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February 11, 1996

IN REPLY REFER TO:

ORIGINAL
FILE COPY

Matthew R. Costa
P. O. Box 1531
Tampa, FL 33601

Via Hand Delivery

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 960003-GU -- Purchased Gas Adjustment (PGA)
True-Up -- Petition for Approval of Mid-Course Correction

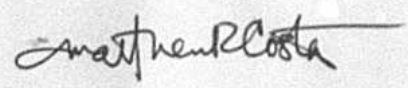
Dear Ms. Bayo:

We submit herewith on behalf of Peoples Gas System, Inc., the original and 15 copies of a Petition for Approval of Mid-Course Correction seeking an increase in Peoples' Commission-approved PGA factor for application to customers' bills rendered from February 20, 1996 through March 31, 1996.

Please acknowledge your receipt and filing of the enclosures by stamping the duplicate copy of this letter which is enclosed and returning the same to the undersigned.

Thank you for your assistance.

Sincerely,



MATTHEW R. COSTA

- ACK _____
- AFA _____
- APP _____
- CAF _____
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Blanca S. Bayo, Director
February 11, 1996
Page 2

MRC/m
Enclosures

cc: Mr. Dan R. Pountney
Mr. Frank J. Sivard
Mr. Hugh M. Grey, III
Ms. Adriene W. Guidry
Mr. W. Edward Elliott
Ansley Watson, Jr., Esq.
All Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas : DOCKET NO. 960003-GU
Adjustment (PGA) True-Up :
: Submitted for Filing: 2-12-96

FILE COPY

PETITION OF PEOPLES GAS SYSTEM, INC. FOR
APPROVAL OF MID-COURSE CORRECTION TO APPROVED PGA
FACTOR FOR APPLICATION TO BILLS TO BE RENDERED
FROM FEBRUARY 20, 1996 THROUGH MARCH 31, 1996

Peoples Gas System, Inc. ("Peoples"), by its undersigned attorneys, hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment ("PGA") factor to be applied to bills rendered for meter readings to be taken beginning February 20, 1996 through March 31, 1996, inclusive, and in support thereof says:

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

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

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

Ansley Watson, Jr., Esq.
Matthew R. Costa, Esq.
Macfarlane Ausley Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601

3. By its Orders Nos. 24463 and 24463-A in this docket, the Commission adopted a revised method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs commencing October 1, 1991. These orders provide that a natural gas utility's purchased gas costs are to be recovered through a levelized PGA factor for the period April -

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March, with the levelized PGA factor to serve as a cap, or maximum recovery factor. Order No. 24463 also provides:

" . . . A utility may at its option, formally request a mid-course correction if re-projected expenses for the remaining period exceed projected revenues by approximately 10% for the six-month period, when using the Commission-approved purchased gas cost cap." Order No. 24463, page 2.¹

4. By its Order No. PSC-95-0350-FOF-GU (March 14, 1995), the Commission approved a PGA factor (or cap) for Peoples for the April 1995 - March 1996 period of 32.844 cents per therm. This factor was based on Peoples' projected purchased gas costs for the twelve-month projection period (including the true-up for the period April, 1994 through March, 1995) of \$110,901,615 and total sales of 337,875,002 therms.

5. As indicated by the revised Schedule E-1/R.1 (attached hereto as Appendix 1), Peoples' projected expenses for the period April, 1995 through March, 1996 will exceed revenues by approximately ten percent (10%). Specifically, Peoples' expenses for the period will be \$107,143,943,² while its revenues for the same period would be \$96,305,129,³ resulting in a projected difference of \$10,838,814, or 10.1% of expenses.

6. There are two reasons for expenses exceeding revenues by ten percent (10%). First, unusually cold winter weather has

¹ Pursuant to Order No. PSC-93-0708-FOF-GU (May 10, 1993), the Commission changed the frequency of the purchased gas cost recovery hearings from semi-annually to annually. At that time, the Commission stated that the mid-course correction procedure would not change with the change in the frequency of cost recovery hearings.

² The difference between Lines 11 and 13 on Page 1 of 3, Schedule E-1/R.1.

³ Line 14 of Page 1 of 3, Schedule E-1/R.1.

significantly increased the demand for gas, causing an unanticipated increase in cost. Second, because actual costs during the nine-month period April through December 1995 were lower than originally projected, Peoples charged its ratepayers a PGA factor below the Commission-approved cap of 32.844 cents per therm.

7. Peoples requests that the Commission approve an increase in its PGA factor from 32.844 cents per therm to 38.469 cents per therm, which is equal to the PGA factor (or cap) which Peoples requested for the April 1996 - March 1997 period. Peoples requests that this increased PGA factor be approved for application to bills rendered for meter readings taken on and after February 20, 1996, and continue in effect until a new cap is approved by order of the Commission. Applying this increased PGA factor for the period February 20, 1996 through March 31, 1996 will not eliminate the full amount of the re-projected expenses that will exceed revenues by ten percent (10%), but will allow Peoples to recover a significant portion of these costs during the remaining winter weather and help reduce the impact on ratepayers during the twelve months beginning April, 1996.

8. Because of the need to reduce the projected underrecovery of expenses, it is necessary that the increased cap be approved for application to ratepayers' bills beginning February 20, 1996. Peoples recognizes that this will require the Commission to deviate from its usual policy of making changes in rates and charges effective 30 days after the Commission's vote approving the rate change. However, there is not sufficient time to hold a hearing on

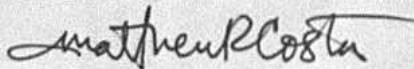
the changes prior to the Commission's consideration of the requested change. In addition, the Commission has previously approved a mid-course correction in this docket to become effective at an earlier date under similar circumstances when the amount of the projected underrecovery was substantial. See In re: Purchased Gas Adjustment (PGA) True-Up, Order No. PSC-94-0207-FOF-GU (February 21, 1994), approving an increase in the authorized purchase gas adjustment factor (or cap) for West Florida Natural Gas Company. See also In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. PSC-92-0271-FOF-EI (April 29, 1992), approving a decrease in the fuel adjustment factors for Florida Power Corporation, and In re: Fuel and Purchased Power Cost Recovery Clause and Generating Performance Incentive Factor, Order No. 2135 (June 5, 1989), approving an increase in the fuel adjustment factors for Florida Power & Light Company.

9. Peoples also recognizes there will not be time to conduct a prudency review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, pursuant to the procedures in this docket, such prudency review will occur as a matter of course at the hearing to be held in this docket in February 1997. If the increase in the cost recovery cap is ultimately found imprudent, Peoples' ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery (and such disallowance will flow to the ratepayers through the true-up mechanism which is

an integral part of the procedures in this docket). On the other hand, if the mid-course correction is not implemented effective February 20, 1996 and Peoples' costs are found to have been prudently incurred, Peoples would be entitled to collect interest from its ratepayers on the amount of the underrecovery, thereby further increasing the cost of gas to the ratepayers.

WHEREFORE, Peoples respectfully requests that the Commission enter its order under the proposed agency action procedure approving an increase in Peoples' maximum PGA factor (or cap) for application to bills rendered for meter readings taken from February 20 through March 31, 1996.

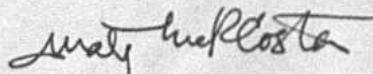
Respectfully submitted,



Ansley Watson, Jr., and
Matthew R. Costa of
Macfarlane Ausley Ferguson & McMullen
P. O. Box 1531, Tampa, Florida 33601
(813) 273-4200
Attorney for Peoples Gas System, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Petition has been furnished by regular U.S. Mail this 11th day of February, 1996, to all known parties of record in Docket No. 960003-GU.



Matthew R. Costa

PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT FACTOR (Or Cap)

FOR THE PERIOD APRIL 1995 THROUGH MARCH 1996

WITHOUT MID-COURSE CORRECTION:

	<u>APRIL '95 - MARCH '96</u>
PGA FACTOR	<u>\$0.32844</u>

WITH MID-COURSE CORRECTION:

	<u>FEB. 1, '96</u>	<u>FEB. 20, '96</u>	
	<u>THROUGH</u>	<u>THROUGH</u>	
	<u>FEB. 19, '96</u>	<u>FEB. 29, '96</u>	<u>MARCH '96</u>
PGA FACTOR	<u>\$0.32844</u>	<u>\$0.38469</u>	<u>\$0.38469</u>

INCREASE:

		<u>FEB. 20, '96</u>	
		<u>THROUGH</u>	
		<u>FEB. 29, '96</u>	<u>MARCH '96</u>
PGA FACTOR		<u>\$0.05625</u>	<u>\$0.05625</u>

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.1

REVISED-WITHOUT MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

1 of 3

COST OF GAS PURCHASED	ACTUAL									REVISED PROJECTION				TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR		
1 COMMODITY Pipeline (FGT only Apr thru Nov)	\$298,851	\$320,830	\$303,271	\$251,197	\$264,374	\$268,841	\$700,598	\$338,956	\$425,715	\$321,477	\$271,129	\$263,205	\$3,528,232	
1a COMMODITY Pipeline (SONAT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,375	\$16,255	\$16,615	\$50,245	
1b COMMODITY Pipeline (SO. GA.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,683	\$10,911	\$11,023	\$33,597	
2 NO NOTICE SERVICE	\$41,640	\$43,028	\$41,640	\$43,028	\$43,028	\$41,640	\$43,028	\$41,640	\$43,028	\$43,028	\$40,252	\$43,028	\$508,008	
3 SWING SERVICE	\$895,305	\$1,602,231	\$1,058,220	\$1,308,398	\$1,200,026	\$1,432,729	\$1,535,652	\$2,261,671	\$3,224,483	\$3,785,305	\$3,409,724	\$3,134,718	\$24,848,461	
4 COMMODITY Other (THIRD PARTY)	\$3,977,059	\$3,385,810	\$3,104,927	\$2,611,269	\$2,358,462	\$2,391,843	\$2,688,431	\$3,684,210	\$6,873,312	\$8,618,371	\$8,687,875	\$4,898,429	\$51,077,990	
5 DEMAND (FGT only Apr thru Nov)	\$3,326,802	\$2,563,035	\$2,404,544	\$2,268,758	\$2,428,581	\$2,387,420	\$2,791,787	\$3,161,261	\$3,328,838	\$3,058,106	\$2,667,611	\$2,851,584	\$33,238,425	
5a DEMAND (SONAT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$287,423	\$268,036	\$306,768	\$864,227	
5b DEMAND (SO. GA.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$186,589	\$155,851	\$180,370	\$502,820	
6 OTHER	\$35,806	(\$7,369)	\$87,369	\$171,475	\$15,294	\$142,813	\$84,512	\$120,148	\$60,261	\$0	\$0	\$0	\$710,109	
LESS END-USE CONTRACT														
7 COMMODITY Pipeline (FGT)	\$129,900	\$122,968	\$122,432	\$96,059	\$97,275	\$87,103	\$106,212	\$89,021	\$91,438	\$87,956	\$82,282	\$87,956	\$1,200,600	
8 DEMAND (FGT)	\$489,235	\$584,289	\$650,500	\$597,037	\$598,251	\$577,608	\$599,845	\$560,013	\$607,064	\$598,736	\$580,933	\$599,618	\$7,043,009	
9 OTHER	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11 TOTAL COST (1+1a+1b+2+3+4+5+5a+5b+6)-(7+8+9+10)	\$7,946,126	\$7,190,329	\$6,227,037	\$5,961,026	\$5,614,238	\$6,000,476	\$6,737,939	\$8,958,852	\$13,257,235	\$15,622,655	\$12,094,430	\$10,818,167	\$107,218,512	
12 NET UNBILLED	(\$421,788)	(\$399,797)	(\$105,581)	\$107,377	(\$88,632)	\$19,800	\$50,366	\$333,707	\$932,430	\$0	\$0	\$0	\$427,882	
13 COMPANY USE	\$7,189	\$6,476	\$0	\$24,442	\$8,443	\$9,311	\$7,646	\$5,769	\$5,293	\$0	\$0	\$0	\$74,569	
14 TOTAL THERM SALES	\$7,029,609	\$6,343,228	\$5,663,562	\$5,983,032	\$5,686,520	\$5,704,125	\$6,011,983	\$7,613,873	\$10,267,263	\$13,665,330	\$11,432,838	\$10,903,946	\$96,305,129	

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.1

REVISED-WITHOUT MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

2 of 3

THERMS PURCHASED	ACTUAL										REVISED PROJECTION			TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR		
15 COMMODITY Pipeline (FGT only Apr thru Nov)	47,630,275	42,859,458	40,036,327	36,517,648	36,329,477	40,111,770	38,197,015	46,829,968	58,449,385	46,894,580	39,739,833	38,767,280	512,362,614	
15a COMMODITY Pipeline (SONAT)	0	0	0	0	0	0	0	0	0	5,820,082	5,444,883	5,500,818	16,765,793	
15b COMMODITY Pipeline (SO. GA.)	0	0	0	0	0	0	0	0	0	5,689,140	5,322,374	5,377,050	16,388,564	
16 NO NOTICE SERVICE	6,000,000	6,200,000	6,000,000	6,200,000	6,200,000	6,000,000	6,200,000	6,000,000	6,200,000	6,200,000	6,200,000	6,200,000	73,200,000	
17 SWING SERVICE	5,298,000	9,473,930	5,839,580	8,324,590	8,092,020	8,850,050	8,795,150	11,566,390	12,508,130	9,765,000	8,820,000	9,525,990	105,658,830	
18 COMMODITY Other (THIRD PARTY)	24,829,885	19,721,214	17,315,126	15,745,265	14,474,328	13,826,618	15,890,913	19,869,111	31,571,775	31,998,220	26,119,790	23,798,040	255,160,485	
19 DEMAND (FGT only Apr thru Nov)	68,406,195	51,718,198	46,928,059	43,397,270	47,478,266	41,855,180	65,421,813	68,303,234	72,486,043	61,218,800	57,269,200	61,218,800	685,711,058	
19a DEMAND (SONAT)	0	0	0	0	0	0	0	0	0	7,435,148	6,955,461	7,435,148	21,825,757	
19b DEMAND (SO. GA.)	0	0	0	0	0	0	0	0	0	7,267,857	6,798,963	7,267,857	21,334,677	
20 OTHER	2,630	0	3,320	0	0	0	0	0	0	0	0	0	5,950	
LESS END-USE CONTRACT														
21 COMMODITY Pipeline (FGT)	15,664,570	16,733,090	18,745,580	13,397,350	13,566,930	12,148,230	12,723,280	12,415,700	12,888,920	12,267,280	11,475,843	12,267,280	162,294,053	
22 DEMAND (FGT)	15,305,910	16,651,710	18,860,050	15,648,260	15,817,840	14,326,530	14,564,630	14,594,000	15,148,061	14,516,411	13,579,868	14,516,411	183,529,681	
23 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0	
24 TOTAL PURCHASES	30,127,685	29,195,144	23,155,106	24,069,855	22,566,348	22,478,668	24,688,063	31,435,501	44,079,905	41,763,220	34,939,790	33,324,030	361,819,315	
25 NET UNBILLED	(1,734,430)	(1,644,510)	(434,291)	441,679	(733,718)	78,238	199,021	1,318,632	2,641,203	0	0	0	131,824	
26 COMPANY USE	29,448	26,530	0	100,110	33,223	36,642	30,089	22,703	19,314	0	0	0	298,059	
27 TOTAL THERM SALES (24-26)	30,655,212	27,717,011	23,695,942	24,240,241	22,862,629	22,534,662	23,583,900	28,755,601	34,055,053	41,763,220	34,939,790	33,324,030	348,127,291	

APPENDIX 1

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.1

REVISED-WITHOUT MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

3 of 3

CENTS PER THERM		ACTUAL								REVISED PROJECTION				TOTAL
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
28	COMM. Pipeline (FGT) (1/15)	0.00627	0.00749	0.00757	0.00688	0.00728	0.00670	0.00787	0.00724	0.00728	0.00686	0.00682	0.00679	0.00708
28a	COMM. Pipeline (SONAT) (1a/15a)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00299	0.00299	0.00302	0.00300
28b	COMM. Pipeline (SO. GA.) (1b/15b)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00205	0.00205	0.00205	0.00205
29	NO NOTICE SERVICE (2/18)	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694
30	SWING SERVICE (3/17)	0.16899	0.16912	0.18122	0.15717	0.14830	0.18563	0.17460	0.19554	0.25778	0.38764	0.38659	0.32907	0.23297
31	COMM. Other (THIRD PARTY) (4/18)	0.16017	0.17168	0.17931	0.16584	0.16294	0.17299	0.18918	0.18542	0.21770	0.28934	0.25605	0.19735	0.20018
32	DEMAND (FGT) (5/19)	0.04863	0.04958	0.05124	0.05228	0.05115	0.05704	0.04267	0.04628	0.04592	0.04995	0.04658	0.04658	0.04847
32a	DEMAND (SONAT) (5a/19a)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03866	0.03854	0.04153	0.03960
32b	DEMAND (SO. GA.) (5b/19b)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02292	0.02292	0.02482	0.02357
33	OTHER (6/20)	13.53825	0.00000	26.31586	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	119.34605
LESS END-USE CONTRACT														
34	COMMODITY Pipeline (FGT) (7/21)	0.00829	0.00735	0.00731	0.00717	0.00717	0.00717	0.00835	0.00717	0.00709	0.00717	0.00717	0.00717	0.00000
35	DEMAND (FGT) (8/22)	0.03262	0.03569	0.03449	0.03815	0.03782	0.04031	0.04119	0.03837	0.04008	0.04125	0.04131	0.04131	0.00000
36	OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
37	TOTAL COST OF PURCHASES (11/24)	0.26375	0.24629	0.26893	0.24766	0.24879	0.26696	0.27295	0.28499	0.30075	0.37408	0.36876	0.32464	0.29633
38	NET UNBILLED (12/25)	0.24319	0.24311	0.24311	0.24311	0.12080	0.25307	0.25307	0.25307	0.35303	0.00000	0.00000	0.00000	0.00000
39	COMPANY USE (13/26)	0.24413	0.24410	ERR	0.24415	0.25411	0.25411	0.25411	0.25411	0.27405	0.00000	0.00000	0.00000	0.00000
40	TOTAL COST OF THERMS SOLD (11/27)	0.25921	0.25942	0.26279	0.24591	0.24556	0.26628	0.28570	0.31155	0.38829	0.37408	0.36876	0.32464	0.30799
41	TRUE-UP (E-4)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)
42	TOTAL COST OF GAS (40+41)	0.25819	0.25840	0.26177	0.24489	0.24454	0.26526	0.28468	0.31053	0.38827	0.37306	0.36774	0.32362	0.30697
43	REVENUE TAX FACTOR	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	0.25916	0.25937	0.26275	0.24582	0.24546	0.26625	0.28575	0.31170	0.38873	0.37446	0.36912	0.32483	0.30812
45	PGA FACTOR ROUNDED TO NEAREST .001	25.916	25.937	26.275	24.582	24.546	26.625	28.575	31.170	38.973	37.446	36.912	32.483	30.812

APPENDIX 1

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.2

REVISED-WITH MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

1 of 3

COST OF GAS PURCHASED	ACTUAL										REVISED PROJECTION			TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR		
1 COMMODITY Pipeline (FGT only Apr thru Nov)	\$298,851	\$320,830	\$303,271	\$251,197	\$264,374	\$268,641	\$300,588	\$338,956	\$425,715	\$321,477	\$271,129	\$263,205	\$3,628,232	
1a COMMODITY Pipeline (SONAT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,375	\$16,255	\$16,615	\$50,245	
1b COMMODITY Pipeline (SO. GA.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,663	\$10,911	\$11,023	\$33,597	
2 NO NOTICE SERVICE	\$41,640	\$43,028	\$41,640	\$43,028	\$43,028	\$41,640	\$43,028	\$41,640	\$43,028	\$43,028	\$40,252	\$43,028	\$508,008	
3 SWING SERVICE	\$895,305	\$1,602,231	\$1,058,220	\$1,306,398	\$1,200,026	\$1,432,729	\$1,535,652	\$2,261,671	\$3,224,483	\$3,785,305	\$3,409,724	\$3,134,716	\$24,848,461	
4 COMMODITY Other (THIRD PARTY)	\$3,977,059	\$3,385,810	\$3,104,927	\$2,611,269	\$2,358,462	\$2,391,943	\$2,588,431	\$3,684,210	\$6,873,312	\$8,618,371	\$6,687,875	\$4,696,429	\$51,077,999	
5 DEMAND (FGT only Apr thru Nov)	\$3,326,802	\$2,563,035	\$2,404,544	\$2,268,766	\$2,428,581	\$2,387,420	\$2,791,787	\$3,161,261	\$3,328,938	\$3,058,106	\$2,667,611	\$2,851,584	\$33,238,425	
5a DEMAND (SONAT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$287,423	\$268,036	\$308,768	\$864,227	
5b DEMAND (SO. GA.)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$166,599	\$155,851	\$180,370	\$502,820	
6 OTHER	\$35,606	(\$7,369)	\$87,369	\$171,475	\$15,294	\$142,813	\$84,512	\$120,148	\$60,261	\$0	\$0	\$0	\$710,109	
LESS END-USE CONTRACT														
7 COMMODITY Pipeline (FGT)	\$129,900	\$122,966	\$122,432	\$96,059	\$97,275	\$87,103	\$106,212	\$89,021	\$91,438	\$87,956	\$82,282	\$87,956	\$1,200,600	
8 DEMAND (FGT)	\$499,235	\$594,269	\$650,500	\$597,037	\$598,251	\$577,508	\$599,845	\$560,013	\$607,064	\$598,736	\$560,933	\$599,618	\$7,043,009	
9 OTHER	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
11 TOTAL COST (1+1a+1b+2+3+4+5+5a+5b+6)-(7+8+9+10)	\$7,946,128	\$7,190,329	\$6,227,037	\$5,961,026	\$5,614,238	\$6,000,478	\$6,737,939	\$8,958,852	\$13,257,235	\$15,622,655	\$12,884,430	\$10,818,167	\$107,218,512	
12 NET UNBILLED	(\$421,788)	(\$399,797)	(\$105,581)	\$107,377	(\$88,632)	\$19,800	\$50,366	\$333,707	\$932,430	\$0	\$0	\$0	\$427,882	
13 COMPANY USE	\$7,189	\$6,476	\$0	\$24,442	\$8,443	\$9,311	\$7,646	\$5,769	\$5,293	\$0	\$0	\$0	\$74,569	
14 TOTAL THERM SALES	\$7,029,609	\$6,343,228	\$5,663,562	\$5,983,032	\$5,686,520	\$5,704,125	\$6,011,983	\$7,613,873	\$10,267,283	\$13,605,330	\$12,284,810	\$12,771,401	\$99,004,756	

APPENDIX 1

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.2

REVISED-WITH MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

2 of 3

THERMS PURCHASED	ACTUAL								REVISED PROJECTION				TOTAL
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
15 COMMODITY Pipeline (FGT only Apr thru Nov)	47,630,275	42,859,458	40,036,327	38,517,648	36,329,477	40,111,770	38,197,015	48,829,966	58,449,385	46,894,380	39,739,833	38,767,280	512,362,814
15a COMMODITY Pipeline (SONAT)	0	0	0	0	0	0	0	0	0	5,820,092	5,444,883	5,500,818	18,765,793
15b COMMODITY Pipeline (SO. GA.)	0	0	0	0	0	0	0	0	0	5,689,140	5,322,374	5,377,050	16,388,564
16 NO NOTICE SERVICE	6,000,000	6,200,000	6,000,000	6,200,000	6,200,000	6,000,000	6,200,000	6,000,000	6,200,000	6,200,000	5,800,000	6,200,000	73,200,000
17 SWING SERVICE	5,298,000	9,473,930	5,839,580	8,324,390	8,092,020	8,850,050	8,795,150	11,566,390	12,508,130	9,765,000	8,820,000	9,525,990	106,658,830
18 COMMODITY Other (THIRD PARTY)	24,829,685	19,721,214	17,315,526	15,745,265	14,474,328	13,826,618	15,890,913	19,869,111	31,571,775	31,998,220	26,119,790	23,798,040	255,160,485
19 DEMAND (FGT only Apr thru Nov)	68,406,195	51,718,198	46,928,059	43,397,270	47,478,268	41,855,180	65,421,813	68,303,234	72,496,043	61,218,800	57,269,200	61,218,800	685,711,058
19a DEMAND (SONAT)	0	0	0	0	0	0	0	0	0	7,435,148	6,955,461	7,435,148	21,825,757
19b DEMAND (SO. GA.)	0	0	0	0	0	0	0	0	0	7,267,857	6,798,963	7,267,857	21,334,877
20 OTHER	2,630	0	3,320	0	0	0	0	0	0	0	0	0	5,950
LESS END-USE CONTRACT													
21 COMMODITY Pipeline (FGT)	15,664,570	16,733,090	16,745,580	13,397,350	13,566,930	12,148,230	12,723,280	12,415,700	12,868,920	12,267,280	11,475,843	12,267,280	162,294,053
22 DEMAND (FGT)	15,305,910	16,651,710	18,860,050	15,648,260	15,817,840	14,326,530	14,564,630	14,594,000	15,148,061	14,516,411	13,579,868	14,516,411	183,529,661
23 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES	30,127,685	29,195,144	23,155,106	24,069,855	22,566,348	22,476,668	24,686,063	31,435,501	44,079,905	41,763,220	34,939,790	33,324,030	361,819,315
25 NET UNBILLED	(1,734,430)	(1,644,510)	(434,291)	441,679	(733,718)	78,238	199,021	1,316,632	2,641,203	0	0	0	131,824
26 COMPANY USE	29,448	26,530	0	100,110	33,223	36,642	30,089	22,703	19,314	0	0	0	298,059
27 TOTAL THERM SALES (24-26)	30,655,212	27,717,011	23,695,942	24,240,241	22,862,829	22,534,662	23,583,900	28,755,601	34,055,053	41,763,220	34,939,790	33,324,030	348,127,291

APPENDIX 1

COMPANY: PEOPLES GAS SYSTEM, INC.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

SCHEDULE E-1/R.2

REVISED-WITH MID-COURSE CORRECTION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

APRIL 95 Through MARCH 96

3 of 3

CENTS PER THERM		ACTUAL										REVISED PROJECTION			TOTAL
		APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR		
28	COMM. Pipeline (FGT) (1/15)	0.00627	0.00749	0.00757	0.00688	0.00728	0.00670	0.00787	0.00724	0.00728	0.00686	0.00682	0.00679	0.00708	
28a	COMM. Pipeline (SONAT) (1a/15a)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00299	0.00299	0.00302	0.00300	
28b	COMM. Pipeline (SO. GA.) (1b/15b)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00205	0.00205	0.00205	0.00205	
29	NO NOTICE SERVICE (2/16)	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	0.00694	
30	SWING SERVICE (3/17)	0.18899	0.16912	0.18122	0.15717	0.14830	0.16563	0.17460	0.19554	0.25779	0.38764	0.38659	0.32907	0.23297	
31	COMM. Other (THIRD PARTY) (4/18)	0.16017	0.17158	0.17931	0.16584	0.16294	0.17299	0.16918	0.18542	0.21770	0.26934	0.25605	0.19735	0.20018	
32	DEMAND (FGT) (5/19)	0.04863	0.04956	0.05124	0.05228	0.05115	0.05704	0.04207	0.04628	0.04592	0.04995	0.04658	0.04658	0.04847	
32a	DEMAND (SONAT) (5a/19a)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.03866	0.03854	0.04153	0.03960	
32b	DEMAND (SO. GA.) (5b/19b)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02292	0.02292	0.02482	0.02357	
33	OTHER (6/20)	13.53825	0.00000	26.31586	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	119.34605	
	LESS END-USE CONTRACT														
34	COMMODITY Pipeline (FGT) (7/21)	0.00829	0.00735	0.00731	0.00717	0.00717	0.00717	0.00835	0.00717	0.00709	0.00717	0.00717	0.00717	0.00000	
35	DEMAND (FGT) (8/22)	0.03262	0.03569	0.03449	0.03815	0.03782	0.04031	0.04119	0.03837	0.04008	0.04125	0.04131	0.04131	0.00000	
36	OTHER (9/23)	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	
37	TOTAL COST OF PURCHASES (11/24)	0.26375	0.24629	0.26893	0.24766	0.24879	0.26896	0.27295	0.28499	0.30075	0.37408	0.36876	0.32464	0.29633	
38	NET UNBILLED (12/25)	0.24319	0.24311	0.24311	0.24311	0.12080	0.25307	0.25307	0.25307	0.35303	0.00000	0.00000	0.00000	0.00000	
39	COMPANY USE (13/26)	0.24413	0.24410	0.00000	0.24415	0.25413	0.25411	0.25411	0.25411	0.27405	0.00000	0.00000	0.00000	0.00000	
40	TOTAL COST OF THERMS SOLD (11/27)	0.25921	0.25942	0.26279	0.24591	0.24556	0.26628	0.28570	0.31155	0.38929	0.37408	0.36876	0.32464	0.30799	
41	TRUE-UP (E-4)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	(0.00102)	
42	TOTAL COST OF GAS (40+41)	0.25819	0.25840	0.26177	0.24489	0.24454	0.26526	0.28468	0.31053	0.38827	0.37306	0.36774	0.32362	0.30697	
43	REVENUE TAX FACTOR	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	1.00376	
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	0.25916	0.25937	0.26275	0.24582	0.24546	0.26625	0.28575	0.31170	0.38973	0.37446	0.36912	0.32483	0.30812	
45	PGA FACTOR ROUNDED TO NEAREST .001	25.916	25.937	26.275	24.582	24.546	26.625	28.575	31.170	38.973	37.446	36.912	32.483	30.812	

APPENDIX 1