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APPENDIX B  
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PUBLIC SERVICE  
COMMISSION

Peoples Gas Inc.

QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION

Date Filed:

July 11, 2007

Date Rates to be Effective:

August 1, 2007

Reporting Period is Calendar Quarter Ended:

April 30, 2007

SCHEDULE I  
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	6.9760
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	<u>\$/Mcf</u>	<u>6.9760</u>

GCR to be effective for service rendered from May 2007 to July 2007

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	66,795. <sup>88</sup>
	+ Sales for the 12 months ended <u>April 2007</u>	Mcf	<u>9,575.<sup>10</sup></u>
	<u>= Expected Gas Cost (EGC)</u>	<u>\$/Mcf</u>	<u>6.9760</u>
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ <u>Third Previous Quarter Supplier Refund Adjustment</u>	<u>\$/Mcf</u>	<u>_____</u>
	<u>= Refund Adjustment (RA)</u>	<u>\$/Mcf</u>	<u>_____</u>
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	
	+ <u>Third Previous Quarter Reported Actual Adjustment</u>	<u>\$/Mcf</u>	<u>_____</u>
	<u>= Actual Adjustment (AA)</u>	<u>\$/Mcf</u>	<u>_____</u>
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	
	+ <u>Third Previous Quarter Reported Balance Adjustment</u>	<u>\$/Mcf</u>	<u>_____</u>
	<u>= Balance Adjustment (BA)</u>	<u>\$/Mcf</u>	<u>_____</u>

SCHEDULE II  
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended <u>April 2007</u>					
(1)	(2)	(3)	(4)	(5)**	(5)
Supplier	Dth	Btu Conversion Factor	Mcf	Rate	(4)x(5) Cos=
Columbia Gas			12,841	6.6272	85,099. <sup>88</sup>
Totals			<u>12,841</u>		<u>85,099.88</u>

Line loss for 12 months ended April 30, 2007 is 25% based on purchases of 12,841.00 Mcf and sales of 95,751.10 Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	85,099.88
÷ Mcf Purchases (4)	Mcf	12,841
= Average Expected Cost Per Mcf Purchased	\$/Mcf	6.6272
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	10,079.05
= Total Expected Gas Cost (to Schedule IA.)	\$	66,795.88

\*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

\*\*Supplier's tariff sheets or notices are attached.

SCHEDULE IV  
ACTUAL ADJUSTMENT

For the 3 month period ended April 2007

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>Feb</u>	Month 2 <u>March</u>	Month 3 <u>April</u>
Total Supply Volumes Purchased	Mcf	2315	575	748
Total Cost of Volumes Purchased	\$	19,950. <sup>00</sup>	4,372. <sup>58</sup>	6,661. <sup>72</sup>
÷ Total Sales (may not be less than 95% of supply volumes)	Mcf	2199. <sup>25</sup>	546. <sup>25</sup>	710. <sup>60</sup>
<u>= Unit Cost of Gas</u>	<u>\$/Mcf</u>	<u>9.08</u>	<u>8.01</u>	<u>9.38</u>
<u>- EGC in effect for month</u>	<u>\$/Mcf</u>	<u>10.8295</u>	<u>9.1990</u>	<u>9.1990</u>
<u>= Difference</u> [(Over-)/Under-Recovery]	<u>\$/Mcf</u>	<u>&lt;1.7495&gt;</u>	<u>&lt;1.1890&gt;</u>	<u>.1810</u>
<u>x Actual sales during month</u>	<u>Mcf</u>	<u>2412</u>	<u>524.7</u>	<u>748</u>
<u>= Monthly cost difference</u>	<u>\$</u>	<u>4219.79</u>	<u>623.87</u>	<u>135.39</u>

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	4979.05
÷ Sales for 12 months ended <u>April 2007</u>	Mcf	<u>9575.10</u>
<u>= Actual Adjustment for the Reporting Period</u> (to Schedule IC.)	<u>\$/Mcf</u>	<u>.5200</u>