

The Peoples Gas Light and Coke Company

Forecasted Property Taxes

Line No.	County	Current Year Ending December 31, 2008 (1)		Budget Year Ending December 31, 2009 (2)		Test Year Ending September 30, 2010		Basis for Escalation Rate Used in Test Year
		Equalized Assessed Value	Effective Tax Rate	Equalized Assessed Value	Effective Tax Rate	Equalized Assessed Value	Effective Tax Rate	
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
1	Champaign	\$1,386,130	8.456%	\$1,386,130	8.879%	\$1,386,130	9.323%	The Company assumed an increase in the Effective Tax Rate of 5% for all three counties for 2008, 2009 and 2010.
2	Cook	18,448,015	5.616%	\$18,448,015	5.897%	\$18,448,015	6.192%	
3	Will	544,469	6.932%	\$544,469	7.279%	\$544,469	7.643%	

4 Description of Methodology Used to Derive Forecasted Amounts Reflected on Schedule C-19 (Property Taxes):

5 As mentioned above, there were moderate increases in the Effective Rate assumed for 2008, 2009 and 2010 for all counties. Assessed Valuation
 6 increased on select properties for Cook County in 2007 resulting in an overall increase of just over 3%. Assessed valuation in Lake County
 7 decreased by less than 1%. Assessed valuation in Will County went up nearly 15%. The Effective Tax Rate was forecast to increase by 5%
 8 for all counties for 2008, 2009 and 2010.

9 Property tax recoveries obtained from any appeals process for 2008, 2007, 2006.

	2008 (1)	2007	2006
	[A]	[B]	[C]
10 Amount Recovered	\$10,867	\$21,503	\$36,566

Note: (1) Includes six months of actual data and six months of forecasted data.
 (2) Includes zero months of actual data and twelve months of forecasted data.