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IN REPLY REFER TO:

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

September 17, 2015

VIA E-PORTAL/ELECTRONIC FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Petition for approval of 2014 True-up and 2016 Revenue Requirements and Surcharges associated with Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System

Dear Ms. Stauffer:

Attached for electronic filing in the above docket on behalf of Peoples Gas System, please find Peoples' petition referenced above. Attached also is Third Revised Sheet No. 7.806 to Peoples' Natural Gas Tariff, Original Volume No. 3, for which the Company's petition seeks the Commission's approval. A coded (legislative style) version of the revised sheet required by Rule 25-9.005, *F.A.C.*, is also attached.

Please note that this tariff filing is not being made pursuant to the file-and-suspend provisions of Section 366.06(3), *Florida Statutes*, in order to permit the Commission Staff sufficient time to address the filing. Peoples hereby waives the 60-day requirement set forth in the statute for the handling of this petition and tariff filing.

We appreciate your usual assistance.

Sincerely,


Ansley Watson, Jr.

AWjr/a
Attachments

Carlotta S. Stauffer, Commission Clerk
September 17, 2015
Page 2

cc: Office of Public Counsel
Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2014 True-up,)
the Projected 2015 true-up and 2016) Docket No.
Revenue Requirements and Surcharges)
associated with Cast Iron / Bare Steel Pipe) Submitted for Filing:
Replacement Rider, by Peoples Gas System.) 9-17-15
_____)

**PETITION OF PEOPLES GAS SYSTEM FOR APPROVAL OF
2014 TRUE-UP, THE PROJECTED 2015 TRUE-UP AND 2016 REVENUE
REQUIREMENTS AND SURCHARGES
ASSOCIATED WITH CAST IRON/BARE STEEL PIPE REPLACEMENT RIDER**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned counsel, petitions the Commission for approval of (i) the 2014 true-up amount, (ii) the projected true-up amount for 2015, (iii) the Revenue Requirements to be recovered by the Company during the period January through December 2016, and (iv) the Surcharges to be collected from customers for such recovery, all as provided by the Company's Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), and in support of this petition states:

1. Petitioner's name and the mailing address of its principal office are:

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

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

Ansley Watson, Jr.
Andrew M. Brown
Ashley R. Kellgren
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

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

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

3. The Commission has jurisdiction to entertain this petition pursuant to Sections 366.04(1), 366.05(1) and 366.06, *Florida Statutes*.

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

BACKGROUND

5. By its Order No. PSC-12-0476-TRF-GU, issued on September 18, 2012, in Docket No. 110320-GU, the Commission approved Peoples' Rider CI/BSR, together with projected Revenue Requirements contemplated by the rider for recovery during 2013 and Surcharges through which to recover the projected Revenue Requirements.

6. Peoples' petition for approval of Rider CI/BSR contemplated annual capital expenditures of approximately \$8 million for the replacement of bare steel and cast iron infrastructure, but made clear that annual amount was only an estimate, and that the expenditures could be more or less during any year in which the program is in effect. In Peoples' last rate case, the Commission approved \$1 million in rate base for the 2009 projected test year for replacement of ageing infrastructure. As such, in continuing with its commitment to spend \$1 million annually for replacement activities, Peoples excludes the first \$1 million of its annual capital expenditures for replacement

activities and those dollars will be included in rate base in a future rate case.

7. The rider, and the Commission's order approving it, contemplates the filing by Peoples in September of each year of a petition to establish revised Surcharges to be effective the following calendar year (in the case of this petition, calendar year 2016). The petitions are to contain an actual/estimated true-up showing seven months of actual and five months of projected costs and revenues for the calendar year in which the petition is filed, and a projection showing 12 months of projected rider Revenue Requirements for the 12-month period beginning January 1 following the filing of the petition. The order also requires a final true-up showing the actual replacement costs and actual Surcharge revenues for the most recent 12-month historical period from January 1 through December 31 that ends prior to the annual petition filing, including the final over- or under-recovery for the final true-up period.

8. This petition is the filing contemplated by the rider and the Commission's order approving it.¹ Revised Surcharges for the recovery by Peoples of revised Revenue Requirements as provided by Rider CI/BSR for calendar year 2014 were approved by the Commission's Order No. PSC-13-0602-TRF-GU, issued November 13, 2013.² The Commission's Order No. PSC-14-0682-TRF-GU, issued December 9, 2014, approved the true-up for calendar year 2013, the estimated true-up for calendar year

¹ The initial Commission order approving Rider CI/BSR indicated that Peoples had agreed to identify and report any O&M and depreciation expense savings in its annual surcharge petitions, beginning the second year. Peoples has been able to quantify the depreciation savings and those savings have accordingly been reflected as reductions in the expenses, however, due to relative infancy of the program no such reductions in O&M expense have yet been identified. Peoples has had a discussion with the Office of Public Counsel, and once O&M savings can be identified and quantified they will also be offset against the expenses attributable to the program.

² Peoples' filing approved by Order No. PSC-13-0602-TRF-GU included no true-up with respect to calendar year 2013 because the year was not yet complete.

2014, and revised Revenue Requirements and Surcharges for calendar year 2015.

RELIEF REQUESTED

9. Peoples seeks the Commission's approval of the final true-up amount for the calendar year 2014 of \$36,203 over-recovery (including interest). The calculation of this amount is contained in Exhibit A attached to this petition.

10. Peoples also seeks approval of the projected true-up for calendar year 2015 and, as shown in Exhibit B to this petition, has re-projected that its actual expenditures for eligible replacements under Rider CI/BSR during 2015 will be \$12,110,859. This re-projected total does not include the first \$1 million in such expenditures.

11. Exhibit C includes projected capital expenditures for the replacement of cast iron/bare steel infrastructure during calendar year 2016, and Exhibit D contains revised Surcharges to be collected from customers commencing with bills rendered for meter readings taken on and after January 1, 2016. The estimated true-up for 2015, an over-recovery of \$273,526, decreases the total amount to be collected through the revised Surcharges during 2016. Projected capital expenditures for replacements during 2016 are \$11,500,000 (not including the first \$1 million of such expenditures).

12. Third Revised Sheet No. 7.806 to Peoples' Natural Gas Tariff, Original Volume No. 3, setting forth the revised surcharges accompanies the filing of this petition.

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

- A. approving the final true-up for calendar year 2014, the calculation of which is contained in Exhibit A;
- B. approving the projected Revenue Requirements for 2016 (as calculated in Exhibit C, and as adjusted by the projected true-up for 2015 calculated in Exhibit B); and
- C. approving Peoples' billing of the recovery Surcharges for 2016 set forth in Exhibit D to this petition commencing with bills rendered for meter readings taken on and after January 1, 2016.

Respectfully submitted,



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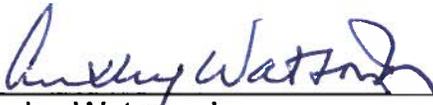
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E-mail: ark@macfar.com

Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531
Fax: (813) 273-4396

Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing petition has been furnished by electronic mail this 17th day of September, 2015, to Office of Public Counsel, J.R. Kelly/Charles Rehwinkel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400.



Ansley Watson, Jr.

**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 January 1, 2016, 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	\$0.02137 per therm
Small General Service	\$0.01647 per therm
General Service – 1/ Commercial Standby Generator Service	\$0.00991 per therm
General Service – 2	\$0.00891 per therm
General Service – 3	\$0.00717 per therm
General Service – 4	\$0.00507 per therm
General Service – 5	\$0.00241 per therm
Commercial Street Lighting	\$0.01116 per therm
Natural Gas Vehicle Service	\$0.02223 per therm
Wholesale	\$0.00313 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.

**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 January 1, 201~~6~~5, 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. 0213704876 per therm
Small General Service	\$0. 0164704079 per therm
General Service – 1/ Commercial Standby Generator Service	\$0. 0099100637 per therm
General Service – 2	\$0. 0089100588 per therm
General Service – 3	\$0. 0071700494 per therm
General Service – 4	\$0. 0050700390 per therm
General Service – 5	\$0. 0024100482 per therm
Commercial Street Lighting	\$0. 0111600795 per therm
Natural Gas Vehicle Service	\$0. 0222304247 per therm
Wholesale	\$0. 0031300226 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

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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.

PEOPLES GAS SYSTEM

“EXHIBIT A”

CALCULATION OF THE FINAL AMOUNT FOR 2014 (PAGE 1 OF 3)

***CALCULATION OF THE FINAL TRUE-UP AMOUNT FOR 2014
(PAGE 2 OF 3)***

INTEREST PROVISION FOR 2014 (PAGE 3 OF 3)

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

Docket No.
 Exhibit A
 Page 1 of 3

Return on Capital Investments, Depreciation and Taxes for Eligible Replacements
 (in Dollars)

Line	Description	Beginning of Period Amount	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	Investments														
a.	Eligible Replacements - Mains (Plastic)		0	707,672	1,082,704	737,924	1,283,911	1,217,659	1,024,052	1,477,395	1,078,821	1,283,663	719,427	929,746	11,542,976
b.	Eligible Replacements - Mains (Steel)		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Eligible Replacements - Services (Plastic)		0	5,719	16,797	16,771	17,865	16,249	11,077	24,778	15,597	12,784	47,072	(2)	184,708
d.	Eligible Replacements - Services (Steel)		0	262	0	0	5,170	0	0	(2,431)	3,761	1,686	0	77	8,526
e.	Eligible Replacements - Regulators		0	0	0	0	0	0	0	0	0	0	0	0	0
f.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
g.	Clearings to Plant		772,901	688,493	370,284	1,172,539	278,661	380,523	2,119,810	1,224,757	1,612,783	1,279,509	592,527	1,547,697	12,040,482
2.	Gross Plant-in-Service/Depreciation Base	7,727,112	8,500,013	9,188,506	9,558,790	10,731,330	11,009,991	11,390,514	13,510,323	14,735,080	16,347,862	17,627,371	18,219,898	19,767,594	
3.	Less: Accumulated Depreciation	(60,442)	(80,730)	(103,027)	(127,125)	(152,212)	(180,374)	(209,305)	(239,251)	(274,726)	(313,418)	(356,339)	(402,613)	(450,502)	
4.	CWIP - NonInterest Bearing	3,221,207	2,448,306	2,473,467	3,202,684	2,784,840	3,813,124	4,666,510	3,581,829	3,856,815	3,342,212	3,360,837	3,534,810	2,916,934	
5.	Net Book Value (Lines 2 + 3 + 4)	10,887,877	10,867,590	11,558,946	12,634,350	13,363,957	14,642,740	15,847,718	16,852,902	18,317,169	19,376,657	20,631,869	21,352,095	22,234,027	
6.	Average Net Book Value		10,877,733	11,213,268	12,096,648	12,999,154	14,003,349	15,245,229	16,350,310	17,585,035	18,846,913	20,004,263	20,991,982	21,793,061	
7.	Return on Average Net Book Value														
a.	Equity component Grossed up for taxes (A)		68,947	71,073	76,673	82,393	88,758	96,629	103,634	111,460	119,458	126,794	133,054	138,132	1,217,005
b.	Debt component (B)		23,327	24,047	25,941	27,877	30,030	32,693	35,063	37,711	40,417	42,899	45,017	46,735	411,757
8.	Investment Expenses														
a.	Depreciation (C)		20,287.92	22,297.47	24,097.46	25,087.07	28,162.50	28,930.61	29,945.96	35,475.20	38,692.16	42,921.25	46,273.32	47,889.20	390,060.12
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Property Taxes (D)		11,436	11,436	11,436	11,436	11,436	11,436	11,436	11,436	11,436	11,436	11,436	11,436	137,233
d.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
9.	Total Recoverable Costs (Lines 7 + 8)		123,998	128,854	138,148	146,793	158,387	169,689	180,079	196,082	210,003	224,050	235,780	244,192	2,156,056

Notes:

- (A) Line 7a = Line 6 x 7.6060% 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 = Line 6 x 2.5734% x 1/12.
- (C) Depreciation rates: 3.1% Mains Plastic, 4.2% Mains Steel, 5.0% Services Plastic, 6.6% Services Steel
- (D) Ad Valorem Tax Rate is 1.79%

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PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL RIDER
 EXHIBIT A
 PAGE 1 OF 3
 FILED: SEPTEMBER 17, 2015

Peoples Gas System
 Cast Iron/Bare Steel Replacement Program (CIBSR)
 Calculation of the Final True-Up Amount
 January 2014 to December 2014

Docket No.
 Exhibit A
 Page 2 of 3

Final True-Up Amount
 (in Dollars)

Line	Description	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Actual August	Actual September	Actual October	Actual November	Actual December	End of Period Total
1.	CIBSR Revenues (net of Revenue Taxes)	\$247,787	\$255,179	\$214,051	\$193,065	\$160,404	\$153,132	\$140,786	\$130,752	\$140,258	\$145,374	\$163,926	\$213,698	\$2,158,414
2.	True-Up Provision	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,523	1,528	18,281
3.	CIBSR Revenues Applicable to Period (Lines 1 + 2)	249,310	256,702	215,574	194,588	161,927	154,655	142,309	132,275	141,781	146,897	165,449	215,226	2,176,695
4.	CIBSR Costs													
a.	Return on Investment	\$ 92,274	\$ 95,120	\$ 102,614	\$ 110,270	\$ 118,788	\$ 129,322	\$ 138,697	\$ 149,171	\$ 159,875	\$ 169,693	\$ 178,071	\$ 184,867	\$ 1,628,762
b.	Depreciation	\$ 20,288	\$ 22,297	\$ 24,097	\$ 25,087	\$ 28,163	\$ 28,931	\$ 29,946	\$ 35,475	\$ 38,692	\$ 42,921	\$ 46,273	\$ 47,889	\$ 390,060
c.	Property Taxes	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 11,436	\$ 137,233
d.	Total CIBSR Costs	\$ 123,998	\$ 128,854	\$ 138,148	\$ 146,793	\$ 158,387	\$ 169,689	\$ 180,079	\$ 196,082	\$ 210,003	\$ 224,050	\$ 235,780	\$ 244,192	\$ 2,156,056
5.	Over/Under Recovery (Line 3 - Line 4d)	\$ 125,312	\$ 127,849	\$ 77,427	\$ 47,795	\$ 3,541	\$ (15,034)	\$ (37,770)	\$ (63,807)	\$ (68,223)	\$ (77,153)	\$ (70,331)	\$ (28,966)	\$ 20,640
6.	Interest Provision	\$ 6	\$ 11	\$ 16	\$ 23	\$ 20	\$ 16	\$ 19	\$ 16	\$ 13	\$ 9	\$ 6	\$ 4	\$ 159
7.	Beginning Balance True-Up & Interest Provision	\$ 33,685	\$ 157,480	\$ 283,817	\$ 359,737	\$ 406,032	\$ 408,070	\$ 391,529	\$ 352,255	\$ 286,941	\$ 217,208	\$ 138,541	\$ 66,693	\$ 33,685
8.	True-Up Collected/(Refunded) (see Line 2)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,523)	\$ (1,528)	\$ (18,281)
9.	End of Period Total True-Up (Lines 5+6+7+8) ¹	\$157,480	\$283,817	\$359,737	\$406,032	\$408,070	\$391,529	\$352,255	\$286,941	\$217,208	\$138,541	\$66,693	\$36,203	\$36,203

Peoples Gas System
 Cast Iron/Bare Steel Replacement Program (CIBSR)
 Calculation of the Final True-Up Amount
 January 2014 to December 2014

Docket No.
 Exhibit A
 Page 3 of 3

Interest Provision
 (in Dollars)

<u>Line</u>	<u>Description</u>	<u>Actual January</u>	<u>Actual February</u>	<u>Actual March</u>	<u>Actual April</u>	<u>Actual May</u>	<u>Actual June</u>	<u>Actual July</u>	<u>Actual August</u>	<u>Actual September</u>	<u>Actual October</u>	<u>Actual November</u>	<u>Actual December</u>	<u>End of Period Total</u>
1.	Beginning True-Up Amount	\$33,685	\$157,480	\$283,817	\$359,737	\$406,032	\$408,070	\$391,529	\$352,255	\$286,941	\$217,208	\$138,541	\$66,693	
2.	Ending True-Up Amount Before Interest	157,474	283,806	359,721	406,009	408,050	391,513	352,236	286,925	217,195	138,532	66,687	36,199	
3.	Total of Beginning & Ending True-Up (Lines 1 + 2)	191,159	441,286	643,538	765,746	814,082	799,583	743,765	639,180	504,136	355,740	205,228	102,892	
4.	Average True-Up Amount (Line 3 x 1/2)	95,580	220,643	321,769	382,873	407,041	399,792	371,883	319,590	252,068	177,870	102,614	51,446	
5.	Interest Rate (First Day of Reporting Business Month)	0.08%	0.07%	0.06%	0.07%	0.08%	0.04%	0.06%	0.06%	0.07%	0.06%	0.07%	0.08%	
6.	Interest Rate (First Day of Subsequent Business Month)	0.07%	0.06%	0.07%	0.08%	0.04%	0.06%	0.06%	0.07%	0.06%	0.07%	0.08%	0.10%	
7.	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.15%	0.13%	0.13%	0.15%	0.12%	0.10%	0.12%	0.13%	0.13%	0.13%	0.15%	0.18%	
8.	Average Interest Rate (Line 7 x 1/2)	0.075%	0.065%	0.065%	0.075%	0.060%	0.050%	0.060%	0.065%	0.065%	0.065%	0.075%	0.090%	
9.	Monthly Average Interest Rate (Line 8 x 1/12)	0.006%	0.005%	0.005%	0.006%	0.005%	0.004%	0.005%	0.005%	0.005%	0.005%	0.006%	0.008%	
10.	Interest Provision for the Month (Line 4 x Line 9)	\$6	\$11	\$16	\$23	\$20	\$16	\$19	\$16	\$13	\$9	\$6	\$4	\$ 159

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PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL RIDER
 EXHIBIT A
 PAGE 3 OF 3
 FILED: SEPTEMBER 17, 2015

PEOPLES GAS SYSTEM

“EXHIBIT B”

***CALCULATION OF ACTUAL AND REFORECAST AMOUNT FOR 2015
(PAGE 1 OF 3)***

PROJECTED TRUE-UP AMOUNT FOR 2015 (PAGE 2 OF 3)

INTEREST PROVISION FOR 2015 (PAGE 3 OF 3)

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2015 to December 2015
 Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Docket No.
 Exhibit B
 Page 1 of 3

Line	Description	Beginning of Period Amount	Actual January	Actual February	Actual March	Actual April	Actual May	Actual June	Actual July	Forecast August	Forecast September	Forecast October	Forecast November	Forecast December	End of Period Total
1.	Investments														
a.	Eligible Replacements - Mains (Plastic)		117,121	984,827	1,157,466	925,779	821,054	1,262,406	932,985	1,183,320	1,183,320	1,183,320	1,156,660	1,156,660	12,064,918
b.	Eligible Replacements - Mains (Steel)		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Eligible Replacements - Services (Plastic)		258	3,878	2,938	2,498	3,337	14,398	16,734	0	0	0	0	0	44,039
d.	Eligible Replacements - Services (Steel)		(1,494)	314	244	1,285	0	0	1,554	0	0	0	0	0	1,902
e.	Eligible Replacements - Regulators		0	0	0	0	0	0	0	0	0	0	0	0	0
f.	Other		0	0	0	0	0	0	0	0	0	0	0	0	0
g.	Clearings to Plant		123,896	2,180,380	1,141,851	753,090	606,240	1,469,308	533,487	1,476,555	1,403,247	1,348,265	1,287,034	1,254,440	13,577,793
2.	Gross Plant-in-Service/Depreciation Base	19,767,594	19,891,490	22,071,870	23,213,721	23,966,812	24,573,052	26,042,359	26,575,846	28,052,401	29,455,648	30,803,913	32,090,947	33,345,387	
3.	Less: Accumulated Depreciation	(450,502)	(427,317)	(474,069)	(525,865)	(580,433)	(636,601)	(694,061)	(755,136)	(819,827)	(888,357)	(960,535)	(1,036,219)	(1,115,249)	
4.	CWIP - NonInterest Bearing	2,916,934	2,908,923	1,717,562	1,736,359	1,912,830	2,130,980	1,938,476	2,356,262	2,063,026	1,843,100	1,678,155	1,547,781	1,450,001	
5.	Net Book Value (Lines 2 + 3 + 4)	22,234,027	22,373,097	23,315,363	24,424,215	25,299,208	26,067,431	27,286,775	28,176,971	29,295,601	30,410,391	31,521,532	32,602,508	33,680,138	
6.	Average Net Book Value		22,303,562	22,844,230	23,869,789	24,861,712	25,683,320	26,677,103	27,731,873	28,736,286	29,852,996	30,965,962	32,062,020	33,141,323	
7.	Return on Average Net Book Value														
a.	Equity component Grossed up for taxes (A)		140,618	144,027	150,493	156,747	161,927	168,192	174,843	181,175	188,216	195,233	202,143	208,948	2,072,562
b.	Debt component (B)		34,630	35,469	37,062	38,602	39,878	41,421	43,058	44,618	46,352	48,080	49,782	51,457	510,409
8.	Investment Expenses														
a.	Depreciation (C)		51,913	52,232	57,908	60,882	62,848	64,429	68,273	69,691	73,530	77,178	80,684	84,030	803,597
b.	Amortization		0	0	0	0	0	0	0	0	0	0	0	0	0
c.	Property Taxes (D)		29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	352,572
d.	Depreciation Savings		(75,098)	(5,480)	(6,111)	(6,314)	(6,680)	(6,969)	(7,197)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(138,850)
9.	Total Recoverable Costs (Lines 7 + 8)		181,444	255,629	268,733	279,298	287,354	296,454	308,357	319,865	332,479	344,872	356,990	368,816	3,600,290

Notes:

- (A) Line 7a = Line 6 x 7.5657% 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 = Line 6 x 1.8632% x 1/12
 (C) Depreciation rates: 3.1% Mains Plastic, 4.2% Mains Steel, 5.0% Services Plastic, 6.6% Services Steel
 (D) Ad Valorem Tax Rate is 1.79%

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PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL RIDER
 EXHIBIT B
 PAGE 1 OF 3
 FILED: SEPTEMBER 17, 2015

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
 January 2015 to December 2015
 Current Period Actual / Reforecast True-Up Amount

Docket No.
 Exhibit B
 Page 2 of 3

<u>Line</u>	<u>Description</u>	<u>Actual January</u>	<u>Actual February</u>	<u>Actual March</u>	<u>Actual April</u>	<u>Actual May</u>	<u>Actual June</u>	<u>Actual July</u>	<u>Forecast August</u>	<u>Forecast September</u>	<u>Forecast October</u>	<u>Forecast November</u>	<u>Forecast December</u>	<u>End of Period Total</u>
1.	CIBSR Revenues (net of Revenue Taxes)	392,427	404,258	391,864	293,880	238,738	243,327	222,737	311,895	321,063	330,309	339,267	347,495	3,837,261
2.	True-Up Provision	5,106	5,106	5,106	5,106	5,106	5,106	5,106	5,106	5,106	5,106	5,106	5,111	61,277
3.	CIBSR Revenues Applicable to Period (Lines 1 + 2)	397,533	409,364	396,970	298,986	243,844	248,433	227,843	317,001	326,169	335,415	344,373	352,606	3,898,538
4.	CIBSR Costs													
a.	Return on Investment	175,248	179,496	187,555	195,349	201,805	209,613	217,901	225,793	234,568	243,313	251,925	260,405	2,582,971
b.	Depreciation	51,913	52,232	57,908	60,882	62,848	64,429	68,273	69,691	73,530	77,178	80,684	84,030	803,597
c.	Property Taxes	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	29,381	352,572
d.	Depreciation Savings	(75,098)	(5,480)	(6,111)	(6,314)	(6,680)	(6,969)	(7,197)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(138,850)
d.	Total CIBSR Costs	181,444	255,629	268,733	279,298	287,354	296,454	308,357	319,865	332,479	344,872	356,990	368,816	3,600,290
5.	Over/Under Recovery (Line 3 - Line 4d)	216,089	153,735	128,237	19,689	(43,509)	(48,021)	(80,515)	(2,864)	(6,310)	(9,457)	(12,617)	(16,210)	298,247
6.	Interest Provision	11	26	37	32	36	37	31	31	30	29	27	26	353
7.	Beginning Balance True-Up & Interest Provision	36,203	247,197	395,852	519,020	533,635	485,056	431,966	346,376	338,437	327,051	312,517	294,821	36,203
8.	True-Up Collected/(Refunded)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,106)	(5,111)	(61,277)
9.	End of Period Total True-Up (Lines 5+6+7+8)	247,197	395,852	519,020	533,635	485,056	431,966	346,376	338,437	327,051	312,517	294,821	273,526	273,526

Peoples Gas System
Cast Iron/Bare Steel Replacement Rider
Calculation of the Actual and Reforecast Amount (7 + 5 forecast) for the Period
January 2015 to December 2015
Interest Provision

Docket No.
 Exhibit B
 Page 3 of 3

<u>Line</u>	<u>Description</u>	<u>Actual January</u>	<u>Actual February</u>	<u>Actual March</u>	<u>Actual April</u>	<u>Actual May</u>	<u>Actual June</u>	<u>Actual July</u>	<u>Forecast August</u>	<u>Forecast September</u>	<u>Forecast October</u>	<u>Forecast November</u>	<u>Forecast December</u>	<u>End of Period Total</u>
1.	Beginning True-Up Amount	\$36,203	\$247,197	\$395,852	\$519,020	\$533,635	\$485,056	\$431,966	\$346,376	\$338,437	\$327,051	\$312,517	\$294,821	
2.	Ending True-Up Amount Before Interest	247,186	395,826	518,983	533,603	485,020	431,929	346,345	338,406	327,021	312,488	294,794	273,500	
3.	Total of Beginning & Ending True-Up (Lines 1 + 2)	283,389	643,023	914,835	1,052,623	1,018,655	916,985	778,311	684,782	665,458	639,539	607,311	568,321	
4.	Average True-Up Amount (Line 3 x 1/2)	141,695	321,512	457,418	526,312	509,328	458,493	389,156	342,391	332,729	319,770	303,656	284,161	
5.	Interest Rate (First Day of Reporting Business Month)	0.10%	0.10%	0.09%	0.09%	0.06%	0.10%	0.08%	0.11%	0.11%	0.11%	0.11%	0.11%	
6.	Interest Rate (First Day of Subsequent Business Month)	0.10%	0.09%	0.09%	0.06%	0.10%	0.08%	0.11%	0.11%	0.11%	0.11%	0.11%	0.11%	
7.	Total of Beginning & Ending Interest Rates (Lines 5 + 6)	0.20%	0.19%	0.18%	0.15%	0.16%	0.18%	0.19%	0.22%	0.22%	0.22%	0.22%	0.22%	
8.	Average Interest Rate (Line 7 x 1/2)	0.100%	0.095%	0.090%	0.075%	0.080%	0.090%	0.095%	0.110%	0.110%	0.110%	0.110%	0.110%	
9.	Monthly Average Interest Rate (Line 8 x 1/12)	0.008%	0.008%	0.008%	0.006%	0.007%	0.008%	0.008%	0.009%	0.009%	0.009%	0.009%	0.009%	
10.	Interest Provision for the Month (Line 4 x Line 9)	\$11	\$26	\$37	\$32	\$36	\$37	\$31	\$31	\$30	\$29	\$27	\$26	\$353

PEOPLES GAS SYSTEM

“EXHIBIT C”

***CALCULATION OF THE PROJECTED AMOUNT FOR 2016
(PAGE 1 OF 2)***

***CALCULATION OF DEBT AND EQUITY RETURN FOR 2016
(PAGE 2 OF 2)***

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Calculation of the Projected Amount for the Period
 January 2016 to December 2016
 Return on Capital Investments, Depreciation and Taxes for Eligible Replacements

Docket No.
 Exhibit C
 Page 1 of 2

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	\$ -	\$ 250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 1,250,000	\$ 625,000	\$ 625,000	\$ 11,500,000
b.	Eligible Replacements - Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c.	Eligible Replacements - Regulators	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
d.	Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
e.	Clearings to Plant	\$ 362,500	\$ 459,375	\$ 1,157,031	\$ 1,180,274	\$ 1,197,705	\$ 1,210,779	\$ 1,220,584	\$ 1,227,938	\$ 1,233,454	\$ 1,237,590	\$ 771,943	\$ 735,207	\$ 11,994,380	
2.	Gross Plant-in-Service/Depreciation Base	\$ 33,345,387	\$ 33,707,887	\$ 34,167,262	\$ 35,324,294	\$ 36,504,567	\$ 37,702,272	\$ 38,913,051	\$ 40,133,635	\$ 41,361,573	\$ 42,595,027	\$ 43,832,617	\$ 44,604,560	\$ 45,339,767	
3.	Less: Accumulated Depreciation	\$ (1,115,249)	\$ (1,196,991)	\$ (1,279,669)	\$ (1,363,534)	\$ (1,450,388)	\$ (1,540,291)	\$ (1,633,287)	\$ (1,729,412)	\$ (1,828,690)	\$ (1,931,140)	\$ (2,036,777)	\$ (2,145,610)	\$ (2,256,438)	
4.	CWIP - NonInterest Bearing	\$ 1,450,001	\$ 1,087,501	\$ 878,125	\$ 971,094	\$ 1,040,821	\$ 1,093,115	\$ 1,132,337	\$ 1,161,752	\$ 1,183,814	\$ 1,200,361	\$ 1,212,771	\$ 1,065,828	\$ 955,621	
5.	Net Book Value (Lines 2 + 3 + 4)	\$ 33,680,138	\$ 33,598,397	\$ 33,765,719	\$ 34,931,854	\$ 36,095,000	\$ 37,255,097	\$ 38,412,100	\$ 39,565,975	\$ 40,716,698	\$ 41,864,247	\$ 43,008,611	\$ 43,524,777	\$ 44,038,949	
6.	Average Net Book Value		\$ 33,639,268	\$ 33,682,058	\$ 34,348,786	\$ 35,513,427	\$ 36,675,049	\$ 37,833,599	\$ 38,989,038	\$ 40,141,337	\$ 41,290,472	\$ 42,436,429	\$ 43,266,694	\$ 43,781,863	
7.	Return on Average Net Book Value														
a.	Equity component Grossed up for taxes (A)	\$ 212,527	\$ 212,798	\$ 217,010	\$ 224,368	\$ 231,707	\$ 239,026	\$ 246,326	\$ 253,606	\$ 260,866	\$ 268,106	\$ 273,352	\$ 276,607	\$ 2,916,299	
b.	Debt component (B)	\$ 50,731	\$ 50,795	\$ 51,801	\$ 53,557	\$ 55,309	\$ 57,056	\$ 58,799	\$ 60,536	\$ 62,269	\$ 63,998	\$ 65,250	\$ 66,027	\$ 696,128	
8.	Investment Expenses														
a.	Depreciation (C)	\$ 86,742	\$ 87,678	\$ 88,865	\$ 91,854	\$ 94,903	\$ 97,997	\$ 101,125	\$ 104,278	\$ 107,450	\$ 110,637	\$ 113,834	\$ 115,828	\$ 1,201,189	
b.	Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
c.	Property Taxes (D)	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 48,077	\$ 576,920	
d.	Depreciation Savings	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (60,000)	
9.	Revenue Requirements (Lines 7 + 8)	\$ 393,077	\$ 394,348	\$ 400,752	\$ 412,855	\$ 424,995	\$ 437,156	\$ 449,326	\$ 461,497	\$ 473,662	\$ 485,817	\$ 495,512	\$ 501,538	\$ 5,330,536	
10.	Est projected 2015 true-up over/(under)	\$ 273,526													
11.	Revenue Requirements Net of Est Projected Recovery	\$ 119,551	\$ 513,898	\$ 914,651	\$ 1,327,506	\$ 1,752,502	\$ 2,189,657	\$ 2,638,984	\$ 3,100,480	\$ 3,574,142	\$ 4,059,959	\$ 4,555,471	\$ 5,057,010		

Notes:
 (A) Line 7a = Line 6 x 7.5814% 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 = Line 6 x 1.8097% x 1/12
 (C) Depreciation rates: 3.1% Mains Plastic, 4.2% Mains Steel, 5.0% Services Plastic, 6.6% Services Steel
 (D) Ad Valorem Tax Rate is 1.79%

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PEOPLES GAS SYSTEM
 CAST IRON / BARE STEEL RIDER
 EXHIBIT C
 PAGE 1 OF 2
 FILED: SEPTEMBER 17, 2015

Peoples Gas System
Cast Iron/Bare Steel Replacement Rider
Calculation of Debt and Equity Return
January 2016 through December 2016

Docket No.
Exhibit C
Page 2 of 2

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	\$ 222,872	32.51%	5.47%	1.7783%
Short Term Debt	4,601	0.67%	0.53%	0.0036%
Preferred Stock	0	0.00%	0.00%	0.0000%
Residential Customer Deposits	9,562	1.39%	2.00%	0.0278%
Commercial Customer Deposits	30,424	4.44%	3.00%	0.1332%
Inactive Customer Deposits	323	0.05%	0.00%	0.0000%
Common Equity	296,993	43.32%	10.75%	4.6569%
Deferred Income Tax	120,773	17.62%	0.00%	0.0000%
Tax Credits - Zero Cost	0	0.00%	0.00%	0.0000%
Total	\$ 685,548	100%		6.5998%
ITC split between Debt and Equity:				
Long Term Debt	\$ 222,872		Long Term Debt	42.50%
Short Term Debt	4,601		Short Term Debt	0.88%
Equity - Preferred	0		Equity - Preferred	0.00%
Equity - Common	296,993		Equity - Common	56.63%
Total	\$ 524,466		Total	100.01%
Deferred ITC - Weighted Cost:				
Debt = .0% * 43.38%		0.0000%		
Equity = .0% * 56.63%		0.0000%		
		Weighted Cost		0.0000%
Total Equity Cost Rate:				
Preferred Stock		0.0000%		
Common Equity		4.6569%		
Deferred ITC - Weighted Cost		0.0000%		
		4.6569%		
Times Tax Multiplier		1.628002		
		Total Equity Component		7.5814%
Total Debt Cost Rate:				
Long Term Debt		1.7783%		
Short Term Debt		0.0036%		
Customer Deposits		0.0278%		
Deferred ITC - Weighted Cost		0.0000%		
		Total Debt Component		1.8097%

PEOPLES GAS SYSTEM

“EXHIBIT D”

SURCHARGE CALCULATION FOR 2016 (PAGE 1 OF 1)

Peoples Gas System
 Cast Iron/Bare Steel Replacement Rider
 Summary of CI/BSR Surcharge Calculation
 January 2016 Through December 2016

Docket No.
 Exhibit D
 Page 1 of 1

<u>RATE SCHEDULE</u>	<u>MAINS NET PLANT*</u>	<u>SERVICES NET PLANT*</u>	<u>TOTAL NET PLANT*</u>	<u>% OF TOTAL PLANT</u>	<u>CI/BSR REVENUES</u>	<u>THERMS</u>	<u>CI/BSR SURCHARGE PER THERM</u>
RS & RS-SG	\$59,806,570	\$79,163,368	\$138,969,938	34.89%	\$1,764,325	82,571,000	\$0.02137
SGS	5,474,814	5,937,386	11,412,200	2.87%	144,886	8,797,000	\$0.01647
GS-1 & CS-SG	45,983,103	12,635,366	58,618,469	14.72%	744,204	75,126,000	\$0.00991
GS-2	81,315,915	8,975,978	90,291,893	22.67%	1,146,322	128,685,000	\$0.00891
GS-3	46,157,083	2,496,659	48,653,742	12.21%	617,695	86,094,000	\$0.00717
GS-4	25,447,491	447,292	25,894,783	6.50%	328,753	64,874,000	\$0.00507
GS-5	22,396,181	427,101	22,823,282	5.73%	289,758	120,219,000	\$0.00241
NGVS	244,131	48,338	292,469	0.07%	3,713	167,000	\$0.02223
CSLS	534,119	10,816	544,935	0.14%	6,918	620,000	\$0.01116
WHS	786,453	35,448	821,901	0.21%	10,435	3,331,000	\$0.00313
TOTAL	\$288,145,860	\$110,177,751	\$398,323,611	100%	\$5,057,010	570,484,000	

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