replacements outside of base rate proceedings. In 2008, there were 11 states with an infrastructure replacement recovery mechanism and, in the last 3 years, that number has almost doubled. Currently, more than 40 utilities in 19 states serving over 20 million residential natural gas customers are using some type of mechanism to recover their investments in infrastructure replacement. Five more companies have such mechanisms pending in four additional states. The states in which these mechanisms are currently in effect, or pending approval, are depicted on the map attached to this petition as Exhibit A.

¹ On December 8, 2011, committees of the U.S. House of Representatives and the U.S. Senate reached a bipartisan agreement on pipeline safety reflected in an amended version of The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (H.R. 2845). The House passed the bill via a voice vote on December 12, and a vote by the Senate is expected shortly.

10. Peoples' distribution system includes both cast iron and bare steel pipe. Cast iron (including wrought iron) was the material commonly used throughout the United States for gas distribution piping well into the 1940's. It currently comprises approximately 1% (about 150 miles) of Peoples' system.² Bare steel pipe was used from the 1940's until about 1970. The use of the bare steel pipe was ended by federal regulations in 1971 because it is susceptible to corrosion leaks and cannot be protected if not externally coated.³ Bare steel pipe comprises about 4% (or 400 miles) of the Company's system. These nationally and internationally used pipeline materials complied with the accepted engineering standards and practices in effect at the time of their installation, and are currently approved for use by state and federal codes in natural gas systems, but are no longer permitted for use in new gas system construction.

11. Because of the age of these materials, there is concern they may have deteriorated over time, and that some may have been exposed to excavation damage and other threats. The public perception is that these materials do not measure up to the safety and reliability standards of other materials used since the 1970's when federal and state pipeline safety codes were developed.

12. Since 2001, Peoples has had a program to replace its cast iron and bare steel mains. From December 2000 to December 2010, the Company has replaced approximately 200 miles of cast iron and bare steel mains. One million dollars for the replacement of cast iron and bare steel mains was included in rate base for the 2009 projected test year in Peoples' last rate case (Docket No. 080318-GU), and the Company

² Peoples system includes a total of approximately 11,164 miles of pipe.

is therefore earning a return on, and recovering the depreciation expense associated with, this \$1 million through its base rates.

13. Peoples completed an assessment of the cast iron and bare steel mains and service lines in its system in August 2011. While Peoples believes its system and all the pipe comprising it is safe, with only \$1 million per year targeted for the replacement of this aged and aging pipe, it would take over 70 years to replace all of it at the rate contemplated by the expenditure included in Peoples' last rate case. For public perception and potential liability reasons alone, Peoples believes it is appropriate to accelerate the pace for replacement of this aging infrastructure to more appropriately continue to provide for the safety of its system and guard against the occurrence of an incident such as those recently reported in the news media. As a result, the Company is proposing, subject to the Commission's approval of the relief sought by this petition, to target completion of all bare steel and cast iron piping replacement over a roughly 10-year period. Based on current estimates, this would increase the Company's budgeted capital expenditure for replacement of these facilities from approximately \$1 million to approximately \$8 million annually.

RELIEF REQUESTED

14. In order to recover the costs associated with the capital investment required for the accelerated replacement of cast iron and bare steel pipe, Peoples seeks the Commission's approval of the Company's proposed Rider CI/BSR (Cast Iron/Bare Steel Replacement Rider), a copy of which is attached to this petition as Exhibit B. (Other tariff sheets necessary for the implementation of surcharges imposed by the rider accompany

³ 49 C.F.R. 192.455(1).

this petition.) The rider would permit Peoples to recover the Company's revenue requirements (*i.e.*, weighted average cost of capital, depreciation expense and ad valorem taxes, grossed up for federal and state income taxes) on the Company's additional investment of approximately \$7 million annually. It would not permit recovery of the capital expenditures themselves (except through the Commission-approved depreciation rates applicable to the replacement infrastructure), but would allow a return on such investments. Absent the proposed rider, Peoples' return would deteriorate annually if the Company continued to accelerate its replacement of the aging infrastructure, and the Company would eventually be forced to seek general base rate relief from the Commission – a lengthy and costly exercise.

15. Infrastructure replacement expenditures on which recovery is permitted under the rider would be limited to cast iron mains and service lines and bare steel mains and service lines, together with other appurtenances such as regulators and meters, the replacement of which is required in connection with the replacement of the eligible mains and service lines. The cost of removal expense is typically distinguishable between the removal and installation phase. During the physical process of infrastructure replacement, the cast iron or bare steel pipe being removed will remain in the ground and operational until the new pipe is installed and fully functional in order to maintain continuous gas flow and to eliminate service disruption to customers. Because of the timing of the installations of the pipe, no cost of removal will be included for recovery under the rider because it is already included in the depreciation expense for the pipe being replaced. No infrastructure replacement described above would be eligible for cost recovery under the proposed rider if its cost was included in rate base in the Company's most recent base rate

proceeding. For example, since the projected test year in Peoples' last rate case (Docket No. 080318-GU) was calendar year 2009, no item described above would result in cost recovery under the rider unless installed after the date the rider becomes effective.

16. Rider CI/BSR contemplates the Company's filing of a petition for approval of the projected revenue requirements to be recovered during the following calendar year. The revenue requirement under the rider would be calculated and trued up each year much as expenses are projected and trued up under the energy conservation cost recovery, purchased gas adjustment, and fuel and purchased power cost recovery clauses used by both electric and natural gas utilities subject to the Commission's jurisdiction. As is the case with proceedings under those clauses, the Commission would have the opportunity to thoroughly review and audit the Company's filings for recovery under the proposed rider.

17. The revenue requirement to be recovered through the charges imposed by Rider CI/BSR would be allocated to customer classes using the same methodology as was used for the allocation of mains and services in the cost of service study used in Peoples' most recent base rate proceeding, and would be recovered through a per-therm surcharge. Collection of the surcharges established each year would continue until such time as Peoples began billing new base rates resulting from a full base rate proceeding in which the replacement infrastructure was rolled into the Company's overall rate base for ratemaking purposes. Under no circumstances would charges collected pursuant to the rider be based on replacements already included in the Company's rate base in its most recent base rate proceeding.

18. Peoples has included its projected capital investments in cast iron/bare steel replacement infrastructure for the second half of the calendar year 2012, together with the

calculation of the projected year-by-year CI/BSR revenue requirement for such replacement infrastructure, as Exhibit C to this petition. The projected year-by-year CI/BSR surcharges for each customer class based on the projected expenditures are attached as Exhibit D. If the Commission approves Rider CI/BSR, the projected charges resulting from this filing for the second half of the first year (2012) would be included on customers' bills commencing with bills rendered for meter readings taken on and after the first day of July 2012 following the Commission's order approving the rider. Peoples would file another petition later in 2012 which would recalculate the charges required to recover the revenue requirement under the rider based on eligible infrastructure replacement for 2013, as adjusted by the projected true-up of the initially projected revenue requirement for the second half of 2012 and the amount recovered through the surcharges imposed for that period as a result of this petition. Charges approved by the Commission as a result of each filing would continue in effect until new charges were authorized by Commission order.

19. An example of the rate impact of the surcharges on an average residential customer for the duration of the rider once effective is attached to this petition as Exhibit E. The calculations assume incremental capital expenditures of \$7 million annually for the replacement of cast iron and bare steel mains and service lines. As shown by Exhibit E, the surcharge under Rider CI/BSR commencing in July 2012 for an average residential customer using 240 therms per year would be \$0.002 per therm – roughly \$0.03 per month or \$0.37 for half of the year. The surcharge in year 11 (assuming the Company had not yet adjusted its base rates as the result of a base rate proceeding) would be approximately \$0.04 per therm, or roughly \$0.83 per month (\$9.96 for a year) for this average residential

customer.

20. The proposed rider will assist in “phasing in” the increasing costs associated with the capital expenditures made for the replacement of cast iron and bare steel infrastructure, thereby avoiding the rate shock that might otherwise be experienced if rates were increased one or more times through full base rate proceedings.

21. Peoples submits that the Commission’s approval of the Company’s proposed Rider CI/BSR is in the public interest, and in the best interests of the Company and its customers. Approval of the rider would enable Peoples to accelerate the replacement of its aged and aging cast iron and bare steel mains and services without facing the risk of financial harm through erosion of earnings, and to do so with negligible rate impacts to its customers. The replacements covered by the proposed rider are not revenue-generating as are most of the other capital expenditures made by the Company. The primary goal of accelerating the replacement of this infrastructure is to better ensure the reliability and safety of Peoples’ system, not to expand the system to serve new customers or new load.⁴ Consequently, the Company cannot offset the additional costs attributable to accelerated replacement through additional revenue.

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

- A. approving Rider CI/BSR to become effective as of the date of the Commission’s vote;

⁴ It should be noted that the replacement pipe may not be installed in exactly the same location as the pipe being replaced. Because the pipe being replaced is being used to serve customers at the time of its replacement, the replacement pipe must actually be installed and placed in service before the old pipe can be taken out of service and retired.

- B. approving the projected revenue requirements for 2012 (subject to true-up as provided in this petition) set forth in Exhibit C to this petition; and
- C. approving Peoples' billing of the recovery surcharges for 2012 set forth in Exhibit D to this petition commencing with bills rendered for meter readings taken on and after July 1, 2012.

Respectfully submitted,



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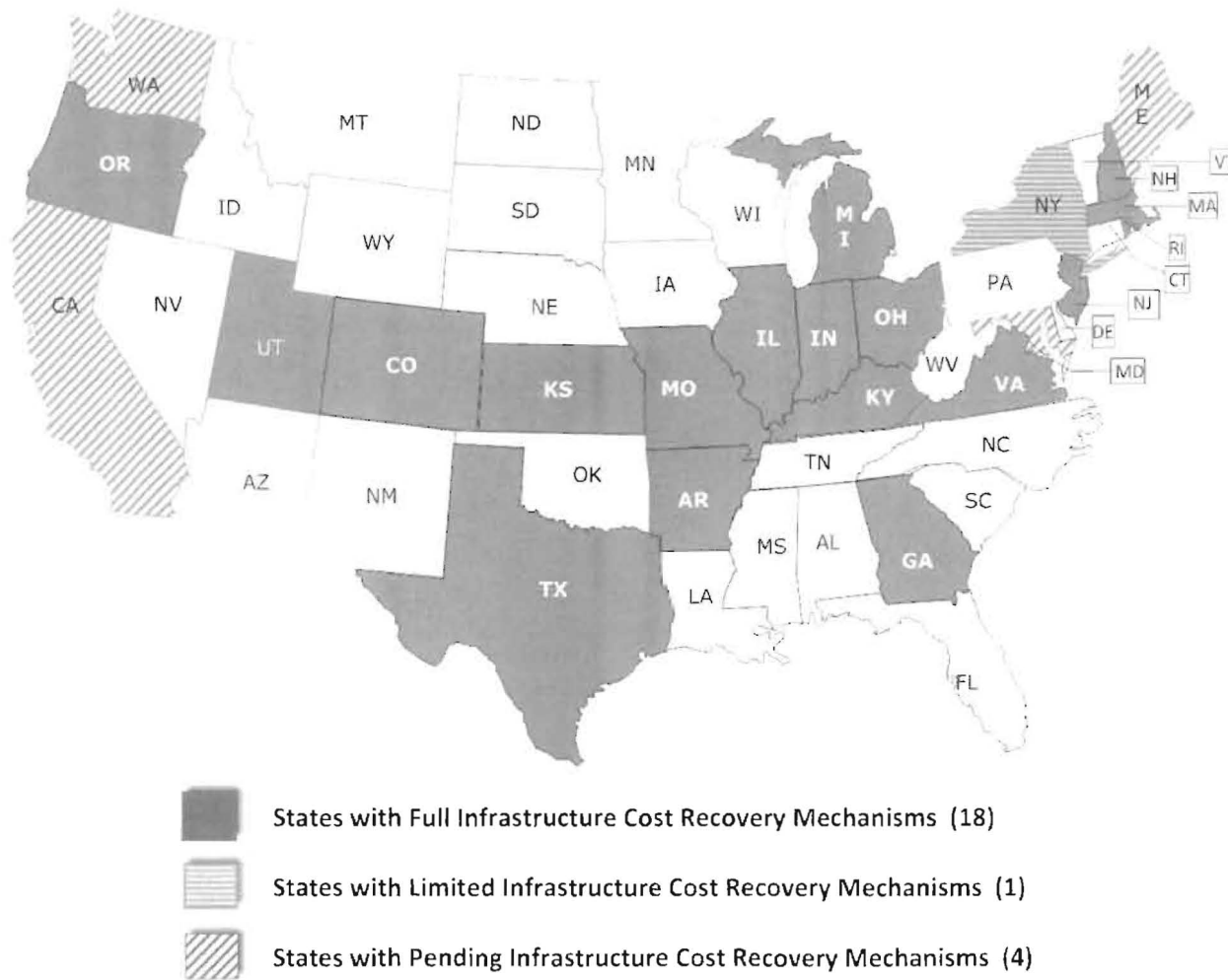
Attorneys for Peoples Gas System

PEOPLES GAS SYSTEM

“EXHIBIT A”

***STATES WITH INFRASTRUCTURE COST RECOVERY
MECHANISMS***

States With Infrastructure Cost Recovery Mechanisms as of December 2011



PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL PROGRAM
 EXHIBIT A
 FILED: DECEMBER 14, 2011

Infrastructure Cost Recovery Mechanisms as of December 2011

20 Million Residential Customers - Of 65 Million Customers in U.S.

FULL - 18 States

1. AR - CenterPoint Energy
2. CO - Public Service Co. of Colorado
3. GA - Atlanta Gas Light
4. GA - Atmos Energy
5. IL- Integrys Peoples Gas
6. IN - Vectren North Indiana Gas
7. IN - Vectren South SIGECO
8. KS - Atmos Energy
9. KS - Black Hills
10. KS - Kansas Gas Service
11. KY - Atmos Energy
12. KY - Columbia Kentucky
13. KY - Delta Natural Gas
14. KY - Duke Energy Kentucky
15. MA - Columbia Massachusetts
16. MA - National Grid Massachusetts
17. MA - New England Gas
18. MI - SEMCO Energy
19. MO - Ameren Missouri
20. MO - Atmos Energy
21. MO - Laclede Gas
22. MO - Missouri Gas Energy
23. NH - National Grid EnergyNorth
24. NJ - New Jersey Natural
25. NJ - Elizabethtown Gas
26. NJ - Public Service Electric and Gas
27. NJ - South Jersey Gas
28. OH - Columbia Ohio
29. OH - Dominion East Ohio
30. OH - Duke Energy
31. OH - Vectren Ohio
32. OR - Avista Corp.
33. OR - NW Natural
34. RI - National Grid Narragansett Gas
35. TX - Atmos Energy
36. TX - CenterPoint Energy
37. TX - Texas Gas Service
38. TX - All Natural Gas Utilities May Apply
39. UT - Questar Gas
40. VA - Columbia Virginia
41. VA - Washington Gas
42. VA - All Natural Gas Utilities May Apply

14

– Limited and Pending –
Infrastructure Cost Recovery Mechanisms
as of December 2011

Of 65 Million Customers in U.S.

LIMITED - 1 State

1. NY – Corning Natural Gas
2. NY – National Grid NYC
3. NY – National Grid Long Island
4. NY – National Grid Niagara Mohawk

2 Million Residential Customers

PENDING – 4 Additional States

1. CA – Southern California Gas
2. CA – San Diego Gas and Electric
3. MD – Washington Gas
4. ME – Northern Utilities
5. WA – Puget Sound Energy

7 Million Residential Customers

PEOPLES GAS SYSTEM
CAST IRON / BARE STEEL PROGRAM
EXHIBIT A
FILED: DECEMBER 14, 2011

PEOPLES GAS SYSTEM

“EXHIBIT B”

***TARIFF SHEET NOS. 7.806 – 7.806-3
CAST IRON / BARE STEEL REPLACEMENT RIDER***

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 7.806

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

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after _____, 2012, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator	\$0.00153 per therm
Small General Service	\$0.00134 per therm
General Service – 1/ Commercial Standby Generator Service	\$0.00073 per therm
General Service – 2	\$0.00070 per therm
General Service – 3	\$0.00051 per therm
General Service – 4	\$0.00048 per therm
General Service – 5	\$0.00022 per therm
Commercial Street Lighting	\$0.00244 per therm
Natural Gas Vehicle Service	\$0.00000 per therm
Wholesale	\$0.00049 per therm

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

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

Definitions

For purposes of this Rider:

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

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

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

Issued By: G. L. Gillette, President
Issued On: December 14, 2011

Effective:

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 7.806-1

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**
(Continued)

"CI/BSR Revenue Requirements" means the pretax revenues equal to the following:

- (a) The Company's weighted average cost of capital allowed in the most recent rate proceeding multiplied by the average net book value of Eligible Replacements, including recognition of accumulated depreciation associated with Eligible Replacements;
- (b) Florida and federal income taxes applicable to the income calculated in paragraph (a) of this section; and
- (c) ad valorem taxes;
- (d) depreciation expense on Eligible Replacements.

"CI/BSR Surcharge" means the surcharges determined pursuant to the procedures and subject to the qualifications set forth in this Rider.

Procedure for Establishing CI/BSR Surcharges

The CI/BSR Revenue Requirements and any changes thereto shall be calculated and implemented in accordance with the provisions contained in this Rider. CI/BSR Revenues shall be subject to refund based upon a finding and order of the Commission to the extent provided in this Rider.

The Company shall calculate its CI/BSR Revenue Requirements annually in the manner prescribed by this Rider and shall file the appropriate petitions with the Commission seeking to establish or change the CI/BSR Revenue Requirements and Surcharges. The annual filings shall include the following:

- (a) An annual final true-up filing showing the actual Eligible Replacement costs and actual CI/BSR Revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing. As part of this filing, the Company shall include a summary comparison of the actual Eligible Replacement costs and CI/BSR Revenues to the estimated total Eligible Replacement costs and CI/BSR Revenues previously reported for the same period covered by the filing in paragraph (b) of this section. The filing shall also include the final over- or under-recovery of total CI/BSR Revenue Requirements for the final true-up period.
- (b) An annual estimated/actual true-up filing showing eight months actual and four months projected Eligible Replacement costs and any CI/BSR Revenues collected or projected to be collected during the estimated/actual true-up period. The filing shall also include the estimated/actual over- or under-recovery of total Eligible Replacement costs for the estimated/actual true-up period.
- (c) An annual projection filing showing 12 months projected CI/BSR Revenue Requirements for the period beginning January 1 following the annual filing hearing.

Issued By: G. L. Gillette, President
Issued On: December 14, 2011

Effective:

Peoples Gas System
 a Division of Tampa Electric Company
 Original Volume No. 3

Original Sheet No. 7.806-2

CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR
 (continued)

- (d) An annual petition setting forth proposed CI/BSR Revenue Requirements and Surcharges to be effective for the 12-month period beginning January 1 following the annual hearing. Such proposed CI/BSR Revenue Requirements and Surcharges shall take into account the data filed pursuant to paragraphs (a), (b), and (c) of this section.

The Company shall establish separate accounts or subaccounts for each Eligible Replacement for purposes of recording the costs incurred for each project. The Company shall also establish a separate account or subaccount for any revenues derived from CI/BSR Surcharges.

Calculation of the CI/BSR Revenue Requirements and CI/BSR Surcharges

In determining the CI/BSR Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost less associated retirements of existing infrastructure); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Replacements; and (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as determined during the Company's most recent base rate proceeding.

The CI/BSR Revenue Requirements and CI/BSR Surcharges for each rate class shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	1.6435	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	1.35%	Property Tax Rate
3	Mains	\$	Eligible Replacements - Mains
4	Services	\$	Eligible Replacements - Services
5	Regulator Stations	\$	Eligible Replacements - Regulator Stations
6	Gross Plant	\$	Line 3 + Line 4 + Line 5
7	Accumulated Depreciation	\$	Line 10 + Previous balance
8	Net Book Value	\$	Line 6 - Line 7
9	Net Operating Income	\$	Line 8 x weighted average cost of capital allowed in most recent rate proceeding
10	Depreciation Expense	\$	(Line 3 x mains rate) + (Line 4 x services rate) + (Line 5 x regulators rate)
11	CI/BSR Revenue Requirements	\$	(Line 9 x Line 1) + (Line 10)

Issued By: G. L. Gillette, President
Issued On: December 14, 2011

Effective:

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 7.806-3

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

(continued)

The CI/BSR Revenue Requirements determined by the Commission shall be allocated to customer classes based on the allocation of mains to customer classes in the cost of service study used in the Company's most recent base rate proceeding. The percentage share of the CI/BSR Revenue Requirements of each customer class shall be determined by dividing the portion of mains allocated to the class in the cost of service study by the total mains cost developed in such cost of service study.

The CI/BSR Surcharge for each customer class will be a per therm rate per month that is calculated by multiplying the CI/BSR Revenue Requirements by the percentage representing a class's share of such requirements, and dividing the result by the projected annual Therms for such class during the 12-month period following the effective date for the billing of such surcharge.

Issued By: G. L. Gillette, President
Issued On: December 14, 2011

Effective:

PEOPLES GAS SYSTEM

“EXHIBIT C”

***CALCULATIONS FOR THE PROJECTED AMOUNT FOR
THE PERIOD OF
JANUARY 2012 THROUGH DECEMBER 2022***

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2012 to December 2012

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1. Investments													
a. Eligible Replacements - Mains	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 3,500,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,333	\$ 1,166,667	\$ 1,750,000	\$ 2,333,333	\$ 2,916,667	\$ 3,500,000	
3. Less: Accumulated Depreciation	0	0	0	0	0	0	(1,507)	(4,521)	(9,042)	(15,069)	(22,604)	(31,646)	
4. CWIP - Noninterest Bearing	0	0	0	0	0	0	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,165,159	\$ 1,745,479	\$ 2,324,291	\$ 2,901,597	\$ 3,477,396	\$ 4,051,687	
6. Average Net Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,580	\$ 1,455,319	\$ 2,034,885	\$ 2,612,944	\$ 3,189,496	\$ 3,764,541	
7. Return on Average Net Investment													
a. Equity component Grossed up for taxes (A)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,161	\$ 10,395	\$ 14,534	\$ 18,663	\$ 22,781	\$ 26,888	\$ 97,422
b. Debt component (B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,598	\$ 3,991	\$ 5,580	\$ 7,165	\$ 8,746	\$ 10,323	\$ 37,403
8. Investment Expenses													
a. Depreciation (C)	0	0	0	0	0	0	1,507	3,014	4,521	6,028	7,535	9,042	31,646
b. Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)	0	0	0	0	0	0	655	1,637	2,289	2,940	3,588	4,235	15,344
e. Other	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,921	\$ 19,037	\$ 26,924	\$ 34,796	\$ 42,650	\$ 50,488	\$ 181,815

Notes:

(A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.

(B) Line 6 x 3.2907% x 1/12.

(C) Applicable depreciation rate is 2.6%

(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2013 to December 2013

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains		\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	\$ 3,500,000	\$ 4,083,333	\$ 4,666,667	\$ 5,250,000	\$ 5,833,333	\$ 6,416,667	\$ 7,000,000	\$ 7,583,333	\$ 8,166,667	\$ 8,750,000	\$ 9,333,333	\$ 9,916,667	\$ 10,500,000	
3. Less: Accumulated Depreciation	(31,646)	(42,194)	(54,250)	(67,813)	(82,882)	(99,458)	(117,542)	(137,132)	(158,229)	(180,833)	(204,944)	(230,563)	(257,688)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 4,051,687	\$ 4,624,472	\$ 5,195,750	\$ 5,765,521	\$ 6,333,784	\$ 6,900,541	\$ 7,465,791	\$ 8,029,534	\$ 8,591,771	\$ 9,152,500	\$ 9,711,722	\$ 10,269,437	\$ 10,825,646	
6. Average Net Investment	\$ 4,338,080	\$ 4,910,111	\$ 5,480,635	\$ 6,049,652	\$ 6,617,163	\$ 7,183,166	\$ 7,747,663	\$ 8,310,652	\$ 8,872,135	\$ 9,432,111	\$ 9,990,580	\$ 10,547,541		
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 30,985	\$ 35,070	\$ 39,145	\$ 43,210	\$ 47,263	\$ 51,306	\$ 55,338	\$ 59,359	\$ 63,369	\$ 67,369	\$ 71,358	\$ 75,336	\$ 639,108	
b. Debt component (B)	\$ 11,896	\$ 13,465	\$ 15,029	\$ 16,590	\$ 18,146	\$ 19,698	\$ 21,246	\$ 22,790	\$ 24,330	\$ 25,865	\$ 27,397	\$ 28,924	\$ 245,376	
8. Investment Expenses														
a. Depreciation (C)		10,549	12,056	13,563	15,069	16,576	18,083	19,590	21,097	22,604	24,111	25,618	27,125	226,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		4,880	5,524	6,166	6,806	7,444	8,081	8,716	9,349	9,981	10,611	11,239	11,866	100,663
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 58,310	\$ 66,115	\$ 73,903	\$ 81,675	\$ 89,429	\$ 97,168	\$ 104,890	\$ 112,595	\$ 120,284	\$ 127,956	\$ 135,612	\$ 143,251	\$ 1,211,189	

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
 (B) Line 6 x 3.2907% x 1/12.
 (C) Applicable depreciation rate is 2.6%
 (D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2014 to December 2014

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	10,500,000	\$ 11,083,333	\$ 11,666,667	\$ 12,250,000	\$ 12,833,333	\$ 13,416,667	\$ 14,000,000	\$ 14,583,333	\$ 15,166,667	\$ 15,750,000	\$ 16,333,333	\$ 16,916,667	\$ 17,500,000	
3. Less: Accumulated Depreciation	(257,688)	(286,319)	(316,458)	(348,104)	(381,257)	(415,917)	(452,083)	(489,757)	(528,938)	(569,625)	(611,819)	(655,521)	(700,729)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 10,825,646	\$ 11,380,347	\$ 11,933,541	\$ 12,485,229	\$ 13,035,409	\$ 13,584,083	\$ 14,131,250	\$ 14,676,909	\$ 15,221,062	\$ 15,763,708	\$ 16,304,847	\$ 16,844,479	\$ 17,382,604	
6. Average Net Investment	\$ 11,102,996	\$ 11,656,944	\$ 12,209,385	\$ 12,760,319	\$ 13,309,746	\$ 13,857,666	\$ 14,404,080	\$ 14,948,986	\$ 15,492,385	\$ 16,034,277	\$ 16,574,663	\$ 17,113,541		
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 79,303	\$ 83,260	\$ 87,206	\$ 91,141	\$ 95,065	\$ 98,978	\$ 102,881	\$ 106,773	\$ 110,654	\$ 114,525	\$ 118,385	\$ 122,233	\$ 1,210,404	
b. Debt component (B)	\$ 30,447	\$ 31,966	\$ 33,481	\$ 34,992	\$ 36,499	\$ 38,001	\$ 39,500	\$ 40,994	\$ 42,484	\$ 43,970	\$ 45,452	\$ 46,930	\$ 464,716	
8. Investment Expenses														
a. Depreciation (C)	28,632	30,139	31,646	33,153	34,660	36,167	37,674	39,181	40,688	42,194	43,701	45,208	443,042	
b. Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	
d. Property Taxes (D)	12,491	13,114	13,736	14,355	14,973	15,590	16,205	16,818	17,429	18,039	18,646	19,253	190,649	
e. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	
9. Revenue Requirements (Lines 7 + 8)	\$ 150,873	\$ 158,479	\$ 166,069	\$ 173,641	\$ 181,197	\$ 188,736	\$ 196,260	\$ 203,766	\$ 211,255	\$ 218,728	\$ 226,184	\$ 233,624	\$ 2,308,811	

Notes:

(A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.

(B) Line 6 x 3.2907% x 1/12.

(C) Applicable depreciation rate is 2.8%

(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2015 to December 2015

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	17,500,000	\$ 18,083,333	\$ 18,666,667	\$ 19,250,000	\$ 19,833,333	\$ 20,416,667	\$ 21,000,000	\$ 21,583,333	\$ 22,166,667	\$ 22,750,000	\$ 23,333,333	\$ 23,916,667	\$ 24,500,000	
3. Less: Accumulated Depreciation	(700,729)	(747,444)	(795,667)	(845,396)	(896,632)	(949,375)	(1,003,625)	(1,059,382)	(1,116,646)	(1,175,417)	(1,235,694)	(1,297,479)	(1,360,771)	
4. CWIP - Noninterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	<u>\$ 17,382,604</u>	<u>\$ 17,919,222</u>	<u>\$ 18,454,333</u>	<u>\$ 18,987,937</u>	<u>\$ 19,520,034</u>	<u>\$ 20,050,625</u>	<u>\$ 20,579,708</u>	<u>\$ 21,107,284</u>	<u>\$ 21,633,354</u>	<u>\$ 22,157,916</u>	<u>\$ 22,680,972</u>	<u>\$ 23,202,521</u>	<u>\$ 23,722,562</u>	
6. Average Net Investment		\$ 17,650,913	\$ 18,186,777	\$ 18,721,135	\$ 19,253,986	\$ 19,785,330	\$ 20,315,166	\$ 20,843,496	\$ 21,370,319	\$ 21,895,635	\$ 22,419,444	\$ 22,941,746	\$ 23,462,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 126,072	\$ 129,899	\$ 133,716	\$ 137,522	\$ 141,317	\$ 145,101	\$ 148,875	\$ 152,638	\$ 156,390	\$ 160,131	\$ 163,861	\$ 167,581	\$ 173,103	\$ 1,763,103
b. Debt component (B)	\$ 48,403	\$ 49,873	\$ 51,338	\$ 52,799	\$ 54,256	\$ 55,709	\$ 57,158	\$ 58,603	\$ 60,043	\$ 61,480	\$ 62,912	\$ 64,340	\$ 67,914	\$ 676,914
8. Investment Expenses														
a. Depreciation (C)		46,715	48,222	49,729	51,236	52,743	54,250	55,757	57,264	58,771	60,278	61,785	63,292	660,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		19,857	20,460	21,061	21,661	22,258	22,855	23,449	24,042	24,633	25,222	25,809	26,395	277,702
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		<u>\$ 241,047</u>	<u>\$ 248,454</u>	<u>\$ 255,844</u>	<u>\$ 263,218</u>	<u>\$ 270,574</u>	<u>\$ 277,915</u>	<u>\$ 285,239</u>	<u>\$ 292,547</u>	<u>\$ 299,837</u>	<u>\$ 307,111</u>	<u>\$ 314,367</u>	<u>\$ 321,608</u>	<u>\$ 3,377,761</u>

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2016 to December 2016

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	24,500,000	\$ 25,083,333	\$ 25,666,667	\$ 26,250,000	\$ 26,833,333	\$ 27,416,667	\$ 28,000,000	\$ 28,583,333	\$ 29,166,667	\$ 29,750,000	\$ 30,333,333	\$ 30,916,667	\$ 31,500,000	
3. Less: Accumulated Depreciation	(1,360,771)	(1,425,569)	(1,491,875)	(1,559,688)	(1,629,007)	(1,699,833)	(1,772,167)	(1,846,007)	(1,921,354)	(1,998,208)	(2,076,569)	(2,156,438)	(2,237,813)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 23,722,562	\$ 24,241,097	\$ 24,758,125	\$ 25,273,646	\$ 25,787,659	\$ 26,300,166	\$ 26,811,166	\$ 27,320,659	\$ 27,828,646	\$ 28,335,125	\$ 28,840,097	\$ 29,343,562	\$ 29,845,521	
6. Average Net Investment		\$ 23,981,830	\$ 24,499,611	\$ 25,015,885	\$ 25,530,652	\$ 26,043,913	\$ 26,555,666	\$ 27,065,913	\$ 27,574,652	\$ 28,081,885	\$ 28,587,611	\$ 29,091,830	\$ 29,594,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 171,290	\$ 174,988	\$ 178,676	\$ 182,353	\$ 186,019	\$ 189,674	\$ 193,318	\$ 196,952	\$ 200,575	\$ 204,187	\$ 207,788	\$ 211,379	\$ 214,966	\$ 2,297,199
b. Debt component (B)	\$ 65,764	\$ 67,184	\$ 68,600	\$ 70,011	\$ 71,419	\$ 72,822	\$ 74,221	\$ 75,617	\$ 77,008	\$ 78,394	\$ 79,777	\$ 81,156	\$ 82,535	\$ 881,973
8. Investment Expenses														
a. Depreciation (C)		64,799	66,306	67,813	69,319	70,826	72,333	73,840	75,347	76,854	78,361	79,868	81,375	877,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		26,980	27,562	28,143	28,722	29,299	29,875	30,449	31,021	31,592	32,161	32,728	33,294	361,826
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 328,833	\$ 336,040	\$ 343,232	\$ 350,405	\$ 357,563	\$ 364,704	\$ 371,828	\$ 378,937	\$ 386,029	\$ 393,103	\$ 400,161	\$ 407,204	\$ 4,418,040

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
- (B) Line 6 x 3.2907% x 1/12.
- (C) Applicable depreciation rate is 2.6%
- (D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2017 to December 2017

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	31,500,000	\$ 32,083,333	\$ 32,666,667	\$ 33,250,000	\$ 33,833,333	\$ 34,416,667	\$ 35,000,000	\$ 35,583,333	\$ 36,166,667	\$ 36,750,000	\$ 37,333,333	\$ 37,916,667	\$ 38,500,000	
3. Less: Accumulated Depreciation	(2,237,813)	(2,320,694)	(2,405,083)	(2,490,979)	(2,578,382)	(2,667,292)	(2,757,708)	(2,849,632)	(2,943,063)	(3,038,000)	(3,134,444)	(3,232,396)	(3,331,854)	
4. CWIP - Noninterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 29,845,521	\$ 30,345,972	\$ 30,844,916	\$ 31,342,354	\$ 31,838,284	\$ 32,332,708	\$ 32,825,625	\$ 33,317,034	\$ 33,806,937	\$ 34,295,333	\$ 34,782,222	\$ 35,267,604	\$ 35,751,479	
6. Average Net Investment		\$ 30,095,746	\$ 30,595,444	\$ 31,093,635	\$ 31,590,319	\$ 32,085,496	\$ 32,579,166	\$ 33,071,330	\$ 33,561,986	\$ 34,051,135	\$ 34,538,777	\$ 35,024,913	\$ 35,509,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 214,959	\$ 218,528	\$ 222,086	\$ 225,634	\$ 229,171	\$ 232,697	\$ 236,212	\$ 239,716	\$ 243,210	\$ 246,693	\$ 250,165	\$ 253,627	\$ 257,079	\$ 2,812,698
b. Debt component (B)	\$ 82,530	\$ 83,900	\$ 85,267	\$ 86,629	\$ 87,986	\$ 89,340	\$ 90,690	\$ 92,035	\$ 93,377	\$ 94,714	\$ 96,047	\$ 97,376	\$ 98,709	\$ 1,079,891
8. Investment Expenses														
a. Depreciation (C)		82,882	84,389	85,896	87,403	88,910	90,417	91,924	93,431	94,938	96,444	97,951	99,458	1,094,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		33,858	34,420	34,980	35,539	36,096	36,652	37,205	37,757	38,308	38,856	39,403	39,948	443,022
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 414,229	\$ 421,237	\$ 428,229	\$ 435,205	\$ 442,163	\$ 449,106	\$ 456,031	\$ 462,939	\$ 469,833	\$ 476,707	\$ 483,566	\$ 490,409	\$ 497,253	\$ 5,429,653

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2018 to December 2018

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	38,500,000	\$ 39,083,333	\$ 39,666,667	\$ 40,250,000	\$ 40,833,333	\$ 41,416,667	\$ 42,000,000	\$ 42,583,333	\$ 43,166,667	\$ 43,750,000	\$ 44,333,333	\$ 44,916,667	\$ 45,500,000	
3. Less: Accumulated Depreciation	(3,331,854)	(3,432,819)	(3,535,292)	(3,639,271)	(3,744,757)	(3,851,750)	(3,960,250)	(4,070,257)	(4,181,771)	(4,294,792)	(4,409,319)	(4,525,354)	(4,642,896)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 35,751,479	\$ 36,233,847	\$ 36,714,708	\$ 37,194,062	\$ 37,671,909	\$ 38,148,250	\$ 38,623,083	\$ 39,096,409	\$ 39,568,229	\$ 40,038,541	\$ 40,507,347	\$ 40,974,646	\$ 41,440,437	
6. Average Net Investment		\$ 35,992,663	\$ 36,474,277	\$ 36,954,385	\$ 37,432,986	\$ 37,910,080	\$ 38,385,666	\$ 38,859,746	\$ 39,332,319	\$ 39,803,385	\$ 40,272,944	\$ 40,740,996	\$ 41,207,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 257,078	\$ 260,518	\$ 263,947	\$ 267,365	\$ 270,773	\$ 274,170	\$ 277,556	\$ 280,931	\$ 284,296	\$ 287,650	\$ 290,993	\$ 294,325	\$ 3,309,602	
b. Debt component (B)	\$ 98,701	\$ 100,022	\$ 101,338	\$ 102,651	\$ 103,959	\$ 105,263	\$ 106,563	\$ 107,859	\$ 109,151	\$ 110,438	\$ 111,722	\$ 113,001	\$ 1,270,668	
8. Investment Expenses														
a. Depreciation (C)		100,965	102,472	103,979	105,486	106,993	108,500	110,007	111,514	113,021	114,528	116,035	117,542	1,311,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		40,492	41,034	41,574	42,112	42,649	43,184	43,717	44,249	44,779	45,307	45,834	46,358	521,289
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 497,236	\$ 504,046	\$ 510,838	\$ 517,614	\$ 524,374	\$ 531,117	\$ 537,843	\$ 544,553	\$ 551,247	\$ 557,923	\$ 564,584	\$ 571,226	\$ 6,412,601	

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2019 to December 2019

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	45,500,000	\$ 46,083,333	\$ 46,666,667	\$ 47,250,000	\$ 47,833,333	\$ 48,416,667	\$ 49,000,000	\$ 49,583,333	\$ 50,166,667	\$ 50,750,000	\$ 51,333,333	\$ 51,916,667	\$ 52,500,000	
3. Less: Accumulated Depreciation	(4,642,896)	(4,761,944)	(4,882,500)	(5,004,563)	(5,128,132)	(5,253,208)	(5,379,792)	(5,507,882)	(5,637,479)	(5,768,583)	(5,901,194)	(6,035,313)	(6,170,938)	
4. CWIP - Noninterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	\$ 41,440,437	\$ 41,904,722	\$ 42,367,500	\$ 42,828,771	\$ 43,288,534	\$ 43,746,791	\$ 44,203,541	\$ 44,658,784	\$ 45,112,521	\$ 45,564,750	\$ 46,015,472	\$ 46,464,687	\$ 46,912,396	
6. Average Net Investment		\$ 41,672,580	\$ 42,136,111	\$ 42,598,135	\$ 43,058,652	\$ 43,517,663	\$ 43,975,166	\$ 44,431,163	\$ 44,885,652	\$ 45,338,635	\$ 45,790,111	\$ 46,240,080	\$ 46,688,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 297,646	\$ 300,957	\$ 304,257	\$ 307,546	\$ 310,825	\$ 314,093	\$ 317,350	\$ 320,596	\$ 323,831	\$ 327,056	\$ 330,270	\$ 333,473	\$ 3,787,900	
b. Debt component (B)	\$ 114,277	\$ 115,548	\$ 116,815	\$ 118,078	\$ 119,336	\$ 120,591	\$ 121,841	\$ 123,088	\$ 124,330	\$ 125,568	\$ 126,802	\$ 128,032	\$ 1,454,306	
8. Investment Expenses														
a. Depreciation (C)		119,049	120,556	122,063	123,569	125,076	126,583	128,090	129,597	131,104	132,611	134,118	135,625	1,528,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		46,882	47,403	47,923	48,441	48,957	49,472	49,985	50,496	51,006	51,514	52,020	52,525	596,624
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 577,854	\$ 584,464	\$ 591,058	\$ 597,634	\$ 604,194	\$ 610,739	\$ 617,266	\$ 623,777	\$ 630,271	\$ 636,749	\$ 643,210	\$ 649,655	\$ 7,366,872	

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2020 to December 2020

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1. Investments														
a. Eligible Replacements - Mains		\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	
a. Eligible Replacements - Regulator Stations		0	0	0	0	0	0	0	0	0	0	0	0	
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	
2. Gross Plant-in-Service/Depreciation Base	52,500,000	\$ 53,083,333	\$ 53,666,667	\$ 54,250,000	\$ 54,833,333	\$ 55,416,667	\$ 56,000,000	\$ 56,583,333	\$ 57,166,667	\$ 57,750,000	\$ 58,333,333	\$ 58,916,667	\$ 59,500,000	
3. Less: Accumulated Depreciation	(6,170,938)	(6,308,069)	(6,446,708)	(6,586,854)	(6,728,507)	(6,871,667)	(7,016,333)	(7,162,507)	(7,310,188)	(7,459,375)	(7,610,069)	(7,762,271)	(7,915,979)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	<u>\$ 46,912,396</u>	<u>\$ 47,358,597</u>	<u>\$ 47,803,291</u>	<u>\$ 48,246,479</u>	<u>\$ 48,688,159</u>	<u>\$ 49,128,333</u>	<u>\$ 49,567,000</u>	<u>\$ 50,004,159</u>	<u>\$ 50,439,812</u>	<u>\$ 50,873,958</u>	<u>\$ 51,306,597</u>	<u>\$ 51,737,729</u>	<u>\$ 52,167,354</u>	
6. Average Net Investment		\$ 47,135,496	\$ 47,580,944	\$ 48,024,885	\$ 48,467,319	\$ 48,908,246	\$ 49,347,666	\$ 49,785,580	\$ 50,221,986	\$ 50,656,885	\$ 51,090,277	\$ 51,522,163	\$ 51,952,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)		\$ 336,665	\$ 339,847	\$ 343,018	\$ 346,178	\$ 349,327	\$ 352,466	\$ 355,594	\$ 358,711	\$ 361,817	\$ 364,912	\$ 367,997	\$ 371,071	\$ 4,247,603
b. Debt component (B)		\$ 129,257	\$ 130,479	\$ 131,696	\$ 132,910	\$ 134,119	\$ 135,324	\$ 136,525	\$ 137,721	\$ 138,914	\$ 140,102	\$ 141,287	\$ 142,467	\$ 1,630,801
8. Investment Expenses														
a. Depreciation (C)		137,132	138,639	140,146	141,653	143,160	144,667	146,174	147,681	149,188	150,694	152,201	153,708	1,745,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	
d. Property Taxes (D)		53,027	53,529	54,028	54,526	55,022	55,516	56,009	56,500	56,989	57,477	57,962	58,447	669,032
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	
9. Revenue Requirements (Lines 7 + 8)		<u>\$ 656,081</u>	<u>\$ 662,494</u>	<u>\$ 668,888</u>	<u>\$ 675,267</u>	<u>\$ 681,628</u>	<u>\$ 687,973</u>	<u>\$ 694,302</u>	<u>\$ 700,613</u>	<u>\$ 706,908</u>	<u>\$ 713,185</u>	<u>\$ 719,447</u>	<u>\$ 725,693</u>	<u>\$ 8,292,478</u>

Notes:

(A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.

(B) Line 6 x 3.2907% x 1/12.

(C) Applicable depreciation rate is 2.6%

(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2021 to December 2021

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	End of Period Total
1. Investments														
a. Eligible Replacements - Mains		\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 583,333	\$ 7,000,000
a. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	59,500,000	\$ 60,083,333	\$ 60,666,667	\$ 61,250,000	\$ 61,833,333	\$ 62,416,667	\$ 63,000,000	\$ 63,583,333	\$ 64,166,667	\$ 64,750,000	\$ 65,333,333	\$ 65,916,667	\$ 66,500,000	
3. Less: Accumulated Depreciation	(7,915,979)	(8,071,194)	(8,227,917)	(8,386,146)	(8,545,882)	(8,707,125)	(8,869,875)	(9,034,132)	(9,199,896)	(9,367,167)	(9,535,944)	(9,706,229)	(9,878,021)	
4. CWIP - NonInterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	583,333	
5. Net Book Value (Lines 2 + 3 + 4)	<u>\$ 52,167,354</u>	<u>\$ 52,595,472</u>	<u>\$ 53,022,083</u>	<u>\$ 53,447,187</u>	<u>\$ 53,870,784</u>	<u>\$ 54,292,875</u>	<u>\$ 54,713,458</u>	<u>\$ 55,132,534</u>	<u>\$ 55,550,104</u>	<u>\$ 55,966,166</u>	<u>\$ 56,380,722</u>	<u>\$ 56,793,771</u>	<u>\$ 57,205,312</u>	
6. Average Net Investment		\$ 52,381,413	\$ 52,808,777	\$ 53,234,635	\$ 53,658,986	\$ 54,081,830	\$ 54,503,166	\$ 54,922,996	\$ 55,341,319	\$ 55,758,135	\$ 56,173,444	\$ 56,587,246	\$ 56,999,541	
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)		\$ 374,134	\$ 377,187	\$ 380,228	\$ 383,259	\$ 386,279	\$ 389,289	\$ 392,287	\$ 395,275	\$ 398,252	\$ 401,219	\$ 404,174	\$ 407,119	\$ 4,688,702
b. Debt component (B)		\$ 143,643	\$ 144,815	\$ 145,983	\$ 147,146	\$ 148,306	\$ 149,461	\$ 150,613	\$ 151,760	\$ 152,903	\$ 154,042	\$ 155,176	\$ 156,307	\$ 1,800,155
8. Investment Expenses														
a. Depreciation (C)		155,215	156,722	158,229	159,736	161,243	162,750	164,257	165,764	167,271	168,778	170,285	171,792	1,962,042
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)		58,929	59,410	59,889	60,366	60,842	61,316	61,788	62,259	62,728	63,195	63,661	64,124	738,507
e. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		<u>\$ 731,921</u>	<u>\$ 738,134</u>	<u>\$ 744,329</u>	<u>\$ 750,507</u>	<u>\$ 756,670</u>	<u>\$ 762,816</u>	<u>\$ 768,945</u>	<u>\$ 775,058</u>	<u>\$ 781,154</u>	<u>\$ 787,234</u>	<u>\$ 793,296</u>	<u>\$ 799,342</u>	<u>\$ 9,189,406</u>

Notes:

- (A) Line 6 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

Peoples Gas System
Cast Iron / Bare Steel Replacement Program
Calculation of the Projected Amount for the Period
January 2022 to December 2022

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Line Description	Beginning of													End of
	Period Amount	January	February	March	April	May	June	July	August	September	October	November	December	Period Total
1. Investments														
a. Eligible Replacements - Mains	\$ 583,333.33	\$ 583,333.33	\$ 583,333.33	\$ 583,333.33	\$ 583,333.33	\$ 583,333.33	\$ 583,333.33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
a. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
a. Eligible Replacements - Regulator Stations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Gross Plant-in-Service/Depreciation Base	66,500,000	\$ 67,083,333	\$ 67,666,667	\$ 68,250,000	\$ 68,833,333	\$ 69,416,667	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000	\$ 70,000,000
3. Less: Accumulated Depreciation	(9,878,021)	(10,051,319)	(10,226,125)	(10,402,436)	(10,580,257)	(10,759,583)	(10,940,417)	(11,121,250)	(11,302,083)	(11,482,917)	(11,663,750)	(11,844,583)	(12,025,417)	
4. CWIP - Noninterest Bearing	583,333	583,333	583,333	583,333	583,333	583,333	563,333	0	0	0	0	0	0	0
5. Net Book Value (Lines 2 + 3 + 4)	\$ 57,205,312	\$ 57,615,347	\$ 58,023,875	\$ 58,430,896	\$ 58,836,409	\$ 59,240,416	\$ 59,642,916	\$ 58,878,750	\$ 58,697,917	\$ 58,517,083	\$ 58,336,250	\$ 58,155,417	\$ 57,974,583	
6. Average Net Investment	\$ 57,410,330	\$ 57,819,611	\$ 58,227,365	\$ 58,633,652	\$ 59,038,413	\$ 59,441,666	\$ 59,260,833	\$ 58,788,333	\$ 58,607,500	\$ 58,426,667	\$ 58,245,833	\$ 58,065,000		
7. Return on Average Net Investment														
a. Equity component Grossed up for taxes (A)	\$ 410,053	\$ 412,977	\$ 415,889	\$ 418,791	\$ 421,682	\$ 424,582	\$ 423,270	\$ 419,896	\$ 418,604	\$ 417,312	\$ 416,021	\$ 414,729	\$ 5,013,786	
b. Debt component (B)	\$ 157,433	\$ 158,556	\$ 159,674	\$ 160,788	\$ 161,898	\$ 163,004	\$ 162,508	\$ 161,212	\$ 160,716	\$ 160,221	\$ 159,725	\$ 159,229	\$ 1,924,964	
8. Investment Expenses														
a. Depreciation (C)	173,299	174,806	176,313	177,819	179,326	180,833	180,833	180,833	180,833	180,833	180,833	180,833	180,833	2,147,396
b. Amortization	0	0	0	0	0	0	0	0	0	0	0	0	0	0
d. Property Taxes (D)	64,587	65,047	65,506	65,963	66,418	66,872	66,668	66,137	65,933	65,730	65,527	65,323	65,323	789,711
e. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 805,372	\$ 811,386	\$ 817,382	\$ 823,361	\$ 829,324	\$ 835,271	\$ 833,279	\$ 828,078	\$ 826,086	\$ 824,096	\$ 822,106	\$ 820,114	\$ 9,875,857	

Notes:

- (A) Line 8 x 8.5710% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.6436.
(B) Line 6 x 3.2907% x 1/12.
(C) Applicable depreciation rate is 2.6%
(D) Ad Valorem Tax Rate is 1.35%

PEOPLES GAS SYSTEM

“EXHIBIT D”

***SUMMARY OF CAST IRON / BARE STEEL
REPLACEMENT SURCHARGE CALCULATION FOR THE
PERIOD OF JULY 2012 THROUGH DECEMBER 2022***

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: July 2012 Through December 2012

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	CI/BSR REVENUES	THERMS	CI/BSR SURCHARGE PER THERM
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$63,433	41,522,716	\$0.00153
SGS	5,474,814	5,937,386	11,412,200	2.87%	5,209	3,884,704	\$0.00134
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	26,756	36,774,234	\$0.00073
GS-2	81,315,915	8,975,978	90,291,893	22.67%	41,214	59,241,597	\$0.00070
GS-3	46,157,083	2,496,659	48,653,742	12.21%	22,208	43,162,261	\$0.00051
GS-4	25,447,491	447,292	25,894,783	6.50%	11,820	23,499,759	\$0.00050
GS-5	22,396,181	427,101	22,823,282	5.73%	10,418	45,861,621	\$0.00023
WHS	786,453	35,448	821,901	0.21%	375	730,345	\$0.00051
NGVS	244,131	48,338	292,469	0.07%	133	45,861,621	\$0.00000
CCLS	534,119	10,816	544,935	0.14%	249	96,750	\$0.00257
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$181,815	300,635,608	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2013 Through December 2013

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$422,568	83,045,433	\$0.00509
SGS	5,474,814	5,937,386	11,412,200	2.87%	34,701	7,769,409	\$0.00447
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	178,242	73,548,467	\$0.00242
GS-2	81,315,915	8,975,978	90,291,893	22.67%	274,552	118,483,193	\$0.00232
GS-3	46,157,083	2,496,659	48,653,742	12.21%	147,942	86,324,523	\$0.00171
GS-4	25,447,491	447,292	25,894,783	6.50%	78,739	46,999,519	\$0.00168
GS-5	22,396,181	427,101	22,823,282	5.73%	69,399	91,723,242	\$0.00076
WHS	786,453	35,448	821,901	0.21%	2,499	1,460,689	\$0.00171
NGVS	244,131	48,338	292,469	0.07%	889	91,723,242	\$0.00001
CCLS	534,119	10,816	544,935	0.14%	1,657	193,500	\$0.00856
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$1,211,189	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2014 Through December 2014

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$805,514	83,045,433	\$0.00970
SGS	5,474,814	5,937,386	11,412,200	2.87%	66,149	7,769,409	\$0.00851
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	339,771	73,548,467	\$0.00462
GS-2	81,315,915	8,975,978	90,291,893	22.67%	523,361	118,483,193	\$0.00442
GS-3	46,157,083	2,496,659	48,653,742	12.21%	282,013	86,324,523	\$0.00327
GS-4	25,447,491	447,292	25,894,783	6.50%	150,094	46,999,519	\$0.00319
GS-5	22,396,181	427,101	22,823,282	5.73%	132,291	91,723,242	\$0.00144
WHS	786,453	35,448	821,901	0.21%	4,764	1,460,689	\$0.00326
NGVS	244,131	48,338	292,469	0.07%	1,695	91,723,242	\$0.00002
CSLS	534,119	10,816	544,935	0.14%	3,159	193,500	\$0.01632
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$2,308,811	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2015 Through December 2015

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	CI/BSR REVENUES	THERMS	CI/BSR SURCHARGE PER THERM
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$1,178,457	83,045,433	\$0.01419
SGS	5,474,814	5,937,386	11,412,200	2.87%	96,775	7,769,409	\$0.01246
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	497,081	73,548,467	\$0.00676
GS-2	81,315,915	8,975,978	90,291,893	22.67%	765,670	118,483,193	\$0.00646
GS-3	46,157,083	2,496,659	48,653,742	12.21%	412,581	86,324,523	\$0.00478
GS-4	25,447,491	447,292	25,894,783	6.50%	219,586	46,999,519	\$0.00467
GS-5	22,396,181	427,101	22,823,282	5.73%	193,540	91,723,242	\$0.00211
WHS	786,453	35,448	821,901	0.21%	6,970	1,460,689	\$0.00477
NGVS	244,131	48,338	292,469	0.07%	2,480	91,723,242	\$0.00003
CCLS	534,119	10,816	544,935	0.14%	4,621	193,500	\$0.02388
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$3,377,761	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2016 Through December 2016

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$1,541,397	83,045,433	\$0.01856
SGS	5,474,814	5,937,386	11,412,200	2.87%	126,579	7,769,409	\$0.01629
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	650,172	73,548,467	\$0.00884
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,001,480	118,483,193	\$0.00845
GS-3	46,157,083	2,496,659	48,653,742	12.21%	539,647	86,324,523	\$0.00625
GS-4	25,447,491	447,292	25,894,783	6.50%	287,214	46,999,519	\$0.00611
GS-5	22,396,181	427,101	22,823,282	5.73%	253,146	91,723,242	\$0.00276
WHS	786,453	35,448	821,901	0.21%	9,116	1,460,689	\$0.00624
NGVS	244,131	48,338	292,469	0.07%	3,244	91,723,242	\$0.00004
CSLS	534,119	10,816	544,935	0.14%	6,044	193,500	\$0.03124
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$4,418,040	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2017 Through December 2017

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$1,894,335	83,045,433	\$0.02281
SGS	5,474,814	5,937,386	11,412,200	2.87%	155,563	7,769,409	\$0.02002
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	799,044	73,548,467	\$0.01086
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,230,792	118,483,193	\$0.01039
GS-3	46,157,083	2,496,659	48,653,742	12.21%	663,212	86,324,523	\$0.00768
GS-4	25,447,491	447,292	25,894,783	6.50%	352,979	46,999,519	\$0.00751
GS-5	22,396,181	427,101	22,823,282	5.73%	311,110	91,723,242	\$0.00339
WHS	786,453	35,448	821,901	0.21%	11,204	1,460,689	\$0.00767
NGVS	244,131	48,338	292,469	0.07%	3,987	91,723,242	\$0.00004
CCLS	534,119	10,816	544,935	0.14%	7,428	193,500	\$0.03839
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$5,429,653	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2018 Through December 2018

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	CI/BSR REVENUES	THERMS	CI/BSR SURCHARGE PER THERM
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$2,237,273	83,045,433	\$0.02694
SGS	5,474,814	5,937,386	11,412,200	2.87%	183,725	7,769,409	\$0.02365
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	943,697	73,548,467	\$0.01283
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,453,607	118,483,193	\$0.01227
GS-3	46,157,083	2,496,659	48,653,742	12.21%	783,275	86,324,523	\$0.00907
GS-4	25,447,491	447,292	25,894,783	6.50%	416,879	46,999,519	\$0.00887
GS-5	22,396,181	427,101	22,823,282	5.73%	367,431	91,723,242	\$0.00401
WHS	786,453	35,448	821,901	0.21%	13,232	1,460,689	\$0.00906
NGVS	244,131	48,338	292,469	0.07%	4,708	91,723,242	\$0.00005
CSLS	534,119	10,816	544,935	0.14%	8,773	193,500	\$0.04534
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$6,412,601	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2019 Through December 2019

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	CI/BSR REVENUES	THERMS	CI/BSR SURCHARGE PER THERM
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$2,570,206	83,045,433	\$0.03095
SGS	5,474,814	5,937,386	11,412,200	2.87%	211,065	7,769,409	\$0.02717
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,084,130	73,548,467	\$0.01474
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,669,921	118,483,193	\$0.01409
GS-3	46,157,083	2,496,659	48,653,742	12.21%	899,836	86,324,523	\$0.01042
GS-4	25,447,491	447,292	25,894,783	6.50%	478,916	46,999,519	\$0.01019
GS-5	22,396,181	427,101	22,823,282	5.73%	422,110	91,723,242	\$0.00460
WHS	786,453	35,448	821,901	0.21%	15,201	1,460,689	\$0.01041
NGVS	244,131	48,338	292,469	0.07%	5,409	91,723,242	\$0.00006
CCLS	534,119	10,816	544,935	0.14%	10,078	193,500	\$0.05208
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$7,366,872	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2020 Through December 2020

RATE SCHEDULE	MAINS NET PLANT*	SERVICES NET PLANT*	TOTAL NET PLANT*	% OF TOTAL PLANT	CI/BSR REVENUES	THERMS	CI/BSR SURCHARGE PER THERM
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$2,893,138	83,045,433	\$0.03484
SGS	5,474,814	5,937,386	11,412,200	2.87%	237,584	7,769,409	\$0.03058
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,220,345	73,548,467	\$0.01659
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,879,737	118,483,193	\$0.01587
GS-3	46,157,083	2,496,659	48,653,742	12.21%	1,012,895	86,324,523	\$0.01173
GS-4	25,447,491	447,292	25,894,783	6.50%	539,089	46,999,519	\$0.01147
GS-5	22,396,181	427,101	22,823,282	5.73%	475,145	91,723,242	\$0.00518
WHS	786,453	35,448	821,901	0.21%	17,111	1,460,689	\$0.01171
NGVS	244,131	48,338	292,469	0.07%	6,089	91,723,242	\$0.00007
CSLS	534,119	10,816	544,935	0.14%	11,345	193,500	\$0.05863
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$8,292,478	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2021 Through December 2021

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$3,206,064	83,045,433	\$0.03861
SGS	5,474,814	5,937,386	11,412,200	2.87%	263,282	7,769,409	\$0.03389
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,352,340	73,548,467	\$0.01839
GS-2	81,315,915	8,975,978	90,291,893	22.67%	2,083,052	118,483,193	\$0.01758
GS-3	46,157,083	2,496,659	48,653,742	12.21%	1,122,452	86,324,523	\$0.01300
GS-4	25,447,491	447,292	25,894,783	6.50%	597,398	46,999,519	\$0.01271
GS-5	22,396,181	427,101	22,823,282	5.73%	526,538	91,723,242	\$0.00574
WHS	786,453	35,448	821,901	0.21%	18,961	1,460,689	\$0.01298
NGVS	244,131	48,338	292,469	0.07%	6,747	91,723,242	\$0.00007
CCLS	534,119	10,816	544,935	0.14%	12,572	193,500	\$0.06497
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$9,189,406	601,271,217	

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

CAST IRON / BARE STEEL REPLACEMENT RIDER
SUMMARY OF CI/BSR SURCHARGE CALCULATION
MONTHS: January 2022 Through December 2022

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$3,445,558	83,045,433	\$0.04149
SGS	5,474,814	5,937,386	11,412,200	2.87%	282,949	7,769,409	\$0.03642
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,453,360	73,548,467	\$0.01976
GS-2	81,315,915	8,975,978	90,291,893	22.67%	2,238,657	118,483,193	\$0.01889
GS-3	46,157,083	2,496,659	48,653,742	12.21%	1,206,299	86,324,523	\$0.01397
GS-4	25,447,491	447,292	25,894,783	6.50%	642,024	46,999,519	\$0.01366
GS-5	22,396,181	427,101	22,823,282	5.73%	565,870	91,723,242	\$0.00617
WHS	786,453	35,448	821,901	0.21%	20,378	1,460,689	\$0.01395
NGVS	244,131	48,338	292,469	0.07%	7,251	91,723,242	\$0.00008
CSLS	534,119	10,816	544,935	0.14%	13,511	193,500	\$0.06982
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$9,875,857	601,271,217	

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

PEOPLES GAS SYSTEM

“EXHIBIT E”

***AVERAGE RESIDENTIAL RATE IMPACT WITH
CAST IRON / BARE STEEL REPLACEMENT RIDER
SURCHARGE***

Average Residential Rate Impact with Cast Iron / Bare Steel Replacement Rider Surcharge

	**Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021	Year 11 2022
Revenue Requirements	\$181,815	\$1,211,189	\$2,308,811	\$3,377,761	\$4,418,040	\$5,429,653	\$6,412,601	\$7,366,872	\$8,292,478	\$9,189,406	\$9,875,857
Residential Bill - 20 Therms / Month											
<u>Bill Components</u>											
Customer Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Distribution	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268	\$ 0.268
Energy Conservation	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033	\$ 0.033
CI/BSR Surcharge	\$ 0.002	\$ 0.005	\$ 0.010	\$ 0.014	\$ 0.019	\$ 0.023	\$ 0.027	\$ 0.031	\$ 0.035	\$ 0.039	\$ 0.041
*Purchased Gas Adjustment (Fuel)	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806	\$ 0.806
Gross Receipts Tax	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912	\$ 0.912
<u>Bill Calculation</u>											
Customer Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Non-Gas Energy	5.36	5.36	5.36	5.36	5.36	5.36	5.36	5.36	5.36	5.36	5.36
Energy Conservation	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66
CI/BSR Surcharge	0.03	0.10	0.19	0.28	0.37	0.46	0.54	0.62	0.70	0.77	0.83
*Purchased Gas Adjustment (Fuel)	16.12	16.12	16.12	16.12	16.12	16.12	16.12	16.12	16.12	16.12	16.12
Gross Receipts Tax	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
Total Bill with CI/BS Rider	\$ 38.08	\$ 38.16	\$ 38.25	\$ 38.34	\$ 38.43	\$ 38.51	\$ 38.59	\$ 38.67	\$ 38.75	\$ 38.83	\$ 38.88
Total Bill without CI/BSR	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05	\$ 38.05
Average Total Monthly Increase	\$ 0.03	\$ 0.10	\$ 0.19	\$ 0.28	\$ 0.37	\$ 0.46	\$ 0.54	\$ 0.62	\$ 0.70	\$ 0.77	\$ 0.83
Average Total Annual Increase	\$ 0.37	\$ 1.22	\$ 2.33	\$ 3.41	\$ 4.45	\$ 5.47	\$ 6.47	\$ 7.43	\$ 8.36	\$ 9.27	\$ 9.96
Percent of Monthly Bill	0.08%	0.27%	0.51%	0.75%	0.98%	1.20%	1.42%	1.63%	1.83%	2.03%	2.18%

*December 2011 PGA
**Assumes surcharge for 6 months