

- 15 a. Section 19-145(a) permits a gas utility, at its election, to recover
16 through an automatic adjustment clause tariff (the “tariff”) the
17 incremental difference between its actual uncollectible amount, as set
18 forth in Account 904 of its most recent annual report to the
19 Commission (Form 21) and the uncollectible amount included in the
20 utility’s rates for the period reported in such Form 21. The incremental
21 difference may result in a charge or a credit.
- 22 b. Section 19-145(a) of the Act specifies that, if a utility’s rates changed
23 during the period covered by the Form 21, then the utility shall
24 determine the uncollectible amount included in the utility’s rates for that
25 period by a weighted average based on revenues that the utility earned
26 under each set of rates.
- 27 c. Section 19-145(b) of the Act specifies that the utility shall allocate the
28 charge or credit to the appropriate rate class or classes. Also, it
29 specifies that the utility shall not charge customers who purchase their
30 gas from suppliers other than the utility for uncollectible amounts
31 associated with gas supply for customers who purchase their gas from
32 the utility.
- 33 d. Section 19-145(b) of the Act specifically addresses how and when the
34 utility shall determine and recover or refund the amounts determined
35 based on the 2008 Form 21 and then for subsequent periods,
36 beginning with the 2009 Form 21.

37 e. Section 19-145(b) of the Act permits the utility to file the tariff outside of
38 a rate case. It requires the tariff to specify the terms of any applicable
39 audit. It also sets forth that the Commission shall approve, or approve
40 as modified, the proposed tariff within 180 days of the filing date.

41 f. Section 19-145(c) of the Act requires the tariff to include a provision
42 under which, each year by August 31, the utility shall file to initiate an
43 annual reconciliation proceeding.

44 3. Attachment 1.1, attached to and made a part of this Petition, is Peoples
45 Gas' proposed automatic adjustment clause tariff, Rider UEA, to recover
46 incremental uncollectible amounts, a revised table of contents that reflects the
47 tariff sheets for the proposed rider, and a revised back of bill format from Peoples
48 Gas' Terms and Conditions of Service, which adds language in the customer
49 charge definition to indicate the inclusion of adjustments arising from the
50 proposed rider. Those sheets are:

51 Fourth Revised Sheet No. 4
52 Canceling First Revised Sheet No. 4

53 Fourth Revised Sheet No. 29
54 Canceling First Revised Sheet No. 29

55 Original Sheet No. 164

56 Original Sheet No. 165

57 Original Sheet No. 166

58 Original Sheet No. 167

59 Original Sheet No. 168

60 Original Sheet No. 169

61 Original Sheet No. 170

62 Original Sheet No. 171

63 Original Sheet No. 172

64 Original Sheet No. 173

65 Original Sheet No. 174

66 Original Sheet No. 175

67 4. Proposed Rider UEA is consistent with all requirements included in
68 Section 19-145 of the Act.

69 5. Rider UEA describes how Peoples Gas will determine the incremental
70 amount that it will recover from or refund to customers, using Form 21 and rates
71 in effect during the applicable period. The rider has specific formulae to allocate
72 the incremental Uncollectible Accounts Expense among service classifications
73 and to distinguish by service type. In addition, the formulae used to calculate the
74 adjustments include an annual reconciliation factor to adjust for the difference
75 (positive or negative) between actual booked revenues under the factor for a
76 specified prior period and expected revenues for that period.

77 6. Rider UEA addresses how Peoples Gas will handle periods in which
78 different rates were in effect. For example, for Peoples Gas, its first filing under
79 Rider UEA would include a period (calendar year 2008) in which two sets of rates
80 were in effect. The various formulae include the means for addressing different
81 rates being in effect at the beginning of and end of the period. For example, the
82 "Rate Allocation Factor" in Section C(1) divides the reporting year into period A,
83 which would be the portion of the reporting year when the rates effective at the
84 beginning of the year were in effect, and period B, which would be the portion of

85 the reporting year when the rates effective at the end of the year were in effect.
86 These respective A and B designations are used elsewhere in the rider for this
87 purpose. Rider UEA, Section C.

88 7. Rider UEA is applicable to service classifications 1, 2, 4, 6 and 8. Rider
89 UEA appropriately allocates the incremental uncollectible amount expense
90 among those service classifications. The amount that Peoples Gas will recover
91 from or refund to customers in each service classification is based on service
92 type. "Service type" means customers receiving (1) delivery services, (2) gas
93 supply services, *i.e.*, purchasing gas from the utility, and (3) transportation
94 services, *i.e.*, participating in the Company's transportation programs and
95 purchasing gas from an alternative gas supplier. Rider UEA, Section E.

96 8. Rider UEA properly distinguishes between customers purchasing gas from
97 the utility and those purchasing gas from an alternative gas supplier. Rider UEA
98 allocates incremental uncollectible amounts associated with service to sales
99 customers, including purchased gas supply resources used to serve sales
100 customers, to those sales customers. Likewise, incremental uncollectible
101 amounts associated with service to transportation customers are recovered from
102 or refunded to those transportation customers. As explained in Paragraph 7 of
103 this Petition, there are three distinct service types. The adjustment applicable to
104 sales customers would be the sum of the amounts determined for the delivery
105 service and gas supply service types. The adjustment applicable to
106 transportation customers would be the sum of the amounts determined for the
107 delivery service and transportation service types. The distinction between

108 “delivery service” and “transportation service” recognizes that all customers
109 receive a delivery service for which costs are recovered in base rates.
110 “Transportation service” is distinct for purposes of this rider because the rider
111 recognizes that there are costs associated with transportation service that are
112 distinct from the gas supply costs associated with sales service customers.
113 Rider UEA, Sections B, C, E, and F.

114 9. Rider UEA describes the process and dates by which Peoples Gas shall
115 file credits and charges under Rider UEA. Specifically, annually, on or before the
116 twenty-second day of the month prior to the effective period of the adjustment,
117 Peoples Gas would file an information sheet listing the adjustments. Rider UEA,
118 Section G. The Rider UEA credit or charge will be shown on the customer bill as
119 part of the customer charge, and except for the initial credit or charge, will be
120 billed over a twelve-month effective period beginning June 1 and ending May 31
121 of the following year. The initial credit or charge will be billed over a period that
122 commences subsequent to Commission approval of this rider, but no earlier than
123 March 1, 2010, and no later than April 1, 2010, and ends December 31, 2010.
124 Rider UEA, Section B.

125 10. Rider UEA describes the annual internal audit that Peoples Gas will
126 conduct and submit to the Commission and its Staff. Peoples Gas would submit
127 the audit each year by September 30. The first audit would be due September
128 30, 2011, and would include the 2008 and 2009 reporting periods. Rider UEA,
129 Section H.

130 11. Rider UEA describes Peoples Gas' obligation to file to initiate an annual
131 reconciliation proceeding. As required by the statute, Peoples Gas will file a
132 petition annually, no later than August 31. Rider UEA, Section I.

133 WHEREFORE, for the foregoing reasons, The Peoples Gas Light and
134 Coke Company respectfully requests that the Illinois Commerce Commission
135 approve proposed Rider UEA, an automatic adjustment clause to recover
136 incremental uncollectible expense amounts, and the associated changes to the
137 Table of Contents and description of the bill.

Respectfully submitted,
The Peoples Gas Light and Coke Company

By: 

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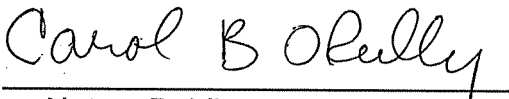
Dated at Chicago, Illinois
this 16th day of September, 2009

STATE OF COOK)
)
COUNTY OF ILLINOIS) SS

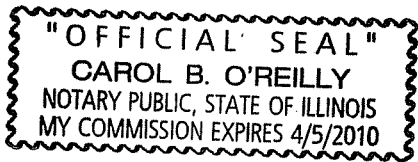
James F. Schott, being first duly sworn, upon oath states that he is Vice President - Regulatory Services of The Peoples Gas Light and Coke Company; that he has read the foregoing Petition by him subscribed and knows the contents thereof; and that said contents are true to the best of his knowledge and belief.

By: 
James F. Schott
Vice President -
Regulatory Services

Subscribed and sworn to
before me this 15th day
of September, 2009



Notary Public



STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

The Peoples Gas Light)	
and Coke Company)	
)	
Petition Pursuant to Public Act 96-0033)	Docket 09-
for Approval of an Automatic)	
Adjustment Clause to Recover)	
Incremental Uncollectible Expense Amounts)	

**PETITION OF
THE PEOPLES GAS LIGHT AND COKE COMPANY**

ATTACHMENT 1.1

The Peoples Gas Light and Coke Company

SCHEDULE OF RATES FOR GAS SERVICE

TABLE OF CONTENTS - continued

Rider		Sheet Number
FST-T	Full Standby Transportation - Transition Service.....	130, 131, 132, 133 134 and 135
SST-T	Selected Standby Transportation - Transition Service.....	136, 137, 138, 139 140, 141, 142, 143 and 144
LST-T	Large Volume Selected Standby Transportation - Transition Service	145, 146, 147, 148 149, 150, 151 and 152
TB-T	Transportation Balancing - Transition Service.....	153, 154, 155, 156 and 157
P-T	Pooling - Transition Service	158, 159, 160, 161 162 and 163
* UEA	Uncollectible Expense Adjustment.....	164, 165, 166, 167 168, 169, 170, 171 172, 173, 174, 175

Date Issued:
 (Asterisk indicates change).

Date Effective:

The Peoples Gas Light and Coke Company

TERMS AND CONDITIONS OF SERVICE

8-1/2"

Definition of Terms

Customer Classification

Rate 1, Small Residential Service - Available to any residential customer who receives service through a single meter for one or two dwelling units.

Rate 2, General Service - Available to residential, commercial and industrial customers.

Usage

Types of Meter Readings:

Actual - Reading taken by the company.

Customer - Reading taken by the customer.

Estimate - Reading estimated by the company based on weather and previous usage patterns.

Pressure Correction Factor - A factor used to compute the quantity of gas when it is delivered at higher than normal pressures.

BTU Factor (British Thermal Unit) - A factor used to convert measured gas volumes into the heating value of the gas.

Therm - For billing purposes, the volume of gas used multiplied by the BTU Factor.

Charges

Customer Charge - A fixed monthly charge that pays for some of the fixed costs for providing service to customers. This charge includes charges from the State of Illinois that funds energy assistance and renewable energy grants and adjustments allowed by Illinois Public Act 06-033.

Delivery Charge - A charge that pays for the cost of delivering gas to customers.

Efficiency Program Charge - A charge that pays for the costs related to energy efficiency programs.

Environmental Charge - A charge that pays for the cleanup from past manufactured gas operations.

Gas Charge - A charge that pays for the cost of gas supplies purchased for customers.

Volume Balancing Adjustment - A charge or credit that stabilizes the revenue collected through the distribution charge.

Aggregation Balancing Charge - A charge that is assessed by Chicago. For You customers to pay for gas related storage expenses.

Taxes

Chicago Municipal Tax - Imposed by the City of Chicago on current Chicago before taxes.

Chicago Gas Use Tax - Imposed by the City of Chicago, on a per therm basis, on gas that is purchased from an alternative supplier and is not subject to the Chicago Municipal Tax.

State Tax (Illinois Gross Revenue Tax) - Mandated by the State of Illinois to fund the Illinois Commerce Commission.

State Gas Revenue Tax - Mandated by the State of Illinois, either 5% of current charges before taxes or 2.4 cents per therm, whichever is lower.

State Gas Use Tax - Imposed by the State of Illinois, on a per therm basis, on gas that is purchased from an alternative supplier and is not subject to the Gas Revenue Tax.

Service Charges

Service Activation Charge - For initiating gas service.

Reconnection Charge - For reconnecting gas service when it has been discontinued.

Late Payment Charge - For payments not received by the Payment Due Date. 1.5% of the unpaid balance is applied to the next bill.

Payment Options and Plans

Credit Card Payments - Call 1-800-295-0395. A transaction fee will apply.

Electronic Check Payments by Phone - Call 1-800-295-0395. A transaction fee will apply.

E-bill Payments - You may pay your bill online at peoplesgasdelivery.com.

Budget Payment Plan - Divides the total bill throughout the year. Bills may still fluctuate. The Company pays interest monthly on any average daily credit balance at the annual rate set by the Illinois Commerce Commission.

Automatic Payment Plan - Deducts payments from a checking or savings account.

Credit Reporting - We report payments to credit bureaus. Bills more than 60 days past due and bills greater than 210 and 31 days past due may adversely affect your credit rating.

Financial Assistance

Share the Warmth - Provides matching heating assistance grants to eligible customers. Call the Salvation Army at 1-773-725-1100.

Low Income Home Energy Assistance Program (LIHEAP) - Provides heating assistance grants to eligible customers. Call CEDA at 1-800-571-CEDA.

Safety Warnings

Visit peoplesgasdelivery.com for more safety information.

Flex Connectors - Replace any untreated brass flexible connectors with newer stainless steel or plastic coated brass connectors to prevent possible fire, explosion and death.

Carbon Monoxide (CO) - Install a CO detector and change the batteries two times per year.

Call Before You Dig - Striking underground natural gas lines can cause gas leaks, fires and explosions. Call DIGGER at 1-812-744-7000 48 hours before you dig to have lines marked.

Definición de términos

Clasificación de clientes

Tipo 1, Servicio para pequeñas residencias - Disponible para cualquier cliente residencial que recibe servicio a través de un solo medidor con sólo uno o dos unidades de vivienda.

Tipo 2, Servicio general - Disponible para clientes residenciales, comerciales e industriales.

Uso

Tipos de lectura del medidor:

Real - La lectura es realizada por la compañía.

Cliente - La lectura es realizada por el cliente.

Estimada - La lectura se determina según un estándar establecido por la compañía basado en el clima y los patrones de uso previos.

Factor de corrección de la presión - Un factor usado para calcular la cantidad de gas cuando las condiciones de presión por encima de lo normal.

Factor BTU (British Thermal Unit) - Un factor usado para convertir los volúmenes de gas medidos al valor calorífico del gas.

Terms - Para propósitos de facturación, es el volumen de gas usado multiplicado por el Factor BTU.

Cargos

Cargo al cliente - Un cargo mensual fijo que paga parte de los costos fijos de provisión de servicio a los clientes. Este cargo incluye cargos del Estado de Illinois que financian donaciones de asistencia de energía y energía renovable.

Cargo de suministro - Un cargo que paga parte de los costos de gas a los clientes.

Cargo del programa de eficiencia de energía - Un cargo que paga los costos relacionados con los programas de conservación de energía.

Cargo medioambiental - Un cargo que paga los costos de limpieza fabricados por antiguas operaciones de gas.

Cargo de gas - Un cargo que paga el costo de los suministros de gas comprados por los clientes.

Ajuste por equilibrio de volumen - Un cargo o crédito que estabiliza la renta pagada a través del cargo de distribución.

Cargo por equilibrio de agregado - Un cargo impuesto a los clientes de Chicago For You para pagar los gastos de almacenamiento relativos al gas.

Impuestos

Impuesto municipal de Chicago - Requerido por la Ciudad de Chicago sobre los cargos actuales antes de impuestos.

Impuesto de uso de gas de Chicago - Requerido por la Ciudad de Chicago, un centavo por cada termo, sobre el gas que es comprado de un proveedor alternativo y no está sujeto al Impuesto Municipal de Chicago.

Impuesto estatal (Impuesto a la renta bruta de Illinois) - Ordenado por el Estado de Illinois para recaudar en Comisión de Corrección de Impuestos.

Impuesto a la renta de gas estatal - Ordenado por el Estado de Illinois, es un centavo del 5% de los cargos actuales antes de impuestos o 2.4 centavos por termo, lo que sea menor.

Impuesto al uso de gas estatal - Requerido por el Estado de Illinois, en base a cada termo, sobre el gas que es comprado de un proveedor alternativo y no está sujeto al Impuesto a la Renta de Gas.

Cargos de servicio

Cargo de activación del servicio - Se cobra por iniciar el servicio de gas.

Cargo de reconexión - Por reconectar el servicio de gas cuando se ha interrumpido.

Cargo por mens - Por pagos no recibidos hasta la Fecha de pago. El 1.5% del saldo impago se aplica a los siguientes facturas.

Opciones y planes de pago

Pagos con tarjeta de crédito - Línea al 1-800-295-0395. Se deberá pagar una tarifa por transacción.

Pagos telefónicos con cheque electrónico - Llame al 1-800-295-0395. Se deberá pagar una tarifa por transacción.

Pagos e-bill - Puede pagar su factura en línea imprimiendo a peoplesgasdelivery.com.

Plan de pago presupuestado - Divide el total de la factura a lo largo del año. Las facturas pueden fluctuar. La compañía paga intereses mensualmente sobre el saldo de crédito durante períodos a lo largo del año hasta por la Comisión de Comercio de Illinois.

Plan de pago automático - Deduce pagos de un cuenta de cheques o de ahorros.

Informes de crédito - Reportamos sus pagos a las agencias de crédito. Las facturas que tengan más de 60 días, así como aquellas por más de \$100 con más de 31 días de mora, podrán afectar la manera en que su crédito es evaluado.

Asistencia financiera

Share the Warmth (Comparte el calor) - Este programa provee subsidios en cantidades equivalentes para asistencia en el pago de la calefacción a clientes que reúnan los requisitos. Llame al Salvation Army al 1-773-725-1100.

Low Income Home Energy Assistance Program (LIHEAP) - Este programa provee subsidios de asistencia para asistencia a clientes que reúnan los requisitos. Llame a CEDA al 1-800-571-CEDA.

Advertencias de seguridad

Visite peoplesgasdelivery.com para obtener más información sobre seguridad.

Conectores flexibles de bronce - Reemplaza todos los conectores flexibles de bronce sin recubrimiento con los nuevos conectores de acero inoxidable de línea número no pintado para evitar posibles incendios, explosiones y muertes.

Monedero de carbono (CO) - Instale un detector de CO y cambie las baterías dos veces al año.

Llame antes de excavar - Golpear tuberías subterráneas de gas natural puede causar fugas de gas, incendios y explosiones. Llame a DIGGER al 1-812-744-7000 48 horas antes de excavar para que se le marquen las tuberías.

Date Issued:
 (Asterisk indicates change).

Date Effective:

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section A – Applicability and Purpose

The adjustments developed pursuant to this rider are applicable to customers taking gas delivery services from the Company under Service Classification Nos. 1, 2, 4, 6 and 8.

The purpose of this rider is to provide for monthly adjustments to customer bills for any over- or under-recoveries of the Company's actual Uncollectible Accounts Expense amounts for a reporting year. Such adjustments are based on the incremental difference between actual Uncollectible Accounts Expense and the Commission-approved Uncollectible Accounts Expense amount included in the base rate revenue requirement at the time base rate delivery service charges are established. This rider operates pursuant to Section 19-145 of the Public Utilities Act.

Section B – Description of Incremental Uncollectible Adjustments

Adjustment amounts are determined pursuant to this rider for delivery service provided under Service Classification Nos. 1, 2, 4, 6 and 8, and Riders 1, 11, EEP and VBA; gas supply service provided under Rider 2; and for transportation service provided under Riders CFY, FST, SST, AGG and P. The adjustment amounts for each service type (delivery service, gas supply service, and transportation service) shall be designated as the IDUA, ISUA, and ITUA, respectively, and shall be computed separately for each service classification (C).

The adjustments determined under this rider shall be included in the monthly customer charge. The adjustment applicable to sales customers shall be the sum of the IDUA and the ISUA. The adjustment applicable to transportation customers shall be the sum of the IDUA and the ITUA. If there is an insufficient number of sales or transportation customers in any service classification, the Company may group all customers together under a single service type for the purposes of determining an adjustment.

For the 2008 reporting year, the adjustment amounts shall charge or credit customers for the difference between the actual Uncollectible Accounts Expense amounts for Account 904, as reported in the Company's Form 21 report to the Illinois Commerce Commission (Form 21) for 2008 and the Uncollectible Accounts Expense amounts included in the Company's base rates that were in effect for 2008. The amounts included in base rates shall be the Commission-approved uncollectible amounts included in the base rate revenue requirements at the time base rate delivery service charges were established, weighted by the revenues earned under rates in effect at the beginning of the reporting year and rates in effect at the end of the reporting year. The adjustment shall be applied prospectively to the applicable tariff customer charge component during the effective period. The effective period for adjustments for the 2008 reporting year shall begin subsequent to Commission approval of this rider and shall continue through December 31, 2010. The initial application of the adjustments shall begin no earlier than March 1, 2010 and no later than April 1, 2010.

Date Issued:

Date Effective:

**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section B - Incremental Uncollectible Adjustments - continued

For the 2009 reporting year, and for subsequent reporting years, the adjustment amounts shall charge or credit customers for the difference between the actual Uncollectible Accounts Expense amounts for Account 904, as reported in the Company's Form 21 for the reporting year, and the Uncollectible Accounts Expense amounts included in the Company's base rates that were in effect for such reporting year. The adjustment shall be applied to the applicable tariff customer charge component during the following twelve-month effective period, beginning June 1 (June 1, 2010 for the 2009 reporting year) and extending through May 31.

The delivery services uncollectible adjustment (IDUA) amount shall be applied to the applicable tariff customer charge component on the monthly bill. The supply services uncollectible adjustment (ISUA) amount shall be applied to the applicable customer charge component for those customers also being billed for the Company's purchased gas supply charges under Rider 2. The transportation uncollectible adjustment (ITUA) amount shall be applied to the applicable customer charge component for those customers also being billed for the Company's transportation programs under Riders CFY, FST, SST or being supported by services provided under Riders AGG or P.

Section C - Determination of Allocation Factors

Unless determined otherwise in the Company's base rates, allocation factors shall be used to allocate the Uncollectible Accounts Expense amounts reflected in the Company's base rates and the actual Account 904 Uncollectible Accounts Expense amounts reported in the Company's Form 21, for each service classification and for each service type. The allocation factors and their determinations are described below.

1. Rate Allocation Factor

A Rate Allocation Factor (RAF) shall be applicable if different base rates were in effect during the reporting year and shall be determined as follows:

$$\text{RAF}_{YA} = \frac{\text{BRR}_{YA}}{\text{BRR}_{Y(A+B)}}$$
$$\text{RAF}_{YB} = \frac{\text{BRR}_{YB}}{\text{BRR}_{Y(A+B)}}$$

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The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section C - Determination of Allocation Factors - continued

Where:

- Y = Reporting Year
- A = The portion of the Reporting Year when base rates at the beginning of the Reporting Year were in effect.
- B = The portion of the Reporting Year when base rates at the end of the Reporting Year were in effect.
- BRR = Total Base Rate Revenues, in dollars (\$), equal to the amount booked in the applicable Reporting Year in accordance with the application of base rate charges in effect during such year. If different rates were in effect during a reporting year, the BRR value will be expressed separately for the portion of the year that each set of base rates was in effect, and shall be noted as part A or part B, representing the period each set of rates was in effect during such Reporting Year.

2. Percentage of Uncollectible Accounts Expense Allocation Factor

The Percentage of Uncollectible Accounts Expense Allocation Factor (PUAF) shall be used to allocate to each applicable service classification, the Uncollectible Accounts Expense amounts reflected in the Company's base rates and actual Account 904 Uncollectible Accounts Expense amounts reported in the Company's Form 21. Y, A and B shall be as defined under Rate Allocation Factor in Section C(1). The PUAF shall be determined for each service classification as follows:

If the base rates in effect at the beginning of the Reporting Year were the same as the base rates in effect at the end of the Reporting Year:

- $PUAF_{Yc} =$ The percentage of the total Uncollectible Accounts Expense amount that was allocated to service classification C in base rates that were in effect for the Reporting Year.
 $\sum PUAF_{YA_c}$ shall equal 100%.

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The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section C - Determination of Allocation Factors - continued

If the base rates in effect at the beginning of the Reporting Year were different than the base rates in effect at the end of the Reporting Year:

$PUAF_{YAc} =$ The percentage of the total Uncollectible Accounts Expense amount that was allocated to service classification C in base rates that were in effect at the beginning of the Reporting Year. $\sum PUAF_{YAc}$ shall equal 100%.

$PUAF_{YBc} =$ The percentage of the total Uncollectible Accounts Expense amount that was allocated to service classification C in base rates that were in effect at the end of the Reporting Year. $\sum PUAF_{YBc}$ shall equal 100%.

$PUAF_{Yc} =$ The weighted average percentage of the total Uncollectible Accounts Expense amount that was allocated to service classification C in base rates that were in effect for the entire year which shall be determined as follows:

$$PUAF_{Yc} = (RAF_{YA} \times PUAF_{YAc}) + (RAF_{YB} \times PUAF_{YBc})$$

$\sum PUAF_{Yc}$ shall equal 100%.

3. Uncollectible Accounts Expense Factor

The Uncollectible Accounts Expense Factor (UF) is the Uncollectible Accounts Expense percentage for each service classification, and shall be used to allocate Account 904 Uncollectible Accounts Expense amounts reflected in the Company's base rates for each service type within each service classification. PUA, Y, A, B and C shall be as defined in Sections B and C of this rider. The UF shall be determined as follows:

If the base rates in effect at the beginning of the Reporting Year were the same as the base rates in effect at the end of the Reporting Year:

$$UF_{Yc} = \frac{TUE_Y \times PUAF_{Yc}}{TR_{Yc}}$$

Date Issued:

Date Effective:

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section C - Determination of Allocation Factors - continued

If the base rates in effect at the beginning of the Reporting Year were different than the base rates in effect at the end of the Reporting Year:

$$UF_{YAc} = \frac{TUE_{YA} \times PUA_{F_{YAc}}}{TR_{YAc}}$$

$$UF_{YBc} = \frac{TUE_{YB} \times PUA_{F_{YBc}}}{TR_{YBc}}$$

Where:

- TUE_Y = Total Uncollectible Accounts Expense amount reflected in the Company's base rates for the Reporting Year.
- TUE_{YA} = Total Uncollectible Accounts Expense amount reflected in the Company's base rates effective in Period A.
- TUE_{YB} = Total Uncollectible Accounts Expense amount reflected in the Company's base rates effective in Period B.
- TR_{Yc} = Total revenues underlying the Uncollectible Accounts Expense amount reflected in the Company's base rates for the Reporting Year.
- TR_{YAc} = Total revenues underlying the Uncollectible Accounts Expense amount reflected in the Company's base rates effective in Period A.
- TR_{YBc} = Total revenues underlying the Uncollectible Accounts Expense amount reflected in the Company's base rates effective in Period B.

Date Issued:

Date Effective:

**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 6 of 12

Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, 4, 6 and 8

Section D - Determination and Allocation of Baseline Uncollectible Accounts Expense Amounts Reflected in the Company's Base Rates

Uncollectible Accounts Expense amounts for the Reporting Year shall be determined separately for the Company's delivery, gas supply and transportation services, and shall be designated as BDU, SRU, and TRU, respectively. UF, RAF, Y, A, B and C shall be as defined in Sections B and C of this rider. If the base rates in effect at the beginning of the Reporting Year are the same as the base rates in effect at the end of the Reporting Year, the Uncollectible Accounts Expense amounts set in base rates for each service classification and for each service type shall be determined as follows:

$$BDU_{Yc} = BDR_{Yc} \times UF_{Yc}$$

$$SRU_{Yc} = SRR_{Yc} \times UF_{Yc}$$

$$TRU_{Yc} = TRR_{Yc} \times UF_{Yc}$$

If the base rates in effect at the beginning of the Reporting Year were different than the base rates in effect at the end of the Reporting Year, the Uncollectible Accounts Expense amounts set in base rates for each service classification and for each service type shall be determined as follows:

$$BDU_{Yc} = (BDR_{YAc} \times UF_{YAc} \times RAF_{YA}) + (BDR_{YBc} \times UF_{YBc} \times RAF_{YB})$$

$$SRU_{Yc} = (SRR_{YAc} \times UF_{YAc} \times RAF_{YA}) + (SRR_{YBc} \times UF_{YBc} \times RAF_{YB})$$

$$TRU_{Yc} = (TRR_{YAc} \times UF_{YAc} \times RAF_{YA}) + (TRR_{YBc} \times UF_{YBc} \times RAF_{YB})$$

Where:

BDR = Delivery Service revenues which underlie the determination of Uncollectible Accounts Expense amounts reflected in base rates for the Reporting Year.

SRR = Gas Supply Service revenues which underlie the determination of Uncollectible Accounts Expense amounts reflected in base rates for the Reporting Year.

TRR = Transportation Service revenues which underlie the determination of Uncollectible Accounts Expense amounts reflected in base rates for the Reporting Year.

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Section E – Allocation of Actual Account 904 Uncollectible Accounts Expense Amounts Reported in the Company’s Form 21

Actual Account 904 Uncollectible Accounts Expense reported in Form 21 shall be allocated to (1) each of the Company’s applicable service classifications and (2) each service type. The Actual Account 904 Uncollectible Accounts Expense amounts allocated for delivery, gas supply and transportation services shall be designated as 904BDU, 904SRU and 904TRU, respectively, and shall be determined as described below. Y and C shall be as defined in Section C of this rider.

1. Service Classification Allocation

Actual Account 904 Uncollectible Accounts Expense (904ATUE) reported in Form 21 shall be allocated among each of the Company’s applicable service classifications (904TUE_{Yc}) as follows:

$$904TUE_{Yc} = 904ATUE_Y \times PUA_{F_{Yc}}$$

Where:

904ATUE_Y = Actual Account 904 Uncollectible Expense reported in the Company’s Form 21 for the Reporting Year.

PUA_{F_{Yc}} = The amount determined pursuant to Section C of this rider.

2. Service Type Allocations

The actual Account 904 Uncollectible Accounts Expense allocated to each applicable service classification pursuant to section E(1) shall be allocated to each service type by multiplying an Uncollectible Accounts Expense Factor (UF) as determined below, to the Company’s delivery, gas supply and transportation services revenues as follows:

$$UF_{Yc} = \frac{904TUE_{Yc}}{TR_{Yc}}$$

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Section E – Allocation of Actual Account 904 Uncollectible Accounts Expense Amounts Reported in the Company’s Form 21 - continued

Service Type Allocation - continued

$$\begin{aligned}
 904BDU_{Yc} &= UF_{Yc} \times BDR_{Yc} \\
 904SRU_{Yc} &= UF_{Yc} \times SRR_{Yc} \\
 904TRU_{Yc} &= UF_{Yc} \times TRR_{Yc}
 \end{aligned}$$

Where:

- UF_{Yc} = The Uncollectible Account Expense percentage for service classification C which is used to allocate the actual Account 904 Uncollectible Accounts Expense amount to each service type.
- 904TUE_{Yc} = Actual Uncollectible Accounts Expense (904ATUE_Y) for the Reporting Year, allocated to service classification C pursuant to Section E(1).
- TR_{Yc} = Actual total revenues for service classification C for the Reporting Year.
- BDR = Actual delivery service revenues for the Reporting Year.
- SRR = Actual gas supply service revenues for the Reporting Year.
- TRR = Actual transportation service revenues for the Reporting Year.

Section F - Determination of Incremental Uncollectible Adjustments

1. Delivery Service Uncollectible Adjustments

The delivery service uncollectible adjustment charge or credit to be included in the monthly customer charge component of the Company’s monthly bill for the effective period shall be determined as follows:

$$IDUA_{EPc} = \frac{904BDU_{Yc} - BDU_{Yc} + RA_c + O_c}{Custs_{EPc}}$$

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Section F - Determination of Incremental Adjustments - continued

Delivery Service Uncollectible Adjustment - continued

Where:

- IDUA_{EPc} = Incremental Delivery Uncollectible Amount, in dollars (\$), rounded to two decimals, applicable to service classifications C as described in Section B of this rider during the effective period (EP) for which the computed IDUA is applicable. The IDUA may be modified during an effective period due to Commission ordered adjustment amounts.
- 904BDU_{Yc} = Delivery Services Uncollectible Costs, in dollars (\$) as determined in Section E of this rider for service classification C.
- BDU_{Yc} = Delivery Services Uncollectible Costs, in dollars (\$) as determined in Section D of this rider for service classification C.
- Custs_{EPc} = Sum of the forecasted number of delivery service customer billing periods for the effective period (EP) for service classification C.
- RA_c = Reconciliation Adjustment, in dollars (\$), which shall be determined annually for service classification C by subtracting actual booked IDUA revenues from expected IDUA revenues for the prior April 1 through March 31 period. The initial RA shall be determined in the IDUA effective June 1, 2011 based on actual and expected revenues for the period commencing with the first month that an IDUA is billed under this rider, through March 31, 2011.
- O_c = Commission ordered adjustment amount, in dollars (\$), for service classification C, resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the IDUA.

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Section F - Determination of Incremental Uncollectible Adjustments - continued

2. Gas Supply Service Uncollectible Adjustments

The gas supply service uncollectible adjustment charge or credit to be included in the monthly customer charge component of the Company's monthly bill for the effective period shall be determined as follows:

$$ISUA_{EPc} = \frac{904SRU_{Yc} - SRU_{Yc} + RA_c + O_c}{Custs_{EPc}}$$

Where:

- $ISUA_{EPc}$ = Incremental Gas Supply Service Uncollectible Amount, in dollars (\$), rounded to two decimals, applicable to service classifications C as described in Section B of this rider during the effective period (EP) for which the computed ISUA is applicable. The ISUA may be modified during an effective period due to Commission ordered adjustment amounts.
- $904SRU_{Yc}$ = Gas Supply Related Uncollectible Costs, in dollars (\$) as determined in Section E of this rider for service classification C.
- SRU_{Yc} = Gas Supply Related Uncollectible Costs, in dollars (\$) as determined in Section D of this rider for service classification C.
- $Custs_{EPc}$ = Sum of the forecasted number of gas supply service customer billing periods for the effective period (EP) for service classification C.
- RA_c = Reconciliation Adjustment, in dollars (\$), which shall be determined annually for service classification C by subtracting actual booked ISUA revenues from expected ISUA revenues for the prior April 1 through March 31 period. The initial RA shall be determined in the ISUA effective June 1, 2011 based on actual and expected revenues for the period commencing with the first month that an ISUA is billed under this rider, through March 31, 2011.
- O_c = Commission ordered adjustment amount, in dollars (\$), for service classification C, resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the ISUA.

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Section F - Determination of Incremental Uncollectible Adjustments continued

3. Transportation Service Uncollectible Adjustments

The transportation service uncollectible adjustment charge or credit to be included in the monthly customer charge component of the Company's monthly bill for the effective period shall be determined as follows:

$$ITUA_{EPc} = \frac{904TRU_{Yc} - TRU_{Yc} + RA_c + O_c}{CustS_{EPc}}$$

Where:

- $ITUA_{EPc}$ = Incremental Transportation Service Uncollectible Amount, in dollars (\$), rounded to two decimals, applicable to service classifications C as described in Section B of this rider during the effective period (EP) for which the computed ITUA is applicable. The ITUA may be modified during an effective period due to Commission ordered adjustment amounts.
- $904TRU_{Yc}$ = Transportation Service Related Uncollectible Costs, in dollars (\$) as determined in Section E of this rider for service classification C.
- TRU_{Yc} = Transportation Service Related Uncollectible Costs, in dollars (\$) as determined in Section D of this rider for service classification C.
- $CustS_{EPc}$ = Sum of the forecasted number of transportation service customer billing periods for the effective period (EP) for service classification C.
- RA_c = Reconciliation Adjustment, in dollars (\$), which shall be determined annually for service classification C by subtracting actual booked ITUA revenues from expected ITUA revenues for the prior April 1 through March 31 period. The initial RA shall be determined in the ITUA effective June 1, 2011 based on actual and expected revenues for the period commencing with the first month that an ITUA is billed under this rider, through March 31, 2011.
- O_c = Commission ordered adjustment amount, in dollars (\$), for service classification C, resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1). Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the ITUA.

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Section G – Informational Filings

The Company shall file with the Commission annually on or before the twenty-second (22nd) day of the Filing Month, an information sheet that specifies the adjustments to be effective under this rider for the Effective Period. The Company shall file any corrections from a timely filed information sheet on or before the last day of the Filing Month. Any other filing after that date will be accepted only if submitted as a special permission request under the provisions of Section 9-201 (a) of the Public Utilities Act [220 ILCS 5/9-201 (a)]. "Filing Month" shall mean the month in which the Company determines adjustments and submits them to the Commission and, except for the initial filing under this rider, shall be May. "Effective Period" shall mean the period for which the adjustments are calculated, and except for the initial filing under this rider, shall be the period commencing June 1 and ending the following May 31. For the initial filing under this rider, the Effective Period shall be the month commencing after Commission approval of this rider, but no earlier than March 1, 2010 and no later than April 1, 2010, and ending December 31, 2010.

Section H – Annual Audit

Annually, subsequent to completion of IDUA, ISUA and ITUA adjustments for a reporting year, the Company shall conduct an internal audit of its costs and recoveries of such costs pursuant to this rider. The internal audit shall determine if and to what extent: 1) adjustments recovered or credited through this rider are appropriately calculated pursuant to the provisions of this rider; 2) IDUA, ISUA and ITUA amounts are being properly billed to customers; and, 3) revenues or credits resulting from application of IDUA, ISUA and ITUA adjustments are recorded in appropriate accounts. The above list of determinations does not limit the scope of the audit. Such internal audit must be submitted to the Commission in an informational filing, with copies provided to the Manager of the Staff's Accounting Department by September 30. Such report must be verified by an officer of the Company. The first such audit shall be submitted no later than September 30, 2011, covering the 2008 and 2009 Form 21 reporting years.

Section I - Annual Reconciliation

The Company shall file a petition annually with the Commission no later than August 31, seeking initiation of an annual review to reconcile all uncollectible amounts included in rates, plus amounts accrued pursuant to this rider with the actual uncollectible amount for the reporting year. The information submitted shall allow the Commission to verify that the Company collects the actual Uncollectible Accounts Expense amounts as provided for in each applicable Form 21 reporting year. The first such petition shall be filed no later than August 31, 2011, covering the 2008 and 2009 Form 21 reporting years.

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