

The Peoples Gas Light and Coke Company
DETAILED ADJUSTMENTS TO RATE BASE
AND OPERATING INCOME

Line No.

1	Workpapers to support Net Dismantling Adjustment:			
2	Entries required to change to the Accrual Method			
3	of accounting for Net Dismantling Costs effective Calendar 2010			
			Fiscal	
			<u>Year 2010</u>	
4	Dr. Depreciation Expense - Utility Plant	Account 403	22,622,000 (D)	
5	Dr. Depreciation Expense - Leased to Others	Account 413	3,000	
6	Dr. Accumulated Depreciation	Account 108	2,602,000 (B)	
7	Cr. Regulatory Liability - Accrual Net Dismantling	Account 254	24,648,000 (A)	
8	Cr. Transportation Clearing	Account 184	579,000	-
9	Description: To record the Annual Catch-up on Net Dismantling - Cost of Removal less Salvage			
10	Dr. Regulatory Liability - Accrual Net Dismantling	Account 254	14,528,000 (A)	
11	Cr. Cash	Account 131	14,241,000	
12	Cr. Accumulated Depreciation	Account 108	287,000 (B)	-
12	Description: To record Actual Annual Net Dismantling Costs-Cost of Removal less Salvage			
13	Dr. Accumulated Deferred Income Taxes	Account 283	3,102,000 (C)	
14	Cr. Deferred Income Taxes	Account 410.1	3,102,000	
15	Description: Calculate Deferred Income Taxes on Net Dismantling of \$7,805,000 @ 39.745%			
16	Schedule B-2: Rate Base ratemaking adjustment:			
17		<u>Calendar</u>	<u>Calendar</u>	<u>Average Calendar</u>
18		Year 2009	Year 2010	Year 2010
19	Cr. Accumulated Depreciation	Account 254	\$ -	\$ (10,120,000) (A)
20	Dr. Accumulated Depreciation	Account 108	-	2,315,000 (B)
21		Sub-Total	-	(7,805,000)
22	Dr. Accumulated Deferred Income Taxes		-	3,102,000 (C)
23		Total	<u>\$ -</u>	<u>\$ (4,703,000)</u>
24	Schedule C-2: Rate Base ratemaking adjustment:			
25				
26	Depreciation Expense - Utility Plant	Account 403	22,622,000 (D)	Accrual Basis
27	Depreciation Expense - Utility Plant	Account 403	14,528,000	Cash Basis -Schedule C-12
28	Dr. Depreciation Expense - Utility Plant		8,094,000	
29	Cr. Deferred Income Taxes	Account 410.1	(3,217,000)	
			<u>4,877,000</u>	
		Deferred Income Taxes Rate Base	(7,805,000)	
		Deferred Income Taxes Operating Income	8,094,000	
		Difference	<u>289,000</u>	
		Accrual	Cash	Difference
	Net Salvage	Acct 108	(579,000)	(287,000)
	Depreciation-Lease to Others	Acct 108	3,000	-
			<u>(576,000)</u>	<u>(287,000)</u>
				(292,000) not in Acct 403
				3,000 not in Acct 403, went to Acct 413
				(289,000)