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**PEOPLES GAS SYSTEM  
CAST IRON BARE STEEL  
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**(Continued)**

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<b>SPECIAL INTERRUPTIBLE RATES:</b>	
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## RESIDENTIAL SERVICE (Continued)

Note 1 – Company's BudgetPay plan is available to eligible Customers receiving Gas Service pursuant to this rate schedule (See Sheet No. 5.401-3).

The bill for the Therms billed under this schedule shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. -7.101-1.

### Special Conditions:

1. The rates set forth under this schedule shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
2. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
3. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another billing class is appropriate such classification will be prospective.
4. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
5. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**SMALL GENERAL SERVICE (Continued)**

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**GENERAL SERVICE – 1 (Continued)**

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or any time at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**GENERAL SERVICE - 2 (Continued)**

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**GENERAL SERVICE - 3 (Continued)**

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**GENERAL SERVICE - 4 (Continued)**

5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**GENERAL SERVICE - 5 (Continued)**

5. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in this tariff.
6. Service under this schedule is subject to annual volume review by the Company or anytime at the Customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**COMMERCIAL STREET LIGHTING SERVICE (Continued)**

7. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
8. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**NATURAL GAS VEHICLE SERVICE (Continued)**

6. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
7. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**RESIDENTIAL STANDBY GENERATOR SERVICE (Continued)**

6. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
7. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

**COMMERCIAL STANDBY GENERATOR SERVICE**  
**Rate Schedule CS-SG**

5. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS.
6. Subject to Special Condition 7 below, a Customer receiving Gas Service under this schedule shall remain obligated to remain on this schedule for 12 months. This 12-month requirement shall be renewed at the end of each 12-month period unless customer terminates Gas Service at the end of any 12-month period.
7. If Customer installs an additional Gas appliance at the premise at which service is provided hereunder, then Customer will be transferred to the otherwise applicable rate schedule.
8. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
9. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

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**WHOLESALE SERVICE - FIRM  
Rate Schedule WHS**

**Availability:**

For other Gas distribution or electric utility companies throughout service areas of the Company.

**Applicability:**

Service under this schedule will only be rendered when the Company has sufficient Gas and interstate pipeline capacity to meet all its other needs during the term of the sale under this schedule. Firm Gas Service for other Gas utility's residential or commercial resale or for use by an electric utility for its own consumption. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider ITS.

**Monthly Rate:**

Customer Charge:	\$150.00 per month
Distribution Charge:	\$0.14934 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider ITS.

**Special Conditions:**

1. An executed contract for a period of at least one year is required as a condition precedent to service hereunder.
2. The rates set forth above shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.
3. If any facilities other than metering and regulating equipment are required to render service under this schedule, the Customer shall pay for these facilities prior to the commencement of service.
4. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.
5. The rates set forth above shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
6. The rates set forth under this schedule shall be subject to the operation of the Cast Iron Bare Steel Replacement Rider Surcharge set forth on Sheet Nos. 7.806 through 7.806-3.

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

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.

**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.

**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.

**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:

<u>Line</u>	<u>Description</u>	<u>Value</u>	<u>Source</u>
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)