

The Peoples Gas Light and Coke Company

Income Statement

| Line No. | Description [A] | Test Year Ending December 31, 2010 [B] | Forecasted Year Ending December 31, 2009 (1) [C] | Forecasted Year Ending December 31, 2008 (2) [D] | Historical Year Ended December 31, 2007 [E] | Line No. |
|----------|---|---|---|---|--|----------|
| 1 | OPERATING REVENUES | \$ 1,658,859,000 | \$ 1,788,595,000 | \$ 1,620,579,000 | \$ 1,486,967,000 | 1 |
| 2 | OPERATING EXPENSES | | | | | 2 |
| 3 | Cost Of Gas | 1,167,228,000 | 1,284,926,000 | 1,092,843,000 | 899,228,000 | 3 |
| 4 | Other Operation and Maintenance | 356,965,000 | 353,273,000 | 348,385,000 | 360,922,000 | 4 |
| 5 | Depreciation Expense | 70,477,000 | 55,644,000 | 51,741,000 | 53,646,000 | 5 |
| 6 | Amortization Of Other Limited Term Gas Plant | 5,527,000 | 10,934,000 | 9,966,000 | 9,192,000 | 6 |
| 7 | Taxes Other Than Income | 21,496,000 | 20,925,000 | 15,498,000 | 158,244,000 | 7 |
| 8 | Income Taxes | | | | | 8 |
| 9 | Federal Income Taxes-Current | (2,317,000) | 15,792,000 | (173,000) | 2,730,000 | 9 |
| 10 | State Income Taxes-Current | (1,778,000) | 1,981,000 | 1,705,000 | 6,000 | 10 |
| 11 | Deferred Income Taxes | 578,000 | (7,023,000) | 27,810,000 | (14,688,000) | 11 |
| 12 | Investment Tax Credit | 178,000 | (240,000) | (256,000) | (384,000) | 12 |
| 13 | Total Operating Expenses | <u>1,618,354,000</u> | <u>1,736,212,000</u> | <u>1,547,519,000</u> | <u>1,468,896,000</u> | 13 |
| 14 | OPERATING INCOME | <u>40,505,000</u> | <u>52,383,000</u> | <u>73,060,000</u> | <u>18,071,000</u> | 14 |
| 15 | INCOME FROM GAS PLANT LEASED TO OTHERS | | | | | 15 |
| 16 | Revenues From Gas Plant Leased To Others | - | - | 47,000 | 321,000 | 16 |
| 17 | Expenses From Gas Plant Leased To Others | - | - | (44,000) | (69,000) | 17 |
| 18 | Total Income from Gas Plant Leased to Others | <u>-</u> | <u>-</u> | <u>3,000</u> | <u>252,000</u> | 18 |
| 19 | UTILITY OPERATING INCOME | <u>40,505,000</u> | <u>52,383,000</u> | <u>73,063,000</u> | <u>18,323,000</u> | 19 |
| 20 | OTHER INCOME AND (INCOME DEDUCTIONS) | | | | | 20 |
| 21 | Other Income | | | | | 21 |
| 22 | Interest and Dividend Income | 5,831,000 | 5,354,000 | 3,011,000 | 3,009,000 | 22 |
| 23 | Gain on Disposition of Property | - | - | - | 252,000 | 23 |
| 24 | Equity Earnings of Subsidiary Companies | (106,000) | (136,000) | (48,000) | (797,000) | 24 |
| 25 | Other | (107,000) | (102,000) | 438,000 | 96,000 | 25 |
| 26 | Total Other Income | <u>5,618,000</u> | <u>5,116,000</u> | <u>3,401,000</u> | <u>2,560,000</u> | 26 |
| 27 | Other Income Deductions | (1,385,000) | (1,376,000) | (858,000) | (1,228,000) | 27 |
| 28 | Taxes Applicable to Other Income and Deductions | (1,779,000) | (1,581,000) | (1,027,000) | (269,000) | 28 |
| 29 | Net Other Income and Income Deductions | <u>2,454,000</u> | <u>2,159,000</u> | <u>1,516,000</u> | <u>1,063,000</u> | 29 |
| 30 | INCOME BEFORE INTEREST CHARGES | <u>42,959,000</u> | <u>54,542,000</u> | <u>74,579,000</u> | <u>19,386,000</u> | 30 |
| 31 | INTEREST CHARGES | | | | | 31 |
| 32 | Interest on Long Term Debt | 34,709,000 | 26,632,000 | 22,352,000 | 21,724,000 | 32 |
| 33 | Amortization of Debt Discount and Expense | 777,000 | 817,000 | 749,000 | 724,000 | 33 |
| 34 | Amortization of Loss on Reacquired Debt | 453,000 | 453,000 | 453,000 | 452,000 | 34 |
| 35 | Other Interest | 4,604,000 | 3,367,000 | 7,188,000 | 10,234,000 | 35 |
| 36 | Total Interest Charges | <u>40,543,000</u> | <u>31,269,000</u> | <u>30,742,000</u> | <u>33,134,000</u> | 36 |
| 37 | NET INCOME/(LOSS) | <u>\$ 2,416,000</u> | <u>\$ 23,273,000</u> | <u>\$ 43,837,000</u> | <u>\$ (13,748,000)</u> | 37 |

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