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IN REPLY REFER TO:

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

May 24, 2012

VIA FEDEX

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

RECEIVED-FPSC
12 MAY 25 PM 3:35
COMMISSION
CLERK

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

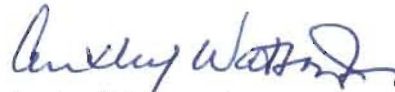
Dear Ms. Cole:

Enclosed for filing with the Commission on behalf of Peoples Gas System, please find the original and five (5) copies of Peoples' responses to the Commission Staff's Fourth Data Request dated May 7, 2012 in the above docket.

Please acknowledge your receipt of the enclosures 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

COM
APA
ECR 3
GCL 1
RAD
SRC 1
ADM
OPC
CLK

cc: Martha C. Brown, Esquire
Charles J. Rehwinkel, Esquire
Ms. Kandi M. Floyd

DOCUMENT NUMBER DATE

03361 MAY 25 2012

FPSC-COMMISSION CLERK

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 1
PAGE 1 OF 1
FILED: MAY 25, 2012

1. Would the Company's actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report more accurately reflect the Company's current cost of capital as opposed to the allowed overall cost of capital from the Company's last rate case?
 - A. Yes.

PEOPLES GAS SYSTEM
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2. Would the Company agree to use the actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report as opposed to the allowed overall cost of capital from the Company's last rate case? If not, why not?

A. Yes.

PEOPLES GAS SYSTEM
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3. Please provide second revised Schedules Exhibit C, D, and E reflecting the actual overall cost of capital, including the allowed return on equity from the Company's last rate case, reflected in the Company's most recent December earnings surveillance report.
 - A. See attached Revised Exhibits C, D, and E originally filed in the petition and Staff's Data Request No. 1. Also attached is a revised version of the Debt and Equity Return calculation originally filed in response to Staff's First Data Request No. 12.b. The calculation reflects updates based on Peoples December 2011 Earnings Surveillance Report. Finally, a Revised Exhibit B (tariff sheets) is attached containing (i) updated customer surcharges (Sheet 7.806) and (ii) revised verbiage and calculations for the CI/BSR Revenue Requirements (Sheets 7.806-1 and 7.806-2). These revised tariff sheets (including legislative style) are being submitted to reflect the responses to Staff's Fourth Data Request No. 1 and No. 7, and the revised response to Staff's Second Data Request No. 6, which is being filed concurrently with responses to the Staff's Fourth Data Request.

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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

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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
b. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators	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 Book Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 582,580	\$ 1,455,319	\$ 2,034,885	\$ 2,612,944	\$ 3,189,496	\$ 3,764,541	
7. Return on Average Net Book Value													
a. Equity component Grossed up for taxes (A)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,940	\$ 9,842	\$ 13,761	\$ 17,671	\$ 21,570	\$ 25,459	\$ 92,243
b. Debl component (B)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,527	\$ 3,815	\$ 5,335	\$ 6,850	\$ 8,362	\$ 9,869	\$ 35,758
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
c. Property Taxes (D)	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
9. Revenue Requirements (Lines 7 + 8)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,974	\$ 16,671	\$ 23,617	\$ 30,549	\$ 37,467	\$ 44,370	\$ 159,647

Notes:

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

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
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REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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 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
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	\$ 9,152,600	\$ 9,711,722	\$ 10,269,437	\$ 10,825,646	
6. Average Net Book Value		\$ 4,125,528	\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)		\$ 27,900	\$ 33,206	\$ 37,064	\$ 40,912	\$ 44,750	\$ 48,578	\$ 52,396	\$ 56,203	\$ 60,000	\$ 63,787	\$ 67,564	\$ 71,330	\$ 603,690
b. Debt component (B)		\$ 10,815	\$ 12,872	\$ 14,368	\$ 15,860	\$ 17,347	\$ 18,831	\$ 20,311	\$ 21,787	\$ 23,259	\$ 24,727	\$ 26,191	\$ 27,651	\$ 234,019
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
c. Property Taxes (D)		4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	4,303	51,642
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 53,567	\$ 62,437	\$ 69,298	\$ 76,145	\$ 82,977	\$ 89,796	\$ 96,601	\$ 103,391	\$ 110,167	\$ 116,929	\$ 123,677	\$ 130,409	\$ 1,115,393

Notes:

- (A) Line 7a x 8 1153% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1 628002.
- (B) Line 7b x 3 1459% x 1/12.
- (C) Applicable depreciation rate is 26%
- (D) Ad Valorem Tax Rate is 1.79%

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
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REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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 Period Amount	Month												End of Period Total	
		January	February	March	April	May	June	July	August	September	October	November	December		
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	\$ 583,333	\$ 7,000,000
b. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators	0	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	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 Book Value		\$ 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 Book Value															
a. Equity component Grossed up for taxes (A)	\$ 75,087	\$ 78,833	\$ 82,569	\$ 86,295	\$ 90,010	\$ 93,716	\$ 97,411	\$ 101,096	\$ 104,771	\$ 108,436	\$ 112,090	\$ 115,735	\$ 1,146,049		
b. Debt component (B)	\$ 29,107	\$ 30,560	\$ 32,008	\$ 33,452	\$ 34,893	\$ 36,329	\$ 37,761	\$ 39,190	\$ 40,615	\$ 42,035	\$ 43,452	\$ 44,865	\$ 444,267		
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	0
c. Property Taxes (D)		14,408	14,408	14,408	14,408	14,408	14,408	14,408	14,408	14,408	14,408	14,408	14,408	172,896	
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 147,234	\$ 153,940	\$ 160,631	\$ 167,308	\$ 173,971	\$ 180,620	\$ 187,254	\$ 193,875	\$ 200,481	\$ 207,073	\$ 213,651	\$ 220,216	\$ 2,206,253		

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

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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	Month												End of Period Total	
		January	February	March	April	May	June	July	August	September	October	November	December		
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	\$ 583,333	\$ 7,000,000
b. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators	0	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	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		
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)		
3. 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		
4. Net Book Value (Lines 2 + 3 + 4)	\$ 17,382,604	\$ 17,919,222	\$ 18,454,333	\$ 18,987,937	\$ 19,520,034	\$ 20,050,625	\$ 20,579,708	\$ 21,107,284	\$ 21,633,354	\$ 22,157,916	\$ 22,680,972	\$ 23,202,521	\$ 23,722,562		
5. Average Net Book Value		\$ 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		
6. Return on Average Net Book Value															
a. Equity component Grossed up for taxes (A)	\$ 119,369	\$ 122,993	\$ 126,606	\$ 130,210	\$ 133,803	\$ 137,386	\$ 140,959	\$ 144,522	\$ 148,075	\$ 151,617	\$ 155,149	\$ 158,671	\$ 162,200	\$ 1,669,360	
b. Debt component (B)	\$ 46,273	\$ 47,678	\$ 49,079	\$ 50,476	\$ 51,869	\$ 53,258	\$ 54,643	\$ 56,024	\$ 57,401	\$ 58,774	\$ 60,144	\$ 61,509	\$ 62,872	\$ 642,128	
7. 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	
c. Property Taxes (D)		24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	24,189	290,265	
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	
8. Revenue Requirements (Lines 7 + 8)		\$ 236,546	\$ 243,082	\$ 249,603	\$ 256,111	\$ 262,604	\$ 269,083	\$ 275,548	\$ 281,999	\$ 288,436	\$ 294,858	\$ 301,266	\$ 307,660	\$ 3,266,795	

Notes:
(A) Line 7a x 8 1153% x 1/12 Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.628002.
(B) Line 7b x 3 1459% x 1/12
(C) Applicable depreciation rate is 26%
(D) Ad Valorem Tax Rate is 1.79%

7

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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	Month												End of Period Total	
		January	February	March	April	May	June	July	August	September	October	November	December		
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
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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 Book Value		\$ 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 Book Value															
a. Equity component Grossed up for taxes (A)	\$ 162,183	\$ 165,685	\$ 169,176	\$ 172,657	\$ 176,128	\$ 179,589	\$ 183,040	\$ 186,480	\$ 189,911	\$ 193,331	\$ 196,741	\$ 200,140	\$ 2,175,061		
b. Debt component (B)	\$ 62,870	\$ 64,228	\$ 65,581	\$ 66,931	\$ 68,276	\$ 69,618	\$ 70,956	\$ 72,289	\$ 73,619	\$ 74,945	\$ 76,267	\$ 77,585	\$ 843,165		
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	0
c. Property Taxes (D)		33,646	33,646	33,646	33,646	33,646	33,646	33,646	33,646	33,646	33,646	33,646	33,646	403,751	
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 323,497	\$ 329,864	\$ 336,215	\$ 342,553	\$ 348,876	\$ 355,186	\$ 361,482	\$ 367,762	\$ 374,030	\$ 380,283	\$ 386,522	\$ 392,746	\$ 4,299,018	

Notes:

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

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 6 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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 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
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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 Book Value		\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)		\$ 203,530	\$ 206,909	\$ 210,278	\$ 213,637	\$ 216,986	\$ 220,325	\$ 223,653	\$ 226,971	\$ 230,279	\$ 233,577	\$ 236,865	\$ 240,142	\$ 2,663,152
b. Debt component (B)		\$ 78,899	\$ 80,209	\$ 81,515	\$ 82,817	\$ 84,115	\$ 85,409	\$ 86,699	\$ 87,986	\$ 89,268	\$ 90,546	\$ 91,821	\$ 93,091	\$ 1,032,375
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
c. Property Taxes (D)		42,779	42,779	42,779	42,779	42,779	42,779	42,779	42,779	42,779	42,779	42,779	42,779	513,351
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 408,090	\$ 414,285	\$ 420,468	\$ 426,636	\$ 432,790	\$ 438,930	\$ 445,055	\$ 451,167	\$ 457,264	\$ 463,347	\$ 469,417	\$ 475,471	\$ 5,302,920

Notes:

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

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 7 OF 33
FILED: MAY 25, 2012

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REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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	\$ 7,000,000
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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 Book Value		\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)		\$ 243,409	\$ 248,666	\$ 249,913	\$ 253,150	\$ 256,376	\$ 259,593	\$ 262,799	\$ 265,995	\$ 269,180	\$ 272,356	\$ 275,521	\$ 278,676	\$ 3,133,634
b. Debt component (B)		\$ 94,358	\$ 95,620	\$ 96,879	\$ 98,134	\$ 99,384	\$ 100,631	\$ 101,874	\$ 103,113	\$ 104,348	\$ 105,579	\$ 106,806	\$ 108,029	\$ 1,214,755
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
c. Property Taxes (D)		51,589	51,589	51,589	51,589	51,589	51,589	51,589	51,589	51,589	51,589	51,589	51,589	619,068
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 490,321	\$ 496,347	\$ 502,360	\$ 508,359	\$ 514,342	\$ 520,313	\$ 526,269	\$ 532,211	\$ 538,138	\$ 544,052	\$ 549,951	\$ 555,836	\$ 6,278,499

Notes:
(A) Line 7a x 8 1153% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.628002.
(B) Line 7b x 3 1459% x 1/12
(C) Applicable depreciation rate is .26%
(D) Ad Valorem Tax Rate is 1.79%

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REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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 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
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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	\$ 44,656,764	\$ 45,112,521	\$ 45,564,750	\$ 46,015,472	\$ 46,464,687	\$ 46,912,396	
6. Average Net Book Value		\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)		\$ 281,821	\$ 284,956	\$ 288,081	\$ 291,195	\$ 294,299	\$ 297,393	\$ 300,477	\$ 303,550	\$ 306,614	\$ 309,667	\$ 312,710	\$ 315,743	\$ 3,586,506
b. Debt component (B)		\$ 109,248	\$ 110,463	\$ 111,675	\$ 112,882	\$ 114,085	\$ 115,285	\$ 116,480	\$ 117,671	\$ 118,859	\$ 120,043	\$ 121,222	\$ 122,398	\$ 1,390,311
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
c. Property Taxes (D)		60,075	60,075	60,075	60,075	60,075	60,075	60,075	60,075	60,075	60,075	60,075	60,075	720,901
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 570,193	\$ 576,050	\$ 581,894	\$ 587,721	\$ 593,535	\$ 599,336	\$ 605,122	\$ 610,893	\$ 616,652	\$ 622,396	\$ 628,125	\$ 633,841	\$ 7,225,759

Notes:

- (A) Line 7a x 8 1153% x 1/12. Based on ROE of 10.75%, and weighted income tax rate of 38.575%, expansion factor of 1.628002
- (B) Line 7b x 3 1459% x 1/12
- (C) Applicable depreciation rate is .26%
- (D) Ad Valorem Tax Rate is 1.79%

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 9 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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	Month												End of Period Total	
		January	February	March	April	May	June	July	August	September	October	November	December		
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
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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)	\$ 46,912,396	\$ 47,358,597	\$ 47,803,291	\$ 48,246,479	\$ 48,688,159	\$ 49,128,333	\$ 49,567,000	\$ 50,004,159	\$ 50,439,812	\$ 50,873,958	\$ 51,306,597	\$ 51,737,729	\$ 52,167,354		
6. Average Net Book Value		\$ 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 Book Value															
a. Equity component Grossed up for taxes (A)		\$ 318,766	\$ 321,778	\$ 324,780	\$ 327,772	\$ 330,754	\$ 333,726	\$ 336,687	\$ 339,639	\$ 342,580	\$ 345,511	\$ 348,432	\$ 351,342	\$ 4,021,767	
b. Debt component (B)		\$ 123,570	\$ 124,737	\$ 125,901	\$ 127,061	\$ 128,217	\$ 129,369	\$ 130,517	\$ 131,661	\$ 132,801	\$ 133,937	\$ 135,070	\$ 136,198	\$ 1,559,039	
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	0	0
c. Property Taxes (D)		68,237	68,237	68,237	68,237	68,237	68,237	68,237	68,237	68,237	68,237	68,237	68,237	818,849	
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 647,705	\$ 653,391	\$ 659,064	\$ 664,723	\$ 670,368	\$ 675,999	\$ 681,615	\$ 687,218	\$ 692,806	\$ 698,380	\$ 703,941	\$ 709,486	\$ 8,144,696	

Notes:

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

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PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 10 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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													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
b. Eligible Replacements - Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators	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	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)	\$ 52,167,354	\$ 52,595,472	\$ 53,022,083	\$ 53,447,187	\$ 53,870,784	\$ 54,292,875	\$ 54,713,458	\$ 55,132,534	\$ 55,550,104	\$ 55,966,166	\$ 56,380,722	\$ 56,793,771	\$ 57,205,312	
6. Average Net Book Value	\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)	\$ 354,242	\$ 357,133	\$ 360,013	\$ 362,882	\$ 365,742	\$ 368,591	\$ 371,430	\$ 374,260	\$ 377,078	\$ 379,887	\$ 382,685	\$ 385,474	\$ 4,439,417	
b. Debt component (B)	\$ 137,322	\$ 138,443	\$ 139,559	\$ 140,672	\$ 141,780	\$ 142,885	\$ 143,985	\$ 145,082	\$ 146,175	\$ 147,263	\$ 148,348	\$ 149,429	\$ 1,720,943	
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	0
c. Property Taxes (D)	76,076	76,076	76,076	76,076	76,076	76,076	76,076	76,076	76,076	76,076	76,076	76,076	912,912	
d. Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)	\$ 722,855	\$ 728,374	\$ 733,877	\$ 739,366	\$ 744,841	\$ 750,302	\$ 755,748	\$ 761,182	\$ 766,600	\$ 772,004	\$ 777,394	\$ 782,771	\$ 9,035,314	

Notes:

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

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PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 11 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT C

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000
b. Eligible Replacements - Services		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Eligible Replacements - Regulators		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	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)	(10,402,438)	(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	583,333	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 Book Value		\$ 57,410,330	\$ 57,819,611	\$ 58,227,385	\$ 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 Book Value														
a. Equity component Grossed up for taxes (A)		\$ 388,252	\$ 391,020	\$ 393,777	\$ 396,525	\$ 399,262	\$ 401,989	\$ 400,766	\$ 397,571	\$ 396,348	\$ 395,125	\$ 393,902	\$ 392,679	\$ 4,747,216
b. Debt component (B)		\$ 150,506	\$ 151,579	\$ 152,648	\$ 153,713	\$ 154,774	\$ 155,831	\$ 155,357	\$ 154,119	\$ 153,644	\$ 153,170	\$ 152,696	\$ 152,222	\$ 1,840,259
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	2,147,396
b. Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c. Property Taxes (D)		83,591	83,591	83,591	83,591	83,591	83,591	83,591	83,591	83,591	83,591	83,591	83,591	1,003,092
d. Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9. Revenue Requirements (Lines 7 + 8)		\$ 795,648	\$ 800,996	\$ 806,328	\$ 811,648	\$ 816,953	\$ 822,244	\$ 820,547	\$ 816,114	\$ 814,416	\$ 812,719	\$ 811,022	\$ 809,325	\$ 9,737,963

Notes:

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

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PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 12 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT D

PREVIOUSLY FILED:
 ORIGINAL PETITION (12/14/11)
 STAFF'S 1ST DATA REQUEST (3/9/12)

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%	\$55,699	41,522,716	\$0.00134
SGS	5,474,814	5,937,386	11,412,200	2.87%	4,574	3,884,704	\$0.00118
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	23,494	36,774,234	\$0.00064
GS-2	81,315,915	8,975,978	90,291,893	22.67%	36,189	59,241,597	\$0.00061
GS-3	46,157,083	2,496,659	48,653,742	12.21%	19,500	43,162,261	\$0.00045
GS-4	25,447,491	447,292	25,894,783	6.50%	10,379	23,499,759	\$0.00044
GS-5	22,396,181	427,101	22,823,282	5.73%	9,148	45,861,621	\$0.00020
WHS	786,453	35,448	821,901	0.21%	329	730,345	\$0.00045
NGVS	244,131	48,338	292,469	0.07%	117	112,266	\$0.00104
CSLS	534,119	10,816	544,935	0.14%	218	96,750	\$0.00226
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$159,647	254,886,253	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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

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%	\$389,146	83,045,433	\$0.00469
SGS	5,474,814	5,937,386	11,412,200	2.87%	31,957	7,769,409	\$0.00411
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	164,144	73,548,467	\$0.00223
GS-2	81,315,915	8,975,978	90,291,893	22.67%	252,837	118,483,193	\$0.00213
GS-3	46,157,083	2,496,659	48,653,742	12.21%	136,241	86,324,523	\$0.00158
GS-4	25,447,491	447,292	25,894,783	6.50%	72,511	46,999,519	\$0.00154
GS-5	22,396,181	427,101	22,823,282	5.73%	63,910	91,723,242	\$0.00070
WHS	786,453	35,448	821,901	0.21%	2,302	1,460,689	\$0.00158
NGVS	244,131	48,338	292,469	0.07%	819	224,532	\$0.00365
CSLS	534,119	10,816	544,935	0.14%	1,526	193,500	\$0.00789
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$1,115,393	509,772,507	

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

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 3
PAGE 14 OF 33
FILED: MAY 25, 2012

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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%	\$1,139,742	83,045,433	\$0.01372
SGS	5,474,814	5,937,386	11,412,200	2.87%	93,596	7,769,409	\$0.01205
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	480,751	73,548,467	\$0.00654
GS-2	81,315,915	8,975,978	90,291,893	22.67%	740,516	118,483,193	\$0.00625
GS-3	46,157,083	2,496,659	48,653,742	12.21%	399,027	86,324,523	\$0.00462
GS-4	25,447,491	447,292	25,894,783	6.50%	212,372	46,999,519	\$0.00452
GS-5	22,396,181	427,101	22,823,282	5.73%	187,182	91,723,242	\$0.00204
WHS	786,453	35,448	821,901	0.21%	6,741	1,460,689	\$0.00461
NGVS	244,131	48,338	292,469	0.07%	2,399	224,532	\$0.01068
CSLS	534,119	10,816	544,935	0.14%	4,469	193,500	\$0.02310
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$3,266,795	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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

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%	\$1,499,872	83,045,433	\$0.01806
SGS	5,474,814	5,937,386	11,412,200	2.87%	123,169	7,769,409	\$0.01585
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	632,656	73,548,467	\$0.00860
GS-2	81,315,915	8,975,978	90,291,893	22.67%	974,500	118,483,193	\$0.00822
GS-3	46,157,083	2,496,659	48,653,742	12.21%	525,109	86,324,523	\$0.00608
GS-4	25,447,491	447,292	25,894,783	6.50%	279,477	46,999,519	\$0.00595
GS-5	22,396,181	427,101	22,823,282	5.73%	246,327	91,723,242	\$0.00269
WHS	786,453	35,448	821,901	0.21%	8,871	1,460,689	\$0.00607
NGVS	244,131	48,338	292,469	0.07%	3,157	224,532	\$0.01406
CSLS	534,119	10,816	544,935	0.14%	5,881	193,500	\$0.03039
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$4,299,018	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
 ORIGINAL PETITION (12/14/11)
 STAFF'S 1ST DATA REQUEST (3/9/12)

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

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%	\$1,850,120	83,045,433	\$0.02228
SGS	5,474,814	5,937,386	11,412,200	2.87%	151,932	7,769,409	\$0.01956
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	780,393	73,548,467	\$0.01061
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,202,065	118,483,193	\$0.01015
GS-3	46,157,083	2,496,659	48,653,742	12.21%	647,732	86,324,523	\$0.00750
GS-4	25,447,491	447,292	25,894,783	6.50%	344,740	46,999,519	\$0.00733
GS-5	22,396,181	427,101	22,823,282	5.73%	303,849	91,723,242	\$0.00331
WHS	786,453	35,448	821,901	0.21%	10,942	1,460,689	\$0.00749
NGVS	244,131	48,338	292,469	0.07%	3,894	224,532	\$0.01734
CSLS	534,119	10,816	544,935	0.14%	7,255	193,500	\$0.03749
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$5,302,920	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
 ORIGINAL PETITION (12/14/11)
 STAFF'S 1ST DATA REQUEST (3/9/12)

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%	\$2,190,487	83,045,433	\$0.02638
SGS	5,474,814	5,937,386	11,412,200	2.87%	179,883	7,769,409	\$0.02315
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	923,962	73,548,467	\$0.01256
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,423,209	118,483,193	\$0.01201
GS-3	46,157,083	2,496,659	48,653,742	12.21%	766,895	86,324,523	\$0.00888
GS-4	25,447,491	447,292	25,894,783	6.50%	408,162	46,999,519	\$0.00868
GS-5	22,396,181	427,101	22,823,282	5.73%	359,748	91,723,242	\$0.00392
WHS	786,453	35,448	821,901	0.21%	12,955	1,460,689	\$0.00887
NGVS	244,131	48,338	292,469	0.07%	4,610	224,532	\$0.02053
CSLS	534,119	10,816	544,935	0.14%	8,589	193,500	\$0.04439
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$6,278,499	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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%	\$2,520,974	83,045,433	\$0.03036
SGS	5,474,814	5,937,386	11,412,200	2.87%	207,022	7,769,409	\$0.02665
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,063,364	73,548,467	\$0.01446
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,637,933	118,483,193	\$0.01382
GS-3	46,157,083	2,496,659	48,653,742	12.21%	882,599	86,324,523	\$0.01022
GS-4	25,447,491	447,292	25,894,783	6.50%	469,742	46,999,519	\$0.00999
GS-5	22,396,181	427,101	22,823,282	5.73%	414,024	91,723,242	\$0.00451
WHS	786,453	35,448	821,901	0.21%	14,910	1,460,689	\$0.01021
NGVS	244,131	48,338	292,469	0.07%	5,306	224,532	\$0.02363
CSLS	534,119	10,816	544,935	0.14%	9,885	193,500	\$0.05109
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$7,225,759	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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%	\$2,841,579	83,045,433	\$0.03422
SGS	5,474,814	5,937,386	11,412,200	2.87%	233,350	7,769,409	\$0.03003
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,198,597	73,548,467	\$0.01630
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,846,238	118,483,193	\$0.01558
GS-3	46,157,083	2,496,659	48,653,742	12.21%	994,844	86,324,523	\$0.01152
GS-4	25,447,491	447,292	25,894,783	6.50%	529,482	46,999,519	\$0.01127
GS-5	22,396,181	427,101	22,823,282	5.73%	466,678	91,723,242	\$0.00509
WHS	786,453	35,448	821,901	0.21%	16,806	1,460,689	\$0.01151
NGVS	244,131	48,338	292,469	0.07%	5,980	224,532	\$0.02663
CSLS	534,119	10,816	544,935	0.14%	11,143	193,500	\$0.05758
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$8,144,696	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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

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%	\$3,152,304	83,045,433	\$0.03796
SGS	5,474,814	5,937,386	11,412,200	2.87%	258,867	7,769,409	\$0.03332
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,329,663	73,548,467	\$0.01808
GS-2	81,315,915	8,975,978	90,291,893	22.67%	2,048,123	118,483,193	\$0.01729
GS-3	46,157,083	2,496,659	48,653,742	12.21%	1,103,630	86,324,523	\$0.01278
GS-4	25,447,491	447,292	25,894,783	6.50%	587,380	46,999,519	\$0.01250
GS-5	22,396,181	427,101	22,823,282	5.73%	517,708	91,723,242	\$0.00564
WHS	786,453	35,448	821,901	0.21%	18,643	1,460,689	\$0.01276
NGVS	244,131	48,338	292,469	0.07%	6,634	224,532	\$0.02955
CSLS	534,119	10,816	544,935	0.14%	12,361	193,500	\$0.06388
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$9,035,314	509,772,507	

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

REVISED EXHIBIT D

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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

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%	\$3,397,449	83,045,433	\$0.04091
SGS	5,474,814	5,937,386	11,412,200	2.87%	278,998	7,769,409	\$0.03591
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	1,433,067	73,548,467	\$0.01948
GS-2	81,315,915	8,975,978	90,291,893	22.67%	2,207,399	118,483,193	\$0.01863
GS-3	46,157,083	2,496,659	48,653,742	12.21%	1,189,456	86,324,523	\$0.01378
GS-4	25,447,491	447,292	25,894,783	6.50%	633,059	46,999,519	\$0.01347
GS-5	22,396,181	427,101	22,823,282	5.73%	557,969	91,723,242	\$0.00608
WHS	786,453	35,448	821,901	0.21%	20,093	1,460,689	\$0.01376
NGVS	244,131	48,338	292,469	0.07%	7,150	224,532	\$0.03184
CSLS	534,119	10,816	544,935	0.14%	13,322	193,500	\$0.06885
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100.00%	\$9,737,963	509,772,507	

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

REVISED EXHIBIT E

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 1ST DATA REQUEST (3/9/12)

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	\$ 159,647	\$ 1,115,393	\$ 2,206,253	\$ 3,266,795	\$ 4,299,018	\$ 5,302,920	\$ 6,278,499	\$ 7,225,759	\$ 8,144,696	\$ 9,035,314	\$ 9,737,963
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	\$ 0.001	\$ 0.005	\$ 0.009	\$ 0.014	\$ 0.018	\$ 0.022	\$ 0.026	\$ 0.030	\$ 0.034	\$ 0.038	\$ 0.041
*Purchased Gas Adjustment (Fuel)	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781	\$ 0.781
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	0.09	0.19	0.27	0.36	0.45	0.53	0.61	0.68	0.76	0.82
*Purchased Gas Adjustment (Fuel)	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62
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	\$ 37.58	\$ 37.65	\$ 37.74	\$ 37.83	\$ 37.92	\$ 38.00	\$ 38.08	\$ 38.16	\$ 38.24	\$ 38.31	\$ 38.37
Total Bill without CI/BSR	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55	\$ 37.55
Average Total Monthly Increase	\$ 0.03	\$ 0.09	\$ 0.19	\$ 0.27	\$ 0.36	\$ 0.45	\$ 0.53	\$ 0.61	\$ 0.68	\$ 0.76	\$ 0.82
Average Total Annual Increase	\$ 0.32	\$ 1.12	\$ 2.22	\$ 3.29	\$ 4.33	\$ 5.35	\$ 6.33	\$ 7.29	\$ 8.21	\$ 9.11	\$ 9.82
Percent of Monthly Bill	0.07%	0.25%	0.49%	0.73%	0.96%	1.19%	1.40%	1.62%	1.82%	2.02%	2.18%

*May 2012 PGA

**Assumes surcharge for 6 months

Peoples Gas Company
GSR

Calculation of Debt and Equity Return

PREVIOUSLY FILED: 3/9/12
STAFF'S 1ST DATA REQUEST
ATTACHMENT 12B

Calculation of Revenue Requirement Rate of Return
(In Dollars)

	(1)	(2)	(3)	(4)
	December Rate Base ESR (\$000)	Ratio %	Cost Rate %	Weighted Cost Rate %
Long Term Debt	\$ 224,861	37.44%	7.20%	2.6957%
Short Term Debt	3,212	0.53%	3.02%	0.0160%
Preferred Stock	0	0.00%	0.00%	0.0000%
Customer Deposits	39,216	6.53%	6.65%	0.4342%
Common Equity	278,518	46.37%	10.75%	4.9848%
Deferred ITC - Zero Cost	0	0.00%	0.00%	0.0000%
Accumulated Deferred Income Taxes - Zero Cost ITCs	54,817	9.13%	0.00%	0.0000%
Total	\$ 600,624	100.01%		8.1307%

ITC split between Debt and Equity:

Long Term Debt	\$ 224,861	Long Term Debt	44.39%
Short Term Debt	3,212	Short Term Debt	0.63%
Equity - Preferred	0	Equity - Preferred	0.00%
Equity - Common	278,518	Equity - Common	54.98%
Total	\$ 506,591	Total	100.00%

Deferred ITC - Weighted Cost:

Debt = .0% * 45.26%	0.0000%
Equity = .0% * 54.74%	0.0000%
Weighted Cost	0.0000%

Total Equity Cost Rate:

Preferred Stock	0.0000%
Common Equity	4.9848%
Deferred ITC - Weighted Cost	0.0000%
	4.9848%
Times Tax Multiplier	1.628002
Total Equity Component	8.1153%

Total Debt Cost Rate:

Long Term Debt	2.6957%
Short Term Debt	0.0160%
Customer Deposits	0.4342%
Deferred ITC - Weighted Cost	0.0000%
Total Debt Component	3.1459%

Notes:

Column (1) - From December 2011 PGS ESR
Column (2) - Column (1) / Total Column (1)
Column (3) - From Order No. PSC-09-0411-FOF-GU
Column (4) - Column (2) x Column (3)

REVISED EXHIBIT B
PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

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	\$0.00134 per therm
Small General Service	\$0.00118 per therm
General Service – 1/ Commercial Standby Generator Service	\$0.00064 per therm
General Service – 2	\$0.00061 per therm
General Service – 3	\$0.00045 per therm
General Service – 4	\$0.00044 per therm
General Service – 5	\$0.00020 per therm
Commercial Street Lighting	\$0.00226 per therm
Natural Gas Vehicle Service	\$0.00104 per therm
Wholesale	\$0.00045 per therm

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

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

Definitions

For purposes of this Rider:

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

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

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

REVISED EXHIBIT B
PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

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 as calculated in the most recent year-end surveillance report 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.

REVISED EXHIBIT B
PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

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); (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 calculated in the Company's most recent year-end surveillance report.

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	1.6280	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	1.79%	Property Tax Rate
3	Mains	\$	Eligible Replacements Mains minus \$1Million
4	Services	\$	Eligible Replacements Services
5	Regulators	\$	Eligible Replacements Regulators
6	Gross Plant	\$	Line 3 + Line 4 + Line 5
7	Accumulated Depreciation	\$	Previous balance – Line 12
8	Construction Work In Progress	\$	Construction work not in service
9	Net Book Value	\$	Line 6 + Line 7 + Line 8
10	Average Net Book Value	\$	Line 9 + Previous balance / 2
11	Return on Average Net Book Value	\$	Line 10 x debt and equity components as calculated in most recent year-end surveillance report
12	Depreciation Expense	\$	Line 3 x mains rate + Line 4 x services rate + Line 5 x regulators rate
13	CI/BSR Revenue Requirements	\$	Line 11 + Line 12 + Property Taxes

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

Peoples Gas System Original Sheet No. 7.806
a Division of Tampa Electric Company
Original Volume No. 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:

Rate Schedule	CI/BSR Surcharge
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Commercial Street Lighting	\$0.00226 per therm
Natural Gas Vehicle Service	\$0.00104 per therm
Wholesale	\$0.00045 per therm

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

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

Definitions

For purposes of this Rider:

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

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

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

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

Peoples Gas System Original Sheet No. 7.806-1
a Division of Tampa Electric Company
Original Volume No. 3

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 as calculated in the most recent year-end surveillance report 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.

PREVIOUSLY FILED:
ORIGINAL PETITION (12/14/11)
STAFF'S 3RD DATA REQUEST (3/26/12)

Peoples Gas System Original Sheet No. 7.806-2
a Division of Tampa Electric Company
Original Volume No. 3

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); (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 calculated in the Company's most recent year-end surveillance report.

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	1.6280	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	1.79%	Property Tax Rate
3	Mains	\$	Eligible Replacements Mains minus \$1Million
4	Services	\$	Eligible Replacements Services
5	Regulators	\$	Eligible Replacements Regulators
6	Gross Plant	\$	Line 3 + Line 4 + Line 5
7	Accumulated Depreciation	\$	Previous balance - Line 12
8	Construction Work In Progress	\$	Construction work not in service
9	Net Book Value	\$	Line 6 + Line 7 + Line 8
10	Average Net Book Value	\$	Line 9 + Previous balance / 2
11	Return on Average Net Book Value	\$	Line 10 x debt and equity components as calculated in most recent year-end surveillance report
12	Depreciation Expense	\$	Line 3 x mains rate + Line 4 x services rate + Line 5 x regulators rate
13	CI/BSR Revenue Requirements	\$	Line 11 + Line 12 + Property Taxes

**PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 4
PAGE 1 OF 3
FILED: MAY 25, 2012**

- 4.** Please identify and provide the testimony, MFR Schedule, and part of the Order of Peoples' last rate case, Docket No. 080318-GU, that shows that one million dollars for the replacement of cast iron and bare steel mains was included in rate base for the 2009 test year.

- A.** See attached. The cast iron/bare steel replacement program is not specifically referenced in the MFRs or Final Order No. PSC-09-0411-FOF-GU, however in response to Staff's Interrogatory No. 114 in Docket No. 080138-GU, PGS stated that "budgeted amount for the bare steel replacement program is \$1 million for the projected test year".

PEOPLES GAS SYSTEM
DOCKET NO. 080318-GU
STAFF'S NINTH SET OF
INTERROGATORIES
INTERROGATORY NO. 114
PAGE 1 OF 2
SERVED: JANUARY 15, 2009

114. With reference to Schedule I-2, Engineering Schedules, Bates Stamped pages 319 through 320, PGS received "Notification of Commission Rule Violations" for failure to reevaluate unprotected bare steel pipelines as shown on lines 6, 7, 19, 20, and 23.
- a. Please explain why PGS did not complete the reviews as shown on lines 6, 7, 19, 20, and 23 in a timely manner.
 - b. Is PGS currently operating pursuant to a bare steel replacement program?
 - c. If the answer to 114(b) above is "yes," please provide the following:
 - 1) Please provide PGS's policies and procedures for its bare steel replacement program.
 - 2) Please provide a breakdown of the bare steel replacement budgeted and actual expenditures for the period of 2003 through 2008.
 - 3) Please provide the budgeted expenditures pursuant to the bare steel replacement program for the projected test year?
 - 4) Please provide the applicable plant retirements that have occurred since 2003 for the bare steel replacement program. In your response, please include the plant accounts that are impacted by this program.
- A.
- a. Peoples did not meet the established schedule to complete the reviews as shown on Lines 6, 7, 19, 20 and 23. Subsequent to the field audit by the PSC, Peoples took action to rectify the deficiencies resulting in the PSC closing the noted violations.
 - b. Yes.
 - c.
 - 1. Peoples does not have formalized policies and procedures for its bare steel replacement program. The Company's general guidelines for the bare steel replacement program are to budget \$1 million per year for replacement activity.
 - 2. The budgeted expenditure guidelines for each year are \$1M. Actual expenditures are not recorded in sufficient detail in the plant accounting system such that we could not respond to this request. Please see response to No.4 below regarding bare steel replacement footage.

PEOPLES GAS SYSTEM
DOCKET NO. 080318-GU
STAFF'S NINTH SET OF
INTERROGATORIES
INTERROGATORY NO. 114
PAGE 2 OF 2
SERVED: JANUARY 15, 2009

3. The budgeted amount for the bare steel replacement program is \$1 million for the projected test year.

4. The plant account impacted by this program is account 376. Although the plant records do not distinguish between bare and coated steel, based on annual DOT filing (Form PHMSA F7100.1-1), Peoples has retired approximately 62 miles of bare steel mains from 2003 through 2007. Information for 2008 has not yet been compiled.

(B. Narzissenfeld)

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 5
PAGE 1 OF 1
FILED: MAY 25, 2012

5. Once any new pipes are in operation, does Peoples expect to incur higher, lower, or the same O&M expenses associated with the new pipes, when compared to the cast iron/bare steel pipes? If the O&M expenses are projected to be different with the new pipes, please quantify any cost differences and explain how that will be reflected (i.e., next rate case).
 - A. Peoples anticipates there should be potential cost reductions in its future O&M expenses as a result of replacing cast iron and bare steel mains and services primarily because certain types and frequencies of maintenance activities associated with the newer assets should be reduced due to the nature of the replacement materials installed. As the replacements progress, Peoples expects reductions in the expenses associated with unprotected structure leak surveys, electrical surveys and related pipe leakage repairs, and maintenance repair expenses. At this point in time, only the possible reduction in electrical survey expense can be estimated at approximately \$80 thousand per year. Once these fully installed newer assets are in service, the benefits to the company and its customers from these improvements and the costs associated with the maintenance of its facilities are expected to materialize, and to permit an estimated quantification of the expected reductions in O&M costs. If the O&M requirements associated with the new (replacement) pipe decrease, the reductions will be able to be estimated more accurately (*i.e.*, better quantified), and will be reflected in the historic and projected test years in Peoples' next full revenue requirements proceeding.

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 6
PAGE 1 OF 1
FILED: MAY 25, 2012

6. Will the diameter of the new pipes be larger than diameter of the replaced pipes? If yes, please explain why.
- A. The diameter of the new pipe will vary based on the operating parameter conditions required to meet both system requirements and customer needs. In the case of cast iron replacement, typically the diameter of the new pipe installed will be equal to or less than the pipe replaced.

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 7
PAGE 1 OF 2
FILED: MAY 25, 2012

7. Is Peoples currently recovering the revenue requirement on its existing bare steel/cast iron pipes through base rates? If yes, please explain if and how Peoples proposes to remove the revenue requirement of its bare steel/cast iron pipes from rate base for ratemaking purposes once the replacement pipes are installed and placed in service and the old pipes are retired.
- A. Yes, Peoples is currently recovering the revenue requirement associated with un-depreciated cast iron and bare steel included in the company's last rate proceeding. Utilizing Peoples' plant records from its most recent depreciation study approved this year, the company identified just under \$3.5 million of remaining book value from steel pipe during the vintage period of 1946-1971. Any steel pipe vintages prior to 1946 were fully depreciated and no associated net book value would have been included in rate base. Plant accounting records only used steel as an identifier and did not segregate between protected and unprotected steel, so the \$3.5 million would be a high estimate of the amount of cast iron and bare steel included in rate base during Peoples' 2009 test year.

As stated in Peoples' revised response to Staff's Data Request No. 6 (2nd Request), in calculating the CI/BSR Revenue Requirements and CI/BSR Surcharges to be recovered through the rider for which approval is sought in this docket, Peoples will subtract from the Mains category of "Gross Plant" shown in the calculations on Tariff Sheet 7.806-2 the sum of \$1 million; that is, Peoples will recover through the surcharges developed under the rider only the return on, and depreciation and ad valorem tax expense associated with, capital expenditures for Eligible Replacements each year in excess of \$1 million. The Company would forego beginning to earn a return on (and the recovery of depreciation and tax expense associated with) these \$1 million capital expenditures until they are included in rate base for ratemaking purposes in a future base rate proceeding. This will preserve the Company's commitment in 2000 to spend approximately \$1 million annually for the replacement of the cast iron and bare steel pipe in its system.

Recognizing the potential concerns identified by Staff above and the complexity associated with attempting to identify the cast iron and bare steel included in rate base as well as the timing related to its replacement the company believes the \$1 million annual exclusion of capital replacement before any dollars are included in the rider is appropriate. Over the anticipated 10-year period of the proposed rider the foregone return requirements on the \$10 million excluded or deferred will exceed the return

**PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 7
PAGE 2 OF 2
FILED: MAY 25, 2012**

requirements associated with the cast iron and bare steel in base rates from the test year as well as the possible O&M savings identified in Peoples' response to Staff's Data Request No. 5.

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 8
PAGE 1 OF 1
FILED: MAY 25, 2012

8. On page 8 of the petition Peoples states that "Collection of the surcharges established each year would continue until such time as Peoples began billing new base rates resulting from a base rate proceeding in which the replacement infrastructure was rolled into the Company's overall rate base for ratemaking purposes."
- a. Does Peoples propose at the time of a base rate proceeding to also remove the old replaced infrastructure from rate base?
 - b. Referring to Exhibit C of the petition, please consider this hypothetical scenario: Peoples has a rate case in 2014, with a 2015 projected test year. Does that mean the Average Net Investment in December 2014 as shown in Exhibit C would be rolled into rate base, and the replacement infrastructure investment to be recovered through the Rider would be re-set to zero?
- A.
- a. When the asset (old infrastructure) is replaced and taken out of service, it is removed from plant in service. As such, the replaced cast iron and bare steel will not be a part of rate base.
 - b. Yes.

PEOPLES GAS SYSTEM
DOCKET NO. 110320-GU
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 9
PAGE 1 OF 1
FILED: MAY 25, 2012

9. Please explain when the CI/BSR surcharge would terminate.
 - A. The CI/BSR surcharge would terminate when all applicable cast iron and bare steel mains and services are replaced. In the event of a rate case prior to the completion of the project (estimated 10 years), the new infrastructure in service since the commencement of the project will be rolled into rate base and the replacement infrastructure investment to be recovered through the Rider would be re-set to zero as described in the response to No. 8.

PEOPLES GAS SYSTEM
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STAFF'S FOURTH DATA REQUEST
REQUEST NO. 10
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10. Please clarify the response to Staff's Second Data Request No. 3. Does Peoples intend to make a filing with the Commission around the 2nd quarter of each year, reflecting the previous year expenses, and another filing around the 3rd quarter, showing the projection of cost? Will the filing in the 3rd quarter include the proposed per therm surcharges for the subsequent year?
- A. Yes, Peoples proposes to submit an annual true-up for the previous year expenses in the 2nd quarter and a projection in the 3rd quarter for subsequent year projected cost and adjusted customer billing factors that would be applied to bills beginning in January of each year. This would be similar to the timing associated with the clause filings in the PGA and ECCR dockets. Peoples is open to other suggestions Staff may have on the timing of filings.