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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Peoples Gas)	DOCKET NO. 891353-GU
Systems, Inc. for a rate increase.)	ORDER NO. 23858
<hr/>) ISSUED: 12/11/90

The following Commissioners participated in the disposition of this matter:

GERALD L. GUNTER
BETTY EASLEY

ORDER GRANTING CERTAIN INCREASES

BY THE COMMISSION:

Pursuant to Notice, the Florida Public Service Commission held a public hearing on this matter in Tallahassee, Florida on September 17, 1990. Having considered the record in this proceeding, the Commission now enters its Final Order.

Background

This proceeding commenced on April 12, 1990, with the filing of a petition by Peoples Gas System, Inc. (Peoples or the Company) for a rate increase that would provide Peoples with \$14,283,034 in additional revenues. Peoples last rate case, in Docket No. 850811-GU, was based upon a test year ending September 30, 1985, with rates set for an attrition year ending September 30, 1987. The present case is founded upon a projected test year ending September 30, 1991. In the last case, we found the utility's jurisdictional rate base to be \$111,406,000 in the test year; Peoples' current request is based upon a jurisdictional rate base of \$203,718,000 for the projected test year.

Peoples' last authorized rate of return, set in Docket No. 895811-GU, was 10.03%, which includes a return on common equity of 14.25%. In this case, Peoples requested an overall rate of return of 10.64%, with a return on common equity of 13.75%.

By Order No. 23142, dated July 3, 1990, we suspended Peoples permanent rate schedules. The Company did not request an interim increase in this proceeding.

The Office of Public Counsel intervened as a party in this proceeding. Upon proper showing of interest, Frito-Lay, Inc.,

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Tropicana Products, Inc., and Florida Industrial Gas Users were also authorized to intervene as parties.

Customer service hearings were held on July 18, 26, and 27 and August 24, 1990 in Orlando, Tampa, Jacksonville, and Hollywood, respectively. In an effort to define and refine the issues presented by this case, a formal prehearing conference was held before Commissioner Gerald L. Gunter on September 6, 1990, at which time the parties reached final agreement on several of the issues. Agreement was reached at the hearing on a number of additional issues. There remained for the hearing a number of contested issues which will be discussed in this order. Testimony and exhibits were presented on these issues by Jack E. Uhl, Francis J. Sivard, Dr. Roger A. Morin, and Daniel R. Pountney, for the Company, by Dr. Alan Rosenberg for the Florida Industrial Gas Users, by Norris Elswick and Kent D. Taylor for Tropicana Products, Inc., by Avis H. Payne and Stephen F. Clinger for the Office of Public Counsel and by Kathryn D. Brown, Andrew L. Maurey, Thomas E. Stambaugh and Ronald Mayes for the Commission Staff.

Summary of Decision

The record of the hearing reveals that the Company did not fully support its request for a revenue increase of \$14,283,034. The Company has however demonstrated a need for a revenue increase of \$7,489,913 which will allow it the opportunity to earn a return of 10.21% on a rate base of \$192,022,998, based on a return on common equity of 13.00%. These findings are based upon our calculation of the following data for the projected test year ending September 30, 1991 which is amply supported by the record of this proceeding:

Rate-Base:	\$192,022,998
Authorized Return on Equity	13.00%
Authorized Overall Rate of Return	10.21%
Projected Revenues (Net of Cost of Gas)	\$76,411,403
Revenue Increase Granted	7,489,913
Gross non gas Revenues (Including Increase)	\$83,901,316
Operating Expenses(Including increased taxes)	<u>\$64,295,768</u>
Net Operating Income	\$19,605,548

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The authorized overall rate of return is based upon the following capital structure (From Attachment 3):

	<u>Cost Rate</u>	<u>Weighting Ratio</u>	<u>Weighting Cost</u>
Common Equity	13.00%	0.4099%	5.3281%
Long Term Debt	10.66%	0.4048%	4.3152%
Short Term Debt	10.25%	0.0002%	0.0025%
Customer Deposits	8.76%	0.0639%	0.5595%
Deferred Taxes	0.00%	0.0000%	0.0000%
Tax Credits	0.00%	0.0000%	0.0000%
Weighted Cost of Capital	<u>100.00%</u>		<u>10.21 %</u>

I. REVENUE REQUIREMENTS DETERMINATION

The revenue requirements of a utility are derived by establishing its rate base, net operating income (NOI) and fair rate of return. A test year of operations, traditionally based upon one year of operations, is used to derive these factors. Multiplying the rate base by the fair rate of return provides the net operating income the utility is permitted to earn. Comparing the permitted net operating income with the test year net operating income determines the net operating income deficiency or excess. The total test year revenue deficiency or excess is determined by adjusting the deficiency or excess by the revenue expansion factor.

A. STIPULATED ISSUES

Numerous revenue requirements issues identified in the Prehearing Order (and at the outset of the hearing) were resolved by stipulation of the parties. The stipulations represent resolutions of such issues reached collectively by Peoples, Staff and Public Counsel, often after extensive discovery and negotiation. Although Peoples asserted that it did not agree with the positions of Staff and/or Public Counsel on several of these stipulated issues, the Company stated that it was willing to accept certain adjustments affecting its revenue requirements in order to reduce the number of issues (and the time needed to address them) at the hearing. We accept and approve the stipulations on these issues.

B. DISPUTED ISSUES

1. RATE BASE-ATTACHMENT 1

To establish the Company's overall revenue requirements, we must determine its rate base. The rate base represents that investment on which the Company is entitled to earn a reasonable return. A utility's rate base is comprised of various components. These include: 1) net utility plant-in-service, which is comprised of plant-in-service; 2) Construction Work in Progress (CWIP) (where appropriate) and plant held for future use; and 3) working capital. Peoples initially submitted a proposed jurisdictional rate base of \$203,718,000. After stipulating to several rate base adjustments, the Company in its brief has proposed a jurisdictional rate base of \$191,912,634. Evidence developed during the course of the proceedings has led us to increase that amount to \$192,022,998.

(a) Should the Company's proposed acquisition adjustment of \$2,253,000 in the projected test year rate base be accepted?

Southern Gas Company's natural gas assets were purchased by Peoples Gas System on March 21, 1990. The purchase resulted in a premium being paid for these assets. Peoples Gas System subsequently requested approval of this positive acquisition adjustment in the amount of \$2,253,000 for ratemaking purposes. When we consider whether to approve or deny a positive acquisition adjustment in rate base, we do so on an individual case by case basis. It is our policy to disallow positive acquisition adjustments unless extraordinary circumstances can be proven. Specifically, Commission Order 23376 states:

"Our policy is that, absent extraordinary circumstances, the purchase of a utility system at a premium or discount shall not affect the rate base calculation."

In our consideration of the requested acquisition adjustment in this rate case, we have examined the following potential benefits to the existing customers of the acquired company (Southern Gas):

1. increased quality of service;
2. lowered operating costs;
3. increased ability to attract capital for improvements;

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4. a lower overall cost of capital; and
5. more professional and experienced managerial, financial, technical and operational resources.

First, we have reviewed the question of whether increased quality of service resulted from acquisition. As stated in Company Witness Sivard's rebuttal testimony, there were several key customer services which were lacking before the acquisition. Southern Gas' billing system was unable to segregate utility taxes and franchise fees which was in violation of Commission Rule 25-7.085. The system also calculated the customer deposits at an interest rate which was in violation of Commission Rule 25-7.083. Witness Sivard pointed out several other areas in which services were lacking; specifically the inability to refund deposits to eligible customers automatically, and the system's inability to adequately maintain a detailed billing history of customer accounts. Mr. Sivard summarized this situation by concluding;

"All of these problems were eliminated by conversion of the accounts to Peoples' billing system." (TR p. 599, lines 22-23)

Witnesses testified as to several other instances wherein Southern Gas Company was not in compliance with regulatory codes. After the acquisition by Peoples, these code violations were corrected. As we stated in Order No. 15925:

"It has been Commission Policy not to allow acquisition adjustment unless there are extraordinary circumstances. In this instance, there appear to be extraordinary circumstances. The prior owner has been operating the system at minimal or below minimal standards."

A second customer benefit that can create extraordinary circumstances justifying an acquisition adjustment is lower operating costs. In Order No. 18716 we approved a positive acquisition adjustment for Central Florida Gas based on projected savings which could result from Central's affiliation with Chesapeake Utilities. This positive acquisition adjustment was approved with the understanding that it would be withdrawn if savings were not shown in future rate cases.

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Based upon the figures produced by the company we have calculated a reduction in projected O&M expenses due to increased efficiency of over \$600,000. We believe that such a reduction in the total fixed cost of operation will occur with this acquisition due to the large number of Peoples ratepayers.

A third benefit that can result from acquisition is an increased ability to attract capital for improvements. The record reveals that Peoples is the largest gas distribution company in the state and has a strong balance sheet. Peoples equity to debt ratio has improved every year for the last six years. Thus Peoples has been able to attract the capital needed to support its operation.

A fourth benefit that can result from acquisition is an overall low cost of capital. In this case the record reveals that prior to acquisition Southern had projected an embedded cost in the test year of 12.14%. Peoples rate of 10.66% is 148 basis points lower.

A fifth benefit that can result from acquisition is an improvement in managerial, financial, technical, and operational resources. The record in this case reveals that Southern Gas was lacking in resources in critical areas such as engineering and safety. Peoples Gas excels in these areas and the ratepayers of Southern should benefit from the improvement in operational resources.

Based on the foregoing, we believe that Peoples Gas System has demonstrated extraordinary circumstances which justify a positive acquisition adjustment. The acquisition adjustment however should not include the effect of a gain from the sale of Peoples propane assets. We therefore approve a revised acquisition adjustment of \$2,351,756. This amount should be amortized over 30 years and all funds are to be held subject to refund with interest at the short-term average commercial paper rate (as reported in the Wall Street Journal) pending review of the anticipated savings, in the Company's next rate case.

The appropriate amount of projected test year accumulated depreciation and amortization is therefore adjusted to \$104,518,431 in order to reflect the acquisition adjustment.

(b) Should "other Investments" in the amount of \$2,035,000 be included in the projected year working capital?

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Public Counsel has asserted that \$2,035,000, representing life insurance and supplemental retirement for certain Peoples executives, should be removed from working capital, and that pension and benefit reserves should be reduced by \$1,592,000 to remove all effects of these items from the Company's rate base. Two reasons were given. First, that these items are interest-bearing and, under the balance sheet method of determining working capital, should not be included; second, that this component of Peoples executive benefits package was inappropriate for base rate recovery.

Peoples submits that both the asset and the related accrued liability should be included in working capital since the net earnings on the asset are recorded above the line as a reduction of the pension expense.

Public Counsel has made no study with respect to the types of compensation required of Peoples, or of any other utility, to retain qualified executives or any other class of employees. Thus, Peoples submits that no basis has been shown for the adjustment proposed by Public Counsel.

The record in this proceeding does not provide an adequate basis for us to make the adjustment proposed by Public Counsel. Since evidence was not presented in the course of the rate case which would allow us to analyze this issue, we believe that these accounts should be examined within the context of the Company's subsequent rate cases.

Although we have not made the adjustments proposed by Public Counsel relating to these accounts, our inclusion of this type of account in rate base should not be viewed as the policy of this Commission. We intend to thoroughly examine these accounts in future rate cases in order to determine what treatment they should be given.

(c) Rate Base Calculation

Based upon the above adjustments as well as the adjustments stipulated by the parties we have calculated the company's jurisdictional rate base to be \$192,022,998 as reflected in Attachment 1.

2. NET OPERATING INCOME (NOI)

Having established the Company's rate base, and fair rate of return, the next step in the revenue requirements determination is to ascertain the net operating income (NOI) applicable to the test period. The formula for determining NOI is Operating Revenues less Operating Expenses equals NOI.

(a) Should the projected test year expenses be reduced by \$73,388 to remove legal expenses incurred to represent the Company in Sunset Legislation?

In its filing the Company included \$73,388 in its projected test year legal expenses related to legal representation regarding Sunset Legislation.

We do not believe that these expenses should be included in test year operating expenses because Sunset legislation does not normally recur from year to year and these costs were much greater than other legal expenses incurred by the Company. Should these expenses be included, legal expenses for the test year would be unrealistically skewed to the high side and would reflect costs not likely to be replaced with similar costs.

We therefore remove \$73,388 from the projected test year operating expenses submitted by the Company. We accept all other legal expenses submitted by the Company as recurring operating expenses.

(b) Should an adjustment be made to eliminate the projected test year employee activity costs?

Peoples proposed that employee activity costs of \$125,088 be included in the projected test year expenses. This amount relates primarily to appreciation dinners and picnics for employees.

We disallowed similar expenses in the last Central Florida Gas rate case (Docket No. 891179-GU). Nonetheless, we determine our treatment of these types of expenses on a case-by-case basis. There are four factors we consider in determining whether such costs should be borne by the ratepayers:

1. Are the costs incurred for employee activities necessary to provide utility service?

2. Are the costs an essential part of the employees overall compensation package?
3. Is morale increased by employee activity functions?
4. If morale is actually increased, does a benefit actually befall the ratepayer?

The investor-owned utilities should recover only those costs prudently incurred to provide utility service. During cross examination Witness Sivard testified that the Company offers the following employee benefits:

1. Tuition Reimbursements
2. Paid Parking
3. Employee Savings Plan where the Company matches a percentage of the employee's contribution
4. Employee Assistance Plan (relates to counseling for drug abuse, alcohol abuse, financial and family problems)
5. Employee Pension Plan and
6. Life Insurance

The above benefits are offered by the Company and the costs collected from the ratepayer through base rates. Witness Sivard was asked whether the Company informs a potential new hire of the pension, health, life, and other benefits Witness Sivard stated, "Yes, we do." However, when he was asked whether the Company informs a potential new hire of the employee activities, Witness Sivard stated, "I couldn't say whether we do or not." (TR. P. 83, lines 22-25 and TR. p. 114, lines 1-7)

The record reveals the following:

1. A salary study is conducted yearly to determine whether salaries alone are competitive within the industry and within geographic areas. In previous years, the salary ranges of certain job classifications have been increased for the Company to stay competitive within the industry and with other non-utility companies in the Company's service territories.
2. The Company offers an attractive benefit package even without considering the employee activities.

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- 3. The Company witness did not know whether a potential new hire is even informed of the employee activities.

In Order No. 20134, we stated:

Gainesville included among its expenses an amount of \$1,308 for a Christmas party and picnic. The utility argues that such functions contribute to employee morale and dedication, and should be allowed. We approve Staff's recommendation for removal of this amount from test-year operating expenses primarily because it was not demonstrated that the ratepayer received sufficient benefits warranting their support of these functions. Absent such evidence, we must reject their inclusion in the operating expenses for the test year.

For these same reasons, here we remove the employee activity expenses proposed by Peoples from the projected test year expenses.

(c) What is the appropriate amount of AGA dues to be included in the projected test year?

Peoples submits that its dues to the American Gas Association ("AGA") are appropriately included for recovery in the projected test year for the reasons testified to by Peoples' Witness Pountney, and that no more than 1.24% thereof should be disallowed. Further Peoples argues that membership in AGA serves a useful purpose for both the Company and its customers by providing access to industry research, expertise and information related to improving gas distribution service. We are of the opinion that 42 percent of the dues paid to the AGA should be eliminated from the projected test year.

The record reveals that 0.70 percent of AGA dues (\$194,301 in 1988) was used for lobbying as defined by federal law. In addition, 41.3% of AGA dues (\$11,358,437 in 1988) was spent on advertising. The total of these two amounts (\$194,301 and \$11,358,437) equals 42% of the total dues to the AGA.

It is our general practice to remove from expenses those monies spent for lobbying purposes. In Commission Order No. 10306 dated 9/23/81 (Florida Power & Light), 1.93% of dues paid to the

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Edison Electric Institute were removed since this represented the amount attributable to lobbying activities. Likewise, the 0.70% of AGA dues used for lobbying should be removed.

Another 41.3% of AGA dues should be eliminated since these dues relate to advertising that is not "informational or educational" in nature. Permissible advertising usually accepted in base rates often relates to safety (such as gas leak emergencies). In this case, however the Company has failed to demonstrate that any of the AGA advertising could be considered informational or educational. The advertisements in the record before us do not meet our criteria for acceptance as a base rate recoverable expense.

Dues that pertain to advertising should therefore be removed from the projected test year. Likewise, dues that relate to AGA's lobbying expenses should also be removed. Combining these two classifications, (lobbying and advertising), we have calculated that \$74,538 should be removed from the projected test year expenses. The appropriate amount of AGA dues to be included in the projected test year is \$103,328.

(d) Should there be an adjustment to Account 913 removing \$400,000 for conservation and image-enhancing advertising?

The Company has requested an additional \$400,000 in the projected test year to be spent for consumer education advertising. The Company Witness Dan Pountney testified that the advertising is intended to obtain consumer awareness of natural gas as an energy alternative and to provide educational information about the use and availability of natural gas.

We deny the Company's request for additional dollars for the following reasons: 1) the Company has been vague about the type of messages it intends to convey, 2) the Company has failed to evaluate the cost effectiveness of such advertising, and 3) the Company has failed to demonstrate any other types of benefits that will accrue to ratepayers as a result of these advertising expenditures.

First, the Company has not sufficiently demonstrated that the planned advertising is of a type generally permitted by the Commission. In fact we could not determine from the Company's explanations exactly what type of messages the advertising is intended to convey. The Commission has consistently held that it

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will allow only informational or safety related advertising in base rates (General Investigation of Promotional Practices of Electric Utilities, Order No. 6465, 11/28/75) The Company witness has stated that the advertising will include safety messages and environmental messages. However, when asked for an example of an intended safety message, the witness cited natural gas' lack of adverse effect on the atmosphere. The witness agreed that the planned safety messages will not tell customers what to do in the event of service outages, gas leaks, sever weather alerts, etc. The witness further agreed that the Company's intention is really to create in the mind of the consumer the image of gas as being safe and reliable.

At deposition, the witness was asked if he could break out the portion of planned advertising that would be safety and environment related. The witness responded, "...no, because we had tied all of these issues together in a single campaign." When asked to be more specific on what the \$400,000 is to be used for, the witness' answer was, "...to promote the use of natural gas...in the State of Florida...to tell a natural gas story and that natural gas story is an image enhancing story." The witness was asked to describe in what way the proposed advertising program would be image enhancing. The witness replied, "I believe all advertising is image enhancing." We are unconvinced that Peoples' proposed program will contain the safety and informational ingredients we generally consider to be beneficial to a utility's ratepayers. The Company's answers contain only very generalized references to the need to bring the message of natural gas to the public.

We are also of the opinion that the Company has not evaluated the program's costs versus its benefits to Company ratepayers or to ratepayers statewide. We have consistently held that the burden of proving the reasonableness of advertising expenditures is on the utility and that it is the utility's duty to demonstrate that such charges are in the interest of ratepayers. (Southern Bell, Order No. 7018, 12/4/75)

Finally, we have stated that image enhancing advertising expenditures will not be considered for ratemaking purposes since they produce no tangible benefits for ratepayers (General Investigation of Promotional Practices of Gas Utilities, Order No. 6500, 2/6/75 and General Investigation of Promotional Practices of Electric Utilities, Order No. 6465, 11/28/75. From the record in this proceeding it appears that Peoples seeks to include in its rates the same type of image enhancing advertising we rejected in

Order No. 6500. We do not believe that Peoples' ratepayers should be required to pay for this type of advertising.

We recognize the potential importance of natural gas in Florida's future and support increased promotional activities by natural gas companies. However, the Company, in this case, is asking not only for advanced approval of an advertising program that violates established Commission policy but for approval of vaguely defined program that does not provide us with clear explanations of the programs' content or a demonstration of its cost effectiveness.

(e) Calculation of NOI

Based upon these adjustments as well as the adjustments stipulated by the parties we have calculated test year net operating income to be \$14,960,353 as reflected in Attachment 2.

3. RATE OF RETURN AND CAPITAL STRUCTURE-ATTACHMENT 3

The Commission must establish the rate of return which the Company should be given an opportunity to earn on its investment in rate base. The fair rate of return should be established so as to maintain the Company's financial integrity and to enable it to acquire needed capital at a reasonable cost.

The ultimate goal of providing a fair rate of return is to allow the utility an appropriate return on its investment in rate base. Because all sources of capital cannot be clearly associated with specific utility property, the Commission has traditionally considered all sources of capital (with appropriate adjustments) in establishing a fair rate of return.

The establishing of a utility's capital structure serves to identify the sources of the capital employed by a utility, as well as the amounts and cost rates associated with each. After establishing the sources of capital, all capital costs, including the cost of equity capital, are weighted according to their relative proportion to total capital. The weighted components are then added to provide a composite or overall cost of capital. The weighted cost of capital multiplied by the net utility rate base produces an appropriate return on rate base, including a return on equity capital invested in rate base.

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(a) What is the appropriate cost of common equity to be used to calculate the projected test year overall cost of capital?

To arrive at a fair overall rate of return, it is necessary that we utilize our judgement to establish an allowable rate of return on common equity capital.

When analyzing the cost of equity one should realize that it is a subjective process. Based on the evidence in the record and a review of the equity costing methodologies presented, we find that a reasonable allowed rate of return on common equity capital for Peoples is 13.00%. This rate of return on common equity will allow Peoples the opportunity to raise capital on fair and reasonable terms and to maintain its financial integrity.

We believe a 13.00% cost of common equity is well supported by the evidence presented and represents the best estimate of the Company's cost of equity.

(b) What is the weighted average cost of capital including the proper components, amounts, the cost rates associated with the capital structure for the projected test year ending September 30, 1991?

The weighted average cost of capital is detailed in Attachment 3, which reflects a specific adjustment removing non-utility investment from common equity.

We believe that non-utility investment is inherently riskier than a utility investment and should be removed from the highest cost capital component, common equity, rather than pro-rata at the overall cost of capital. This practice prevents the ratepayer from subsidizing the capital cost associated with the non-utility investment.

The utility has an intercompany payable account which, according to Witness Sivard, is the "net of all transactions that occur between Peoples and any of its non-utility affiliates." The Company could not identify what is projected to be in the account. Staff has recommended that this amount be disallowed from working capital, thus increasing rate base and, in turn, the total amount of capital. In its original filing, the Company added the intercompany payables to equity on MFR Schedule G-3. Later, the Company changed its position to reflect that the amount should be added to the capital structure on a pro-rata basis. Witness Uhl

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testified that cash advances to and from affiliates bear interest and that the intercompany account was used to balance the forecasted balance sheet. We believe the best way to reconcile this item is to add the balance of the intercompany payables to the capital structure on a pro-rata basis.

The removal of temporary cash investments from the working capital allowance results in a pro-rata adjustment to the capital structure. This intercompany payable account should receive analogous treatment.

Based upon our review of the record, we approve the capital structure components, amounts and cost rates for the test year as shown on Attachment 3.

In calculating the weighted average cost of capital, we used the cost rates for all capital components that were supplied by the company except for the cost of equity. We used a 13.00% cost of equity as previously discussed. Based on the adjusted capital structure presented on Attachment 3 and a 13.00% cost of equity, the weighted average cost of capital is 10.21%.

4. REVENUE DEFICIENCY

The projected test year revenue deficiency is a mere matter of calculation after resolution of the issues previously discussed. Peoples revenue deficiency is \$7,489,913.

II. RATE, RATE DESIGN AND TARIFF ISSUES

A. STIPULATED ISSUES

Issue 75 (miscellaneous service charges) and Issue 82 (whether interruptible customers should be required to have alternate fuel capability as a condition for service) were stipulated by all parties.

Issues 83-85, 87-89, and 91-92 relate primarily (if not exclusively) to whether Peoples' proposed transportation rate schedules (Issue 83) and certain provisions thereof (Issues 84-85, 87-89, and 91-92) should be approved.

Peoples' Witness Pountney testified regarding a revised version of proposed Rate Schedule CTS, admitted in evidence as Exhibit 22 (Attachment 9), which, as modified at the hearing, was accepted by Peoples, Staff and Industrial Intervenors in resolution of the issues identified above. Except for the actual transportation rate and the applicability provisions, the "Special Conditions" of Rate Schedule CTS relating to matters such as nomination and scheduling of receipts and deliveries of transportation gas, pricing for overtenders of such gas, scheduling penalties, balancing, and standby service, as modified by Attachment 9, are the same in all of Peoples' proposed transportation rate schedules.

We accept the resolution of the issues identified above represented by Attachment 9. The provisions have been the subject of extensive review and negotiation by and between Peoples and the Industrial Intervenors, who are affected by, and who will have to operate under, the procedures and conditions contained therein. Our Staff has been involved in many of the meetings between Peoples and the Industrial Intervenors, and is in agreement with the resolution of the issues contained in Attachment 9 as modified at the hearing. Although Public Counsel did not participate in the negotiations, it took no position on the involved issues at the hearing.

We therefore approve the resolution of the above issues as embodied in Attachment 9.

B. DISPUTED ISSUES

(1) Should Peoples Gas retain the existing LIS Rate Schedule for Tropicana?

There is no justification for retaining Rate Schedule LIS for service to Tropicana. As testified to by Peoples Witness Pountney, costs associated with providing service to Tropicana have changed since Rate Schedule LIS was established in Southern's last rate case in 1985, and Tropicana's demands on the system have increased more than twofold from that time to the present. Although Tropicana's Witness Taylor attempted to justify retention of the rate schedule based on Tropicana's past forbearance of direct access to the FGT pipeline in purported reliance on continuation of the rate schedule, he also made it clear that Tropicana's decision to pursue a direct connection will be based purely on economics, and that Tropicana has already requested such a direct connection,

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which has been favorably received by FGT. Tropicana Witness Elswick also testified that even if Rate Schedule LIS was retained, such action would create no assurance Tropicana will not leave Peoples' system when Tropicana finds it advantageous to do so.

Mr. Taylor also attempted to justify retention of the rate schedule because of what he characterized as Tropicana's "unique role" on Southern's system. Tropicana probably was "unique" on Southern's system, but it is not "unique" on Peoples' system.

While Rate Schedule LIS may have been appropriate for Tropicana as a customer of Southern and under the circumstances that existed at the time of Southern's 1985 rate case, Peoples' retention of this special rate schedule for Tropicana is not appropriate today. Tropicana should receive service under proposed Rate Schedules ISLV for sales and ITSLV for transportation.

2. Remaining Rate Issues

Changes were made to the Company's originally proposed rate schedules due to the confusion of the meaning of industrial customers and the lack of need for having two interruptible large volume rate schedules. Only two customers are to be served under the large volume interruptible rate schedule, both having the same usage and operating characteristics.

Industrial customers in general can be served under the general service large volume rate or the interruptible rate. The name implies the nature of the customer's activity. Therefore, General Service Large Volume 2 is reflective of the volume used, rather than the nature of the end use.

We have changed the names of the company's rate schedule categories as follows:

FROM	TO
Residential	Residential
General Service	General Service
General Service Large Volume	General Service Large Volume I
Firm Industrial	General Service Large Volume II
Wholesale	Wholesale

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FROM	TO
Small Interruptible	Small Interruptible
Interruptible	Interruptible
Interruptible Large Volume I	Interruptible Large Volume
Interruptible Large Volume II	

The rates and charges as shown in Attachment 6 were developed on the basis of the cost to serve, taking into account the previously discussed adjustments.

Because of the Company's rate restructuring and the purchase of Southern Gas Company, consideration had to be given to the effect this would have on Southern's customers, notwithstanding the requested rate increase. Value of service played a major role in the development of the proposed rates and charges, especially considering open access transportation and the ever increasing threat of bypass.

The following rates and charges reflect these considerations:

<u>Residential</u>	<u>Wholesale</u>
Customer Charge \$7.00	Customer Charge \$0
Energy Charge 32.594 cents/therm	Energy Charge 9.91 cents/therm
<u>Commercial</u>	<u>Small Interruptible</u>
Customer Charge \$17.00	Customer Charge \$150.00
Energy Charge 32.594 cents/therm	Energy Charge 4.463 cents/therm
<u>Commercial Large Volume 1</u>	<u>Interruptible</u>
Customer Charge \$26.00	Customer Charge \$225.00
Energy Charge 18.154 cents/therm	Energy Charge 3.672 cents/therm
<u>Commercial Large Volume 2</u>	<u>Interruptible Large Volume</u>
Customer Charge \$75.00	Customer Charge \$225.00
Energy Charge 13.106 cents/therm	Energy Charge 1.091 cents/therm

The general premise of allocating costs to those who create the cost (cost causality), is generally accepted by this Commission.

We have issued several orders dealing with the ability of regulated natural gas to be competitive with alternative fuels. Value of service, consumption and load characteristics, rate shock,

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as well as rate history have always been considerations in designing rates.

With the availability of open access transportation, and the ever increasing potential threat of bypass, greater consideration is now being placed on the value of service concept, subjective as it may be. Our revenue deficiency allocation has taken these considerations into account, notwithstanding the purchase of Southern Gas Company and rate restructuring.

As reflected in Attachment 6, the proposed revenue deficiency is allocated as follows, with corresponding rates of return and percentage increases:

	<u>REVENUE INCREASE</u>	<u>PERCENT INCREASE</u>	<u>RATE OF RETURN</u>
Total	\$7,489,913	9.81	10.21
Residential	7,028,134	34.63	2.19
Commercial	3,147,505	23.20	10.23
Commercial Large Vol. 1	3,177,063	13.61	16.83
Commercial Large Vol. 2	373,757	13.62	12.55
Wholesale	3,084	24.90	10.17
Small Interruptible	(1,105,065)	(23.22)	11.63
Interruptible	(3,081,719)	(35.81)	15.75
Interruptible Large Vol. 1	(2,053,285)	(67.02)	6.92

Accordingly, it is

ORDERED by the Florida Public Service Commission that the findings of fact and conclusions of law set forth herein are approved. It is further

ORDERED that the petition of Peoples Gas System for authority to increase its rates and charges is granted to the extent delineated herein. It is further

ORDERED that Peoples Gas System shall file revised tariffs reflecting the rates and charges approved in this Order. The Company shall include with the revised tariffs all calculations and workpapers used in deriving the revised rates and charges. It is further


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ORDERED that the rate increase authorized in this ORDER shall be effective for billings rendered for all meter readings taken on or after November 16, 1990. It is further

ORDERED that Peoples Gas System shall include in each bill, in the first billing of which the increase is effective, a bill stuffer explaining the nature of the increase, average level of the increase, a summary of tariff charges, and the reasons therefor. The bill stuffers shall be submitted to the Division of Electric and Gas of the Florida Public Service Commission for approval before implementation. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission, this 11th day of DECEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MAP:bmi
891353.bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

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PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU
COMPARATIVE AVERAGE RATE BASES
PTY 9/30/91

ATTACHMENT 1
OCTOBER 16, 1990

ADJ NO	COMPANY			COMMISSION VOTE		COMPANY PER BRIEFS	PUBLIC COUNSEL
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	ADJ. JURIS.	ADJ. JURIS.
	PLANT IN SERVICE						
	UTILITY PLANT						
S1	289,521,000	(2,388,000)		(296,602)		295,603,000	295,603,000
S2		(220,000)		(191,306)		(296,602)	(296,602)
						(191,306)	(191,306)
3	4,450,000						
	4,240,000			96,756			(2,253,000)
	229,000	(229,000)					
S4				(96,756)		(96,756)	(96,756)
S5				(2,395,238)		(2,395,238)	(2,395,238)
S6				(805,445)		(805,445)	(805,445)
S7				(100,000)		(100,000)	(100,000)
S8				(51,194)		(51,194)	(51,194)
S9				(395,621)		(395,621)	(395,621)
S10				(114,231)		(114,231)	(114,231)
S11				(2,834,235)		(2,834,235)	(2,834,235)
S12				(1,038,841)		(1,038,841)	(1,038,841)
S13				(162,541)		(162,541)	(162,541)
S14				(565,897)		(565,897)	(565,897)
	298,440,000	(2,837,000)	295,603,000	(8,951,351)	286,651,649	286,552,893	284,299,893
	TOTAL PLANT						
	ACCUM. DEPREC. & AMORT.						
	ACCUM. DEPR. - PLANT						
S1	106,833,000	(699,000)		(49,034)		107,136,000	107,136,000
S2				(70,943)		(49,034)	(49,034)
3	1,002,000						
				(11,608)			(90,131)
S5				(137,628)		(70,943)	(70,943)
S6				(48,110)		(137,628)	(137,628)
S8				(24,917)		(48,110)	(48,110)
S9				(11,632)		(24,917)	(24,917)
S10				(833)		(11,632)	(11,632)
S11				(299,242)		(833)	(833)
S12				(469,625)		(299,242)	(299,242)
S13				(38,384)		(469,625)	(469,625)
S14				(453,613)		(38,384)	(38,384)
16	107,835,000	(699,000)	107,136,000	(1,615,569)	105,520,431	105,532,039	105,541,908
	NET UTILITY PLANT						
29	190,605,000	(2,138,000)	188,467,000	(7,335,762)	181,131,238	181,020,854	178,857,985
30	(1,234,000)	16,485,000	15,251,000	(4,359,220)	10,891,780	10,891,780	10,448,780
	189,371,000	14,347,000	\$203,718,000	(11,695,002)	\$192,022,998	\$191,912,634	\$189,306,765

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PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU
COMPARATIVE WORKING CAPITAL COMPONENTS
PTY 9/30/91

ATTACHMENT 1A
OCTOBER 16, 1990

ADJ NO	COMPANY			COMMISSION VOTE		COMPANY PER BRIEFS	PUBLIC COUNSEL
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	ADJ. JURIS.	ADJ. JURIS.
	(1,234,000)					15,251,000	15,251,000
		(50,000)					
		(233,000)					
		(295,000)					
		(1,381,000)					
		49,000					
		5,601,000					
		12,614,000					
		80,000					
		100,000					
19	OTHER INVESTMENTS						(2,035,000)
S17	ACCOUNTS RECEIVABLE - GAS			(371,000)		(371,000)	(371,000)
S18	ACCOUNTS RECEIVABLE - OTHER			(324,000)		(324,000)	(324,000)
S20	UNBILLED COMPETITIVE RATE			(2,695,000)		(2,695,000)	(2,695,000)
S21	MATERIAL & INVENTORY - SARASOTA			(80,350)		(80,350)	(80,350)
S22	OPERATING MATERIAL & SUPPLIES			(474,000)		(474,000)	(474,000)
S23	PREPAYMENTS - INSURANCE			(108,000)		(108,000)	(108,000)
S24	PREPAYMENTS - NON-UTILITY			(263,160)		(263,160)	(263,160)
S26	ACCOUNTS PAYABLE - GAS			(114,000)		(114,000)	(114,000)
S27	GAIN ON PROPERTY			(56,872)		(56,872)	(56,872)
S49	PENSION & BENEFITS RESERVE			50,162		50,162	50,162
19	PENSION & BENEFITS RESERVE						1,592,000
S28	MISC. CURRENT LIABILITIES			77,000		77,000	77,000
29	TOTAL WORKING CAPITAL	(1,234,000)	16,485,000	\$15,251,000	(4,359,220)	\$10,821,780	\$10,891,780
						\$10,891,780	\$10,448,780

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PEOPLES GAS SYSTEM INC.
DOCKET NO. 891353-GU
O&M ADJUSTMENTS
FOR THE PTY ENDING 9/30/91

ATTACHMENT 2A

ADJ NO.		COMPANY PER FILING	COMMISSION VOTE	COMPANY PER BRIEF	PUBLIC COUNSEL PER BRIEF
	OPERATING EXPENSES:	\$42,225,000			
19	ADJ FOR SERP AND LIFE INSUR		0	0	(570,000)
S 32	ADJ FOR PAYROLL FACTOR		(273,760)	(273,760)	(277,538)
S 32	ADJ FOR CUST GRWTH X INFL		(13,426)	(13,426)	
S 32	ADJ FOR INCREASED INFLATION RATE		9,648	9,648	
S 33	BENCHMARK - G&A SALARIES		(107,897)	(107,897)	(107,897)
S 33	BENCHMARK - CUST RECORDS		(48,612)	(48,612)	(48,612)
S 34	NON-RECURRING RENT		(2,725)	(2,725)	(2,725)
S 35	POSTAL INCREASES		18,100	18,100	18,100
S 36	ADJ FOR STRIKE COSTS		(40,391)	(40,391)	(40,391)
S 37	ADJ ACCOUNT 922 - DP EXPENSE		(49,235)	(49,235)	(49,235)
S 38	ADJ NON-UTILITY GEN OUTSIDE SERV		(45,843)	(45,843)	(45,843)
S 39	ADJ NON-UTILITY INTERNAL AUDIT		(39,137)	(39,137)	(39,137)
S 40	ADJ NON-UTILITY GENERAL LEGAL		(34,370)	(34,370)	(34,370)
41	ADJ FOR SUNSET COUNSEL EXP		(73,388)	0	(73,388)
S 42	ADJ FERC COUNSEL EXPENSE		(91,735)	(91,735)	(91,735)
S 43	ADJ NON-UTILITY PROPERTY INSUR		(30,699)	(30,699)	(30,699)
S 44	ADJ LIABILITY INSUR		203,779	203,779	203,779
S 45	ADJ NON-UTILITY LIFE INSUR		(88,290)	(88,290)	(88,290)
S 46	ADJ SALARY SAVINGS EXP PROJECTION		(20,451)	(20,451)	(20,451)
47	ELIMINATE EMPLOYEE ACTIVITY COSTS		(125,088)	0	(125,088)
S 48	ADJ HEALTH INSUR PROJECTION		(290,664)	(290,664)	(290,664)
S 49	ADJ PENSION EXPENSE		(100,324)	(100,324)	(100,324)
S 50	RATE CASE EXPENSE ADJUSTMENT		0	0	0
51	ADJ FOR AGA DUES		(74,538)	0	(74,538)
S 52	ADJ NON-UTILITY EMPLOY RELOCATION		(11,966)	(11,966)	(11,966)
S 53	ADJ NON-UTILITY RENT EXPENSE		(84,020)	(84,020)	(84,020)
S 54	ADJ NON-UTILITY GEN MAINT		(45,041)	(45,041)	(45,041)
S 55	ADJ FOR TRENDS APPLIED		(72,592)	(72,592)	(72,592)
S 56	ADJ A&G CAPITALIZED		(27,499)	(27,499)	(27,499)
S 57	ADJ NON-UTILITY MAINTENANCE OF MAINS		(21,114)	(21,114)	(21,114)
S 58	ADJ NON-UTILITY ADVERTISING		(167,247)	(167,247)	(167,247)
S 59	ADJ NON-UTILITY MAINTENANCE EXP		(71,820)	(71,820)	(71,820)
60	ADJ PROJECTED ADVERTISING EXP		(400,000)	0	(200,000)
	TOTAL	\$42,225,000	(\$2,220,345)	(\$1,547,331)	(\$2,020,345)

*NOTE: \$4 ROUNDING ERROR WHEN COMPARED TO TREND ANALYSIS.

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 28

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%] FOR INFORMATIONAL PURPOSES

ACCOUNT DISTRIBUTION EXPENSE	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
	877 Payroll-trended	25,598	26,712	27,831
Other trended	12,147	12,809	13,429	3
Other trended	6,397	6,710	6,999	4
Other not trended	0	0	0	
Total	44,142	46,231	48,259	
878 Payroll-trended	1,685,861	1,768,300	1,851,940	2
Other trended	848,098	894,319	937,604	3
Other not trended	0	0	0	
Total	2,533,959	2,662,619	2,789,545	
879 Payroll-trended	1,286,314	1,349,215	1,413,033	2
Other trended	327,470	345,317	362,030	3
Other trended	210,942	221,278	230,793	4
Other not trended	0	0	0	
Total	1,824,726	1,915,810	2,005,856	
880 Payroll-trended	375,306	391,632	408,041	1
Other Trended	308,179	323,280	337,181	4
Other not trended	0	0	0	
Total	683,485	714,912	745,222	
881 Payroll-trended	0	0	0	
Other trended	63,863	66,992	69,873	4
Other not trended	0	0	0	
Total	63,863	66,992	69,873	
TOTAL DISTR EXP	\$8,171,487	\$8,577,176	\$8,976,156	

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ATTACHMENT 2B

PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%) FOR INFORMATIONAL PURPOSES

ACCOUNT	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
DISTRIBUTION EXPENSE				
870 Payroll-trended	153,806	160,497	167,221	1
Other trended	21,218	22,374	23,457	3
Other trended	47,546	49,876	52,020	4
Other not trended	0	0	0	
Total	222,570	232,747	242,699	
871 Payroll-trended	95,419	100,085	104,819	2
Other trended	11,390	12,011	12,592	3
Other trended	94,496	99,126	103,389	4
Other not trended	0	0	0	
Total	201,305	211,222	220,800	
874 Payroll-trended	1,549,067	1,624,816	1,701,670	2
Other trended	570,175	601,250	630,350	3
Other trended	243,163	255,078	266,046	4
Other not trended	0	0	0	
Total	2,362,405	2,481,144	2,598,067	
875 Payroll-trended	49,451	51,602	53,764	1
Other trended	24,268	25,457	26,552	4
Other not trended	0	0	0	
Total	73,719	77,059	80,316	
876 Payroll-trended	141,370	147,520	153,701	1
Other trended	19,943	20,920	21,820	4
Other not trended	0	0	0	
Total	161,313	168,440	175,520	
SUB-TOTAL	\$3,021,312	\$3,170,612	\$3,317,402	

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 28

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%	FOR INFORMATIONAL PURPOSES

ACCOUNT MAINTENANCE EXPENSE	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
885 Payroll-trended	88,224	92,062	95,919	1
Other trended	17,472	18,424	19,316	3
Other not trended	0	0	0	
Total	105,696	110,486	115,235	
886 Payroll-trended	132,346	138,818	145,384	2
Other trended	176,870	186,509	195,536	3
Other not trended	0	0	0	
Total	309,216	325,327	340,920	
887 Payroll-trended	831,582	872,246	913,504	2
Other trended	789,133	832,141	872,416	3
Other not trended	0	0	0	
Total	1,620,715	1,704,387	1,785,920	
889 Payroll-trended	80,918	84,875	88,889	2
Other trended	35,437	37,368	39,177	3
Other not trended	0	0	0	
Total	116,355	122,243	128,066	
890 Payroll-trended	123,202	129,227	135,339	2
Other trended	49,579	52,281	54,811	3
Other not trended	0	0	0	
Total	172,781	181,508	190,150	
SUB-TOTAL	\$2,324,763	\$2,443,951	\$2,560,292	

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%	} FOR INFORMATIONAL PURPOSES

ACCOUNT MAINTENANCE EXPENSE	TOTAL	BASE YEAR	PROJECTED	TREND
	COMBINED BASE YEAR	+ 1	TEST YEAR	BASIS APPLIED
891 Payroll-trended	53,465	56,079	58,732	2
Other trended	25,158	26,529	27,813	3
Other not trended	0	0	0	
Total	78,623	82,609	86,545	
892 Payroll-trended	450,238	472,255	494,592	2
Other trended	227,734	240,146	251,769	3
Other not trended	0	0	0	
Total	677,972	712,400	746,361	
893 Payroll-trended	315,309	330,728	346,371	2
Other trended	522,181	550,640	577,291	3
Other not trended	0	0	0	
Total	837,490	881,367	923,662	
894 Payroll-trended	45,100	47,305	49,543	2
Other trended	63,027	66,462	69,679	3
Other not trended	0	0	0	
Total	108,127	113,767	119,222	
TOTAL MAINT EXP	\$4,026,975	\$4,234,095	\$4,436,082	

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 2B

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%] FOR INFORMATIONAL PURPOSES

ACCOUNT	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
CUSTOMER ACCT. & COLLEC.				
901 Payroll-trended	20,903	21,925	22,962	2
Other trended	43	45	48	3
Other not trended	0	0	0	
Total	20,946	21,971	23,010	
902 Payroll-trended	916,771	961,601	1,007,085	2
Other trended	128,810	135,830	142,404	3
Other not trended	0	0	0	
Total	1,045,581	1,097,431	1,149,489	
903 Payroll-trended	2,807,997	2,945,308	3,084,621	2
Other trended	1,071,499	1,129,896	1,184,583	3
Other trended	93,106	97,668	101,868	4
Other not trended	437,601	443,465	513,300	
Total	4,410,203	4,616,337	4,884,372	
904 Payroll-trended	0	0	0	
Other trended	327,024	344,847	361,537	3
Other not trended	0	0	0	
Total	327,024	344,847	361,537	
905 Payroll-trended	31,655	33,203	34,773	2
Other trended	40,003	42,183	44,225	3
Other not trended	223,362	234,307	244,382	4
Total	295,020	309,693	323,380	
TOTAL CUST SERV EXP	\$6,098,774	\$6,390,278	\$6,741,788	

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 20

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED		
	+ 1 9/30/90	TEST YEAR 9/30/91		
# 1 PAYROLL ONLY	4.35%	4.19%		
# 2 CUST GRWTH X PAY	4.89%	4.73%		
# 3 CUST GRWTH X INFL	5.45%	4.84%		
# 4 INFLATION ONLY	4.90%	4.30%		
CUSTOMER GROWTH	0.5200%	0.5200%	} FOR INFORMATIONAL PURPOSES	

ACCOUNT	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
SALES PROMOTION EXPENSE				
911 Payroll-trended	96,243	100,430	104,638	1
Other trended	4,392	4,607	4,805	4
Other not trended	0	0	0	
Total	100,635	105,037	109,443	
912 Payroll-trended	1,094,138	1,141,733	1,189,572	1
Other trended	213,405	223,862	233,488	4
Other not trended	0	0	0	
Total	1,307,543	1,365,595	1,423,060	
913 Payroll-trended	2,308	2,421	2,535	2
Other trended	45,977	48,230	50,304	4
Other not trended	0	0	0	
Total	48,285	50,651	52,839	
916 Payroll-trended	84,287	88,409	92,590	2
Other trended	164,505	173,471	181,866	3
Other not trended	0	0	0	
Total	248,792	261,879	274,456	
TOTAL SELLING EXP	\$1,705,255	\$1,783,162	\$1,859,798	

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 DOCKET NO. 891353-GU
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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 28

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%] FOR INFORMATIONAL PURPOSES

ACCOUNT	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
920 Payroll-trended	4,034,892	4,210,410	4,386,826	1
Other trended	116,288	121,347	126,431	1
Other not trended	0	0	263,250	
Other not trended			1,006,763	
Total	4,151,180	4,331,756	5,783,270	
921 Payroll-trended	239,349	249,761	260,226	1
Payroll-trended	276,000	289,496	303,190	2
Other trended	764,821	806,504	845,539	3
Other trended	1,273,699	1,336,110	1,393,563	4
Other not trended	473,054	457,216	544,012	
Other not trended	1,911,204	2,889,700	3,184,900	
Total	4,938,127	6,028,787	6,531,429	
922 Payroll-trended	0	0	0	
Other trended	(4,114,698)	(4,338,949)	(4,548,954)	3
Other not trended	0	0	(49,235)	
Total	(4,114,698)	(4,338,949)	(4,598,189)	
923 Payroll-trended	0	0	0	
Other trended	470,845	493,916	515,155	4
Other not trended	349,807	240,071	250,394	
Total	820,652	733,987	765,549	
924 Payroll-trended	0	0	0	
Other not trended	133,478	140,018	146,039	4
Other not trended	0	0	0	
Total	133,478	140,018	146,039	
925 Payroll-trended	316,839	330,621	344,475	1
Other trended	86,253	90,954	95,356	3
Other trended	101,382	106,350	110,923	4
Other not trended	1,607,631	1,728,960	2,048,355	
Total	2,112,105	2,256,885	2,599,108	
SUB-TOTAL	\$8,040,844	\$9,152,485	\$11,227,206	

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PEOPLES GAS SYSTEM, INC.
 O&M FORECAST WORKSHEET - PROJECTED TEST YEAR CALCULATION

ATTACHMENT 28

COMMISSION VOTE TREND RATES:	BASE YEAR	PROJECTED	
	+ 1 9/30/90	TEST YEAR 9/30/91	
# 1 PAYROLL ONLY	4.35%	4.19%	
# 2 CUST GRWTH X PAY	4.89%	4.73%	
# 3 CUST GRWTH X INFL	5.45%	4.84%	
# 4 INFLATION ONLY	4.90%	4.30%	
CUSTOMER GROWTH	0.5200%	0.5200%] FOR INFORMATIONAL PURPOSES

ACCOUNT	TOTAL COMBINED BASE YEAR	BASE YEAR + 1	PROJECTED TEST YEAR	TREND BASIS APPLIED
ADMINISTRATIVE & GENERAL				
926 Payroll-trended	3,310	3,454	3,599	1
Other trended	0	0	0	
Other trended	659,540	688,230	717,067	1
Other trended	315,725	331,196	345,437	4
Other not trended	2,783,126	3,760,954	4,490,393	
Total	3,761,701	4,783,834	5,556,495	
928 Payroll-trended	0	0	0	
Other trended	0	0	0	
Other not trended	56,256	129,131	94,063	
Total	56,256	129,131	94,063	
930 Payroll-trended	0	0	0	
Other trended	267,529	280,638	292,705	4
Other not trended	0	0	0	
Total	267,529	280,638	292,705	
931 Payroll-trended	0	0	0	
Other not trended	676,976	710,148	740,684	4
Other not trended	0	0	0	
Total	676,976	710,148	740,684	
932 Payroll-trended	9,389	9,797	10,208	1
Other trended	63,490	66,601	69,465	4
Other not trended	0	0	0	
Total	72,879	76,398	79,673	
TOTAL A & G EXP ⁷	12,876,185	15,132,634	17,990,827	
TOTAL O&M EXPENSES	\$32,878,676	\$36,117,344	\$40,004,651	

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PEOPLES GAS SYSTEMS, INC.
DOCKET NO. 891353-GU
COST OF CAPITAL - 13 MONTH AVERAGE
TEST YEAR ENDING 9/30/91
COMMISSION VOTE

ATTACHMENT 3

DOLLARS IN THOUSANDS

CAPITAL COMPONENT	COMPANY FILING	ADJUSTMENTS			RATIO	%	%
		SPECIFIC	PRO RATA	ADJUSTED		COST RATE	WEIGHTED COST
COMMON EQUITY	89,169	(7,717)	(2,751)	78,701	0.4099	13.00	5.3281
LONG-TERM DEBT	80,794	(345)	(2,717)	77,732	0.4048	10.66	4.3152
SHORT-TERM DEBT	49	0	(2)	47	0.0002	10.25	0.0025
CUSTOMER DEPOSITS	12,694	0	(429)	12,265	0.0639	8.76	0.5595
DEFERRED TAXES	19,412	0	(656)	18,756	0.0977	0.00	0.0000
TAX CREDITS	0	4,678	(158)	4,520	0.0235	0.00	0.0000
TOTAL	202,118	(3,384)	(6,711)	192,023	1.0000		10.2054

THE OVERALL WEIGHTED AVERAGE COST OF CAPITAL TO BE USED FOR RATEMAKING PURPOSES FOR THE PROJECTED TEST YEAR IS 10.21%.

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PEOPLES GAS SYSTEM INC.
 DOCKET NO. 891353-GU
 NET OPERATING INCOME MULTIPLIER
 PYE 9/30/91

ATTACHMENT 4

ADJ NO	DESCRIPTION	COMPANY PER FILING	COMMISSION VOTE	COMPANY AMENDED	PUBLIC COUNSEL
	REVENUE REQUIREMENT	100.0000%	100.0000%	100.0000%	100.0000%
	GROSS RECEIPTS TAX RATE	1.5000%	0.0000%	0.0000%	0.0000%
	REGULATORY ASSESSMENT FEE	0.3750%	0.3750%	0.3750%	0.3750%
	BAD DEBT RATE	0.1869%	0.1869%	0.1869%	0.1869%
	NET BEFORE INCOME TAXES	97.9381%	99.4381%	99.4381%	99.4381%
	STATE INCOME TAX RATE	5.5000%	5.5000%	5.5000%	5.5000%
	STATE INCOME TAX	5.3866%	5.4691%	5.4691%	5.4691%
	NET BEFORE FEDERAL INCOME TAXES	92.5515%	93.9690%	93.9690%	93.9690%
	FEDERAL INCOME TAX RATE	34.0000%	34.0000%	34.0000%	34.0000%
	FEDERAL INCOME TAXES	31.4675%	31.9495%	31.9495%	31.9495%
	REVENUE EXPANSION FACTOR	61.0840%	62.0195%	62.0195%	62.0195%
S 73	NET OPERATING INCOME MULTIPLIER	1.6371%	1.6124%	1.6124%	1.6124%

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PEOPLES GAS SYSTEM INC.
 DOCKET NO. 891353-GU
 PROJECTED TEST YEAR INCREASE
 PTY 9/30/91

ATTACHMENT 5

ISSUE
 NO.

RATE BASE (AVERAGE)
 RATE OF RETURN
 REQUIRED NOI

COMPANY PER FILING	COMMISSION VOTE	COMPANY PER BRIEF	PUBLIC COUNSEL
203,718,000	192,022,998	191,912,634	189,306,765
X 10.6400%	X 10.2100%	10.6700%	X 9.6200%
<u>\$21,675,595</u>	<u>\$19,605,548</u>	<u>\$20,477,078</u>	<u>\$18,211,311</u>
Operating Revenues	\$78,199,000	\$76,411,403	\$76,411,403
Operating Expenses:			
Operation & Maintenance	42,225,000	40,004,655	40,677,669
Depreciation & Amortization	14,332,000	13,760,203	13,771,811
Taxes Other Than Income Taxes	7,077,000	5,229,110	5,229,110
Current Income Taxes - Federal	664,000	1,570,398	1,360,733
- State	115,000	270,157	234,267
Deferred Income Taxes	520,000	520,000	520,000
Interest Reconciliation	403,000	466,601	521,000
Parent Debt Adjustment	(88,000)	(370,074)	(355,000)
Total Operating Expenses	<u>65,248,000</u>	<u>61,451,050</u>	<u>61,959,590</u>
ACHIEVED NOI	<u>\$12,951,000</u>	<u>\$14,960,353</u>	<u>\$14,451,813</u>
NOI DEFICIENCY	\$8,724,595	\$4,645,195	\$6,025,265
NOI MULTIPLIER	X 1.6371	X 1.6124	X 1.6124
74 REVENUE INCREASE	<u>\$14,283,034</u>	<u>\$7,489,913</u>	<u>\$9,715,137</u>
			<u>\$5,040,382</u>

NOTE: THE COMMISSION'S CALCULATED DEFICIENCY IS \$114,736 LOWER DUE TO ELIMINATING THE EFFECT OF GROSS RECEIPTS TAX. AS STATED IN ISSUE 65, THE COMPANY WOULD STATE THE GROSS RECEIPTS TAX AS A SEPARATE LINE ITEM ON THE CUSTOMER'S BILL.

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PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU
 ACQUISITION ADJUSTMENT
 PTY 9/30/91

ATTACHMENT 7
 OCTOBER 16, 1990

	COMPANY	COMMISSION VOTE
ACQUISITION ADJUSTMENT	\$2,253,000	\$2,253,600
ADJUSTMENTS:		
ISSUE 4 PARKING LOT - SARASOTA	0	98,756
ADJ. ACQUISITION ADJUSTMENT	2,253,000	2,351,756
LESS ACCUMULATED AMORTIZATION	0	(78,392)
NET ACQUISITION ADJUSTMENT	\$2,253,000	\$2,273,364
TIMES OVERALL COST OF CAPITAL	10.64%	10.21%
REVENUE REQUIREMENT	239,719	232,110
REVENUE EXPANSION FACTOR	1.6371	1.6124
REQUIRED NOI	\$392,444	\$374,255
PLUS AMORIZATION EXPENSE	90,131	78,392
TOTAL REVENUE REQUIREMENT	\$482,575	\$452,647
<u>ANTICIPATED SAVINGS FROM ASSET ACQUISITION:</u>		
SAVINGS ATTRIBUTABLE TO REDUCED PAYROLL	(\$177,708)	(\$177,708)
ELIMINATION OF INTERCOMPANY CHARGES FROM PARE	(315,134)	(308,549)
ELIMINATION OF SOUTHERN GAS RATE CASE EXPENSE	(62,288)	(59,970)
ELIMINATION OF OUTSIDE PROFESSIONAL SERVICES	(25,593)	(12,844)
ELIMINATION OF OLD GAS PLANT SITE CLEAN UP	(100,000)	(70,120)
TOTAL ANTICIPATED SAVINGS	(\$680,723)	(\$629,192)
NET BENEFIT	\$198,148	\$176,545

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PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU
ACQUISITION ADJUSTMENT
PTY 9/30/91

ATTACHMENT 7A
OCTOBER 16, 1990

		<u>PERCENTAGE</u>
NUMBER OF CUSTOMERS:		
SARASOTA	4,997	2.4%
PEOPLES* (OTHER DIVISIONS)	<u>203,769</u>	<u>97.6%</u>
TOTAL	<u>208,766</u>	<u>100.0%</u>
INTERCOMPANY CHARGES FROM PARENT:		
SOUTHERN SAVINGS	(315,134)	
PEOPLES* (\$274,360 * 2.4%)	<u>6,585</u>	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(308,549)</u>	
RATE CASE EXPENSE:		
SOUTHERN SAVINGS	(62,228)	
PEOPLES* (\$94,063 * 2.4%)	<u>2,258</u>	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(59,970)</u>	
OUTSIDE PROFESSIONAL SERVICES:		
SOUTHERN SAVINGS	(25,593)	
PEOPLES* (LEGAL) (\$531,189 * 2.4%)	<u>12,749</u>	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(12,844)</u>	
OLD GAS PLANT SITE CLEAN UP:		
SOUTHERN SAVINGS	(100,000)	
PEOPLES* (\$1,245,000 * 2.4%)	<u>29,880</u>	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(70,120)</u>	

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 DOCKET NO. 891353-GU
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ATTACHMENT #

COST OF SERVICE SUMMARY

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

PROPOSED RATE DESIGN

	TOTAL	RESIDENTIAL		COMMERCIAL		COMMERCIAL		SMALL		INTERRUPT	
		COMMERCIAL	LARGE VOL.	COMMERCIAL	LARGE VOL.	COMMERCIAL	LARGE VOL.	INTERRUPT	LARGE VOL.	INTERRUPT	LARGE VOL.
<u>PRESENT RATES (APPROXIMATE 1987)</u>											
GAS SALES (see pg 19-20)	75,170,325	19,568,375	13,080,113	23,358,235	2,744,175	12,287	4,760,054	8,605,137	3,063,849	0	0
OTHER OPERATING REVENUE	1,210,112	728,067	484,045	0	0	0	0	0	0	0	0
TOTAL	76,380,437	20,296,442	13,564,158	23,358,235	2,744,175	12,287	4,760,054	8,605,137	3,063,849	0	0
RATE OF RETURN	7.87%	-0.84%	2.94%	15.00%	10.55%	5.18%	27.30%	44.68%	96.47%	ERR	ERR
INDEX	1.00	-0.01	0.00	0.02	0.01	0.01	0.03	0.06	0.12	ERR	ERR
<u>PROPOSED RATES</u>											
GAS SALES	81,859,711	26,116,456	15,907,583	26,513,208	3,117,932	15,471	3,654,889	5,523,418	1,010,564	0	0
OTHER OPERATING REVENUE	2,010,200	1,206,120	804,080	0	0	0	0	0	0	0	0
TOTAL	83,869,911	27,322,576	16,711,663	26,513,208	3,117,932	15,471	3,654,889	5,523,418	1,010,564	0	0
TOTAL REVENUE INCREASE	7,489,474	7,028,134	3,147,515	3,177,063	373,757	3,084	(1,105,063)	(3,081,719)	(2,553,285)	0	0
PERCENT INCREASE	9.81%	34.63%	23.20%	13.61%	13.65%	24.90%	-23.22%	-56.81%	-87.02%	ERR	ERR
RATE OF RETURN	10.21%	2.19%	10.23%	16.83%	12.56%	10.17%	11.83%	15.75%	6.92%	ERR	ERR
INDEX	1.00	0.21	1.00	1.65	1.23	1.00	1.14	1.54	0.88	ERR	ERR

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ATTACHMENT B

COST OF SERVICE SUMMARY

CALCULATION OF PROPOSED RATES

	SMALL			MEDIUM			LARGE VOL.			LARGE VOL.			LARGE VOL.			LARGE VOL.		
	INTERRUPT	INTERMITT	INTERRUPT	INTERRUPT	INTERMITT	INTERRUPT	INTERRUPT	INTERMITT	INTERRUPT	INTERMITT	INTERRUPT	INTERRUPT	INTERMITT	INTERRUPT	INTERMITT	INTERRUPT	INTERMITT	
	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	INTERRUPT	
PROPOSED TOTAL TARGET REVENUES	27,322,576	16,711,663	26,512,268	2,117,932	15,471	2,854,889	5,523,418	1,010,564	0	0	0	0	0	0	0	0	0	
LESS OTHER OPERATING REVENUE	1,906,120	804,080	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
LESS CUSTOMER CHANGE REVENUES	\$7.00	\$17.00	\$26.00	\$75.00	\$0.00	\$150.00	\$225.00	\$225.00	\$0.00	24	996	240	24	0	0	0	0	
PROPOSED CUSTOMER CHARGES THOUS. NUMBER OF BILLS	1,864,800	195,896	51,480	860	24	996	240	24	0	0	0	0	0	0	0	0	0	
EQUALS CUSTOMER CHANGE REVENUES	13,053,800	3,331,932	1,338,480	72,000	0	148,400	54,000	5,400	0	0	0	0	0	0	0	0	0	
LESS OTHER NON-THERM-RATE REVENUES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
EQUAL PER-THERM TARGET REVENUES	12,062,856	12,375,651	25,174,818	2,045,932	15,471	2,855,588	5,469,418	1,005,164	0	0	0	0	0	0	0	0	0	
PROVIDED BY NUMBER OF THERMS	40,078,000	52,719,000	128,878,900	22,241,150	156,000	78,545,453	148,968,833	92,125,000	0	0	0	0	0	0	0	0	0	
DIVIDED BY NUMBER OF THERMS	574,510,238	40,078,000	52,719,000	128,878,900	22,241,150	156,000	78,545,453	148,968,833	92,125,000	0	0	0	0	0	0	0	0	
EQUALS PER-THERM RATE(CUNNDED)	0.225926	0.238541	0.181536	0.131058	0.099173	0.044631	0.028715	0.010911	0	0	0	0	0	0	0	0	0	
PER-THERM RATE(CUNNDED)	0.22594	0.23854	0.18154	0.13106	0.09917	0.04463	0.02872	0.01091	0	0	0	0	0	0	0	0	0	
PER-THERM RATE REVENUES(UNNDED)	63,854,899	12,062,856	12,375,651	25,174,818	2,045,932	2,855,588	5,469,418	1,005,164	0	0	0	0	0	0	0	0	0	
PER-THERM RATE REVENUES(UNNDED)	63,856,177	12,062,023	12,375,590	25,175,404	2,045,985	2,855,484	5,470,128	1,005,084	0	0	0	0	0	0	0	0	0	

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ATTACHMENT 6

COST OF SERVICE SUMMARY
CALCULATION OF PROPOSED RATES

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. #9133-GU

SUMMARY PROPOSED TARIFF RATES

	RESIDENTIAL	COMMERCIAL	COMMERCIAL	COMMERCIAL	SMALL	SMALL	INTERMEDIATE	INTERMEDIATE	INTERMEDIATE	ERR
CLTOMER CHARGES	\$7.00	\$17.00	\$28.00	\$75.00	\$0.00	\$160.00	\$225.00	\$225.00	\$225.00	\$0.00
ENERGY CHARGES										
NON-GAS (CENTS PER THERM)	32.594	23.854	18.154	13.106	9.917	4.463	3.872	1.091		ERR
P. RICHARD GAS ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL (INCLUDING PGM)	32.594	23.854	18.154	13.106	9.917	4.463	3.872	1.091		ERR

SUMMARY PRESENT TARIFF RATES

	RESIDENTIAL	COMMERCIAL	COMMERCIAL	COMMERCIAL	SMALL	SMALL	INTERMEDIATE	INTERMEDIATE	INTERMEDIATE	ERR
CLTOMER CHARGES	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ENERGY CHARGES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NON-GAS (CENTS PER THERM)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
P. RICHARD GAS ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
TOTAL (INCLUDING PGM)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

SEE ATTACHMENT FOR RATE COMPARISON

SUMMARY OTHER OPERATING REVENUE

	PRESENT	PROPOSED
RESIDENTIAL CONNECTION/RECONNECTION	\$15.00	\$15.00
COMMERCIAL CONNECTION/RECONNECTION	\$25.00	\$25.00
CHANGE OF ACCOUNT	\$10.00	\$10.00
BILL COLLECTION IN LIEU OF DISCONNECTION	\$0.00	\$0.00
RETRAYED CHECK CHARGE	\$10.00	\$10.00
TOTAL	\$60.00	\$60.00

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SCHEDULE - A (COST OF SERVICE)
CLASSIFICATION OF RATE BASE
(Page 1 of 2:PLANT)

ATTACHMENT 6

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0		0		100% capacity
INTANGIBLE PLANT:	412598		412598		"
PRODUCTION PLANT	0		0		"
DISTRIBUTION PLANT:					
374 Land and Land Rights	1476461		1476461		"
375 Structures and Improvements	9269390		9269390		"
376 Mains	155367691		155367691		"
377 Comp.Sta.Eq.	0		0		"
378 Meas.& Reg.Sta.Eq.-Gen	1485149		1485149		"
379 Meas.& Reg.Sta.Eq.-CG	1572042		1572042		"
380 Services	58646404	58646404			100% customer
381-382 Meters	18665582	18665582			"
383-384 House Regulators	5850997	5850997			"
385 Industrial Meas.& Reg.Eq.	3702330		3702330		100% capacity
386 Property on Customer Premises	0	0	0	0	ac 374-385
387 Other Equipment	675216	219317	455899	0	ac 374-386
Total Distribution Plant	256711262	83382300	173328962	0	256711262
GENERAL PLANT:	20738890	10369445	10369445		50% customer, 50% capacity
PLANT ACQUISITIONS:	4338756		4338756		100% capacity
GAS PLANT FOR FUTURE USE:	0		0		"
CWIP:	4450000	1445403	3004597	0	dist.plant
TOTAL PLANT	286651506	95197148	191454358	0	286651506 checksum

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SCHEDULE - A (COST OF SERVICE)
CLASSIFICATION OF RATE BASE
(Page 2 of 2: ACCUMULATED DEPRECIATION)

ATTACHMENT 6

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	related plant
INTANGIBLE PLANT:	250515	0	250515	0	rel.plant account
PRODUCTION PLANT	0		0		"
DISTRIBUTION PLANT:					
375 Structures and Improvements	1546837	0	1546837	0	"
376 Mains	49171475	0	49171475	0	"
377 Compressor Sta. Eq.	0	0	0	0	"
378 Meas.& Reg.Sta. Eq.-Gen	411347	0	411347	0	"
379 Meas.& Reg.Sta. Eq.-CG	611138	0	611138	0	"
380 Services	29027568	29027568	0	0	"
381-382 Meters	8601448	8601448	0	0	"
383-384 House Regulators	1929320	1929320	0	0	"
385 Indust.Meas.& Reg.Sta.Eq.	835540	0	835540	0	"
386 Property on Customer Premises	0	0	0	0	"
387 Other Equipment	247164	80281	166883	0	"
Total A.D. on Dist. Plant	92381837	39638617	52743220	0	92381837 checksum
GENERAL PLANT:	10328461	5164231	5164231	0	general plant
PLANT ACQUISITIONS:	1901245	0	1901245	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	-343770	-111660	-232110	0	distribution plant
TOTAL ACCUMULATED DEPRECIATION	104518288	44691188	59827100	0	104518288 checksum
NET PLANT (Plant less Accum.Dep.)	182133218	50505960	131627258	0	182133218 checksum
less: CUSTOMER ADVANCES	-1002000	-501000	-501000		50% cust 50% cap
plus: WORKING CAPITAL	10891780	7431466	3275297	185017	oper. and maint. exp.
equals: TOTAL RATE BASE	192022998	57436426	134401555	185017	192022998 checksum

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SCHEDULE - B (COST OF SERVICE)
 CLASSIFICATION OF EXPENSES
 (Page 1 of 2)

ATTACHMENT 6

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	ac 301-320
PRODUCTION PLANT	0		0		100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng.	242699	143731	98968	0	ac 871-879
871 Dist. Load Dispatch	220800		220800		100% capacity
872 Compr. Sta. Lab. & Ex.	0	0	0	0	ac 377
873 Compr. Sta. Fuel & Power	0				100% commodity
874 Mains and Services	2598067	711950	1886117	0	ac376+ac380
875 Meas. & Reg. Sta. Eq. - Gen	80316	0	80316	0	ac 378
876 Meas. & Reg. Sta. Eq. - Ind.	175520	0	175520	0	ac 385
877 Meas. & Reg. Sta. Eq. - CG	48259	0	48259	0	ac 379
878 Meter and House Reg.	2789545	2789545	0	0	ac381+ac383
879 Customer Instal.	0	0	0	0	ac 386
880 Other Expenses	2751078	1395630	1355448	0	ac 387
881 Rents	69873		69873		100% capacity
885 Maintenance Supervision	115235	45803	69432	0	ac886-874
886 Maint. of Struct. and Improv.	340920	0	340920	0	ac375
887 Maintenance of Mains	1785920	0	1785920	0	ac376
888 Maint. of Comp. Sta. Eq.	0	0	0	0	ac 377
889 Maint. of Meas. & Reg. Sta. Eq. - G	128066	0	128066	0	ac 378
890 Maint. of Meas. & Reg. Sta. Eq. - I	190150	0	190150	0	ac 385
891 Maint. of Meas. & Reg. Sta. Eq. - CG	86545	0	86545	0	ac 379
892 Maintenance of Services	746361	746361	0	0	ac 380
893 Maint. of Meters and House Reg.	923662	923662	0	0	ac381-383
894 Maint. of Other Equipment	119222	47387	71835	0	ac387
Total Distribution Expenses	13412238	6804068	6608170	0	13412238 che
CUSTOMER ACCOUNTS:					
901 Supervision	23010	23010			100% customer
902 Meter-Reading Expense	1149489	1149489			"
903 Records and Collection Exp.	4884372	4884372			"
904 Uncollectible Accounts	375536			375536	100% commodity
905 Misc. Expenses	323380	323380			100% customer
Total Customer Accounts	6755787	6380251	0	375536	
(907-910) CUSTOMER SERV. & INFO. EXP.	0	0			"
(911-916) SALES EXPENSE	1859798	1859798			"
932) MAINT. OF GEN. PLANT	79673	39837	39837	0	general plant
(920-931) ADMINISTRATION AND GENERAL	17911154	12220788	5386112	304254	0 O&M excl. A&G
TOTAL O&M EXPENSE	40018650	27304742	12034118	679790	40018650 che

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SCHEDULE - B (COST OF SERVICE)
CLASSIFICATION OF EXPENSES
(Page 2 of 2)

ATTACHMENT 6

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	12365612	3429013	8936599	0		net plant
Amort. of Other Gas Plant	0		0			100% capacity
Amort. of Property Loss	1194263		1194263			100% capacity
Amort. of Limited-term Inv.	112936	0	112936	0		intangible plan
Amort. of Acquisition Adj.	87392	29486	57906	0		intan/dist/gen
Amort. of Conversion Costs	0			0		100% commodity
Total Deprec. and Amort. Expense	13760203	3458499	10301704	0	0	13760203 che
TAXES OTHER THAN INCOME TAXES:						
Revenue Related	482032				482032	100% revenue
Other	4743764	1315457	3428307	0		net plant
Total Taxes other than Income Taxes	5225796	1315457	3428307	0	482032	
REV.CROT TO COS(NEG.OF OTHR OPR.REV)	-2010200	-2010200				100% customer
RETURN (REQUIRED NOI)	19605563	5864264	13722409	18890		rate base
INCOME TAXES	5259699	1573240	3681391	5068	0	return(noi)
TOTAL OVERALL COST OF SERVICE	81859711	37506001	43167930	703748	482032	81859711 che

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ATTACHMENT #

SCHEDULE - C (COST OF SERVICE)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

CUSTOMER COSTS	TOTAL RESIDENTIAL		COMMERCIAL		SMALL		INTERMEDIATE		INTERMEDIATE LARGE VOL.
	COMMERCIAL LARGE VOL.1	COMMERCIAL LARGE VOL.2	WHOLESALE	INTERMEDIATE	INTERMEDIATE	LARGE VOL.			
No. of Customers	178210	159400	18333	4390	80	2	83	20	2
Weighting	HA	1.0	3.5	4.0	4.0	3.8	4.0	4.0	5.0
Weighted No. of Customers	230475	159400	57166	17160	320	8	332	80	10
Allocation Factors	1	0.874259368	0.24803130	0.374454897	0.00138843	0.000032	0.001440	0.0003471	0.000043
CAPACITY COSTS									
Peak & Avg. Month Sales Vol. (therms)	106338607	9927092	10370706	26583983	4057915	20575	14274292	26765063	14483051
Allocation Factors	1	0.093353602	0.09620556	0.249993711	0.03815855	0.000193	0.132784	0.2518965	0.135915
	1	0.195045835	0.20231091	0.322317628	0.07972137	0.000404			
COMMODITY COSTS									
Annual Sales Vol. (therms)	574310338	40078000	52719000	138876800	23241150	156000	78545455	148968633	93125000
Allocation Factors	1	0.069760276	0.09176336	0.241382775	0.04045384	0.000271	0.136717	0.2502970	0.160253
REVENUE-RELATED COSTS									
Tax on Cust. Cap. & Comod.	305166	121136	59402	79165	10433	58	13116	17522	4135
Allocation Factors	1	0.386949258	0.19465596	0.259415046	0.03464395	0.000189	0.042978	0.0574182	0.013549

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ATTACHMENT 6

SCHEDULE - D (COST OF SERVICE)
 ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE BASE BY CUSTOMER CLASS	TOTAL RESIDENTIAL		COMMERCIAL		WHOLESALE		SMALL		INTERMEDIATE		LARGE VOL.
	COMMERCIAL	LARGE VOL.1	LARGE VOL.2	COMMERCIAL	LARGE VOL.2	WHOLESALE	INTERMEDIATE	INTERMEDIATE	INTERMEDIATE		
Customer											
PRINTS	10064134	6785837	2498240	748324	13973	332	14487	3493	437	0	0
House Regulators	3921877	3921877	0	0	0	0	0	0	0	0	0
Services	29618836	19970778	7346458	2205267	41124	977	45666	10281	1285	0	0
All Other	13831779	8326307	3430742	1029844	19205	456	19925	4801	600	0	0
Total	57438426	40004499	13273440	3984435	74302	1765	77088	18575	2332	0	0
Capacity											
Industrial Meas. & Reg. Sta. Eq.	2864780	0	0	885094	135092	685	473588	891125	481204	0	0
Meas. & Reg. Sta. Eq. - Gen.	1073802	100243	104080	288444	40973	308	143636	270272	145946	0	0
Paints	108198216	18948496	19873720	50742604	7744847	39273	2038072	6156789	892833	0	0
All Other	34284747	2699183	2802501	7228230	1103245	5594	5208209	4470174	747601	0	0
Total	134401553	21747933	22980301	59124373	9024137	45760	7863505	11748380	2267187	0	0
Commodity											
Account #	1	0	0	0	0	0	0	0	0	0	0
Account #	1	0	0	0	0	0	0	0	0	0	0
Account #	1	0	0	0	0	0	0	0	0	0	0
All Other	185017	12907	18978	44660	7485	50	23295	47974	28668	0	0
Total	185017	12907	18978	44660	7485	50	23295	47974	28668	0	0

TOTAL	192027998	61765338	35870718	63153468	9105943	47375	7863888	11814810	2399137	0	0
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SCHEDULE - E (COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES
(Page 1 of 3)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU

ATTACHMENT 6

	TOTAL RESIDENTIAL		COMMERCIAL		WHOLESALE		SMALL		INTERMEDIATE		LARGE VOL.
	COMMERCIAL	LARGE VOL.	COMMERCIAL	LARGE VOL.	WHOLESALE	INTERMEDIATE	SMALL	INTERMEDIATE	LARGE VOL.		
CUSTOMER	0	0	0	0	0	0	0	0	0	0	0
Capacity	0	0	0	0	0	0	0	0	0	0	0
Commodity	0	0	0	0	0	0	0	0	0	0	0
Revenue	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0
OPERATIONS AND MAINTENANCE EXPENSE:											
DIRECT AND SPECIAL ASSIGNMENTS:											
Customer:											
878 Meters and House Regulators	2789345	1860877	691900	207895	3873	92	4018	988	121	0	0
893 Maint. of Meters & House Reg.	923652	622798	229099	68771	1282	30	1331	321	40	0	0
874 Mains & Services	711950	480039	176987	53008	988	33	1026	247	31	0	0
892 Maint. of Services	748361	503241	185122	55570	1036	25	1075	259	32	0	0
All Other	2313324	1492354	5489777	1647827	30731	730	31883	7683	960	0	0
Total	27304742	18410479	6772485	1022872	37911	900	38333	9478	1185	0	0
Capacity:											
876 Measuring & Reg. Sta. Eq. - I	175320	0	0	54190	8271	42	28996	54559	29462	0	0
890 Maint. of Meas. & Reg. Sta. Eq. - I	190150	0	0	59707	8960	45	31432	59107	31918	0	0
874 Mains and Services	1886117	176076	182815	471517	71968	365	232395	474729	256352	0	0
897 Maint. of Mains	1785920	316660	320856	853347	130246	660	34275	102867	15008	0	0
All Other	7996411	889515	923560	2382052	363373	5844	1716357	1473139	248771	0	0
Total	12034118	1384251	1437231	3819814	563018	2856	206333	216402	579110	0	0
Commodity											
Account #	0	0	0	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0	0	0	0
Account #	0	0	0	0	0	0	0	0	0	0	0
All Other	879790	47422	62380	164089	27500	185	92939	176267	109007	0	0
Total	879790	47422	62380	164089	27500	185	92939	176267	109007	0	0
TOTAL CEN	40018650	19942132	8272096	6016876	648429	4041	2185606	2350147	669302	0	0

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ATTACHMENT 8

SCHEDULE - I (COST OF SERVICE)
ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES
(Page 3 of 3)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU

	COMMERCIAL			SMALL			INTERMEDIATE			LARGE VOL.		
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	COMMERCIAL	INDUSTRIAL
TOTAL RESIDENTIAL	1211487	888959	326277	97942	1826	43	1895	457	57	0	0	0
Customer	3429307	611710	635122	1638111	230025	1268	65795	197467	28810	0	0	0
Capacity	4743764	1498669	961399	1736054	251851	1311	67690	197923	28867	0	0	0
Commodity	482032	191342	93830	125046	18796	91	20717	27877	6531	0	0	0
Total	5225796	1690011	1055230	1861100	288647	1403	86407	225601	31398	0	0	0
RETURNS (90%)	5864264	4084462	1355219	408811	7386	180	7871	1897	237	0	0	0
Customer	1372409	220466	230440	602603	921367	4872	902865	1199508	231478	0	0	0
Capacity	18890	1318	1733	4540	764	5	2583	4898	3079	0	0	0
Commodity	18890	1318	1733	4540	764	5	2583	4898	3079	0	0	0
Total	1391299	221784	232173	607143	922131	4877	905448	1204406	234557	0	0	0
INDUSTRIAL	1573240	1085763	36373	109138	2035	48	2112	509	64	0	0	0
Customer	1573240	1085763	36373	109138	2035	48	2112	509	64	0	0	0
Capacity	1573240	1085763	36373	109138	2035	48	2112	509	64	0	0	0
Commodity	1573240	1085763	36373	109138	2035	48	2112	509	64	0	0	0
Total	1573240	1085763	36373	109138	2035	48	2112	509	64	0	0	0
REVENUE CREDITED TO COS:	-2010200	-1206120	-80480	0	0	0	0	0	0	0	0	0
Customer	-2010200	-1206120	-80480	0	0	0	0	0	0	0	0	0
TOTAL COST OF SERVICE:	37506001	25603468	8871287	2904265	54161	1286	56192	13540	1693	0	0	0
Customer	43167930	6650248	6904775	18026357	2752890	13959	3343089	4470543	988068	0	0	0
Capacity	703746	49094	64578	169873	28469	191	96214	182480	112849	0	0	0
Commodity	81377679	3202809	15840651	21110594	2835520	15737	3497695	4872583	1102609	0	0	0
Subtotal	482032	191342	93830	125046	18796	91	20717	27877	6531	0	0	0
Revenue	482032	191342	93830	125046	18796	91	20717	27877	6531	0	0	0
Total	61859711	32484152	15934471	21235641	2852316	15328	3518212	4700241	1109140	0	0	0

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SCHEDULE - G (COST OF SERVICE)
 RATE OF RETURN BY CUSTOMER CLASS
 (Page 1 of 2 PRESENT RATES)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

ATTACHMENT 8

	TOTAL RESIDENTIAL			COMMERCIAL			SMALL			INTERMEDIATE		
	COMMERCIAL LARGE VOL.1	COMMERCIAL LARGE VOL.2	WHOLESALE	COMMERCIAL LARGE VOL.1	COMMERCIAL LARGE VOL.2	WHOLESALE	SMALL INTERMEDIATE	SMALL INTERMEDIATE	SMALL INTERMEDIATE	SMALL INTERMEDIATE	SMALL INTERMEDIATE	SMALL INTERMEDIATE
REVENUES: (Projected test year)												
Gas Sales (due to growth)	75,170,325	19,568,375	13,080,113	23,336,235	2,744,175	12,387	4,780,034	8,605,137	3,063,849	0	0	0
Other Operating Revenue	1,210,112	726,087	484,043	0	0	0	0	0	0	0	0	0
Total	76,380,437	20,294,462	13,564,156	23,336,235	2,744,175	12,387	4,780,034	8,605,137	3,063,849	0	0	0
EXPENSES:												
Purchased Gas Cost	0	0	0	0	0	0	0	0	0	0	0	0
Gas Expenses	40,018,650	19,842,152	8,272,086	6,016,876	649,429	4,041	2,193,606	2,320,147	889,302	0	0	0
Depreciation Expenses	12,385,612	3,908,593	2,556,088	4,525,387	856,504	3,438	176,447	515,929	79,247	0	0	0
Amortization Expenses	1,384,581	283,456	280,210	654,469	99,397	508	26,241	78,039	11,473	0	0	0
Taxes Other Than Income-Taxes	4,743,784	1,899,689	961,399	1,736,034	351,851	1,311	87,680	187,923	28,467	0	0	0
Taxes Other Than Income--Revenue	281,889	73,281	49,050	87,511	10,791	48	17,830	31,269	11,489	0	0	0
Total Expense excl. Income Taxes	58,804,506	25,584,251	12,048,844	13,020,296	1,666,073	9,323	2,483,834	3,174,907	816,378	0	0	0
INCOME TAXES:												
Income Taxes	2,437,082	790,335	458,893	806,087	116,518	609	101,930	151,181	29,419	0	0	0
NET OPERATING INCOME:	15,116,649	6,080,144	1,036,321	9,507,842	980,895	2,435	2,174,200	5,279,040	2,218,051	0	0	0
RATE BASE:	182,022,998	61,785,338	35,870,718	63,153,468	9,105,843	47,575	7,965,688	11,814,910	2,299,157	0	0	0
RATE OF RETURN	0.078735	-0.098439	0.028448	0.150531	0.105334	0.051612	0.272950	0.446812	0.964724	0	0	0

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ATTACHMENT 6

SCHEDULE - G (COST OF SERVICE)
 RATE OF RETURN BY CUSTOMER CLASS
 (Page 2 of 2 PROPOSED RATES)

COMPANY NAME: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

	TOTAL RESIDENTIAL		COMMERCIAL		LARGE VOL.1		LARGE VOL.2		WHOLESALE		SMALL		INTERMPT		LARGE VOL.	
	COMMERCIAL	LARGE VOL.1	COMMERCIAL	LARGE VOL.2	COMMERCIAL	LARGE VOL.1	COMMERCIAL	LARGE VOL.2	COMMERCIAL	LARGE VOL.1	COMMERCIAL	LARGE VOL.1	COMMERCIAL	LARGE VOL.1	COMMERCIAL	LARGE VOL.1
REVENUES:																
Gas Sales	81,859,711	26,118,456	15,807,583	26,513,298	3,117,932				15,471	3,654,989	5,523,418	1,010,564				
Other Operating Revenue	2,030,200	1,206,120	804,080	0	0				0	0	0	0				
Total	83,889,911	27,324,576	16,611,663	26,513,298	3,117,932				15,471	3,654,989	5,523,418	1,010,564				
EXPENSES:																
Purchased Gas Cost	0	0	0	0	0				0	0	0	0				
Gas Expenses	40,018,630	19,842,132	8,272,096	6,016,876	648,429				4,041	2,185,608	2,350,147	689,202				
Depreciation Expenses	12,361,812	3,908,593	2,506,088	4,525,387	656,204				3,418	176,447	515,929	75,347				
Amortization Expenses	1,384,191	263,436	260,210	634,469	99,197				506	26,241	78,439	11,473				
Taxes Other Than Income-Taxed	4,743,764	1,499,669	961,399	1,736,054	251,851				1,311	67,600	197,923	28,467				
Taxes Other Than Income--Revenue	482,032	97,937	59,453	95,425	11,692				59	13,706	20,713	3,790				
Total Expend excl. Income Taxes	55,004,649	25,608,807	12,059,447	13,032,210	1,668,074				9,334	2,479,680	3,163,351	808,678				
PRE TAX NET	28,885,262	1,715,769	4,552,216	13,481,088	1,449,858				6,137	1,175,299	2,360,067	201,886				
INCOME TAXES:	3,159,699	382,310	984,074	2,951,628	206,686				1,298	248,609	499,220	42,704				
NET OPERATING INCOME:	19,725,563	1,333,459	3,568,142	10,529,460	1,243,172				4,839	926,690	1,860,847	159,181				
NET OPERATING INCOME:	192,022,998	61,765,338	35,870,718	63,153,468	9,105,943				47,575	7,965,888	11,814,910	2,299,157				
RATE BASE:	0.10100	0.02187	0.10260	0.18832	0.12541				0.101704	0.116322	0.157500	0.089235				
RATE OF RETURN																

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PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE COMPARISON

ATTACHMENT 6

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>RATE INCREASE</u>	<u>STAFF PROPOSED RATE</u>
<u>RESIDENTIAL (Peoples)</u>			
CUSTOMER CHARGE	\$6.00	\$1.00	\$7.00
ENERGY CHARGE (cents/therm)	22.2440	10.35	32.5940
<u>RESIDENTIAL (Southern)</u>			
CUSTOMER CHARGE	\$5.00	\$2.00	\$7.00
ENERGY CHARGE (cents/therm)	21.7400	10.85	32.5940
<u>GENERAL SERVICE (Peoples)</u>			
CUSTOMER CHARGE	\$16.00	\$1.00	\$17.00
ENERGY CHARGE (cents/therm)	19.5000	4.35	23.8540
<u>GENERAL SERVICE (Southern)</u>			
CUSTOMER CHARGE	\$10.00	\$7.00	\$17.00
ENERGY CHARGE (cents/therm)	21.3700	2.48	23.8540
<u>GENERAL SERVICE LARGE VOLUME 1 (Peoples)</u>			
CUSTOMER CHARGE	\$25.00	\$1.00	\$26.00
ENERGY CHARGE (cents/therm)	16.2680	1.89	18.1540
<u>GENERAL SERVICE LARGE VOLUME 1 (Southern from Industrial)</u>			
CUSTOMER CHARGE	\$20.00	\$6.00	\$26.00
ENERGY CHARGE (cents/therm)	20.7500	-2.60	18.1540
<u>GENERAL SERVICE LARGE VOLUME 2 (Peoples)</u>			
CUSTOMER CHARGE	\$100.00	(\$25.00)	\$75.00
ENERGY CHARGE (cents/therm)	9.0000	4.11	13.1060
<u>GENERAL SERVICE LARGE VOLUME 2 (Peoples from GSI.V)</u>			
CUSTOMER CHARGE	\$25.00	\$50.00	\$75.00
ENERGY CHARGE (cents/therm)	16.2680	-3.16	13.1060
<u>GENERAL SERVICE LARGE VOLUME 2 (Southern from Int. Service)</u>			
CUSTOMER CHARGE	\$40.00	\$35.00	\$75.00
ENERGY CHARGE (cents/therm)	8.5300	4.58	13.1060
<u>WHOLESALE SERVICE (Peoples)</u>			
CUSTOMER CHARGE	\$0.00	\$0.00	\$0.00
ENERGY CHARGE (cents/therm)	8.1330	1.78	9.9170
<u>SMALL INTERRUPTIBLE (Peoples)</u>			
CUSTOMER CHARGE	\$100.00	\$50.00	\$150.00
ENERGY CHARGE (cents/therm)	9.0000	4.54	4.4630
<u>SMALL INTERRUPTIBLE (Peoples from IS.V)</u>			
CUSTOMER CHARGE	\$225.00	(\$75.00)	\$150.00
ENERGY CHARGE (cents/therm)	5.8800	-1.42	4.4630
<u>INTERRUPTIBLE (Peoples)</u>			
CUSTOMER CHARGE	\$225.00	\$0.00	\$225.00
ENERGY CHARGE (cents/therm)	5.8800	2.21	3.6720
<u>INTERRUPTIBLE LARGE VOLUME (Southern from Large Int.)</u>			
CUSTOMER CHARGE	\$35,261.00	(\$35,039.00)	\$225.00
ENERGY CHARGE (cents/therm)	0.0000	1.09	1.0900
<u>INTERRUPTIBLE LARGE VOLUME (Peoples from Large Int.)</u>			
CUSTOMER CHARGE	\$225.00	\$0.00	\$225.00
ENERGY CHARGE (cents/therm)	5.8800	4.79	1.0900

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: RESIDENTIAL

PEOPLES
 PRESENT RATES

Customer Charge
 6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	22.244

PROPOSED RATES

Customer Charge
 7.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	32.594

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 10

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	6.00	6.00	7.00	7.00	16.67	16.67	1.00
10	8.22	10.84	10.26	12.88	24.74	18.77	2.04
20	10.45	15.68	13.52	18.75	29.38	19.58	3.07
30	12.67	20.52	16.78	24.63	32.39	20.00	4.11
40	14.90	25.37	20.04	30.51	34.50	20.26	5.14
50	17.12	30.21	23.30	36.38	36.06	20.44	6.18
60	19.35	35.05	26.56	42.26	37.27	20.57	7.21
70	21.57	39.89	29.82	48.14	38.22	20.67	8.25
80	23.80	44.73	33.08	54.01	39.00	20.75	9.28
90	26.02	49.57	36.33	59.89	39.64	20.81	10.32
100	28.24	54.42	39.59	65.77	40.19	20.86	11.35
110	30.47	59.26	42.85	71.64	40.65	20.90	12.39
120	32.69	64.10	46.11	77.52	41.05	20.94	13.42
130	34.92	68.94	49.37	83.40	41.40	20.97	14.46
140	37.14	73.78	52.63	89.27	41.71	20.99	15.49
150	39.37	78.62	55.89	95.15	41.98	21.02	16.53
160	41.59	83.47	59.15	101.03	42.22	21.04	17.56
170	43.81	88.31	62.41	106.90	42.44	21.06	18.60
180	46.04	93.15	65.67	112.78	42.64	21.07	19.63
190	48.26	97.99	68.93	118.66	42.82	21.09	20.67

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL

PEOPLES
 PRESENT RATES

PROPOSED RATES

Customer Charge
 16.00

Customer Charge
 17.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	19.5

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	23.854

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 50

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	16.00	16.00	17.00	17.00	6.25	6.25	1.00
50	25.75	38.84	28.93	42.01	12.34	8.18	3.18
100	35.50	61.67	40.85	67.03	15.08	8.68	5.35
150	45.25	84.51	52.78	92.04	16.64	8.91	7.53
200	55.00	107.34	64.71	117.05	17.65	9.04	9.71
250	64.75	130.18	76.64	142.07	18.36	9.13	11.89
300	74.50	153.02	88.56	167.08	18.88	9.19	14.06
350	84.25	175.85	100.49	192.09	19.27	9.23	16.24
400	94.00	198.69	112.42	217.10	19.59	9.27	18.42
450	103.75	221.52	124.34	242.12	19.85	9.30	20.59
500	113.50	244.36	136.27	267.13	20.06	9.32	22.77
550	123.25	267.20	148.20	292.14	20.24	9.34	24.95
600	133.00	290.03	160.12	317.16	20.39	9.35	27.12
650	142.75	312.87	172.05	342.17	20.53	9.37	29.30
700	152.50	335.70	183.98	367.18	20.64	9.38	31.48
750	162.25	358.54	195.91	392.20	20.74	9.39	33.66
800	172.00	381.38	207.83	417.21	20.83	9.40	35.83
850	181.75	404.21	219.76	442.22	20.91	9.40	38.01
900	191.50	427.05	231.69	467.23	20.98	9.41	40.19
950	201.25	449.88	243.61	492.25	21.05	9.42	42.36

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 1

PEOPLES
 PRESENT RATES

Customer Charge
 25.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	16.268

PROPOSED RATES

Customer Charge
 26.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	18.154

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 100

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	25.00	25.00	26.00	26.00	4.00	4.00	1.00
100	41.27	67.44	44.15	70.33	6.99	4.28	2.89
200	57.54	109.88	62.31	114.65	8.29	4.34	4.77
300	73.80	152.32	80.46	158.98	9.02	4.37	6.66
400	90.07	194.76	98.62	203.30	9.49	4.39	8.54
500	106.34	237.20	116.77	247.63	9.81	4.40	10.43
600	122.61	279.64	134.92	291.96	10.05	4.40	12.32
700	138.88	322.08	153.08	336.28	10.23	4.41	14.20
800	155.14	364.52	171.23	380.61	10.37	4.41	16.09
900	171.41	406.96	189.39	424.93	10.49	4.42	17.97
1000	187.68	449.40	207.54	469.26	10.58	4.42	19.86
1100	203.95	491.84	225.69	513.59	10.66	4.42	21.75
1200	220.22	534.28	243.85	557.91	10.73	4.42	23.63
1300	236.48	576.72	262.00	602.24	10.79	4.42	25.52
1400	252.75	619.16	280.16	646.56	10.84	4.43	27.40
1500	269.02	661.60	298.31	690.89	10.89	4.43	29.29
1600	285.29	704.04	316.46	735.22	10.93	4.43	31.18
1700	301.56	746.48	334.62	779.54	10.96	4.43	33.06
1800	317.82	788.92	352.77	823.87	11.00	4.43	34.95
1900	334.09	831.36	370.93	868.19	11.03	4.43	36.83

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 2

PEOPLES
 PRESENT RATES

Customer Charge
 100.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9

PROPOSED RATES

Customer Charge
 75.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	13.106

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 500

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	100.00	100.00	75.00	75.00	(25.00)	(25.00)	-25.00
500	145.00	275.86	140.53	271.39	(3.08)	(1.62)	-4.47
1000	190.00	451.72	206.06	467.78	8.45	3.56	16.06
1500	235.00	627.58	271.59	664.17	15.57	5.83	36.59
2000	280.00	803.44	337.12	860.56	20.40	7.11	57.12
2500	325.00	979.30	402.65	1,056.95	23.89	7.93	77.65
3000	370.00	1,155.16	468.18	1,253.34	26.54	8.50	98.18
3500	415.00	1,331.02	533.71	1,449.73	28.60	8.92	118.71
4000	460.00	1,506.88	599.24	1,646.12	30.27	9.24	139.24
4500	505.00	1,682.74	664.77	1,842.51	31.64	9.49	159.77
5000	550.00	1,858.60	730.30	2,038.90	32.78	9.70	180.30
5500	595.00	2,034.46	795.83	2,235.29	33.75	9.87	200.83
6000	640.00	2,210.32	861.36	2,431.68	34.59	10.01	221.36
6500	685.00	2,386.18	926.89	2,628.07	35.31	10.14	241.89
7000	730.00	2,562.04	992.42	2,824.46	35.95	10.24	262.42
7500	775.00	2,737.90	1,057.95	3,020.85	36.51	10.33	282.95
8000	820.00	2,913.76	1,123.48	3,217.24	37.01	10.42	303.48
8500	865.00	3,089.62	1,189.01	3,413.63	37.46	10.49	324.01
9000	910.00	3,265.48	1,254.54	3,610.02	37.86	10.55	344.54
9500	955.00	3,441.34	1,320.07	3,806.41	38.23	10.61	365.07

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: WHOLESALE

PEOPLES
 PRESENT RATES

Customer Charge
 0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	8.133

PROPOSED RATES

Customer Charge
 0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9.917

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 100

therm usage	PRESENT		monthly bill w/o fuel	monthly bill with fuel	PROPOSED		Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel			monthly bill w/o fuel	monthly bill with fuel	
0	0.00	0.00	0.00	0.00	ERR	ERR	0.00
100	3.13	34.31	9.92	36.09	21.94	5.20	1.78
200	16.27	68.61	19.83	72.18	21.94	5.20	3.57
300	24.40	102.92	29.75	108.27	21.94	5.20	5.35
400	32.53	137.22	39.67	144.36	21.94	5.20	7.14
500	40.67	171.53	49.59	180.45	21.94	5.20	8.92
600	48.80	205.83	59.50	216.53	21.94	5.20	10.70
700	56.93	240.14	69.42	252.62	21.94	5.20	12.49
800	65.06	274.44	79.34	288.71	21.94	5.20	14.27
900	73.20	308.75	89.25	324.80	21.94	5.20	16.06
1000	81.33	343.05	99.17	360.89	21.94	5.20	17.84
1100	89.46	377.36	109.09	396.98	21.94	5.20	19.62
1200	97.60	411.66	119.00	433.07	21.94	5.20	21.41
1300	105.73	445.97	128.92	469.16	21.94	5.20	23.19
1400	113.86	480.27	138.84	505.25	21.94	5.20	24.98
1500	122.00	514.58	148.76	541.34	21.94	5.20	26.76
1600	130.13	548.88	158.67	577.42	21.94	5.20	28.54
1700	138.26	583.19	168.59	613.51	21.94	5.20	30.33
1800	146.39	617.49	178.51	649.60	21.94	5.20	32.11
1900	154.53	651.80	188.42	685.69	21.94	5.20	33.90

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: SMALL INTERRUPTIBLE

PEOPLES
 PRESENT RATES

PROPOSED RATES

Customer Charge
 100.00

Customer Charge
 150.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	9

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	4.463

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 1000

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	100.00	100.00	150.00	150.00	50.00	50.00	50.00
1000	190.00	451.72	194.63	456.35	2.44	1.02	4.63
2000	280.00	803.44	239.26	762.70	(14.55)	(5.07)	-40.74
3000	370.00	1,155.16	283.89	1,069.05	(23.27)	(7.45)	-86.11
4000	460.00	1,506.88	328.52	1,375.40	(28.58)	(8.73)	-131.48
5000	550.00	1,858.60	373.15	1,681.75	(32.15)	(9.52)	-176.85
6000	640.00	2,210.32	417.78	1,988.10	(34.72)	(10.05)	-222.22
7000	730.00	2,562.04	462.41	2,294.45	(36.66)	(10.44)	-267.59
8000	820.00	2,913.76	507.04	2,600.80	(38.17)	(10.74)	-312.96
9000	910.00	3,265.48	551.67	2,907.15	(39.38)	(10.97)	-358.33
10000	1,000.00	3,617.20	596.30	3,213.50	(40.37)	(11.16)	-403.70
11000	1,090.00	3,968.92	640.93	3,519.85	(41.20)	(11.31)	-449.07
12000	1,180.00	4,320.64	685.56	3,826.20	(41.90)	(11.44)	-494.44
13000	1,270.00	4,672.36	730.19	4,132.55	(42.50)	(11.55)	-539.81
14000	1,360.00	5,024.08	774.82	4,438.90	(43.03)	(11.65)	-585.18
15000	1,450.00	5,375.80	819.45	4,745.25	(43.49)	(11.73)	-630.55
16000	1,540.00	5,727.52	864.08	5,051.60	(43.89)	(11.80)	-675.92
17000	1,630.00	6,079.24	908.71	5,357.95	(44.25)	(11.86)	-721.29
18000	1,720.00	6,430.96	953.34	5,664.30	(44.57)	(11.92)	-766.66
19000	1,810.00	6,782.68	997.97	5,970.65	(44.86)	(11.97)	-812.03

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE

PEOPLES
 PRESENT RATES

Customer Charge
 225.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	5.88

PROPOSED RATES

Customer Charge
 225.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	3.672

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 50000

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	225.00	225.00	225.00	225.00	0.00	0.00	0.00
50000	3,165.00	16,251.00	2,061.00	15,147.00	(34.88)	(6.79)	-1104.00
100000	6,105.00	32,277.00	3,897.00	30,069.00	(36.17)	(6.84)	-2208.00
150000	9,045.00	48,303.00	5,733.00	44,991.00	(36.62)	(6.86)	-3312.00
200000	11,985.00	64,329.00	7,569.00	59,913.00	(36.85)	(6.86)	-4416.00
250000	14,925.00	80,355.00	9,405.00	74,835.00	(36.98)	(6.87)	-5520.00
300000	17,865.00	96,381.00	11,241.00	89,757.00	(37.08)	(6.87)	-6624.00
350000	20,805.00	112,407.00	13,077.00	104,679.00	(37.14)	(6.88)	-7728.00
400000	23,745.00	128,433.00	14,913.00	119,601.00	(37.20)	(6.88)	-8832.00
450000	26,685.00	144,459.00	16,749.00	134,523.00	(37.23)	(6.88)	-9936.00
500000	29,625.00	160,485.00	18,585.00	149,445.00	(37.27)	(6.88)	-11040.00
550000	32,565.00	176,511.00	20,421.00	164,367.00	(37.29)	(6.88)	-12144.00
600000	35,505.00	192,537.00	22,257.00	179,289.00	(37.31)	(6.88)	-13248.00
650000	38,445.00	208,563.00	24,093.00	194,211.00	(37.33)	(6.88)	-14352.00
700000	41,385.00	224,589.00	25,929.00	209,133.00	(37.35)	(6.88)	-15456.00
750000	44,325.00	240,615.00	27,765.00	224,055.00	(37.36)	(6.88)	-16560.00
800000	47,265.00	256,641.00	29,601.00	238,977.00	(37.37)	(6.88)	-17664.00
850000	50,205.00	272,667.00	31,437.00	253,899.00	(37.38)	(6.88)	-18768.00
900000	53,145.00	288,693.00	33,273.00	268,821.00	(37.39)	(6.88)	-19872.00
950000	56,085.00	304,719.00	35,109.00	283,743.00	(37.40)	(6.88)	-20976.00

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE:

INTERRUPTIBLE LARGE VOLUME

PEOPLES
 PRESENT RATES

PROPOSED RATES

Customer Charge
 225.00

Customer Charge
 225.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	5.88

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	1.090

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 500000

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	225.00	225.00	225.00	225.00	0.00	0.00	0.00
500000	29,625.00	160,485.00	5,675.00	136,535.00	(80.84)	(14.92)	-23950.00
1000000	59,025.00	320,745.00	11,125.00	272,845.00	(81.15)	(14.93)	-47900.00
1500000	88,425.00	481,005.00	16,575.00	409,155.00	(81.26)	(14.94)	-71850.00
2000000	117,825.00	641,265.00	22,025.00	545,465.00	(81.31)	(14.94)	-95800.00
2500000	147,225.00	801,525.00	27,475.00	681,775.00	(81.34)	(14.94)	-119750.00
3000000	176,625.00	961,785.00	32,925.00	818,085.00	(81.36)	(14.94)	-143700.00
3500000	206,025.00	1,122,045.00	38,375.00	954,395.00	(81.37)	(14.94)	-167650.00
4000000	235,425.00	1,282,305.00	43,825.00	1,090,705.00	(81.38)	(14.94)	-191600.00
4500000	264,825.00	1,442,565.00	49,275.00	1,227,015.00	(81.39)	(14.94)	-215550.00
5000000	294,225.00	1,602,825.00	54,725.00	1,363,325.00	(81.40)	(14.94)	-239500.00
5500000	323,625.00	1,763,085.00	60,175.00	1,499,635.00	(81.41)	(14.94)	-263450.00
6000000	353,025.00	1,923,345.00	65,625.00	1,635,945.00	(81.41)	(14.94)	-287400.00
6500000	382,425.00	2,083,605.00	71,075.00	1,772,255.00	(81.41)	(14.94)	-311350.00
7000000	411,825.00	2,243,865.00	76,525.00	1,908,565.00	(81.42)	(14.94)	-335300.00
7500000	441,225.00	2,404,125.00	81,975.00	2,044,875.00	(81.42)	(14.94)	-359250.00
8000000	470,625.00	2,564,385.00	87,425.00	2,181,185.00	(81.42)	(14.94)	-383200.00
8500000	500,025.00	2,724,645.00	92,875.00	2,317,495.00	(81.43)	(14.94)	-407150.00
9000000	529,425.00	2,884,905.00	98,325.00	2,453,805.00	(81.43)	(14.94)	-431100.00
9500000	558,825.00	3,045,165.00	103,775.00	2,590,115.00	(81.43)	(14.94)	-455050.00

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: RESIDENTIAL

SOUTHERN
 PRESENT RATES

Customer Charge
 5.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	21.74

PROPOSED RATES

Customer Charge
 7.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	32.594

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 10

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	5.00	5.00	7.00	7.00	40.00	40.00	2.00
10	7.17	9.79	10.26	12.88	43.01	31.51	3.09
20	9.35	14.58	13.52	18.75	44.62	28.60	4.17
30	11.52	19.37	16.78	24.63	45.62	27.13	5.26
40	13.70	24.16	20.04	30.51	46.30	26.24	6.34
50	15.87	28.96	23.30	36.38	46.80	25.65	7.43
60	18.04	33.75	26.56	42.26	47.18	25.22	8.51
70	20.22	38.54	29.82	48.14	47.47	24.90	9.60
80	22.39	43.33	33.08	54.01	47.71	24.66	10.68
90	24.57	48.12	36.33	59.89	47.91	24.46	11.77
100	26.74	52.91	39.59	65.77	48.07	24.29	12.85
110	28.91	57.70	42.85	71.64	48.21	24.16	13.94
120	31.09	62.49	46.11	77.52	48.33	24.04	15.02
130	33.26	67.29	49.37	83.40	48.43	23.94	16.11
140	35.44	72.08	52.63	89.27	48.53	23.86	17.20
150	37.61	76.87	55.89	95.15	48.61	23.78	18.28
160	39.78	81.66	59.15	101.03	48.68	23.72	19.37
170	41.96	86.45	62.41	106.90	48.74	23.66	20.45
180	44.13	91.24	65.67	112.78	48.80	23.60	21.54
190	46.31	96.03	68.93	118.66	48.85	23.56	22.62

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL

SOUTHERN
 PRESENT RATES

Customer Charge
 10.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	21.37

PROPOSED RATES

Customer Charge
 17.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	23.854

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 50

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	10.00	10.00	17.00	17.00	70.00	70.00	7.00
50	20.69	33.77	28.93	42.01	39.85	24.41	8.24
100	31.37	57.54	40.85	67.03	30.23	16.48	9.48
150	42.06	81.31	52.78	92.04	25.50	13.19	10.73
200	52.74	105.08	64.71	117.05	22.69	11.39	11.97
250	63.43	128.86	76.64	142.07	20.83	10.25	13.21
300	74.11	152.63	88.56	167.08	19.50	9.47	14.45
350	84.80	176.40	100.49	192.09	18.51	8.90	15.69
400	95.48	200.17	112.42	217.10	17.74	8.46	16.94
450	106.17	223.94	124.34	242.12	17.12	8.12	18.18
500	116.85	247.71	136.27	267.13	16.62	7.84	19.42
550	127.54	271.48	148.20	292.14	16.20	7.61	20.66
600	138.22	295.25	160.12	317.16	15.85	7.42	21.90
650	148.91	319.02	172.05	342.17	15.54	7.26	23.15
700	159.59	342.79	183.98	367.18	15.28	7.11	24.39
750	170.28	366.57	195.91	392.20	15.05	6.99	25.63
800	180.96	390.34	207.83	417.21	14.85	6.88	26.87
850	191.65	414.11	219.76	442.22	14.67	6.79	28.11
900	202.33	437.88	231.69	467.23	14.51	6.70	29.36
950	213.02	461.65	243.61	492.25	14.36	6.63	30.60

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 1

SOUTHERN
 PRESENT RATES

PROPOSED RATES

Customer Charge
 20.00

Customer Charge
 26.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	20.75

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	18.154

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 100

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	20.00	20.00	26.00	26.00	30.00	30.00	6.00
100	40.75	66.92	44.15	70.33	8.35	5.09	3.40
200	61.50	113.84	62.31	114.65	1.31	0.71	0.81
300	82.25	160.77	80.46	158.98	(2.17)	(1.11)	-1.79
400	103.00	207.69	98.62	203.30	(4.26)	(2.11)	-4.38
500	123.75	254.61	116.77	247.63	(5.64)	(2.74)	-6.98
600	144.50	301.53	134.92	291.96	(6.63)	(3.18)	-9.58
700	165.25	348.45	153.08	336.28	(7.37)	(3.49)	-12.17
800	186.00	395.38	171.23	380.61	(7.94)	(3.74)	-14.77
900	206.75	442.30	189.39	424.93	(8.40)	(3.93)	-17.36
1000	227.50	489.22	207.54	469.26	(8.77)	(4.08)	-19.96
1100	248.25	536.14	225.69	513.59	(9.09)	(4.21)	-22.56
1200	269.00	583.06	243.85	557.91	(9.35)	(4.31)	-25.15
1300	289.75	629.99	262.00	602.24	(9.58)	(4.40)	-27.75
1400	310.50	676.91	280.16	646.56	(9.77)	(4.48)	-30.34
1500	331.25	723.83	298.31	690.89	(9.94)	(4.55)	-32.94
1600	352.00	770.75	316.46	735.22	(10.10)	(4.61)	-35.54
1700	372.75	817.67	334.62	779.54	(10.23)	(4.66)	-38.13
1800	393.50	864.60	352.77	823.87	(10.35)	(4.71)	-40.73
1900	414.25	911.52	370.93	868.19	(10.46)	(4.75)	-43.32

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: COMMERCIAL LARGE VOLUME 2

SOUTHERN
 PRESENT RATES

PROPOSED RATES

Customer Charge
 40.00

Customer Charge
 75.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	8.53

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	13.106

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 500

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	40.00	40.00	75.00	75.00	87.50	87.50	35.00
500	82.65	213.51	140.53	271.39	70.03	27.11	57.88
1000	125.30	387.02	206.06	467.78	64.45	20.87	80.76
1500	167.95	560.53	271.59	664.17	61.71	18.49	103.64
2000	210.60	734.04	337.12	860.56	60.08	17.24	126.52
2500	253.25	907.55	402.65	1,056.95	58.99	16.46	149.40
3000	295.90	1,081.06	468.18	1,253.34	58.22	15.94	172.28
3500	338.55	1,254.57	533.71	1,449.73	57.65	15.56	195.16
4000	381.20	1,428.08	599.24	1,646.12	57.20	15.27	218.04
4500	423.85	1,601.59	664.77	1,842.51	56.84	15.04	240.92
5000	466.50	1,775.10	730.30	2,038.90	56.55	14.86	263.80
5500	509.15	1,948.61	795.83	2,235.29	56.31	14.71	286.68
6000	551.80	2,122.12	861.36	2,431.68	56.10	14.59	309.56
6500	594.45	2,295.63	926.89	2,628.07	55.92	14.48	332.44
7000	637.10	2,469.14	992.42	2,824.46	55.77	14.39	355.32
7500	679.75	2,642.65	1,057.95	3,020.85	55.64	14.31	378.20
8000	722.40	2,816.16	1,123.48	3,217.24	55.52	14.24	401.08
8500	765.05	2,989.67	1,189.01	3,413.63	55.42	14.18	423.96
9000	807.70	3,163.18	1,254.54	3,610.02	55.32	14.13	446.84
9500	850.35	3,336.69	1,320.07	3,806.41	55.24	14.08	469.72

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: SMALL INTERRUPTIBLE

SOUTHERN
 PRESENT RATES

Customer Charge
 40.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	8.53

PROPOSED RATES

Customer Charge
 150.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	4.463

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 1000

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	40.00	40.00	150.00	150.00	275.00	275.00	110.00
1000	125.30	387.02	194.63	456.35	55.33	17.91	69.33
2000	210.60	734.04	239.26	762.70	13.61	3.90	38.66
3000	295.90	1,081.06	283.89	1,069.05	(4.06)	(1.11)	-12.01
4000	381.20	1,428.08	328.52	1,375.40	(13.82)	(3.69)	-52.68
5000	466.50	1,775.10	373.15	1,681.75	(20.01)	(5.26)	-93.35
6000	551.80	2,122.12	417.78	1,988.10	(24.29)	(6.32)	-134.02
7000	637.10	2,469.14	462.41	2,294.45	(27.42)	(7.07)	-174.69
8000	722.40	2,816.16	507.04	2,600.80	(29.81)	(7.65)	-215.36
9000	807.70	3,163.18	551.67	2,907.15	(31.70)	(8.09)	-256.03
10000	893.00	3,510.20	596.30	3,213.50	(33.23)	(8.45)	-296.70
11000	978.30	3,857.22	640.93	3,519.85	(34.49)	(8.75)	-337.37
12000	1,063.60	4,204.24	685.56	3,826.20	(35.54)	(8.99)	-378.04
13000	1,148.90	4,551.26	730.19	4,132.55	(36.44)	(9.20)	-418.71
14000	1,234.20	4,898.28	774.82	4,438.90	(37.22)	(9.38)	-459.38
15000	1,319.50	5,245.30	819.45	4,745.25	(37.90)	(9.53)	-500.05
16000	1,404.80	5,592.32	864.08	5,051.60	(38.49)	(9.67)	-540.72
17000	1,490.10	5,939.34	908.71	5,357.95	(39.02)	(9.79)	-581.39
18000	1,575.40	6,286.36	953.34	5,664.30	(39.49)	(9.90)	-622.06
19000	1,660.70	6,633.38	997.97	5,970.65	(39.91)	(9.99)	-662.73

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE

SOUTHERN
 PRESENT RATES

PROPOSED RATES

Customer Charge
 40.00

Customer Charge
 225.00

Energy Charge

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	8.53

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	3.672

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 5000

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	40.00	40.00	225.00	225.00	462.50	462.50	185.00
5000	466.50	1,775.10	408.60	1,717.20	(12.41)	(3.26)	-57.90
10000	893.00	3,510.20	592.20	3,209.40	(33.68)	(8.57)	-300.80
15000	1,319.50	5,245.30	775.80	4,701.60	(41.21)	(10.37)	-543.70
20000	1,746.00	6,980.40	959.40	6,193.80	(45.05)	(11.27)	-786.60
25000	2,172.50	8,715.50	1,143.00	7,686.00	(47.39)	(11.81)	-1029.50
30000	2,599.00	10,450.60	1,326.60	9,178.20	(48.96)	(12.18)	-1272.40
35000	3,025.50	12,185.70	1,510.20	10,670.40	(50.08)	(12.44)	-1515.30
40000	3,452.00	13,920.80	1,693.80	12,162.60	(50.93)	(12.63)	-1758.20
45000	3,878.50	15,655.90	1,877.40	13,654.80	(51.59)	(12.78)	-2001.10
50000	4,305.00	17,391.00	2,061.00	15,147.00	(52.13)	(12.90)	-2244.00
55000	4,731.50	19,126.10	2,244.60	16,639.20	(52.56)	(13.00)	-2486.90
60000	5,158.00	20,861.20	2,428.20	18,131.40	(52.92)	(13.09)	-2729.80
65000	5,584.50	22,596.30	2,611.80	19,623.60	(53.23)	(13.16)	-2972.70
70000	6,011.00	24,331.40	2,795.40	21,115.80	(53.50)	(13.22)	-3215.60
75000	6,437.50	26,066.50	2,979.00	22,608.00	(53.72)	(13.27)	-3458.50
80000	6,864.00	27,801.60	3,162.60	24,100.20	(53.92)	(13.31)	-3701.40
85000	7,290.50	29,536.70	3,346.20	25,592.40	(54.10)	(13.35)	-3944.30
90000	7,717.00	31,271.80	3,529.80	27,084.60	(54.26)	(13.39)	-4187.20
95000	8,143.50	33,006.90	3,713.40	28,576.80	(54.40)	(13.42)	-4430.10

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COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME

SOUTHERN
 PRESENT RATES

Customer Charge
 35264.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	0

PROPOSED RATES

Customer Charge
 225.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	1.090

GAS COST CENTS/THERM
 26.172

THERM USAGE INCREMENT
 500000

therm usage	PRESENT			PROPOSED			Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel	percent increase w/o fuel	percent increase with fuel	
0	35,264.00	35,264.00	225.00	225.00	(99.36)	(99.36)	-35039.00
500000	35,264.00	166,124.00	5,675.00	136,535.00	(83.91)	(17.81)	-29589.00
1000000	35,264.00	296,984.00	11,125.00	272,845.00	(68.45)	(8.13)	-24139.00
1500000	35,264.00	427,844.00	16,575.00	409,155.00	(53.00)	(4.37)	-18689.00
2000000	35,264.00	558,704.00	22,025.00	545,465.00	(37.54)	(2.37)	-13239.00
2500000	35,264.00	689,564.00	27,475.00	681,775.00	(22.09)	(1.13)	-7789.00
3000000	35,264.00	820,424.00	32,925.00	818,085.00	(6.63)	(0.29)	-2339.00
3500000	35,264.00	951,284.00	38,375.00	954,395.00	8.82	0.33	3111.00
4000000	35,264.00	1,082,144.00	43,825.00	1,090,705.00	24.28	0.79	8561.00
4500000	35,264.00	1,213,004.00	49,275.00	1,227,015.00	39.73	1.16	14011.00
5000000	35,264.00	1,343,864.00	54,725.00	1,363,325.00	55.19	1.45	19461.00
5500000	35,264.00	1,474,724.00	60,175.00	1,499,635.00	70.64	1.69	24911.00
6000000	35,264.00	1,605,584.00	65,625.00	1,635,945.00	86.10	1.89	30361.00
6500000	35,264.00	1,736,444.00	71,075.00	1,772,255.00	101.55	2.06	35811.00
7000000	35,264.00	1,867,304.00	76,525.00	1,908,565.00	117.01	2.21	41261.00
7500000	35,264.00	1,998,164.00	81,975.00	2,044,875.00	132.46	2.34	46711.00
8000000	35,264.00	2,129,024.00	87,425.00	2,181,185.00	147.92	2.45	52161.00
8500000	35,264.00	2,259,884.00	92,875.00	2,317,495.00	163.37	2.55	57611.00
9000000	35,264.00	2,390,744.00	98,325.00	2,453,805.00	178.83	2.64	63061.00
9500000	35,264.00	2,521,604.00	103,775.00	2,590,115.00	194.28	2.72	68511.00

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PEOPLES GAS SYSTEM, INC.
DOCKET NO. 891353-GU
ACQUISITION ADJUSTMENT
PTY 9/30/91

ATTACHMENT 7
OCTOBER 16, 1990

	COMPANY	COMMISSION VOTE
ACQUISITION ADJUSTMENT	\$2,253,000	\$2,253,000
ADJUSTMENTS:		
ISSUE 4 PARKING LOT - SARASOTA	0	98,756
ADJ. ACQUISITION ADJUSTMENT	2,253,000	2,351,756
LESS ACCUMULATED AMORTIZATION	0	(78,392)
NET ACQUISITION ADJUSTMENT	\$2,253,000	\$2,273,364
TIMES OVERALL COST OF CAPITAL	10.64%	10.21%
REVENUE REQUIREMENT	239,719	232,110
REVENUE EXPANSION FACTOR	1.6371	1.6124
REQUIRED NOI	\$392,444	\$374,255
PLUS AMORIZATION EXPENSE	90,131	78,392
TOTAL REVENUE REQUIREMENT	\$482,575	\$452,647
 <u>ANTICIPATED SAVINGS FROM ASSET ACQUISITION:</u>		
SAVINGS ATTRIBUTABLE TO REDUCED PAYROLL	(\$177,708)	(\$177,708)
ELIMINATION OF INTERCOMPANY CHARGES FROM PARE	(315,134)	(308,549)
ELIMINATION OF SOUTHERN GAS RATE CASE EXPENSE	(62,288)	(59,970)
ELIMINATION OF OUTSIDE PROFESSIONAL SERVICES	(25,593)	(12,844)
ELIMINATION OF OLD GAS PLANT SITE CLEAN UP	(100,000)	(70,120)
TOTAL ANTICIPATED SAVINGS	(\$680,723)	(\$629,192)
NET BENEFIT	\$198,148	\$176,545

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PEOPLES GAS SYSTEM, INC.
 DOCKET NO. 891353-GU
 ACQUISITION ADJUSTMENT
 PTY 9/30/91

ATTACHMENT 7A
 OCTOBER 16, 1990

		<u>PERCENTAGE</u>
NUMBER OF CUSTOMERS:		
SARASOTA	4,997	2.4%
PEOPLES' (OTHER DIVISIONS)	203,769	97.6%
TOTAL	<u>208,766</u>	<u>100.0%</u>
INTERCOMPANY CHARGES FROM PARENT:		
SOUTHERN SAVINGS	(315,134)	
PEOPLES' (\$274,360 * 2.4%)	6,585	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(308,549)</u>	
RATE CASE EXPENSE:		
SOUTHERN SAVINGS	(62,228)	
PEOPLES' (\$94,063 * 2.4%)	2,258	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(59,970)</u>	
OUTSIDE PROFESSIONAL SERVICES:		
SOUTHERN SAVINGS	(25,593)	
PEOPLES' (LEGAL) (\$531,189 * 2.4%)	12,749	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(12,844)</u>	
OLD GAS PLANT SITE CLEAN UP:		
SOUTHERN SAVINGS	(100,000)	
PEOPLES' (\$1,245,000 * 2.4%)	29,880	
TOTAL ADJUSTED ANTICIPATED SAVINGS	<u>(70,120)</u>	

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ATTACHMENT 8

RATE COMPARISON REGULATED NATURAL GAS UTILITIES												
RATE SCHEDULE	CEG	COC	CFU	IOC	MOC	PBC	PGS	PCQ	SIQ	SEQ	POS	WEG
RESIDENTIAL												
Customer Charge	\$5.50	\$6.00	\$6.00	\$5.00	\$6.00	\$5.00	\$6.00	\$5.00	\$3.00	\$6.00	\$5.00	\$6.00
Energy Charge <i>costs/therm</i>	39.428	30.875	26.529	6.632	34.170	36.480	22.244	36.228	1.970	35.490	21.740	26.484
PCA <i>costs/therm</i>	29.269	29.446	30.118	27.233	29.523	30.164	29.302	28.866	29.035	31.620	29.302	30.774
COMMERCIAL												
Customer Charge	\$15.00	\$12.00	\$6.00	\$10.00	\$12.00	\$10.00	\$16.00	\$10.00	\$5.00	\$8.00	\$10.00	\$15.00
Energy Charge <i>costs/therm</i>	23.335	19.399	26.018	6.166	19.960	28.720	19.500	22.277	2.360	19.260	21.370	17.928
PCA <i>costs/therm</i>	29.269	29.446	30.118	27.233	29.523	30.164	29.302	28.866	29.035	31.620	29.302	30.774
COMMERCIAL LARGE VOLUME												
Customer Charge	\$20.00	-	-	-	-	-	-	\$10.00	-	-	-	-
Energy Charge <i>costs/therm</i>	13.634	-	-	-	-	-	-	17.201	-	-	-	-
PCA <i>costs/therm</i>	29.269	-	-	-	-	-	-	28.866	-	-	-	-
INDUSTRIAL												
Customer Charge	\$40.00	\$12.00	\$17.00	\$10.00	\$12.00	\$25.00	\$25.00	\$22.00	\$20.00	\$8.00	\$20.00	\$50.00
Energy Charge <i>costs/therm</i>	6.764	19.399	15.147	6.166	19.960	29.560	16.268	16.829	4.490	19.260	20.750	4.990
PCA <i>costs/therm</i>	29.269	29.446	30.118	27.233	29.523	30.164	29.302	28.866	29.035	31.620	29.302	30.774
INTERRUPTIBLE												
Customer Charge	\$350.00	\$24.00	\$70.00	-	\$200.00	-	\$100.00	\$35.00	\$360.00	\$3,452.00	\$40.00	\$612.00
Energy Charge <i>costs/therm</i>	3.747	10.769	4.190	-	13.250	-	9.000	4.531	4.210	0.000	8.530	2.551
PCA <i>costs/therm</i>	29.170	29.347	30.019	-	29.424	-	29.204	28.767	28.937	30.305	29.304	30.675
LARGE INTERRUPTIBLE												
Customer Charge	-	-	\$700.00	\$4,500.00	\$20.00	-	\$225.00	-	\$1,000.00	-	\$35,264.00	-
Energy Charge <i>costs/therm</i>	-	-	0.628	4.520	7.500	-	5.88	-	4.850	-	-	-
PCA <i>costs/therm</i>	-	-	30.019	27.134	29.424	-	29.204	-	28.937	-	29.304	-
TRANSPORTATION SERVICE												
Customer Charge	**	-	-	-	-	-	\$225.00	-	\$1,000.00	-	-	\$50.00
Energy Charge <i>costs/therm</i>	**	-	-	-	-	-	5.88	-	4.850	-	-	4.990

CTO=Central Florida Gas Co.
 COC=City Gas Company of Florida
 + FPU=Florida Public Utilities
 ** Same as Int. & Interruptible above.
 IOC=Indicates Gas Company
 MOC=Miller Gas Company
 PBC=Pin Beach County Utilities
 # Same as Int. & Interruptible above.
 POS=People's Gas System, Inc.
 POC=Palmer City Natural Gas
 SIO=St. Joe Natural Gas Company
 STO=South Florida Natural Gas Co.
 WFO=West Florida Natural Gas
 WTS=West Florida Natural Gas
 *Increase Effective 7/5/90
 *Increase Effective 8/27/90
 Revised 10/1/90
 Bureau Of Gas Regulation
 Division Of Electric & Gas

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ATTACHMENT 9

CONTRACT TRANSPORTATION SERVICE
Rate Schedule CTS

Availability:

Throughout the service area of the Company.

Applicability:

Interruptible transportation service for any non-residential, commercial or industrial use by a Customer using 1,000,000 therms per year or more at one billing location, who owns gas that is made available for transportation service on the Company's system. Company shall transport gas made available by Customer from a designated point of receipt to a designated point of delivery. Service under this schedule is subject to interruption or curtailment at any time at the sole discretion of the Company.

Service will be provided by the Company based on available pipeline capacity and the customer delivering suitable gas into the Company's distribution system.

Monthly Rate:

Customer Charge:

Equal to the Applicable Interruptible rate.

Transportation Charge:

An amount not less than \$0.01 per therm (currently \$0.01) nor greater than 90 percent of the currently applicable firm rate; provided, however, that at any times during which the cumulative surpluses determined for all prior determination periods under the Competitive Rate Adjustment Clause (see sheets nos. 7.104 and 7.105) equal or exceed the cumulative shortfalls determined for all prior determination periods under such clause, the transportation charge shall not exceed the transportation charge established for service under Rate Schedule ITS in Company's last base rate proceeding. Unless changed by Company pursuant to this Rate Schedule, the transportation charge shall be equal to the applicable interruptible rate.

The "currently applicable firm rate" as used herein means the non-gas energy charge prescribed in the otherwise applicable firm rate schedule Rate Schedule F15, adjusted pursuant to the Competitive Rate Adjustment Clause set forth on Sheets Nos. 7.104 and 7.105.

The transportation charge to Customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to serve Customer; the delivered price and availability of Customer's designated alternate fuel; bypass opportunities; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Company may from time to time increase or reduce the transportation charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have no obligation to do so; provided, however, that the transportation charge shall at all times remain within the limits set forth above.

Company will notify Customer at least 48 hours in advance of any change in the transportation charge under this rate schedule.

Customer may at any time request reduction in its transportation charge by completing the form which appears on Sheet No. 8.111 and submitting the same to Company.

Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.102 shall not apply to transportation service rendered under this schedule.

Minimum Bill:

The Customer Charge.

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ATTACHMENT 9

CONTRACT TRANSPORTATION SERVICE (Continued)

Special Conditions:

1. As a condition for receiving service pursuant to this rate schedule Customer must agree that, on termination of service hereunder, Customer will pay to Company the amount, if any, by which (A) Customer's consumption (in therms) during the 12 months immediately preceding the date on which service hereunder is terminated, times the applicable sales rate, exceeds (B) Customer's consumption (in therms) during said period, times the transportation charges actually paid for such consumption by Customer.
2. ~~The Customer must have available and ready for use a suitable alternate fuel or energy source so that Customer may continue operations during periods of curtailment and interruption.~~
3. A Transportation Service Agreement accepted by the Company is a condition precedent for service under this schedule.
4. Each prospective customer must submit a written application, in a form acceptable to the Company, prior to the initiation of any transportation service. Upon receipt of a completed application, and if the Company determines it is able to provide the service requested, the applicant and Company will enter into a Transportation Service Agreement.
5. ~~Gas transported under this schedule shall be utilized solely for interruptible uses of gas.~~ The Company makes no guarantee against and assumes no liability for interruptions of service.
6. With respect to gas received by Company from customer for transportation, Customer bears sole responsibility for all costs incurred up to the designated point of receipt on Company's system.
7. Service under this schedule is subject to annual volume review by the Company or anytime at the customer's request. If reclassification to another schedule is appropriate such classification will be prospective.
8. Interruption and Curtailment. Company shall have the right to reduce or completely curtail deliveries to Customer pursuant to this rate schedule:
 - (A) if, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its supplier (or overrun the volume of gas being delivered to Company for Customer's account); or
 - (B) in the event Company is notified by its pipeline supplier to interrupt or curtail deliveries to Customer, or deliveries of gas for uses of the same type or category as Customer's use of gas hereunder; or
 - (C) when necessary to maintain the operational reliability of Company's system.
 - (D) During periods of pipeline supply shortages.
 - 1) In the event of a natural gas supply shortage, the transportation customer shall agree to make its natural gas supply available to the Company for Company's use during the period of natural gas supply shortage. Following the period of such natural gas supply shortage, the Company shall replace Customer's gas in kind with a like amount of gas which shall be redelivered to the customer as follows:
 - a) as the first gas through the customer's meter(s) immediately following the period of natural gas supply shortage until all volumes have been redelivered, or,

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ATTACHMENT 9

CONTRACT TRANSPORTATION SERVICE (Continued)

- b) at Customer's election, as a portion of the total volumes delivered to the Customer over a redelivery period beginning in the next billing month immediately following the natural gas supply shortage period, and continuing in each successive billing month until all volumes have been redelivered by the Company to the Customer. Such redelivery period shall not exceed three months unless requested by the Customer and agreed to by the Company.

Company will endeavor to give as much notice as possible to Customer in the event of interruption or curtailment. Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered to be unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of \$1.50 per therm or the rate per therm imposed on Company by its pipeline Supplier.

9. Company shall be entitled to retain at no cost to Company a percentage of the quantity of gas delivered by or for the account of Customer at each Receipt Point for transportation to Customer, as gas which shall be deemed to be an allowance for transportation shrinkage in the performance of service under this rate schedule. Such percentage shall be 0.5 percent (0.5%), provided that Company shall have the right to adjust from time to time such percentage to reflect the actual operating experience of Company and/or any change in the methodology used by Company to calculate the amount of gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer information to support any such adjustment to such percentage.

10. NOMINATION AND SCHEDULING OF RECEIPTS AND DELIVERIES

Quantities nominated and scheduled shall be reflected in MMBtu.

Unless otherwise agreed to by Company, Customer shall nominate in writing to Company's Gas Transportation Department by 11:00 a.m. eastern time at least five (5) working days in advance of commencement of service or any change to a prior nomination, the following information:

- (A) The contract number under which service is being nominated;
(B) The quantity in MMBtu of gas to be tendered at each receipt point;
(C) The quantity in MMBtu of gas to be delivered at each delivery point;
(D) The estimated term of the nomination

Customer shall nominate gas for transportation hereunder by notifying Company's Gas Transportation Department in writing of the daily quantity of gas Customer has available for transportation at each Receipt Point specified in the Transportation Service Agreement and of the quantity of gas it desires to have delivered at each Delivery Point named in such Agreement, before 11:00 a.m. Eastern time at least five (5) business days prior to the first day of any month in which Customer desires transportation services under this Rate Schedule. Nominations shall include, at a minimum, the following information:

- (A) The contract number under which service is being nominated;
(B) The quantity in MMBtu of gas to be tendered to Company for Customer's account at each Receipt Point;

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CONTRACT TRANSPORTATION SERVICE (Continued)

- (C) The quantity in MMBtu of gas to be delivered by Company at each Delivery Point; and
- (D) The estimated term of the nomination.

The total receipt nominations must equal the total delivery nominations, with the exception of quantities nominated to correct an imbalance and any quantities retained by Company as transportation shrinkage.

~~If Customer fails to comply with provisions (a) through (d) above Company shall not schedule the commencement of service or change to a prior nomination. If Customer fails to comply with provisions (a) through (d) above, Company shall not be required to schedule the commencement of service or to change a prior nomination. Any written nominations received after the above stated deadlines may result in a delay in receipts and deliveries.~~

Company shall notify Customer of the quantities of gas scheduled for receipt from a delivery to or for the account of Customer.

~~Customer shall promptly notify Company in writing of any change in the quantities nominated for transportation, and Company will use its best efforts to accept any requested change as soon as practicable after notification. Company and Customer may establish a uniform daily transportation quantity in which instance Customer shall not be required to daily nominate quantities of gas for transportation hereunder until further notice of a change in such uniform daily quantity.~~

Deliveries shall, to the extent possible, be made at the scheduled delivery points, and shall approximate as nearly as possible deliveries to Company by or for its account, less any quantities retained by Company for unaccounted for gas.

Deliveries of gas to Company for transportation hereunder shall be made at existing points on Company's distribution system, and deliveries of gas from Company to or for the account of Customer shall be made at points on Company's distribution system, as specified in the executed Transportation Service Agreement.

~~Unless otherwise agreed to by Company, all nominations for service on the first calendar day of any month must be submitted to Transporter in writing by 11:00 a.m. eastern time five (5) working days prior to the first day of the month.~~

Any written nominations received after the above stated deadlines may result in a delay in receipts and deliveries.

Company shall not carry forward nominations from month to month. Each month Customer shall furnish a separate written monthly nomination for each transportation contract.

Nominations shall not become effective until Company has confirmed the nominated receipts and deliveries with the upstream and downstream parties. If such confirmation cannot be obtained, transportation service will be delayed until such confirmation is obtained.

In the event capacity remains available after gas has been scheduled or as a result of an operational or weather situation, then Company may accept nominations or schedule service after the time deadline set forth above.

Upon request by Company, Customer shall from time to time submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements.

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ATTACHMENT 9
(revised)

CONTRACT TRANSPORTATION SERVICE (Continued)

11. PENALTIES

Subject to the receipt of any necessary regulatory authorization, Company shall not be required to continue to perform service for Customer if Customer fails to pay the penalties imposed pursuant to the provisions set forth below.

~~Customers shall deliver, or cause to be delivered, to Company at the point(s) of receipt and receive, or cause to be received, from Company at the point(s) of delivery, on a uniform daily basis, the quantity of natural gas that has been scheduled for transportation. If the sum during the billing month of the actual daily quantities of natural gas received by Company from ("Actual Receipts") varies from the sum of quantities scheduled during such billing month for transportation at the points of receipt ("Scheduled Receipts") by more than four percent (4%) of the Scheduled Receipts, then the penalty shall equal the maximum transportation charge under this Rate Schedule times the variance in excess of four percent (4%) of the Scheduled Receipts. Company may require Customer to reimburse penalties paid by Company which are directly attributable to Customer's monthly cumulative scheduling imbalance on upstream pipelines.~~

12. BALANCING RECEIPTS AND DELIVERIES

It is the intention of the Company that actual daily receipts of natural gas by the Company for transportation less retainage for transportation shrinkage, shall be equal to the actual daily deliveries by Company to Customer. Company and Customer agree that imbalance between such receipts, less retainage for transportation shrinkage, and deliveries shall be adjusted or corrected as soon as operating conditions permit. Company shall have the right to curtail service to ensure deliveries on a uniform basis and to correct any imbalances.

If during any billing month the sum of the actual daily receipts ("Actual Monthly Receipts") of natural gas under Customer's Transportation Service Agreement, less retainage for transportation shrinkage, varies from the sum of the actual daily deliveries, ("Actual Monthly Deliveries"), of natural gas under such Transportation Service Agreement, then Company shall resolve the imbalance as follows:

- (A) For imbalances which result in undertenders (i.e., Actual Monthly Deliveries exceed Actual Monthly Receipts), then the excess of deliveries minus receipts shall be deemed as purchases of natural gas by the Customer from the Company, and shall be billed by the Company to the Customer at the otherwise applicable sales rate schedule of the Company's currently effective tariff. So long as an imbalance due to undertenders by Customer does not result in a net undertender by the Company to the pipeline, the Company, at its sole option may, if requested by Customer, permit undertender imbalances not in excess of 5% of deliveries to be

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(revised)

CONTRACT TRANSPORTATION SERVICE (Continued)

carried forward to the following month. Unless otherwise agreed to by Company and Customer, no gas shall be billed by the Company to the customer until the customer has been given an opportunity to bring the imbalance within the tolerance level. The make-up period shall be the earlier of (i) 45 days after customer notification, or (ii) the end of the subsequent billing month after which the imbalance first appeared.

(8) For imbalances which result in overtenders, (i.e., Actual Monthly Receipts exceed Actual Monthly Deliveries), then the excess of Receipts minus deliveries shall be carried forward to the following month. The Company, at its sole option, may purchase overtender imbalances in excess of 5% of Deliveries at the price at which it was acquired by the Customer, including third party transportation charges incurred by the Customer. Unless otherwise agreed to by Company and Customer, no gas shall be purchased by the Company from the customer until the customer has been given an opportunity to bring the positive balance within the specified tolerance limit. The make-up provision shall be the earlier of (i) 45 days commencing with customer notification, or (ii) the end of the subsequent billing month after which the imbalance first appeared, deemed no purchases of natural gas by the Company from the Customer, and the Company, at its sole option, may purchase such excess receipts at the lesser of the following:

1. the price at which it was acquired by the customer, including third party transportation charges incurred by the customer;
2. ninety (90) percent of the Company's lowest pipeline supplier commodity rate applicable to the billing month in which the Customer overtendered gas to the Company, or

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CONTRACT TRANSPORTATION SERVICE (Continued)

~~3. ninety (90) percent of the Company's lowest pipeline supplier base commodity cost of purchased gas as filed with the Federal Energy Regulatory Commission applicable to the billing month in which the Customer over-tendered gas to the Company.~~

The price at which the customer acquired the gas will be determined from the customer's contract with the supplier. The customer will be required to furnish a copy of this contract or other suitable evidence of price to the Company upon request.

13. STANDBY SALES SERVICE

To the extent that customers elect to utilize transportation service available under this rate schedule in lieu of service provided from system gas supply, the Company has no duty to provide retail sales service to a transportation customer who declines to elect Standby Sales Service.

The Standby Charge for any transportation customer requesting backup sales service shall be determined at the time of Customer's request for transportation and shall be based on an annual charge, billed monthly, which shall be equal to the sum of: The average demand component of the Company's pipeline supply sources; any fixed charges; any take-or-pay funding requirements; or any other charges associated with the level of standby service requested.

Monthly Standby Service Charge applicable in any given billing month shall be calculated by multiplying the charge per therm per day of peak day demand times the number of days in the billing month.

The Monthly Standby Charge is subject to revision based on changes in pipeline supplier tariffs.

Standby Sales Service to customer will be billed at the otherwise applicable tariff rates. Such sales under full service tariff rates will receive a credit for the Standby Service Charge per therm.

In order for a customer to discontinue standby service, notice must be provided to the Company at least twelve months prior to the expiration date of the Service Agreement.

14. FACILITIES

In order for Company to provide transportation pursuant to this Rate Schedule, facilities sufficient to provide accurate and instantaneous communication of volumes and, at Points of Receipt only, Btu content of natural gas flowing through such points, may be required. Company shall not be obligated to, but may, at its sole discretion on a non-discriminatory basis, construct or acquire new facilities, or expand existing facilities, in order to perform service requested under this Rate Schedule. If in Company's reasonable judgement it is necessary to construct or acquire new facilities, or to expand existing facilities, to enable Company to receive or deliver Customer's gas at the Points of Receipt and Delivery requested, and Company determines in its sole discretion to construct, acquire, or expand such facilities, then Company shall notify Customer of the additional cost required, and such facilities shall, subject to the receipt and acceptance of any necessary regulatory approval, be constructed, acquired or expanded by Company in accordance with the terms of the executed Service Agreement. Prior to the initial receipt of service hereunder, Shipper shall reimburse Company in accordance with the terms of the Transportation Service Agreement, for the cost of any facilities, other than electronic measurement and data communications equipment for existing meters, which are constructed, acquired, or expanded by Company to receive or deliver Shipper's gas.

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CONTRACT TRANSPORTATION SERVICE (Continued)

All facilities required to provide service under this Rate Schedule shall be designed, constructed, installed, operated, and owned by Company, unless otherwise agreed to by Company.

Company's execution of a Transportation Service Agreement under this Rate Schedule may be conditioned on Customer's agreement to pay the total incremental cost of such facilities as specified herein and in the Service Agreement.

- 15. ~~The Company shall not be liable for any loss arising from or out of service under this tariff, including loss of gas in the possession of the Company. As between Company and Customer, Customer shall be deemed to be in control and possession of the gas until it has been delivered to Company for transportation at the Receipt Point(s). Company shall thereupon be deemed to be in control and possession of the gas until the gas shall have been delivered to Customer at the Delivery Point, after which Customer shall be deemed to be in control and possession. Customer shall have no responsibility with respect to any gas after it has been delivered to Company at the Receipt Point(s) on account of anything which may be done, happen or arise with respect to said gas, until said gas is delivered to Customer at the Delivery Point. Company shall have no responsibility with respect to said gas prior to its delivery to Company at the Receipt Point(s), or after its delivery to Customer at the Delivery Point, or on account of anything which may be done, happen or arise with respect to said gas prior to such receipt or after such delivery. Company shall not be liable for curtailment or interruption of service under this schedule or loss of gas of the Customer as a result of any steps taken to comply with any law, regulation or order of any governmental agency with jurisdiction to regulate, allocate or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation or order. Gas delivered to Company by Customer for transportation hereunder shall be and remain the property of the Customer. Company reserves the right to commingle gas delivered to it for the account of Customer with Company's other gas supplies.~~
- 16. The rates set forth in this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.103.
- 17. ~~The rates set forth in this schedule shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.103.~~
- 18. ~~The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheets Nos. 7.104 and 7.105.~~
- 19. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in this tariff.
- 20. In instances where the Customer is able to demonstrate the ability and intent to bypass the Company's distribution system and purchase gas or another source of energy from an alternate supplier, the transportation charge shall, in the discretion of the Company, be the rate per therm necessary to retain the Customer on the Company's distribution system, provided that such rate is demonstrated to be in the long-term best interests of both the Company and its ratepayers.

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No agreement with Customer by which Company takes title to gas owned by Customer for the sole purpose of permitting transportation of Customer's gas over the Florida Gas Transmission Company System shall divest Customer of beneficial interest in such gas or any legal rights of ownership, and Company agrees to cooperate with Customer as necessary to protect, at Customer's expense, such rights.