

MAY 07 2007

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|--|---|
| NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION | BORROWER DESIGNATION MI028 |
| FINANCIAL AND STATISTICAL REPORT | BORROWER NAME Presque Isle Electric & Gas Co-op |
| Submit one electronic copy and one signed hard copy to CFC. Round all numbers to the nearest dollar. | ENDING DATE 12/31/2006 |

**REGULATED ENERGY
DIVISION**

CERTIFICATION
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.


NEW AUTHORIZATION CHOICES


A. NRECA uses rural electric system data for legislative, regulatory and other purposes. May we provide this report from your system to NRECA?

NRECA YES NO

B. Will you authorize CFC to share your data with other co-ops on Cooperative.com's website?

Cooperative.com YES NO

 4.11.2007
Signature of Office Manager or Accountant Date

 4/11/2007
Signature of Manager Date

PART A. STATEMENT OF OPERATIONS

| ITEM | YEAR-TO-DATE | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | LAST YEAR (a) | THIS YEAR (b) | BUDGET (c) | THIS MONTH (d) |
| 1. Operating Revenue and Patronage Capital | 33,155,949 | 34,355,773 | 35,831,695 | 3,583,973 |
| 2. Power Production Expense | 0 | 0 | 0 | 0 |
| 3. Cost of Purchased Power | 20,005,354 | 21,268,779 | 22,012,690 | 2,350,387 |
| 4. Transmission Expense | 0 | 0 | 0 | 0 |
| 5. Distribution Expense - Operation | 1,477,699 | 1,522,958 | 1,609,323 | 124,335 |
| 6. Distribution Expense - Maintenance | 2,004,090 | 2,034,804 | 1,631,820 | 99,399 |
| 7. Consumer Accounts Expense | 1,283,460 | 1,382,541 | 1,284,805 | 119,383 |
| 8. Customer Service and Informational Expense | 129,565 | 125,760 | 113,100 | 3,993 |
| 9. Sales Expense | 0 | 0 | 0 | 0 |
| 10. Administrative and General Expense | 1,321,719 | 1,448,159 | 1,351,585 | 138,975 |
| 11. Total Operation & Maintenance Expense (2 thru 10) | 26,221,886 | 27,783,001 | 28,003,323 | 2,836,472 |
| 12. Depreciation & Amortization Expense | 2,472,289 | 2,514,658 | 2,726,532 | 210,984 |
| 13. Tax Expense - Property & Gross Receipts | 869,181 | 902,455 | 951,252 | 77,162 |
| 14. Tax Expense - Other | 179,663 | 177,862 | 147,085 | 43,270 |
| 15. Interest on Long-Term Debt | 2,672,189 | 2,682,152 | 2,842,863 | 237,643 |
| 16. Interest Charged to Construction (Credit) | 0 | 0 | 0 | 0 |
| 17. Interest Expense - Other | 195,133 | 356,008 | 2,268 | 37,384 |
| 18. Other Deductions | 1,217 | 1,498 | 3,140 | 0 |
| 19. Total Cost of Electric Service (11 thru 18) | 32,611,558 | 34,417,634 | 34,676,463 | 3,442,913 |
| 20. Patronage Capital & Operating Margins (1 minus 19) | 544,392 | (61,861) | 1,155,232 | 141,060 |
| 21. Non Operating Margins - Interest | 89,042 | 103,615 | 54,684 | 33,883 |
| 22. Allowance for Funds Used During Construction | 0 | 0 | 0 | 0 |
| 23. Income (Loss) from Equity Investments | (231,231) | (68,401) | 15,081 | 12,130 |
| 24. Non Operating Margins - Other | 0 | 0 | 0 | 0 |
| 25. Generation & Transmission Capital Credits | 1,985,080 | 2,029,954 | 2,936,712 | 873,157 |
| 26. Other Capital Credits & Patronage Dividends | 269,937 | 365,666 | 246,924 | 5,447 |
| 27. Extraordinary Items | 0 | 0 | 0 | 0 |
| 28. Patronage Capital or Margins (20 thru 27) | 2,657,220 | 2,368,973 | 4,408,633 | 1,065,677 |

PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT

| ITEM | YEAR-TO-DATE | | ITEM | YEAR-TO-DATE | |
|-------------------------------------|------------------|------------------|-----------------------------------|------------------|------------------|
| | LAST YEAR (a) | THIS YEAR (b) | | LAST YEAR (a) | THIS YEAR (b) |
| 1. New Services Connected | 539 | 393 | 5. Miles Transmission | 0 | 0 |
| 2. Services Retired | 30 | 68 | 6. Miles Distribution Overhead | 3,868 | 3,864 |
| 3. Total Services In Place | 35,004 | 35,784 | 7. Miles Distribution Underground | 763 | 887 |
| 4. Idle Services (Exclude Seasonal) | 1,778 | 2,029 | 8. Total Miles Energized (5+6+7) | 4,631 | 4,751 |

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| CFC | BORROWER DESIGNATION |
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| PART C. BALANCE SHEET | | | |
|---|--------------------|---|-------------------|
| ASSETS AND OTHER DEBITS | | LIABILITIES AND OTHER CREDITS | |
| 1. Total Utility Plant in Service | 94,510,769 | 28. Memberships | 207,240 |
| 2. Construction Work in Progress | 8,850,304 | 29. Patronage Capital | 29,920,237 |
| 3. Total Utility Plant (1+2) | 103,361,072 | 30. Operating Margins - Prior Years | 0 |
| 4. Accum. Provision for Depreciation and Amort | 33,312,044 | 31. Operating Margins - Current Year | 2,333,758 |
| 5. Net Utility Plant (3-4) | 70,049,028 | 32. Non-Operating Margins | 35,214 |
| 6. Nonutility Property - Net | 0 | 33. Other Margins & Equities | 687,457 |
| 7. Investment in Subsidiary Companies | 0 | 34. Total Margins & Equities (28 thru 33) | 33,183,906 |
| 8. Invest. in Assoc. Org. - Patronage Capital | 13,468,983 | 35. Long-Term Debt CFC (Net) | 47,020,519 |
| 9. Invest. in Assoc. Org. - Other - General Funds | 47,036 | (Payments-Unapplied (\$ _____)) | 0 |
| 10. Invest in Assoc. Org. - Other - Nongeneral Funds | 1,719,040 | 36. Long-Term Debt - Other (Net) | 0 |
| 11. Investments in Economic Development Projects | 0 | (Payments-Unapplied (\$ _____)) | 0 |
| 12. Other Investments | 0 | 37. Total Long-Term Debt (35+36) | 47,020,519 |
| 13. Special Funds | 0 | 38. Obligations Under Capital Leases | 0 |
| 14. Total Other Property & Investments (6 thru 13) | 15,235,059 | 39. Accumulated Operating Provisions - Asset Retirement Obligations | 0 |
| 15. Cash-General Funds | 1,014,625 | 40. Total Other Noncurrent Liabilities (38+39) | 0 |
| 16. Cash-Construction Funds-Trustee | 0 | 41. Notes Payable | 6,379,542 |
| 17. Special Deposits | 0 | 42. Accounts Payable | 2,663,433 |
| 18. Temporary Investments | 43,645 | 43. Consumers Deposits | 167,606 |
| 19. Notes Receivable - Net | 0 | 44. Current Maturities Long-Term Debt | 0 |
| 20. Accounts Receivable - Net Sales of Energy | 5,287,441 | 45. Current Maturities Long-Term Debt-Economic Dev. | 0 |
| 21. Accounts Receivable - Net Other | 287,245 | 46. Current Maturities Capital Leases | 0 |
| 22. Materials & Supplies - Electric and Other | 1,128,951 | 47. Other Current & Accrued Liabilities | 3,384,722 |
| 23. Prepayments | 129,297 | 48. Total Current & Accrued Liabilities (41 thru 47) | 12,595,303 |
| 24. Other Current & Accrued Assets | 0 | 49. Deferred Credits | 601,386 |
| 25. Total Current & Accrued Assets (15 thru 24) | 7,891,204 | 50. Total Liabilities & Other Credits (34+37+40+48+49) | 93,401,114 |
| 26. Deferred Debits | 225,822 | | |
| 27. Total Assets & Other Debits (5+14+25+26) | 93,401,113 | | |

| ESTIMATED CONTRIBUTION-IN-AID-OF-CONSTRUCTION | |
|--|-------------------|
| Balance Beginning of Year | 16,182,373 |
| Amounts Received This Year (Net) | 1,042,561 |
| TOTAL Contributions-In-Aid-Of-Construction | 17,224,934 |

PART D. THE SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

| CFC FINANCIAL AND STATISTICAL REPORT | | BORROWER DESIGNATION MI028 | | | | |
|---|--|-------------------------------|--------------------|------------------------------------|---------------------------|----------------------------|
| | | YEAR ENDING | | | 12/31/2006 | |
| PART E. CHANGES IN UTILITY PLANT | | | | | | |
| ITEM | BALANCE BEGINNING OF YEAR (a) | ADDITIONS (b) | RETIREMENTS (c) | ADJUSTMENTS AND TRANSFER (d) | BALANCE OF YEAR (e) | DEPRECIATION RATE % (f) |
| 1. Land and Land Rights (360) | 675,781 | 0 | 0 | 0 | 675,781 | |
| 2. Structures and Improvements (361) | 0 | 0 | 0 | 0 | 0 | |
| 3. Station Equipment (362) | 26,330 | 0 | 0 | 0 | 26,330 | |
| 4. Storage Battery Equipment | 0 | 0 | 0 | 0 | 0 | |
| 5. Poles, Towers, and Fixtures (364) | 16,785,378 | 756,567 | 241,552 | 0 | 17,300,392 | |
| 6. Overhead Conductors and Devices (365) | 14,804,914 | 429,941 | 104,886 | 0 | 15,129,969 | |
| 7. Underground Conduit (366) | 494,530 | 1,569 | 1,480 | 0 | 494,620 | |
| 8. Underground Conductors and Devices (367) | 9,642,660 | 1,263,378 | 580,208 | 0 | 10,325,831 | |
| 9. Line Transformers (368) | 11,281,437 | 832,356 | 374,138 | 0 | 11,739,655 | |
| 10. Services (369) | 10,271,348 | 928,937 | 265,436 | 0 | 10,934,850 | |
| 11. Meters (370) | 1,788,019 | 79,158 | 38,670 | 0 | 1,828,507 | |
| 12. Installation on Consumer's Premises (371) | 376,877 | 0 | 0 | 0 | 376,877 | |
| 13. Leased Property on Consumer's Premises (372) | 0 | 0 | 0 | 0 | 0 | |
| 14. Street Lighting (373) | 433,936 | 21,028 | 3,325 | 0 | 451,639 | |
| 15. SUBTOTAL: Distribution (1 thru 14) | 66,581,209 | 4,312,935 | 1,609,694 | 0 | 69,284,450 | |
| 16. Land and Land Rights (See Line 26) | | | | | | |
| 17. Structures and Improvements (See Line 26) | | | | | | |
| 18. Office Furniture & Equipment (391) | 129,856 | 20,331 | 0 | 0 | 150,187 | |
| 19. Transportation Equipment (392) | 2,192,622 | 223,995 | 141,726 | 0 | 2,274,892 | |
| 20. Stores, Tools, Shop, Garage, and Laboratory Equipment (393, 394, 395) | 96,260 | 13,911 | 0 | 0 | 110,171 | |
| 21. Power-Operated Equipment (396) | 1,368,953 | 86,938 | 116,045 | 0 | 1,339,846 | |
| 22. Communication Equipment (397) | 2,801 | 11,490 | 0 | 0 | 14,290 | |
| 23. Miscellaneous Equipment (398) | 1,386 | 0 | 0 | 0 | 1,386 | |
| 24. Other Tangible Property (399) | 0 | 0 | 0 | 0 | 0 | |
| 25. SUBTOTAL: General Plant (18 thru 24) | 3,791,879 | 356,665 | 257,771 | 0 | 3,890,773 | |
| 26. Headquarters Plant (389 & 390) | 814,115 | 26,641 | 0 | 0 | 840,756 | |
| 27. Intangibles (301, 302, 303) | 25,648 | 0 | 0 | 0 | 25,648 | |
| 28. Land and Land Rights, Roads and Trails (350, 359) | 0 | 0 | 0 | 0 | 0 | |
| 29. Structures and Improvements (352) | 0 | 0 | 0 | 0 | 0 | |
| 30. Station Equipment (353) | 0 | 0 | 0 | 0 | 0 | |
| 31. Towers and Fixtures and Poles and Fixtures (354, 355) | 0 | 0 | 0 | 0 | 0 | |
| 32. Overhead, Conductors, and Devices (356) | 0 | 0 | 0 | 0 | 0 | |
| 33. Underground Conduit (357) | 0 | 0 | 0 | 0 | 0 | |
| 34. Underground Conductor & Devices (358) | 0 | 0 | 0 | 0 | 0 | |
| 35. SUBTOTAL: Transmission Plant (28 thru 34) | 0 | 0 | 0 | 0 | 0 | |
| 36. Production Plant - Steam (310-316) | 0 | 0 | 0 | 0 | 0 | |
| 37. Production Plant - Nuclear (320-325) | 0 | 0 | 0 | 0 | 0 | |
| 38. Production Plant - Hydro (330-336) | 0 | 0 | 0 | 0 | 0 | |
| 39. Production Plant - Other (340-346) | 0 | 0 | 0 | 0 | 0 | |
| 40. All Other Utility Plant (102, 104-106, 114, 118) | 26,177,804 | 704,876 | 0 | 0 | 26,882,680 | |
| 41. SUBTOTAL: (15+25+26+27+35 thru 40) | 97,390,655 | 5,401,117 | 1,867,465 | 0 | 100,924,307 | |
| 42. Construction Work in Progress (107) | 1,542,182 | 894,583 | | | 2,436,765 | |
| 43. TOTAL UTILITY PLANT (41+42) | 98,932,837 | 6,295,700 | 1,867,465 | 0 | 103,361,072 | |

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PART F. ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION - TOTAL ELECTIC PLANT

| | ITEM | DISTRIBUTION PLANT | GENERAL PLANT | TRANSMISSION PLANT | OTHER PLANT |
|----|---|--------------------|------------------|--------------------|------------------|
| | | (a) | (b) | (c) | (d) |
| 1. | Balance Beginning of Year | 25,293,632 | 3,583,000 | 0 | 2,632,407 |
| 2. | Additions - Depreciation Accruals Charged to: | | | | |
| | a. Depreciation Expense | 2,005,787 | 410,039 | 0 | 399,499 |
| | b. Clearing Accounts and Others | 122,209 | 0 | 0 | 0 |
| | c. Subtotal (a+b) | 2,127,996 | 410,039 | 0 | 399,499 |
| 3. | Less - Plant Retirements: | | | | |
| | a. Plant Retired | 657,223 | 477,306 | 0 | 0 |
| | b. Removal Costs | 0 | 0 | 0 | 0 |
| | c. Subtotal (a+b) | 657,223 | 477,306 | 0 | 0 |
| 4. | Plus Salvaged Materials | 0 | 0 | 0 | 0 |
| 5. | TOTAL (2c - 3c +4) | 1,470,772 | (67,267) | 0 | 399,499 |
| 6. | Other Adjustments - Debit or Credit | 0 | 0 | 0 | 0 |
| 7. | Balance End of Year (1+5+6) | 26,764,404 | 3,515,734 | 0 | 3,031,906 |

AS OF 12/31/98 CFC NO LONGER REQUIRES SECTIONS "G", "N" AND "P" DATA
Those sections refer to data on, "Materials and Supplies" (G), "Annual Meeting and Board Data" (N), and Conservation Data" [P].

PART H. SERVICE INTERRUPTIONS

| | ITEM | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | Avg. Hours per Consumer by Cause | TOTAL |
|----|-------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------|
| | | Power Supplier (a) | Extreme Storm (b) | Prearranged (c) | All Other (d) | |
| 1. | Present Year | 0.66 | 11.64 | 0.08 | 2.80 | 15.19 |
| 2. | Five-Year Average | 0.43 | 9.23 | 0.09 | 2.11 | 11.85 |

PART I. EMPLOYEE - HOUR AND PAYROLL STATISTICS

| | | | | |
|----|--|---------|--------------------------|-----------|
| 1. | Number of Full Time Employees | 76 | 4. Payroll - Expensed | 2,694,798 |
| 2. | Employee - Hours Worked - Regular Time | 163,083 | 5. Payroll - Capitalized | 1,666,485 |
| 3. | Employee - Hours Worked - Overtime | 15,076 | 6. Payroll - Other | 0 |

PART J. PATRONAGE CAPITAL **PART K. DUE FROM CONSUMERS FOR ELECTRIC SERVICE**

| ITEM | THIS YEAR (a) | CUMULATIVE (b) | |
|---|---------------|----------------|------------------------------------|
| 1. General Retirement | 0 | 2,506,977 | 1. Amount Due Over 60 Days: |
| 2. Special Retirements | 0 | 0 | 337,241 |
| 3. Total Retirements (1+2) | 0 | 2,506,977 | 2. Amount Written Off During Year: |
| 4. Cash Received from Retirement of Patronage Capital by Suppliers of Electric Power | 406,207 | | 51,548 |
| 5. Cash Received from Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System | 229,891 | | |
| 6. Total Cash Received (4+5) | 636,098 | | |

PART L. KWH PURCHASED AND TOTAL COST

| | NAME OF SUPPLIER (a) | CFC USE ONLY SUPPLIER CODE (b) | KWH PURCHASED (c) | TOTAL COST (d) | AVERAGE COST PER KWH (cents) (e) | INCLUDED IN TOTAL COST | |
|----|-----------------------------|--------------------------------|--------------------|-------------------|----------------------------------|--------------------------|---|
| | | | | | | FUEL COST ADJUSTMENT (f) | WHEELING & OTHER CHARGES (or Credits) (g) |
| 1. | Wolverine Power Cooperative | | 254,742,600 | 16,332,767 | 6.41 | 0 | 0 |
| 2. | | | 0 | 0 | 0.00 | 0 | 0 |
| 3. | | | 0 | 0 | 0.00 | 0 | 0 |
| 4. | | | 0 | 0 | 0.00 | 0 | 0 |
| | TOTALS | | 254,742,600 | 16,332,767 | 6.41 | 0 | 0 |

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| CFC FINANCIAL AND STATISTICAL REPORT | BORROWER DESIGNATION MI028 |
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PART M. LONG-TERM LEASES (If additional space is needed, use separate sheet)

| | | |
|---|----------------|------------------|
| LIST BELOW ALL "RESTRICTED PROPERTY" ** HELD UNDER "LONG TERM" LEASE. (If none, State "NONE") | | |
| | NAME OF LESSOR | TYPE OF PROPERTY |
| | | RENTAL THIS YEAR |
| 1. | | \$0 |
| 2. | | |
| 3. | | TOTAL \$0 |
| <p style="text-align: center;">** "RESTRICTED PROPERTY" means all properties other than automobiles, trucks, tractors, other vehicles (including without limitation aircraft and ships), office and warehouse space and office equipment (including without limitation computers). "LONG TERM" means leases having unexpired terms in excess of 3 years and covering property having an initial cost in excess of \$250,000).</p> | | |

PART O. LONG-TERM DEBT SERVICE REQUIREMENTS

| | NAME OF LENDER | BALANCE END OF YEAR | BILLED THIS YEAR | | | CFC USE ONLY (e) |
|-----|--|---------------------|--------------------|--------------------|--------------------|------------------|
| | | | INTEREST (a) | PRINCIPAL (b) | TOTAL (c) | |
| 1. | National Rural Utilities Cooperative Finance Corporation | 47,020,519 | 2,823,566 | 1,286,248 | 4,109,814 | |
| 2. | | 0 | 0 | 0 | 0 | |
| 3. | | 0 | 0 | 0 | 0 | |
| 4. | | 0 | 0 | 0 | 0 | |
| 5. | | 0 | 0 | 0 | 0 | |
| 6. | | 0 | 0 | 0 | 0 | |
| 7. | | 0 | 0 | 0 | 0 | |
| 8. | | 0 | 0 | 0 | 0 | |
| 9. | | 0 | 0 | 0 | 0 | |
| 10. | TOTAL (Sum of 1 thru 9) | \$47,020,519 | \$2,823,566 | \$1,286,248 | \$4,109,814 | |

| CFC FINANCIAL AND STATISTICAL REPORT | | BORROWER DESIGNATION | | | | | |
|---|----------------------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | MI028 | | 12/31/2006 | | | |
| PART R. POWER REQUIREMENTS DATA BASE | | | | | | | |
| CLASSIFICATION | CONSUMER SALES & REVENUE DATA | JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE |
| | | (a) | (b) | (c) | (d) | (e) | (f) |
| 1. Residential Sales (excluding seasonal) | a. No. Consumers Served | 17,594 | 17,597 | 17,598 | 17,608 | 17,592 | 17,593 |
| | b. KWH Sold | 12,251,272 | 12,205,654 | 11,048,528 | 10,416,858 | 9,371,270 | 10,402,887 |
| | c. Revenue | 1,272,193 | 1,268,624 | 1,159,057 | 1,104,069 | 1,007,571 | 1,162,323 |
| 2. Residential Sales - Seasonal | a. No. Consumers Served | 13,498 | 13,510 | 13,496 | 13,523 | 13,578 | 13,587 |
| | b. KWH Sold | 2,503,435 | 2,493,042 | 2,515,660 | 2,530,640 | 2,593,904 | 2,314,574 |
| | c. Revenue | 361,162 | 360,004 | 362,695 | 365,952 | 427,399 | 424,617 |
| 3. Irrigation Sales | a. No. Consumers Served | 25 | 25 | 25 | 25 | 25 | 26 |
| | b. KWH Sold | 6,267 | 3,922 | 4,804 | 3,220 | 16,739 | 44,084 |
| | c. Revenue | 952 | 723 | 809 | 660 | 1,971 | 4,765 |
| 4. Comm. and Ind. 1000 KVA or Less | a. No. Consumers Served | 1,726 | 1,728 | 1,729 | 1,733 | 1,744 | 1,748 |
| | b. KWH Sold | 4,100,258 | 4,008,662 | 3,836,655 | 4,429,864 | 4,012,341 | 3,276,197 |
| | c. Revenue | 398,835 | 411,660 | 392,937 | 417,723 | 392,335 | 443,873 |
| 5. Comm. and Ind. Over 1000 KVA | a. No. Consumers Served | 4 | 4 | 4 | 4 | 5 | 5 |
| | b. KWH Sold | 1,183,500 | 1,374,300 | 1,517,400 | 1,197,900 | 1,497,600 | 2,931,300 |
| | c. Revenue | 83,692 | 81,946 | 94,455 | 91,257 | 104,445 | 121,719 |
| 6. Public Street & Highway Lighting | a. No. Consumers Served | 35 | 35 | 35 | 35 | 35 | 35 |
| | b. KWH Sold | 34,059 | 34,059 | 34,059 | 33,858 | 34,059 | 34,059 |
| | c. Revenue | 4,607 | 4,607 | 4,607 | 4,579 | 4,607 | 4,976 |
| 7. Other Sales to Public Authority | a. No. Consumers Served | 336 | 336 | 336 | 335 | 336 | 335 |
| | b. KWH Sold | 477,277 | 531,107 | 445,612 | 454,234 | 348,475 | 463,212 |
| | c. Revenue | 49,532 | 54,768 | 46,446 | 47,284 | 36,980 | 48,758 |
| 8. Sales for Resales-REA Borrowers | a. No. Consumers Served | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. KWH Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Sales for Resales-Other | a. No. Consumers Served | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. KWH Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. Revenue | (10,475) | (239,484) | (103,023) | (337,073) | (91,798) | (95,115) |
| 10. TOTAL No. of Consumers (lines 1a thru 9a) | | 33,218 | 33,235 | 33,223 | 33,263 | 33,315 | 33,329 |
| 11. TOTAL KWH Sold (lines 1b thru 9b) | | 20,556,068 | 20,650,746 | 19,402,718 | 19,066,574 | 17,874,388 | 19,466,313 |
| 12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c) | | 2,160,498 | 1,942,848 | 1,957,983 | 1,694,451 | 1,883,510 | 2,115,916 |
| 13. Other Electric Revenue | | 20,395 | 17,285 | 113,528 | 13,998 | 21,811 | (10,606) |
| 14. KWH - Own Use | | 23,051 | 27,691 | 18,763 | 22,824 | 23,688 | 17,074 |
| 15. TOTAL KWH Purchased | | 21,902,600 | 20,382,000 | 20,186,400 | 18,163,800 | 19,621,800 | 20,266,800 |
| 16. TOTAL KWH Generated | | 0 | 0 | 0 | 0 | 0 | 0 |
| 17. Cost of Purchases and Generation | | 1,469,437 | 1,256,830 | 1,188,158 | 1,133,823 | 1,179,119 | 1,322,515 |
| 18. Interchange - KWH - Net | | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Peak - Sum All KW Input (Metered) | | 38,376 | 37,881 | 36,163 | 33,030 | 37,514 | 41,634 |
| Non-coincident | | | | | | | |
| Coincident | | | | | | | |

**CFC
FINANCIAL AND STATISTICAL REPORT**

BORROWER DESIGNATION

MI028

YEAR ENDING

12/31/2006

PART R. POWER REQUIREMENTS DATA BASE (Continued)

(See preceding page 6 of CFC Form 7 for Headings of Line Item numbers below.)

| LINE ITEM NUMBER | | JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | TOTAL |
|------------------|----|------------|------------|------------|------------|------------|------------|--------------------------|
| | | (g) | (h) | (i) | (j) | (k) | (l) | (Column a thru l) (m) |
| 1 | a. | 17,608 | 17,631 | 17,644* | 17,655 | 17,647 | 17,642 | 17,618 |
| | b. | 10,885,106 | 11,545,997 | 10,135,967 | 10,054,764 | 11,120,080 | 11,765,492 | 131,203,875 |
| | c. | 1,207,982 | 1,309,631 | 1,175,818 | 1,165,627 | 1,263,811 | 1,322,978 | 14,419,684 |
| 2 | a. | 13,535 | 13,530 | 13,471 | 13,510 | 13,535 | 13,928 | 13,713 |
| | b. | 2,449,243 | 2,709,183 | 2,716,274 | 2,752,043 | 2,703,877 | 2,712,511 | 30,994,386 |
| | c. | 443,373 | 400,517 | 403,396 | 405,509 | 399,467 | 516,429 | 4,870,520 |
| 3 | a. | 25 | 26 | 26 | 26 | 26 | 26 | 26 |
| | b. | 58,351 | 67,304 | 41,318 | 7,771 | 11,311 | 8,099 | 273,190 |
| | c. | 6,076 | 7,142 | 4,700 | 1,463 | 1,802 | 2,796 | 33,859 |
| 4 | a. | 1,760 | 1,766 | 1,769 | 1,772 | 1,775 | 1,780 | 1,753 |
| | b. | 5,001,600 | 5,196,213 | 4,893,915 | 4,244,437 | 4,624,150 | 3,928,228 | 51,552,520 |
| | c. | 475,428 | 510,977 | 479,543 | 424,702 | 454,533 | 410,850 | 5,213,396 |
| 5 | a. | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| | b. | 1,646,100 | 1,793,700 | 1,405,800 | 1,489,500 | 1,349,100 | 1,311,300 | 18,697,500 |
| | c. | 134,220 | 151,331 | 119,057 | 120,490 | 110,886 | 108,283 | 1,321,781 |
| 6 | a. | 35 | 35 | 36 | 36 | 36 | 36 | 36 |
| | b. | 34,059 | 33,974 | 33,983 | 33,961 | 33,914 | 33,871 | 407,915 |
| | c. | 4,979 | 5,090 | 5,092 | 5,093 | 5,084 | 5,073 | 58,394 |
| 7 | a. | 335 | 336 | 336 | 341 | 338 | 338 | 337 |
| | b. | 502,475 | 568,607 | 483,330 | 432,639 | 462,431 | 453,977 | 5,623,376 |
| | c. | 52,253 | 60,450 | 52,308 | 47,460 | 50,373 | 51,091 | 597,703 |
| 8 | a. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9 | a. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | b. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | c. | 471,203 | (313,279) | (115,374) | (1,828) | (233,510) | (58,658) | (1,128,414) |
| 10 | | 33,303 | 33,329 | 33,287 | 33,345 | 33,362 | 33,755 | 33,487 |
| 11 | | 20,576,934 | 21,914,978 | 19,710,587 | 19,015,115 | 20,304,863 | 20,213,478 | 238,752,762 |
| 12 | | 2,795,514 | 2,131,859 | 2,124,540 | 2,168,516 | 2,052,446 | 2,358,842 | 25,386,923 |
| 13 | | 32,446 | 30,302 | 27,419 | 8,611 | 26,515 | 18,051 | 319,755 |
| 14 | | 16,386 | 16,850 | 19,452 | 15,660 | 15,660 | 24,765 | 241,864 |
| 15 | | 25,042,200 | 22,784,800 | 19,986,600 | 21,417,000 | 21,605,400 | 23,383,200 | 254,742,600 |
| 16 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17 | | 1,622,727 | 1,611,110 | 1,355,649 | 1,296,952 | 1,381,195 | 1,515,253 | 16,332,768 |
| 18 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 | | 50,439 | 49,320 | 33,786 | 37,216 | 39,821 | 42,689 | 50,439 |

| CFC INVESTMENTS, LOAN GUARANTEES AND LOANS - DISTRIBUTION (All investments refer to your most recent CFC Loan Agreement) Submit an electronic copy and a signed hard copy to CFC. Round all amounts to the nearest dollar. | | BORROWER DESIGNATION MI028 BORROWER NAME Presque Isle Electric & Gas Co-op MONTH ENDING 12/31/06 | |
|---|----------------------|---|-----------------------|
| 7a - PART 1 - INVESTMENTS | | | |
| DESCRIPTION (a) | INCLUDED (\$) (b) | EXCLUDED (\$) (c) | INCOME OR LOSS (d) |
| 2 INVESTMENTS IN ASSOCIATED ORGANIZATIONS | | | |
| 5 See Attached Sheet | 167,914 | 15,067,145 | 0 |
| 6 | 0 | 0 | 0 |
| 7 | 0 | 0 | 0 |
| 8 | 0 | 0 | 0 |
| Subtotal (Line 5 thru 8) | 167,914 | 15,067,145 | 0 |
| 3 INVESTMENTS IN ECONOMIC DEVELOPMENT PROJECTS | | | |
| 9 | 0 | 0 | 0 |
| 10 | 0 | 0 | 0 |
| 11 | 0 | 0 | 0 |
| 12 | 0 | 0 | 0 |
| Subtotal (Line 9 thru 12) | 0 | 0 | 0 |
| 4 OTHER INVESTMENTS | | | |
| 13 | 0 | 0 | 0 |
| 14 | 0 | 0 | 0 |
| 15 | 0 | 0 | 0 |
| 16 | 0 | 0 | 0 |
| Subtotal (Line 13 thru 16) | 0 | 0 | 0 |
| 5 SPECIAL FUNDS | | | |
| 17 | 0 | 0 | 0 |
| 18 | 0 | 0 | 0 |
| 19 | 0 | 0 | 0 |
| 20 | 0 | 0 | 0 |
| Subtotal (Line 17 thru 20) | 0 | 0 | 0 |
| 6 CASH - GENERAL | | | |
| 21 Onaway Community Federal Credit Union | 347,490 | 100,000 | 0 |
| 22 Citizen's National Bank | | 63,962 | 0 |
| 23 National City Bank | 360,369 | 100,000 | 0 |
| 24 Other | | 42,805 | 0 |
| Subtotal (Line 21 thru 24) | 707,859 | 306,766 | 0 |
| 7 SPECIAL DEPOSITS | | | |
| 25 | 0 | 0 | 0 |
| 26 | 0 | 0 | 0 |
| 27 | 0 | 0 | 0 |
| 28 | 0 | 0 | 0 |
| Subtotal (Line 25 thru 28) | 0 | 0 | 0 |
| 8 TEMPORARY INVESTMENTS | | | |
| 29 Citizen's National Bank - IMMA | 43,645 | 0 | 0 |
| 30 | 0 | 0 | 0 |
| 31 | 0 | 0 | 0 |
| 32 | 0 | 0 | 0 |
| Subtotal (Line 29 thru 32) | 43,645 | 0 | 0 |
| 9 ACCOUNT & NOTES RECEIVABLE - NET | | | |
| 33 | 0 | 0 | 0 |
| 34 | 0 | 0 | 0 |
| 35 | 0 | 0 | 0 |
| 36 | 0 | 0 | 0 |
| Subtotal (Line 33 thru 36) | 0 | 0 | 0 |
| 10 COMMITMENTS TO INVEST WITHIN 12 MONTHS BUT NOT ACTUALLY PURCHASED | | | |
| 37 | 0 | 0 | 0 |
| 38 | 0 | 0 | 0 |
| 39 | 0 | 0 | 0 |
| 40 | 0 | 0 | 0 |
| Subtotal (Line 37 thru 40) | 0 | 0 | 0 |
| Total | 919,418 | 15,373,911 | 0 |

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added 92 new ratios to the existing 53 ratios calculated from the data entered on your Form 7. These preliminary ratios can be used to evaluate your system's performance and used as an error checking device. MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs -- Patronage Capital" must be entered as a part of the calculation for MDSC.

| ITEM DESCRIPTION | ENTER DATA | RATIO NO. | RATIO DESCRIPTION | ESTIMATED RATIO VALUE |
|---|--------------|-----------|---|-----------------------|
| Invest. In Assoc. Org. - Pat Cap (for 2005) | 11,713,954 | 1 | Average Total Consumers Served | 33,487.00 |
| Billed Debt Services (2006) | 4,109,814 | 2 | Total KWH Sold (1,000) | 238,668.00 |
| Total KWH Sold (for 2005) | 238,693,206 | 3 | Total Utility Plant (1,000) | 103,361.07 |
| Avg. Total Number of Consumers (for 2005) | 33,060 | 4 | Total Number of Employees (Full Time Only) | 76.00 |
| Total Utility Plant (for 2005) | 98,932,837 | 5 | Total Miles of Line | 4,751.00 |
| Total Margins and Equities (for 2004) | 28,071,705 | 6 | TIER (estimated) | 1.88 |
| Total Margins and Equities (for 2005) | 30,745,294 | 7 | TIER (2 of 3 year High Average) | 1.94 |
| Total Long-Term Debt (for 2004) | 45,589,251 | 8 | OTIER | 1.21 |
| Total Long-Term Debt (for 2005) | 48,376,767 | 9 | OTIER (2 of 3 year High Average) | 1.32 |
| Total Margins and Equities (for 2001) | 23,946,632 | 10 | MDSC (estimated) | 1.43 |
| Total Long-Term Debt (for 2001) | 41,991,478 | 11 | MDSC (2 of 3 year High Average) | 1.60 |
| Current Maturities Long-Term Debt - Economic Development (2005) | | 12 | Debt Service Coverage - DSC (estimated) | 1.84 |
| Current Maturities Long-Term Debt (2005) | 1,270,000 | 13 | DSC (2 of 3 year High Average) | 1.97 |
| TIER (2004) | 1.73 | 14 | ODSC | 1.40 |
| TIER (2005) | 1.99 | 15 | ODSC (2 of 3 year High Average) | 1.58 |
| TIER (2006) | 1.88 | 16 | Equity As A % of Assets | 35.53 |
| | | 17 | Distribution Equity (excludes equity in Assoc. Org's Patronage Capital) | 24.66 |
| OTIER (2004) | 1.27 | 18 | Equity As A % of Total Capitalization | 41.37 |
| OTIER (2005) | 1.36 | 19 | Long-Term Debt As A % of Total Assets | 50.34 |
| OTIER (2006) | 1.21 | 20 | Long-Term Debt Per KWH Sold (Mills) | 197.01 |
| | | 21 | Long-Term Debt Per Consumer (\$) | 1,404.16 |
| MDSC (2004) | 1.59 | 22 | Non-Government Debt As % of Total Long-Term Debt | 100.00 |
| MDSC (2005) | 1.60 | 23 | Blended Interest Rate (%) | 5.55 |
| MDSC (2006) | 1.43 | 24 | Annual Capital Credits Retired Per Total Equity (%) | - |
| | | 25 | Long-Term Interest As A % of Revenue | 7.81 |
| DSC (2004) | 1.90 | 26 | Cumulative Patronage Capital Retired As A % of Total Patronage Capital | 7.02 |
| DSC (2005) | 2.03 | 27 | Rate of Return on Equity (%) | 7.14 |
| DSC (2006) | 1.84 | 28 | Rate of Return on Total Capitalization (%) | 6.30 |
| | | 29 | Current Ratio | 0.63 |
| ODSC (2004) | 1.57 | 30 | General Funds Per TUP (%) | 1.07 |
| ODSC (2005) | 1.58 | 31 | Plant Revenue Ratio (PPR) One Year | 7.90 |
| ODSC (2006) | 1.40 | 32 | Investment in Subsidiaries to Total Assets (%) | - |
| 2% of Total Margins & Equity | 663,678.12 | 33 | Total Operating Revenue per KWH Sold (Mills) | 143.95 |
| Total Long-Term Leases | - | 34 | Total Operating Revenue per TUP Investment (Cents) | 33.24 |
| 1/3 of the Lease portion | (221,226.04) | 35 | Total Operating Revenue Per Consumer (\$) | 1,025.96 |
| Pat Cap (Cash) portion | 640,590.67 | 36 | Electric Revenue per KWH Sold (Mills) | 106.37 |
| | | 37 | Electric Revenue per Cosumer (\$) | 758.12 |
| | | 38 | Residential Revenue per KWH Sold (Mills) | 109.90 |
| | | 39 | Non-Residential Revenue per KWH Sold (Mills) | 79.73 |
| | | 40 | Seasonal Revenue per KWH Sold (Mills) | 157.14 |

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added 92 new ratios to the existing 53 ratios calculated from the data entered on your Form 7.
 These preliminary ratios can be used to evaluate your system's performance and used as an error checking device.
 MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs --
 Patronage Capital" must be entered as a part of the calculation for MDSC.

| RATIO NO. | RATIO DESCRIPTION | ESTIMATED RATIO VALUE | RATIO NO. | RATIO DESCRIPTION | ESTIMATED RATIO VALUE |
|-----------|--|-----------------------|-----------|--|-----------------------|
| 41 | Irrigation Revenue per KWH Sold (Mills) | 123.94 | 81 | Consumer Accounting Expenses per Consumer (\$) | 41.29 |
| 42 | Small Commercial Revenue per KWH Sold (Mills) | 101.29 | 82 | Customer Sales and Service Per Total KWH Sold (Mills) | 0.53 |
| 43 | Large Commercial Revenue Per KWH Sold (Mills) | 70.69 | 83 | Consumer Sales and Service per Consumer (\$) | 3.76 |
| 44 | Sale for Resale Revenue per KWH Sold (Mills) | #DIV/0! | 84 | A & G Expenses per Total KWH Sold (Mills) | 6.07 |
| 45 | Street & Highway Lighting Revenue per KWH Sold (Mills) | 143.15 | 85 | A & G Expenses per Consumer (\$) | 43.25 |
| 46 | Other Sales to Public Authorities Revenue Per KWH Sold (Mills) | 106.29 | 86 | Total Controllable Expenses per Total KWH Sold (Mills) | 27.29 |
| 47 | Operating Margins per KWH Sold (Mills) | (0.26) | 87 | Total Controllable Expenses per Consumer (\$) | 194.53 |
| 48 | Operating Margins per Consumer \$ | (1.85) | 88 | Power Cost per KWH Purchased (Mills) | 83.49 |
| 49 | Non-Operating Margins per KWH Sold (Mills) | 0.15 | 89 | Power Cost per Total KWH Sold (Mills) | 89.11 |
| 50 | Non-Operating Margins per Consumer \$ | 1.05 | 90 | Power Cost As A % of Revenue | 61.91 |
| 51 | Total Margins Less Allocations per KWH Sold (Mills) | (0.11) | 91 | Long-Term Interest Cost per Total KWH Sold (Mills) | 11.24 |
| 52 | Total Margins Less Allocations per Consumer \$ | (0.80) | 92 | Long-Term Interest Cost As A % of TUP | 2.59 |
| 53 | Income (Loss) from Equity Investments per Consumer \$ | (2.04) | 93 | Long-Term Interest Cost per Consumer (\$) | 80.10 |
| 54 | Associated Organization's Capital Credits Per KWH Sold (Mills) | 10.04 | 94 | Depreciation Expense per Total KWH Sold (Mills) | 10.54 |
| 55 | Associated Organization's Capital Credits Per Consumer (\$) | 71.54 | 95 | Depreciation Expense As A % of TUP | 2.43 |
| 56 | Total Margins per KWH Sold (Mills) | 9.93 | 96 | Depreciation Expense per Consumer (\$) | 75.09 |
| 57 | Total Margins per Consumer \$ | 70.74 | 97 | Accumulative Depreciation As A % of Plant in Service | 35.25 |
| 58 | A/R Over 60 Days As A % of Operating Revenue | 0.98 | 98 | Total Tax Expense per Total KWH Sold (Mills) | 4.53 |
| 59 | Amount Write-Off As A % of Operating Revenue | 0.15 | 99 | Total Tax Expense As A % of TUP | 1.05 |
| 60 | Total MWH Sold per Mile of Line | 50.24 | 100 | Total Tax Expense per Consumer (\$) | 32.26 |
| 61 | Average Residential KWH Usage per Month | 620.60 | 101 | Total Fixed Expenses per Total KWH Sold (Mills) | 116.91 |
| 62 | Average Seasonal KWH Usage per Month | 188.35 | 102 | Total Fixed Expenses per Consumer (\$) | 833.27 |
| 63 | Average Irrigation KWH Usage per Month | 892.78 | 103 | Total Operating Expenses per Total KWH Sold (Mills) | 27.29 |
| 64 | Average Small Commercial KWH Usage per Month | 2,446.66 | 104 | Total Operating Expenses per Consumer | 194.53 |
| 65 | Average Large Commercial KWH Usage per Month | 346,250.00 | 105 | Total Cost of Service (Minus Power Costs) per Total KWH Sold | 55.09 |
| 66 | Average Street & Highway Lighting KWH Usage per Month | 957.55 | 106 | Total Cost of Electric Service per Total KWH Sold (Mills) | 144.21 |
| 67 | Average Sales for Resale KWH Usage per Month | #DIV/0! | 107 | Total Cost of Electric Service per Consumer (\$) | 1,027.81 |
| 68 | Average Sales to Public Authorities KWH Usage per Month | 1,390.55 | 108 | Average Wage Rate per Hour (\$) | 24.48 |
| 69 | Residential KWH Sold per Total KWH Sold (%) | 54.97 | 109 | Total Wages per Total KWH Sold (Mills) | 18.27 |
| 70 | Seasonal KWH Sold per Total KWH Sold (%) | 12.99 | 110 | Total Wages per Consumer (\$) | 130.24 |
| 71 | Irrigation KWH Sold per Total KWH Sold (%) | 0.11 | 111 | Overtime Hours/Total Hours (%) | 8.46 |
| 72 | Small Commercial KWH Sold per Total KWH Sold (%) | 21.56 | 112 | Capitalized Payroll/Total Payroll (%) | 38.21 |
| 73 | Large Commercial KWH Sold per Total KWH Sold (%) | 7.83 | 113 | Average Consumers per Employee | 440.61 |
| 74 | Street & Highway Lighting KWH Sold per Total KWH Sold (%) | 0.17 | 114 | Annual Growth in KWH Sold (%) | (0.01) |
| 75 | Sales for Resale KWH Sold per Total KWH Sold (%) | - | 115 | Annual Growth in Number of Consumers (%) | 1.29 |
| 76 | Sales to Public Authorities KWH Sold per Total KWH Sold (%) | 2.36 | 116 | Annual Growth in TUP Dollars (%) | 4.48 |
| 77 | O & M Expenses per Total KWH Sold (Mills) | 14.91 | 117 | Const. W.I.P. to Plant Additions (%) | 45.12 |
| 78 | O & M Expenses per Dollars of TUP (Mills) | 34.42 | 118 | Net New Services to Total Services (%) | 0.91 |
| 79 | O & M Expenses per Consumer (\$) | 106.24 | 119 | Annual Growth in Total Capitalization (%) | 1.37 |
| 80 | Consumer Accounting Expenses per Total KWH Sold (Mills) | 5.79 | 120 | 2 Yr. Compound Growth in Total Capitalization (%) | 4.35 |

PRELIMINARY FINANCIAL & STATISTICAL RATIOS

We have added 92 new ratios to the existing 53 ratios calculated from the data entered on your Form 7. These preliminary ratios can be used to evaluate your system's performance and used as an error checking device. MDSC and DSC will be "estimated" values. Your system's prior year's "Investment in Associated Orgs – Patronage Capital" must be entered as a part of the calculation for MDSC.

| RATIO NO. | RATIO DESCRIPTION | ESTIMATED RATIO VALUE |
|-----------|--|-----------------------|
| 121 | 5 Yr. Compound Growth in Total Capitalization (%) | 3.99 |
| 122 | TUP Investment per Total KWH Sold (Cents) | 43.31 |
| 123 | TUP Investment per Consumer (\$) | 3,086.65 |
| 124 | TUP Investment per Mile of Line (\$) | 21,755.65 |
| 125 | Average Consumers per Mile | 7.05 |
| 126 | Distribution Plant per Total KWH Sold (Mills) | 290.30 |
| 127 | Distribution Plant per Consumer (\$) | 2,069.03 |
| 128 | Distribution Plant per Employee (\$) | 911,637.50 |
| 129 | General Plant per Total KWH Sold (Mills) | 16.30 |
| 130 | General Plant per Consumer (\$) | 116.19 |
| 131 | General Plant per Employee (\$) | 51,194.38 |
| 132 | Headquarters Plant per Total KWH Sold (Mills) | 3.52 |
| 133 | Headquarters Plant per Consumer (\$) | 25.11 |
| 134 | Headquarters Plant per Employee (\$) | 11,062.58 |
| 135 | Transmission Plant per Total KWH Sold (Mills) | - |
| 136 | Transmission Plant per Consumer (\$) | - |
| 137 | Transmission Plant per Employee (\$) | - |
| 138 | Idle Services to Total Service (%) | 5.67 |
| 139 | Line Loss (%) | 6.22 |
| 140 | System Avg. Interruption Duration Index (SAIDI) - Power Supplier | 0.66 |
| 141 | System Avg. Interruption Duration Index (SAIDI) - Extreme Storm | 11.64 |
| 142 | System Avg. Interruption Duration Index (SAIDI) - Prearranged | 0.08 |
| 143 | System Avg. Interruption Duration Index (SAIDI) - All Other | 2.80 |
| 144 | System Avg. Interruption Duration Index (SAIDI) - Total | 15.19 |
| 145 | Avg. Service Availability Index (ASAI) - Total (%) | 99.83 |

PRESQUE ISLE ELECTRIC & GAS CO-OP

RECEIVED
Michigan Public Service Commission

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

MAY 17 2007

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

REGULATED ENERGY DIVISION


Signature of Chief Financial Officer

2/23/2007
Date


Signature of Chief Executive Officer

2/23/2007
Date

PART 1 - STATEMENT OF COMBINED OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2006

| RUS Form 7 Line Number | ITEM | YEAR TO DATE | | | THIS MONTH |
|---------------------------------|--|-------------------|-------------------|-------------------|------------------|
| | | 2005 | 2006 | BUDGET | |
| 1. | Operating Revenue - Electric | 24,665,096 | 25,706,672 | 24,406,994 | 2,376,893 |
| 1. | Operating Revenue - Gas | 8,490,854 | 8,649,101 | 11,424,701 | 1,207,081 |
| | Total Revenue | 33,155,949 | 34,355,773 | 35,831,695 | 3,583,973 |
| 3. | Cost of Purchased Energy - Electric | 15,883,028 | 16,332,767 | 14,988,212 | 1,515,253 |
| 3. | Cost of Purchased Energy - Gas | 4,122,326 | 4,936,012 | 7,024,478 | 835,135 |
| | Total Cost of Energy Sold | 20,005,354 | 21,268,779 | 22,012,690 | 2,350,387 |
| | Gross Revenues | 13,150,595 | 13,086,994 | 13,819,005 | 1,233,586 |
| 5. | Distribution Expense - Operation | 1,477,699 | 1,522,958 | 1,609,323 | 124,335 |
| 6. | Distribution Expense - Maintenance | 2,004,090 | 2,034,804 | 1,631,820 | 99,399 |
| 7. | Consumer Accounts Expense | 1,283,460 | 1,382,541 | 1,284,805 | 119,383 |
| 8. | Customer Service and Informational Expense | 129,565 | 125,760 | 113,100 | 3,993 |
| 10. | Administrative and General Expense | 1,321,719 | 1,448,159 | 1,351,585 | 138,975 |
| | Total Operation & Maintenance Expense | 6,216,532 | 6,514,222 | 5,990,633 | 486,084 |
| 12. | Depreciation & Amortization Expense | 2,472,289 | 2,514,658 | 2,726,532 | 210,984 |
| 13. | Tax Expense - Property & Gross Receipts | 869,181 | 902,455 | 951,252 | 77,162 |
| 14. | Tax Expense - Other | 179,663 | 177,862 | 147,085 | 43,270 |
| 15. | Interest on Long-Term Debt | 2,672,189 | 2,682,152 | 2,842,863 | 237,643 |
| 17. | Interest Expense - Other | 195,133 | 356,008 | 2,268 | 37,384 |
| 18. | Other Deductions | 1,217 | 1,498 | 3,140 | 0 |
| | Total Cost of Operations | 12,606,204 | 13,148,856 | 12,663,773 | 1,092,526 |
| 20. | Patronage Capital & Operating Margins | 544,392 | (61,862) | 1,155,232 | 141,060 |
| 21. | Non-Operating Margins - Interest | 89,042 | 103,615 | 54,684 | 33,883 |
| 23. | Income (Loss) from Equity Investments | (231,231) | (68,401) | 15,081 | 12,130 |
| 24. | Non-Operating Margins - Other | 0 | 0 | 0 | 0 |
| 25. a | Generation and Transmission Capital Credits | 630,209 | 631,122 | 0 | 631,122 |
| 25. b | G & T Capital Credits - PSDFC | 1,354,871 | 1,398,832 | 2,936,712 | 242,035 |
| 26. | Other Capital Credits and Patronage Dividends | 269,937 | 365,666 | 246,924 | 5,447 |
| 27. | Extraordinary Items | 0 | 0 | 0 | 0 |
| 28. | Patronage Capital | 2,657,220 | 2,368,972 | 4,408,633 | 1,065,677 |
| | Net T.I.E.R. | 1.93 | 1.78 | | |
| | Operating T.I.E.R. | 1.19 | 0.98 | | |

PART 2 - DATA ON COMBINED DISTRIBUTION PLANT

| ITEM | ELECTRIC YEAR TO DATE | | GAS YEAR TO DATE | |
|-------------------------------------|-----------------------|-------|------------------|------|
| | 2005 | 2006 | 2005 | 2006 |
| 1. New Services Connected | 539 | 393 | 217 | 148 |
| 2. Services Retired | 30 | 68 | 0 | 0 |
| 3. Total Services in Place | 35004 | 35784 | 8376 | 8531 |
| 4. Idle Services (Excl Seasonal) | 1778 | 2029 | 393 | 444 |
| 5. Miles Distribution - Overhead | 3868 | 3,864 | | |
| 6. Miles Distribution - Underground | 763 | 887 | | |
| 7. Total Miles Energized (5 + 6) | 4631 | 4,751 | | |

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

Signature of Chief Financial Officer

Date

Signature of Chief Executive Officer

Date

PART 1A - STATEMENT OF ELECTRICAL OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2006

| RUS Form 7 Line | ITEM | YEAR TO DATE | | | THIS MONTH |
|-----------------------|--|-------------------|-------------------|-------------------|------------------|
| | | 2005 | 2006 | BUDGET | |
| 1. | Operating Revenue - Electric | 24,665,096 | 25,706,672 | 24,406,994 | 2,376,893 |
| 1. | Total Revenue | 24,665,096 | 25,706,672 | 24,406,994 | 2,376,893 |
| 3. | Cost of Purchased Energy - Electric | 15,883,028 | 16,332,767 | 14,988,212 | 1,515,253 |
| 3. | Total Cost of Energy Sold | 15,883,028 | 16,332,767 | 14,988,212 | 1,515,253 |
| | Gross Revenues | 8,782,068 | 9,373,905 | 9,418,782 | 861,640 |
| 5. | Distribution Expense - Operation | 1,064,801 | 1,045,536 | 1,190,533 | 72,472 |
| 6. | Distribution Expense - Maintenance | 1,913,306 | 1,921,541 | 1,524,924 | 88,576 |
| 7. | Consumer Accounts Expense | 1,086,471 | 1,125,734 | 1,098,244 | 83,994 |
| 8. | Customer Service and Informational Expense | 106,270 | 102,955 | 91,080 | 3,307 |
| 10. | Administrative and General Expense | 1,198,439 | 1,298,388 | 1,198,236 | 125,035 |
| | Total Operation & Maintenance Expense | 5,369,286 | 5,494,155 | 5,103,017 | 373,385 |
| 12. | Depreciation & Amortization Expense | 2,055,902 | 2,096,742 | 2,275,500 | 176,708 |
| 13. | Tax Expense - Property & Gross Receipts | 539,070 | 585,021 | 620,052 | 51,540 |
| 14. | Tax Expense - Other | 135,719 | 134,495 | 110,953 | 32,798 |
| 15. | Interest on Long-Term Debt | 1,669,427 | 1,530,601 | 1,759,703 | 193,914 |
| 17. | Interest Expense - Other | 111,262 | 293,035 | 1,884 | 28,847 |
| 18. | Other Deductions | 1,159 | 1,498 | 2,692 | 0 |
| | Total Cost of Operations | 9,881,825 | 10,135,547 | 9,873,801 | 857,192 |
| 20. | Patronage Capital & Operating Margins | (1,099,757) | (761,642) | (455,019) | 4,448 |
| 21. | Non-Operating Margins - Interest | 85,944 | 98,410 | 52,920 | 33,510 |
| 23. | Income (Loss) from Equity Investments | (239,937) | (73,757) | 14,320 | 11,981 |
| 24. | Non-Operating Margins - Other | 0 | 0 | 0 | 0 |
| 25.a | Generation and Transmission Capital Credits | 630,209 | 631,122 | 0 | 631,122 |
| 25.b | G & T Capital Credits - PSDFC | 1,354,871 | 1,398,832 | 2,936,712 | 242,035 |
| 26. | Other Capital Credits and Patronage Dividends | 166,300 | 239,496 | 156,432 | 4,412 |
| 27. | Extraordinary Items See attached sheet | 0 | 0 | 0 | 0 |
| 28. | Patronage Capital | 897,631 | 1,532,462 | 2,705,365 | 927,509 |
| | Net T.I.E.R. | 1.50 | 1.84 | | |
| | Operating T.I.E.R. | 0.38 | 0.58 | | |

PART 2A - DATA ON ELECTRICAL DISTRIBUTION PLANT

| ITEM | YEAR TO DATE | |
|-------------------------------------|--------------|--------|
| | 2005 | 2006 |
| 1. New Services Connected | 539 | 393 |
| 2. Services Retired | 30 | 68 |
| 3. Total Services in Place | 35,004 | 35,784 |
| 4. Idle Services (Excl Seasonal) | 1,778 | 2,029 |
| 5. Miles Distribution - Overhead | 3,868 | 3,864 |
| 6. Miles Distribution - Underground | 763 | 887 |
| 7. Total Miles Energized (5 + 6) | 4,631 | 4,751 |

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

PART 1B - STATEMENT OF GAS OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2006

| RUS Form 7 Line Number | ITEM | YEAR TO DATE | | | THIS MONTH |
|------------------------------|--|------------------|------------------|-------------------|------------------|
| | | 2005 | 2006 | BUDGET | |
| 1. | | | | | |
| 1. | Operating Revenue - Gas | 8,490,854 | 8,649,101 | 11,424,701 | 1,207,081 |
| | Total Revenue | 8,490,854 | 8,649,101 | 11,424,701 | 1,207,081 |
| 3. | | | | | |
| 3. | Cost of Purchased Energy - Gas | 4,122,326 | 4,936,012 | 7,024,478 | 835,135 |
| | Total Cost of Energy Sold | 4,122,326 | 4,936,012 | 7,024,478 | 835,135 |
| | Gross Revenues | 4,368,527 | 3,713,089 | 4,400,223 | 371,946 |
| 5. | Distribution Expense - Operation | 412,898 | 477,422 | 418,790 | 51,862 |
| 6. | Distribution Expense - Maintenance | 90,784 | 113,262 | 106,896 | 10,823 |
| 7. | Consumer Accounts Expense | 196,989 | 256,807 | 186,561 | 35,389 |
| 8. | Customer Service and Informational Expense | 23,295 | 22,805 | 22,020 | 685 |
| 10. | Administrative and General Expense | 123,280 | 149,771 | 153,349 | 13,940 |
| | Total Operation & Maintenance Expense | 847,247 | 1,020,067 | 887,616 | 112,700 |
| 12. | Depreciation & Amortization Expense | 416,387 | 417,917 | 451,032 | 34,276 |
| 13. | Tax Expense - Property & Gross Receipts | 330,112 | 317,434 | 331,200 | 25,622 |
| 14. | Tax Expense - Other | 43,944 | 43,367 | 36,132 | 10,471 |
| 15. | Interest on Long-Term Debt | 1,002,762 | 1,151,552 | 1,083,160 | 43,729 |
| 17. | Interest Expense - Other | 83,871 | 62,973 | 384 | 8,537 |
| 18. | Other Deductions | 57 | 0 | 448 | 0 |
| | Total Cost of Operations | 2,724,379 | 3,013,309 | 2,789,972 | 235,334 |
| 20. | Patronage Capital & Operating Margins | 1,644,150 | 699,780 | 1,610,251 | 136,612 |
| 21. | Non-Operating Margins - Interest | 3,097 | 5,204 | 1,764 | 372 |
| 23. | Income (Loss) from Equity Investments | 8,706 | 5,356 | 761 | 149 |
| 24. | Non-Operating Margins - Other | 0 | 0 | 0 | 0 |
| 25.a | Generation and Transmission Capital Credits | 0 | 0 | 0 | 0 |
| 25.b | G & T Capital Credits - PSDFC | 0 | 0 | 0 | 0 |
| 26. | Other Capital Credits and Patronage Dividends | 103,638 | 126,170 | 90,492 | 1,035 |
| 27. | Extraordinary Items | 0 | 0 | 0 | 0 |
| 28. | Patronage Capital | 1,759,590 | 836,510 | 1,703,268 | 138,168 |
| | Net T.I.E.R. | 2.62 | 1.69 | | |
| | Operating T.I.E.R. | 2.61 | 1.58 | | |

PART 2B - DATA ON GAS DISTRIBUTION PLANT

| ITEM | YEAR TO DATE | |
|-------------------------------------|--------------|-------|
| | 2005 | 2006 |
| 1. New Services Connected | 217 | 148 |
| 2. Services Retired | 0 | 0 |
| 3. Total Services in Place | 8,376 | 8,531 |
| 4. Idle Services (Excl Seasonal) | 393 | 444 |
| 5. Miles Distribution - Overhead | 0 | 0 |
| 6. Miles Distribution - Underground | 0 | 0 |
| 7. Total Miles Energized (5 + 6) | 0 | 0 |

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PART 3 - COMBINED BALANCE SHEET AS OF DECEMBER 31, 2006

| RUS Form 7 Line Number | ASSETS AND OTHER DEBITS | RUS Form 7 Line Number | LIABILITIES AND OTHER CREDITS | |
|------------------------------|--|------------------------------|---|-------------------|
| 1a. | Utility Plant in Service - Electric | 74,041,627 | 30a. Memberships - Electric | 191,585 |
| 1b. | Utility Plant in Service - Gas | 20,469,142 | 30b. Memberships - Gas | 15,655 |
| 1. | Utility Plant in Service - Combined | 94,510,769 | 30. Memberships - Combined | 207,240 |
| 2a. | Construction Work in Progress - Electric | 2,436,765 | 31a. Patronage Capital - Electric | 30,035,916 |
| 2b. | Construction Work in Progress - Gas | 6,413,538 | 31b. Patronage Capital - Gas | (115,679) |
| 2. | Construction Work in Progress - Combined | 8,850,304 | 31. Patronage Capital - Combined | 29,920,237 |
| 3a. | Total Utility Plant (1+ 2) - Electric | 76,478,392 | 32a. Operating Margins - Prior Years - Electric | 0 |
| 3b. | Total Utility Plant (1 + 2) - Gas | 26,882,680 | 32b. Operating Margins - Prior Years - Gas | 0 |
| 3. | Total Utility Plant - Combined | 103,361,072 | 32. Operating Margins - Prior Years - Combined | 0 |
| 4a. | Accumulated Provision for Depreciation - Electric | 30,264,446 | 33a. Operating Margins - Current Year - Electric | (761,642) |
| 4b. | Accumulated Provision for Depreciation - Gas | 3,047,599 | 33b. Operating Margins - Current Year - Gas | 699,780 |
| 4. | Accum. Provision for Depreciation - Combined | 33,312,044 | 33. Operating Margins - Current Year - Combined | (61,862) |
| 5a. | Net Utility Plant (3 - 4) - Electric | 46,213,947 | 34a. Non Operating Margins - Electric | 2,294,103 |
| 5b. | Net Utility Plant (3 - 4) - Gas | 23,835,082 | 34b. Non Operating Margins - Gas | 136,731 |
| 5. | Net Utility Plant - Combined | 70,049,028 | 34. Non Operating Margins - Combined | 2,430,834 |
| 7. | Investments in Subsidiary Companies | 0 | 35a. Other Margins and Equities - Electric | 688,525 |
| 8.a | Invest. in Assoc. Org. - Patronage Capital - WPC | 8,558,802 | 35b. Other Margins and Equities - Gas | (1,068) |
| 8.b | Invest. in Assoc. Org. - Patronage Capital - WPC - PSDFC | 3,992,527 | 35. Other Margins and Equities - Combined | 687,457 |
| 8.c | Invest. in Assoc. Org. - Patronage Capital - Other | 917,654 | 36a. Total Margins and Equities (30 thru 35) - Electric | 32,448,488 |
| 9. | Invest. in Assoc. Org. - Other - General Funds | 47,036 | 36b. Total Margins and Equities (30 thru 35) - Gas | 735,418 |
| 10. | Invest. in Assoc. Org. - Other - Nongeneral Funds | 1,719,040 | 36. Total Margins and Equities (30 thru 35) - Combined | 33,183,906 |
| 11. | Invest. in Economic Development Projects | 0 | 37. Long Term Debt - RUS (Net) | |
| 12. | Other Investments | 0 | (Payments-Unapplied \$ -0-) | 0 |
| 13. | Restricted Funds | 0 | 38. Long Term Debt - RUS - Econ. Dev. (Net) | 0 |
| 14. | Total Other Property and Investments (6 thru 13) | 15,235,059 | 39. Long Term Debt - Other - RUS Guaranteed | 0 |
| 15. | Cash - General Funds | 1,014,625 | 40. Long Term Debt - Other (Net) | 47,020,519 |
| 16. | Cash - Construction Funds | 0 | 41. Total Long Term Debt (37 thru 40) | 47,020,519 |
| 17. | Special Deposits | 0 | 42. Obligations Under Capital Leases | 0 |
| 18. | Temporary Investments | 43,645 | 43. Deferred Compensation | 0 |
| 19. | Notes Receivable - Net | 0 | 44. Total Other Non Current Liabilities (42+43) | 0 |
| 20. | Accounts Receivable - Net Sales of Energy | 5,287,441 | 45. CFC Line of Credit Balance Due | 6,379,542 |
| 21. | Accounts Receivable - Net Other | 287,245 | 46. Accounts Payable | 2,663,433 |
| 22. | Materials and Supplies - Electric and Other | 1,128,951 | 47. Consumers Deposits | 167,606 |
| 23. | Prepayments | 129,297 | 48. Other Current and Accrued Liabilities | 3,384,722 |
| 24. | Other Current and Accrued Assets | 0 | 49. Total Current and Accrued Liabilities (45 thru 48) | 12,595,303 |
| 25. | Total Current and Accrued Assets (14 thru 24) | 7,891,204 | 50. Deferred Credits | 601,386 |
| 26. | Regulatory Assets | 0 | 51. Accumulated Deferred Income Taxes | 0 |
| 27. | Other Deferred Debits | 225,822 | 52. Total Liabilities and Other Credits | |
| 28. | Accumulated Deferred Income Taxes | 0 | (36+41+44+49 thru 51) | 93,401,113 |
| 29. | Total Assets and Other Debits (5 + 14 + 25 thru 28) | 93,401,113 | ESTIMATED CONTRIBUTIONS IN AID OF CONSTRUCTION | |
| | | 53. | Balance Beginning of the Year - Electric | 16,182,373 |
| | | 54. | Balance Beginning of the Year - Gas | 2,337,486 |
| | | 55. | Balance Beginning of the Year - Gas AER | 1,006,569 |
| | | | Amount Received This Year (Net) - Electric | 1,042,561 |
| | | | Amount Received This Year (Net) - Gas | 70,084 |
| | | | Amount Received This Year (Net) - Gas AER | 35,959 |
| | | | Total Contributions in Aid of Construction - Electric | 17,224,934 |
| | | | Total Contributions in Aid of Construction - Gas | 2,407,570 |
| | | | Total Contributions in Aid of Construction - Gas AER | 1,042,528 |

PART 4 - NOTES TO COMBINED FINANCIAL STATEMENTS

THIS SPACE BELOW IS PROVIDED FOR IMPORTANT NOTES REGARDING THE FINANCIAL STATEMENT CONTAINED IN THIS REPORT.

PRESQUE ISLE ELECTRIC & GAS CO-OP
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

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**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD OF DIRECTORS
DECEMBER 31, 2006**

| | |
|---------------------|------------------|
| Allan H. Bruder | Chairperson |
| Allen L. Barr | Vice-Chairperson |
| Sally L. Knopf | Secretary |
| Robert W. Wegmeyer | Treasurer |
| Glen G. Alsobrooks | Director |
| John F. Brown | Director |
| Bernice C. Krajniak | Director |
| David W. Smith | Director |
| Raymond Wozniak | Director |

President & Chief Executive Officer

Brian J. Burns

Independent Auditor's Report

The Board of Directors
Presque Isle Electric & Gas Co-op
Onaway, Michigan

We have audited the accompanying balance sheets of Presque Isle Electric & Gas Co-op as of December 31, 2006 and 2005, and the related statements of revenue and patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Presque Isle Electric & Gas Co-op's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presque Isle Electric & Gas Co-op as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants
January 31, 2007

PRESQUE ISLE ELECTRIC & GAS CO-OP
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

| | 2006 | 2005 |
|---|---------------|---------------|
| ASSETS | | |
| UTILITY PLANT: | | |
| In-Service – at cost | \$ 94,510,769 | \$ 91,184,593 |
| Construction work in progress | 8,850,304 | 7,748,244 |
| SUBTOTAL | 103,361,073 | 98,932,837 |
| Less accumulated depreciation and amortization | 33,312,044 | 31,509,040 |
| NET UTILITY PLANT | 70,049,029 | 67,423,797 |
| OTHER ASSETS AND INVESTMENTS | | |
| Investments on associated organizations | 15,235,058 | 13,492,900 |
| CURRENT ASSETS: | | |
| Cash and temporary cash investments | 1,058,270 | 905,687 |
| Accounts Receivable, less allowance for possible losses of \$118,000 and \$94,000 in 2006 and 2005, respectively | 5,574,686 | 6,715,917 |
| Materials and supplies (at average cost) | 1,128,951 | 981,297 |
| Other current assets | 129,297 | 105,611 |
| TOTAL CURRENT ASSETS | 7,891,204 | 8,708,512 |
| DEFERRED DEBITS | 225,822 | 241,524 |
| TOTAL ASSETS | \$ 93,401,113 | \$ 89,866,733 |

The accompanying notes are an integral part of these statements.

| | <u>2006</u> | <u>2005</u> |
|---|----------------------|----------------------|
| EQUITIES AND LIABILITIES | | |
| EQUITIES: | | |
| Memberships | \$ 207,240 | \$ 200,180 |
| Patronage capital | 32,289,209 | 29,857,657 |
| Other equities | <u>687,457</u> | <u>687,457</u> |
| TOTAL EQUITIES | <u>33,183,906</u> | <u>30,745,294</u> |
| LONG-TERM DEBT, NET OF CURRENT MATURITIES: | | |
| Mortgage notes to National Rural Utilities Cooperative Finance Corporation (CFC) | 47,020,519 | 48,376,767 |
| Accrued post – retirement benefits | <u>284,930</u> | <u>399,529</u> |
| TOTAL LONG-TERM DEBT | <u>47,305,449</u> | <u>48,776,296</u> |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | 1,340,000 | 1,270,000 |
| CFC line of credit | 6,379,542 | 3,764,883 |
| Accounts payable, purchased energy | 2,337,305 | 2,029,235 |
| Accounts payable, other | 326,127 | 416,664 |
| Patronage capital payable | 98,013 | 98,013 |
| Customer deposits | 167,607 | 133,508 |
| Accrued property taxes | 607,553 | 646,671 |
| Accrued interest | 249,220 | 258,035 |
| Accrued sick and vacation pay | 570,708 | 575,326 |
| Accrued other | <u>234,297</u> | <u>327,591</u> |
| TOTAL CURRENT LIABILITIES | <u>12,310,372</u> | <u>9,519,926</u> |
| DEFERRED CREDITS | <u>601,386</u> | <u>825,217</u> |
| TOTAL EQUITIES AND LIABILITIES | <u>\$ 93,401,113</u> | <u>\$ 89,866,733</u> |

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

| | 2006 | 2005 |
|--|----------------------|----------------------|
| OPERATING REVENUES | \$ 34,355,773 | \$ 33,155,949 |
| OPERATING EXPENSES: | | |
| Cost of energy | 21,268,779 | 20,005,354 |
| Distribution – operation | 1,522,958 | 1,477,699 |
| Distribution – maintenance | 2,034,804 | 2,004,090 |
| Consumers accounts | 1,382,541 | 1,283,460 |
| Customer service and information expense | 125,760 | 129,565 |
| Administrative and general | 1,448,159 | 1,321,719 |
| Depreciation and amortization | 2,514,658 | 2,472,289 |
| Taxes – property | 902,455 | 869,181 |
| Taxes – other | 177,862 | 179,663 |
| | 31,377,976 | 29,743,020 |
| OPERATING MARGIN BEFORE FIXED CHARGES | 2,977,797 | 3,412,929 |
| FIXED CHARGES: | | |
| Interest | 3,038,161 | 2,867,322 |
| Other deductions | 1,498 | 1,217 |
| | 3,039,659 | 2,868,539 |
| OPERATING MARGINS AFTER FIXED CHARGES | (61,862) | 544,390 |
| CAPITAL CREDITS: | | |
| Generation and transmission capital credits | 2,029,954 | 1,985,080 |
| Other capital credits | 365,666 | 269,937 |
| | 2,395,620 | 2,255,017 |
| NET OPERATING MARGINS | 2,333,758 | 2,799,407 |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| NET OPERATING MARGINS (from previous page) | \$ 2,333,758 | \$ 2,799,407 |
| NON-OPERATING MARGINS: | | |
| Interest and dividend income | 103,615 | 89,042 |
| Other | <u>(68,401)</u> | <u>(231,230)</u> |
| TOTAL NON-OPERATING MARGINS | <u>35,214</u> | <u>(142,188)</u> |
| NET MARGINS | 2,368,972 | 2,657,219 |
| PATRONAGE CAPITAL, beginning of year | 29,857,657 | 27,192,004 |
| Other equity transactions – assignment of sales tax refund | <u>62,580</u> | <u>8,434</u> |
| PATRONAGE CAPITAL, end of year | <u>\$ 32,289,209</u> | <u>\$ 29,857,657</u> |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

| | 2006 | 2005 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from consumers | \$ 35,595,397 | \$ 31,252,457 |
| Cash paid to suppliers and employees | (27,285,674) | (25,861,013) |
| Interest received | 103,615 | 89,042 |
| Interest paid | (3,181,971) | (2,986,133) |
| Taxes paid | (1,584,859) | (1,429,196) |
| Net Cash Provided by Operating Activities | 3,646,508 | 1,065,157 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Construction and acquisition of plant | (5,227,978) | (4,330,132) |
| Plant removal costs | (119,787) | (292,601) |
| (Increase) decrease in: | | |
| Material inventory | (147,654) | (1,537) |
| Investments -- associated organizations | 653,462 | 323,305 |
| Net Cash Used In Investing Activities | (4,841,957) | (4,300,965) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Advances from CFC | 16,384,659 | 20,993,697 |
| Payment of debt | (15,056,248) | (17,392,313) |
| Memberships issued | 7,060 | 6,405 |
| Increased (decrease) in: | | |
| Consumer deposits | 30,115 | 44,712 |
| Deferred credits | (80,133) | (138,463) |
| Other equities | (1) | 1,530 |
| Patronage capital retired | | |
| Sales tax refund to be assigned | 62,580 | 8,434 |
| Net cash Provided by Financing Activities | 1,348,032 | 3,524,002 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 152,583 | 288,194 |
| CASH AND CASH EQUIVALENTS, beginning of year | 905,687 | 617,493 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 1,058,270 | \$ 905,687 |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)

| | 2006 | 2005 |
|---|--------------|--------------|
| RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Net Margins | \$ 2,368,972 | \$ 2,657,219 |
| Adjustments to reconcile net margins to net cash provided by Operating activities: | | |
| Depreciation and amortization | 2,606,431 | 2,560,868 |
| (Gain) loss on disposition of assets | 111,352 | 257,005 |
| G&T and other capital credits | (2,395,620) | (2,255,017) |
| (Increase) decrease in: | | |
| Customer and other accounts receivable | 1,141,261 | (1,960,454) |
| Other current assets | (23,686) | (84,237) |
| Deferred debits | 15,702 | 16,258 |
| Amortization of debt discount | (134,995) | (134,995) |
| Increase (decrease) in: | | |
| Accounts payable | 217,534 | 296,459 |
| Accrued property taxes | (39,118) | (93,100) |
| Accrued interest payable | (8,815) | 16,184 |
| Current and accrued liabilities – other | (212,510) | (211,033) |
| Total Adjustments | 1,277,536 | (1,592,062) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 3,646,508 | \$ 1,065,157 |
| NON-CASH ITEMS – INVESTING & FINANCING | | |
| Capital credits from associated organizations | 2,395,620 | 2,255,017 |

The accompanying notes are an integral part of these statements.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the accounting policies adopted by Presque Isle Electric & Gas Co-op which have a significant effect on the financial statements.

Organization

Presque Isle Electric & Gas Co-op (Presque Isle) is a non-profit organization generally exempt from income tax under Section 501(c)(12) of the United States Internal Revenue Code. Presque Isle is subject to the Single Business Tax Act of the State of Michigan.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Utility Plant

Additions, with a life expectancy of more than one year, are recorded at cost, less contributions in aid of construction received from customers. As items are retired or otherwise disposed of, the asset account is credited for the cost and the accumulated depreciation account is charged. The cost of removal, less salvage, is charged to the loss on disposition of utility plant account, and shown on the Statement of Revenue.

Investments

The carrying values of investments in associated organizations are stated at cost, adjusted for capital credits earned or retired. Short-term investments are stated at cost, which approximates market value.

Cash

For purposes of the statement of cash flows, Presque Isle considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Consumer Energy Prepayments and Unbilled Revenues

Seasonal account billings are accounted for as deferred credits and recognized as income on a straight-line basis over a period of one year. There were no estimated net unbilled revenues for the year.

Accounts receivable

Accounts receivable consist primarily of amounts due from members for electric and gas service. An allowance for doubtful accounts has been estimated based on collection history. When a member's account becomes past due and uncollectible, the member's service is terminated. The Board of Directors approve all accounts charged off.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Materials and Supplies

Electrical materials and supplies are valued at average cost. Merchandise held for resale is valued on the first-in, first-out basis.

Retirement Plan

Presque Isle has a retirement savings plan for substantially all employees. Under the terms of the plan, Presque Isle is required to contribute 10 to 16 percent of the employee's total base earnings to the retirement plan.

Flex Benefit Plan

Presque Isle has a Flexible Benefits Plan. The purpose of the plan is to provide eligible employees a choice between cash and the specified welfare benefits described in the plan. Pre-Tax Premium elections under the plan are intended to qualify for the exclusion from income provided in Section 125 of the Internal Revenue Code of 1986.

Contributions in Aid of Construction

Contributions in aid of construction are received from customers on electrical and gas installations and re-applied against the construction costs.

NOTE 2: ASSETS PLEDGED

Substantially all assets are pledged as collateral on long-term debt payable to the National Rural Utilities Cooperative Finance Corporation (CFC).

NOTE 3: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES

Major classes of electric and gas plant as of December 31, 2006 and 2005 consisted of:

| | <u>2006</u> | <u>2005</u> |
|-------------------------------|------------------------------|-----------------------------|
| Intangible plant | \$ 984,008 | \$ 979,674 |
| Distribution plant | 88,821,955 | 85,625,649 |
| General plant | <u>4,704,806</u> | <u>4,579,270</u> |
| | 94,510,769 | 91,184,593 |
| Construction work in progress | <u>8,850,304</u> | <u>7,748,244</u> |
| TOTAL | <u><u>\$ 103,361,073</u></u> | <u><u>\$ 98,932,837</u></u> |

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 4: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES - continued

Provision has been made for depreciation of the distribution plant at a straight-line rate of 10 to 50 years for all distribution plant additions.

General plant depreciation rates have been applied on a straight-line basis as follows for the year ended December 31, 2006:

| | <u>Years</u> |
|-----------------------------|--------------|
| Structures and improvements | 10-50 |
| Office furniture equipment | 3-7 |
| Transportation equipment | 4-7 |
| Power operated equipment | 3-16 |
| Other | 4-5 |

Depreciation and amortization of electric and gas plant in service was charged as follows for the years ended December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|---|----------------------------|----------------------------|
| Charged to: | | |
| Classified as depreciation and amortization | \$ 2,514,658 | \$ 2,472,289 |
| Classified in other operating expenses | 91,773 | 88,579 |
| | <u>2,606,431</u> | <u>2,560,868</u> |
| Charged to construction | 206,391 | 205,558 |
| TOTAL DEPRECIATION AND AMORTIZATION | <u><u>\$ 2,812,822</u></u> | <u><u>\$ 2,766,426</u></u> |

NOTE 5: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|--|-----------------------------|-----------------------------|
| Wolverine Power Supply Coop. Inc. - capital credits | \$ 8,558,801 | \$ 8,333,888 |
| Wolverine Power Supply Coop. Inc. - PSDF | 3,992,527 | 2,593,694 |
| National Rural Utilities Cooperative Finance Corp.: | | |
| Capital term certificates maturing December 1, 2020 through October 1, 2080 at interest rates between 3% and 5% | 1,719,442 | 1,732,413 |
| Patronage capital certificates | 755,940 | 663,747 |
| Other | 208,348 | 169,158 |
| TOTAL | <u><u>\$ 14,478,817</u></u> | <u><u>\$ 13,492,900</u></u> |

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: SHORT-TERM INVESTMENTS - RESTRICTED

On March 20, 1984, the Michigan Public Service Commission issued its opinion and order in Case No. U-7901, directing Michigan's Rural Electric Cooperatives to maintain power supply cost recovery over-collections and refundable contributions in restricted accounts to be used only for the purpose for which they are intended.

In order to accomplish the objectives of the Commission, a non-complex mechanism acceptable to CFC and a workable approach acceptable to Presque Isle Electric & Gas Co-op, Inc., on December 17, 1985, entered into an agreement with CFC to escrow power supply cost recovery over-collections and refundable contributions. A monthly certification is to be included with the monthly form advising CFC as to amounts included in the special funds representing power supply cost recovery over-collections and refundable contributions.

Presque Isle is to provide CFC a copy of the monthly certification described above which will serve as notice to CFC as to the amount below which the fund should not fall. Under the provisions of the agreement with CFC when the amount of deposits held by CFC falls below the level set forth in the latest available certification furnished CFC, CFC will advise the Commission if Presque Isle has not remedied the deficiency within three business days of notification by CFC to Presque Isle.

There were no amounts required to be restricted as of December 31, 2006 and 2005.

NOTE 7: CASH AND INVESTMENTS

Statements of Financial Accounting Standards (SFAS) No. 105 require disclosure of significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

| | <u>Per Institution</u> | <u>Per Book</u> |
|-----------------------------------|------------------------|---------------------|
| Insured | \$ 340,200 | \$ 341,212 |
| Uninsured | <u>676,226</u> | <u>716,058</u> |
| Cash in banks, credit union & CFC | <u>\$ 1,016,426</u> | 1,057,270 |
| Working funds | | <u>1,000</u> |
| Total per books | | <u>\$ 1,058,270</u> |

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 8: DEFERRED DEBITS

The Cooperative has recorded deferred debits in the following amounts:

| | <u>2006</u> | <u>2005</u> |
|--------------------------|--------------------------|--------------------------|
| Prepaid tap fees | \$ 77,343 | \$ 79,339 |
| Prepaid years of service | 148,479 | 162,185 |
| TOTAL | <u>\$ 225,822</u> | <u>\$ 241,524</u> |

NOTE 9: MEMBERSHIPS

The following is a summary of changes in memberships for the years ended December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|-------------------------------------|--------------------------|--------------------------|
| Balance, beginning | \$ 200,180 | \$ 193,775 |
| Membership and subscriptions issued | 7,190 | 7,935 |
| Adjustment | (130) | (1,530) |
| Balance, ending | <u>\$ 207,240</u> | <u>\$ 200,180</u> |

Memberships have been adjusted to reflect the number of members currently receiving service. In accordance with the Co-op by-laws, memberships are not refunded when a member leaves the service area. The membership fee is transferred to donated capital when the member terminates service.

NOTE 10: PATRONAGE CAPITAL

Patronage capital balances as of December 31, 2006 and 2005 consisted of:

| | <u>2006</u> | <u>2005</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Assignable | \$ 2,368,972 | \$ 2,657,219 |
| Sales tax refund assignable | 62,580 | 8,434 |
| Assigned to date | <u>34,004,540</u> | <u>31,338,887</u> |
| | 36,436,092 | 34,004,540 |
| Less retirements to date | <u>4,146,883</u> | <u>4,146,883</u> |
| Balance | <u>\$ 32,289,209</u> | <u>\$ 29,857,657</u> |

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 10: PATRONAGE CAPITAL - continued

Under the provisions of the Mortgage Agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the next preceding year. The equities and margins of Presque Isle represent 35.00% and 34.21% of the total assets for the years 2006 and 2005, respectively. There were capital credits retired of \$0 during 2006 or 2005, respectively.

NOTE 11: MORTGAGE NOTES

Long-term debt is composed of 4.30 percent to 6.65 percent mortgage notes payable to the National Rural Utilities Cooperative Finance Corporation (CFC). All mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from September 2010 through February 2038.

There were unadvanced loan funds available at December 31, 2006 in the amount of \$14,000,000.

Detail of the long-term debt is as follows:

| | 2006 | 2005 |
|--|----------------------|----------------------|
| National Rural Utilities Cooperative Finance Corporation mortgage notes bearing interest at 4.30% to 6.65% per annum for 2006 and 2005 | \$ 48,333,019 | \$ 49,569,267 |
| Zero term certificate loan (ZTC) non-interest Bearing | 27,500 | 77,500 |
| | 48,360,519 | 49,646,767 |
| Less current maturities | 1,340,000 | 1,270,000 |
| TOTAL LONG-TERM DEBT | \$ 47,020,519 | \$ 48,376,767 |

Maturities of long-term debt for each of the next five years are as follows:

| | |
|------|--------------|
| 2007 | \$ 1,340,000 |
| 2008 | \$ 1,415,000 |
| 2009 | \$ 1,490,000 |
| 2010 | \$ 1,570,000 |
| 2011 | \$ 1,650,000 |

NOTE 12: LINE OF CREDIT

Presque Isle has available a short-term line of credit from CFC of \$6,400,000 for 2006 and \$5,890,000 for 2005 with a revolving credit and term of sixty months. The agreement requires that within 360 days of the first advance, the cooperative will reduce to zero for a period of at least five consecutive business days amounts outstanding. The Cooperative was in compliance with this provision during 2006 and 2005. Balance available at December 31, 2006 and 2005 was \$20,458 and \$2,125,117. The outstanding balance at December 31, 2006 and 2005 was \$6,379,542 and \$3,764,883, respectively.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: DEFERRED CREDITS

Following is a summary of the amounts recorded as deferred credits as of December 31, 2006 and 2005:

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Deferred gain from extinguishments of debt | \$ 1,214,960 | \$ 1,349,955 |
| Customer energy prepayments | (613,574) | (524,738) |
| TOTAL | \$ 601,386 | \$ 825,217 |

NOTE 14: RETIREMENT PLAN

Retirement plan benefits for substantially all employees are provided through participation in a defined contribution SelectRE pension plan with 401k option with cash and deferred arrangement of the National Rural Electric Cooperative Association (NRECA) and its member systems. The income earned by funds while held under the plan is tax-exempt under Code Sections 401 and 501 of the Internal Revenue Code. Contributions to the savings program, which are based on a percentage of the employees' compensation were \$378,484 in 2006 and \$369,566 in 2005.

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE

On October 12, 1982, the Governor of the State of Michigan signed PA 304 of 1982 into law creating the Power Supply Cost Recovery Clause (PSCR), a power cost recovery mechanism.

Wolverine Power Supply Cooperative, Inc. (Wolverine) and the member-distribution Cooperatives including Presque Isle, obtained authority to implement and apply PSCR clauses and monthly factors. Presque Isle's monthly factor may not exceed 16.61 mills per KWH for the current period.

Due to fluctuations in market conditions, over-collections or under-collections could result between the generation cooperative and distribution cooperative as well as between the distribution cooperatives and their member-consumers.

The PSCR clause includes provisions whereby power cost recovery over-collections must be remedied by refunds and power cost recovery under-collections must be remedied by additional collections.

Presque Isle's balance sheets reflect an amount due from/(to) member-consumers for under/(over) collections in the amounts of \$352,305 and \$1,602,931 at December 31, 2006 and 2005, respectively. These amounts are included in the accounts receivable balance.

On September 1, 2006, Presque Isle Electric & Gas Co-op implemented a new rate setting mechanism for its natural gas operations in 34 of its 36 franchised jurisdictions. This included a Gas Cost Recovery (GCR) mechanism. Due to fluctuations in market conditions, over-collections and under-collections of natural gas supply costs could result between the distribution cooperative and its member-consumers.

The GCR mechanism includes provisions whereby gas cost recovery over-collections must be remedied by refunds and gas cost recovery under-collections must be remedied by additional collections.

Presque Isle's balance sheet reflects an amount due from member-consumers for under collections in the amounts of \$194,212. This amount is included in the accounts receivable balance

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

The cooperative has chosen to recognize the accounting method required by the Statement of Financial Accounting Standards No. 106 for Employer's Accounting for Post-retirement Benefits Other Than Pensions. The statement requires a transition from accounting, for these benefits, on a pay-as-you go (cash basis) to recognizing the benefit cost as they are earned (accrual basis). The change in accounting method requires the accounting for costs incurred to date but unpaid, which is called the Transition amount. This amount may be either expensed in the year of transition or it may be amortized over either the benefit period or twenty-years.

The plan sponsored by the company is a defined benefit post-retirement plan that covers all employees who retire from the cooperative before April 1, 1997 after (i) attainment of age 55 and completion of 30 years of service, or (ii) attainment of age 62. Spouses of pensioners are also insured until the pensioner's death.

At the end of 2006 there were no active participants and the accounting rules of the Financial Accounting Standards Board Statement No. 88 regarding curtailment must be recognized. The reconciliation of the funded status at December 31, 2006 is as follows:

| | 2006 | 2005 |
|---|--------------|--------------|
| (Accrued) post-retirement benefit costs, beginning | \$ (399,529) | \$ (520,300) |
| Net periodic post-retirement benefit (costs) | (45,833) | (45,833) |
| Contributions made | 160,432 | 166,604 |
| (Accrued) post-retirement benefit cost, end of year | \$ (284,930) | \$ (399,529) |

Net periodic post-retirement benefit cost includes the following components:

| | 2006 | 2005 |
|---|-----------|-----------|
| Interest cost | \$ 25,667 | \$ 25,667 |
| Net amortization and deferral | 20,166 | 20,166 |
| Net periodic post-retirement benefit cost | \$ 45,833 | \$ 45,833 |

For measurement purposes a 13.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2006; the rate was assumed to decrease gradually to an ultimate rate of 3.5% per annum. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated post-retirement benefit obligation \$122,940 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$8,299. Decreasing the assumed health care cost trend rates by 1 percentage point in each year would decrease the accumulated post-retirement benefit obligation \$111,396 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$7,519.

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 7.5 percent.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 17: FLEX BENEFIT PLAN - under Section 125 of the Internal Revenue Code

The Flexible Benefit Plan is for the benefit of substantially all employees who have been employed for at least 30 days. The Cooperative has elected to offer to eligible employees the following Benefit Plans and Policies subject to the terms and conditions of the plan: (1) Disability Income - Short-Term (A&S); (2) Cancer Insurance; (3) Intensive Care Insurance; (4) Accident Insurance; and (5) Medical Care Expense Reimbursement, not to exceed \$1,200 per plan year. The maximum Pre-Tax Premiums a participant can contribute via the Salary Redirection Agreement is the aggregate cost of the applicable Benefit Plans or Policies selected minus any Nonelective Contributions made by the employer. It is intended that such Pre-Tax Premium accounts shall, for tax purposes, constitute an employer contribution.

NOTE 18: LETTERS OF CREDIT

The Co-op has a letter of credit outstanding to the State of Michigan for \$100,000 at December 31, 2006. In order to maintain status as a licensed Alternative Gas Supplier in the State of Michigan the Michigan Public Service Commission requires this letter of credit.

The Co-op has a letter of credit outstanding to the WPS Energy for \$2,000,000 at December 31, 2006. This letter of credit is required in order to mitigate counter party risk in natural gas purchase transactions. This also is a risk management tool for the Co-op with respect to market to market issues.

NOTE 19: RECLASSIFICATION OF AMOUNTS

Certain amounts previously reported have been reclassified to conform to the 2006 presentation.

AUDITORS' CERTIFICATION REGARDING LOAN FUND EXPENDITURES

During the period of this audit, Presque Isle Electric & Gas Co-op received \$0 in long-term loan fund advances from CFC on loans controlled by the 100% CFC Mortgage and Loan Agreement. Based on our review of construction work orders and other plant accounting records created during the audit period, it is our opinion that these CFC loan funds were expended for purposes contemplated in the Loan Agreements on such loans.

Certified Public Accountants
January 31, 2007

Loan Portfolio @ 12/31/2006

| CFC Loan Number | PIE&G Account Number | Beginning Date | Current Interest Rate | Principal Balance |
|-----------------|----------------------|----------------|-----------------------|-------------------|
| 9063 | 225.25 | 05/05 | 6.050% | 981,366.50 |
| 9006 | 224.66 | 7/98 | 5.850% | 36,412.20 |
| 9010 | 224.67 | 9/95 | 6.200% | 136,657.24 |
| 9012 | 224.68 | 9/95 | 6.400% | 321,002.34 |
| 9014 | 224.69 | 7/98 | 6.400% | 376,537.81 |
| 9015 | 224.70 | 9/95 | 6.100% | 825,775.99 |
| 9016-001 | 224.71 | 9/95 | 5.150% | 593,861.97 |
| 9016-002 | 224.71.01 | 9/95 | 5.150% | 561,197.89 |
| 9018-001 | 224.72 | 9/95 | 6.300% | 593,657.82 |
| 9019-001 | 224.73 | 9/95 | 6.300% | 593,657.82 |
| 9020-001 | 224.74 | 9/95 | 6.300% | 593,657.82 |
| 9021-001 | 224.75 | 9/95 | 6.350% | 600,202.13 |
| 9022-001 | 224.76 | 9/95 | 6.200% | 599,327.37 |
| 9023-001 | 224.77 | 9/95 | 6.250% | 600,821.25 |
| 9024-001 | 224.78 | 9/95 | 6.200% | 595,957.55 |
| 9025-001 | 224.79 | 9/95 | 6.200% | 595,957.55 |
| 9026-001 | 224.80 | 9/97 | 6.000% | 599,968.13 |
| 9027-001 | 224.81 | 9/97 | 6.000% | 543,650.31 |
| 9029-001 | 224.82 | 9/97 | 6.250% | 886,644.43 |
| 9029-002 | 224.83 | 9/97 | 6.250% | 886,645.22 |
| 9029-003 | 224.84 | 9/97 | 6.350% | 887,201.97 |
| 9029-004 | 224.85 | 9/97 | 6.100% | 885,797.27 |
| 9031-001 | 224.86 | 10/97 | 5.150% | 3,552,532.99 |
| 9031-002 | 224.87 | 10/97 | 5.150% | 32,500.90 |
| 9032-000 | 224.88 | 10/98 | 6.350% | 772,058.86 |
| 9033-000 | 224.89 | 10/98 | 6.350% | 772,058.86 |
| 9034-000 | 224.90 | 10/98 | 6.450% | 772,058.86 |
| 9035-000 | 224.91 | 10/98 | 6.450% | 772,058.86 |
| 9036-000 | 224.92 | 10/98 | 6.200% | 911,988.89 |
| 9037-001 | 224.93 | 11/98 | 6.200% | 840,205.93 |
| 9037-002 | 224.94 | 11/98 | 6.200% | 71,783.36 |
| 9038-000 | 224.95 | 11/98 | 6.200% | 911,988.89 |
| 9039-001 | 224.96 | 1/99 | 6.150% | 917,583.80 |
| 9040-001 | 224.97 | 1/99 | 6.150% | 917,583.80 |
| 9041-001 | 224.98 | 1/99 | 6.150% | 917,583.80 |
| 9042-001 | 224.99 | 3/99 | 5.900% | 936,775.02 |
| 9043-001 | 225.01 | 3/99 | 5.900% | 936,775.02 |
| 9044-001 | 225.02 | 3/99 | 6.100% | 937,857.12 |
| 9045-001 | 225.03 | 3/99 | 6.650% | 942,179.09 |
| 9046-001 | 225.04 | 12/00 | 6.650% | 948,988.20 |
| 9047-001 | 225.05 | 12/00 | 6.650% | 948,988.20 |
| 9048-001 | 225.06 | 12/00 | 6.650% | 948,988.20 |
| 9049-001 | 225.07 | 12/00 | 6.650% | 948,988.20 |
| 9050-001 | 225.08 | 12/00 | 6.650% | 948,988.20 |
| 9051-001 | 225.09 | 12/00 | 6.650% | 244,829.19 |
| 9051-002 | 225.1 | 12/00 | 6.650% | 704,159.01 |
| 9052-001 | 225.11 | 09/01 | 5.850% | 945,410.20 |
| 9053-001 | 225.12 | 09/01 | 5.850% | 945,410.20 |

Loan Portfolio @ 12/31/2006

| CFC Loan Number | PIE&G Account Number | Beginning Date | Current Interest Rate | Principal Balance |
|-----------------|----------------------|----------------|-----------------------|-------------------|
| 9054-001 | 225.13 | 09/01 | 5.850% | 945,410.20 |
| 9055-001 | 225.14 | 09/01 | 6.300% | 715,631.64 |
| 9055-002 | 225.15 | 02/03 | 6.400% | 231,588.81 |
| 9056-001 | 225.16 | 03/02 | 6.400% | 232,214.83 |
| 9056-002 | 225.17 | 02/03 | 6.350% | 713,891.55 |
| 9057-001 | 225.18 | 02/03 | 6.100% | 944,190.28 |
| 9058-001 | 225.19 | 02/03 | 6.100% | 944,190.28 |
| 9059-001 | 225.20 | 02/03 | 6.350% | 582,128.81 |
| 9059-002 | 225.21 | 02/03 | 6.400% | 363,385.00 |
| 9060-001 | 225.22 | 2/04 | 4.300% | 961,423.32 |
| 9061-001 | 225.23 | 2/04 | 5.000% | 966,336.97 |
| 9062-001 | 225.24 | 2/04 | 5.300% | 968,267.97 |
| 9064-001 | 225.26 | 10/05 | 5.900% | 989,251.57 |
| 9065-001 | 225.27 | 10/05 | 5.950% | 989,359.26 |
| 9066-001 | 225.28 | 10/05 | 6.000% | 989,466.05 |
| | | | | 48,333,018.77 |

| | | | |
|--|--|---|--|
| Name of Respondent Presque Isle Electric & Gas | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20 <u>06</u> |
|--|--|---|--|

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Brian J. Burns, Chief Executive Officer
 19831 M 68 Highway Onaway MI 49765

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and date organized.

Michigan March 26, 1937

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

N/A

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Electric Distribution
 Natural Gas Distribution
 Natural Gas Marketing

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes.....Enter date when such independent accountant was initially engaged: _____
 (2) No

| | | | |
|---|---|--|---|
| Name of Respondent Presque Isle Electric & Gas | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20 <u>06</u> |
|---|---|--|---|

CONTROL OVER RESPONDENT & OTHER ASSOCIATED COMPANIES

1. If any corporation, business trust, or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for

whom trust was maintained, and purpose of the trust.
2. List any entities which respondent did not control either directly or indirectly and which did not control respondent but which were associated companies at any time during the year.
3. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

N/A

| | | | |
|---|---|--|----------------------------------|
| Name of Respondent Presque Isle Electric & Gas | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20_06 |
|---|---|--|----------------------------------|

CORPORATIONS CONTROLLED BY RESPONDENT

- | | |
|--|--|
| <p>1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.</p> <p>2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.</p> | <p>3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.</p> <p>4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.</p> |
|--|--|

DEFINITIONS

- | | |
|--|---|
| <p>1. See the Uniform System of Accounts for a definition of control.</p> <p>2. Direct control is that which is exercised without interposition of an intermediary.</p> <p>3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.</p> <p>4. Joint control is that in which neither interest can effectively control or direct action without the consent</p> | <p>of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.</p> |
|--|---|

| Name of Company Controlled (a) | Kind of Business (b) | Percent Voting Stock Owned (c) | Footnote Ref. (d) |
|-----------------------------------|-------------------------|-----------------------------------|----------------------|
| N/A | | | |

| | | | |
|--|---|--|----------------------------------|
| Name of Respondent PresqueIsle Electric & Gas | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20_06 |
|--|---|--|----------------------------------|

OFFICERS

1. Report below the name, title and salary for the five executive officers. 4. If a change was made during the year in the incumbent of any position, show the name and total remuneration of the previous incumbent and the date the change in incumbency occurred.

2. Report in column (b) salaries and wages accrued during the year including deferred compensation.

3. In column (c) report any other compensation provided, such as bonuses, car allowance, stock options and rights, savings contribution, etc., and explain in a footnote what the amounts represent. 5. Upon request, the Company will provide the Commission with supplemental information on officers and other employees salaries.

| Line No. | Name and Title (a) | Base Wages (b) | Other Compensation (c) | Total Compensation (d) |
|----------|--------------------------------|-------------------|---------------------------|---------------------------|
| 1 | Brian Burns President & CEO | \$129,730.25 | | \$129,730.25 |
| 2 | Allan Bruder Chairman | | 14,323.70 | 14,323.70 |
| 3 | Allen Barr Vice Chairman | | 18,390.66 | 18,390.66 |
| 4 | Sally Knopf Secretary | | 15,660.53 | 15,660.53 |
| 5 | Robert Wegmeyer Treasurer | | 6,478.50 | 6,478.50 |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
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| 17 | | | | |
| 18 | | | | |

| | | | |
|--|--|---|--|
| Name of Respondent Presque Isle Electric | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20__06 |
|--|--|---|--|

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

| Name (and Title) of Director (a) | Principal Business Address (b) | No. of Directors Meetings During Yr. (c) | Fees During Year (d) |
|--|--|--|--------------------------------|
| Allan Bruder Chairman | 19831 M 68 Highway Onaway MI 49765 | 11 | 14,323.70 |
| Allen Barr Vice Chairman | | 12 | 18,390.66 |
| Sally Knopf Secretary | | 12 | 15,660.53 |
| Robert Wegmeyer Treasurer | | 12 | 6,478.50 |
| Glen Alsobrooks Director | | 12 | 12,510.92 |
| John Brown Director | | 12 | 18,303.74 |
| Bernice Krajniak Director | | 12 | 15,675.98 |
| David Smith Director | | 12 | 12,182.59 |
| Raymond Wozniak Director | | 12 | 18,258.87 |

| | | | |
|---|--|--|---|
| Name of Respondent Presque Isle Electric | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission* | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20 <u>06</u> |
|---|--|--|---|

SECURITY HOLDERS AND VOTING POWERS

1. (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.

(B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.

2. If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.

3. If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.

4. Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing:

N/A

2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy:

Total: 2233

By Proxy: 0

3. Give the date and place of such meeting:

October 27, 2006
Onaway High School, Onaway MI

| | | | |
|---|---|--|---|
| Name of Respondent Presque Isle Electric | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 20 <u>06</u> |
|---|---|--|---|

SECURITY HOLDERS AND VOTING POWERS (Continued)

| Line No. | Name (Title) and Address of Security Holder (a) | VOTING SECURITIES | | | |
|----------|--|-------------------------------|---------------------|------------------------|--------------|
| | | Number of votes as of (date): | | | |
| | | Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
| 4 | TOTAL votes of all voting securities | | | | |
| 5 | TOTAL number of security holders | | | | |
| 6 | TOTAL votes of security holders listed below | | | | |
| 7 | | | | | |
| 8 | | | | | |
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|---|---|--|---------------------------------|
| Name of Respondent Presque Isle Electric | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 04/27/2007 | Year of Report Dec. 31, 2006 |
|---|---|--|---------------------------------|

IMPORTANT CHANGES DURING THE YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none", "not acceptable" or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefor and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing

sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements etc.

6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Give reference to Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instructions 1 to 11 above, such notes may be attached to this page.

NONE

PRESQUE ISLE ELECTRIC & GAS CO-OP
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006 AND 2005

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**PRESQUE ISLE ELECTRIC & GAS CO-OP
BOARD OF DIRECTORS
DECEMBER 31, 2006**

| | |
|---------------------|------------------|
| Allan H. Bruder | Chairperson |
| Allen L. Barr | Vice-Chairperson |
| Sally L. Knopf | Secretary |
| Robert W. Wegmeyer | Treasurer |
| Glen G. Alsobrooks | Director |
| John F. Brown | Director |
| Bernice C. Krajniak | Director |
| David W. Smith | Director |
| Raymond Wozniak | Director |

President & Chief Executive Officer

Brian J. Burns

Independent Auditor's Report

The Board of Directors
Presque Isle Electric & Gas Co-op
Onaway, Michigan

We have audited the accompanying balance sheets of Presque Isle Electric & Gas Co-op as of December 31, 2006 and 2005, and the related statements of revenue and patronage capital, and cash flows for the years then ended. These financial statements are the responsibility of Presque Isle Electric & Gas Co-op's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Presque Isle Electric & Gas Co-op as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants
January 31, 2007

PRESQUE ISLE ELECTRIC & GAS CO-OP
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005

| | 2006 | 2005 |
|---|---------------|---------------|
| ASSETS | | |
| UTILITY PLANT: | | |
| In-Service – at cost | \$ 94,510,769 | \$ 91,184,593 |
| Construction work in progress | 8,850,304 | 7,748,244 |
| SUBTOTAL | 103,361,073 | 98,932,837 |
| Less accumulated depreciation and amortization | 33,312,044 | 31,509,040 |
| NET UTILITY PLANT | 70,049,029 | 67,423,797 |
| OTHER ASSETS AND INVESTMENTS | | |
| Investments on associated organizations | 15,235,058 | 13,492,900 |
| CURRENT ASSETS: | | |
| Cash and temporary cash investments | 1,058,270 | 905,687 |
| Accounts Receivable, less allowance for possible losses of \$118,000 and \$94,000 in 2006 and 2005, respectively | 5,574,686 | 6,715,917 |
| Materials and supplies (at average cost) | 1,128,951 | 981,297 |
| Other current assets | 129,297 | 105,611 |
| TOTAL CURRENT ASSETS | 7,891,204 | 8,708,512 |
| DEFERRED DEBITS | 225,822 | 241,524 |
| TOTAL ASSETS | \$ 93,401,113 | \$ 89,866,733 |

The accompanying notes are an integral part of these statements.

| EQUITIES AND LIABILITIES | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| EQUITIES: | | |
| Memberships | \$ 207,240 | \$ 200,180 |
| Patronage capital | 32,289,209 | 29,857,657 |
| Other equities | 687,457 | 687,457 |
| TOTAL EQUITIES | <u>33,183,906</u> | <u>30,745,294</u> |
| LONG-TERM DEBT, NET OF CURRENT MATURITIES: | | |
| Mortgage notes to National Rural Utilities Cooperative Finance Corporation (CFC) | 47,020,519 | 48,376,767 |
| Accrued post - retirement benefits | 284,930 | 399,529 |
| TOTAL LONG-TERM DEBT | <u>47,305,449</u> | <u>48,776,296</u> |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | 1,340,000 | 1,270,000 |
| CFC line of credit | 6,379,542 | 3,764,883 |
| Accounts payable, purchased energy | 2,337,305 | 2,029,235 |
| Accounts payable, other | 326,127 | 416,664 |
| Patronage capital payable | 98,013 | 98,013 |
| Customer deposits | 167,607 | 133,508 |
| Accrued property taxes | 607,553 | 646,671 |
| Accrued interest | 249,220 | 258,035 |
| Accrued sick and vacation pay | 570,708 | 575,326 |
| Accrued other | 234,297 | 327,591 |
| TOTAL CURRENT LIABILITIES | <u>12,310,372</u> | <u>9,519,926</u> |
| DEFERRED CREDITS | <u>601,386</u> | <u>825,217</u> |
| TOTAL EQUITIES AND LIABILITIES | <u>\$ 93,401,113</u> | <u>\$ 89,866,733</u> |

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

| | <u>2006</u> | <u>2005</u> |
|--|--------------------------|--------------------------|
| OPERATING REVENUES | \$ 34,355,773 | \$ 33,155,949 |
| OPERATING EXPENSES: | | |
| Cost of energy | 21,268,779 | 20,005,354 |
| Distribution – operation | 1,522,958 | 1,477,699 |
| Distribution – maintenance | 2,034,804 | 2,004,090 |
| Consumers accounts | 1,382,541 | 1,283,460 |
| Customer service and information expense | 125,760 | 129,565 |
| Administrative and general | 1,448,159 | 1,321,719 |
| Depreciation and amortization | 2,514,658 | 2,472,289 |
| Taxes – property | 902,455 | 869,181 |
| Taxes – other | 177,862 | 179,663 |
| TOTAL OPERATING EXPENSES | <u>31,377,976</u> | <u>29,743,020</u> |
| OPERATING MARGIN BEFORE FIXED CHARGES | <u>2,977,797</u> | <u>3,412,929</u> |
| FIXED CHARGES: | | |
| Interest | 3,038,161 | 2,867,322 |
| Other deductions | 1,498 | 1,217 |
| TOTAL FIXED CHARGES | <u>3,039,659</u> | <u>2,868,539</u> |
| OPERATING MARGINS AFTER FIXED CHARGES | <u>(61,862)</u> | <u>544,390</u> |
| CAPITAL CREDITS: | | |
| Generation and transmission capital credits | 2,029,954 | 1,985,080 |
| Other capital credits | 365,666 | 269,937 |
| TOTAL CAPITAL CREDITS | <u>2,395,620</u> | <u>2,255,017</u> |
| NET OPERATING MARGINS | <u>2,333,758</u> | <u>2,799,407</u> |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| NET OPERATING MARGINS (from previous page) | <u>\$ 2,333,758</u> | <u>\$ 2,799,407</u> |
| NON-OPERATING MARGINS: | | |
| Interest and dividend income | 103,615 | 89,042 |
| Other | <u>(68,401)</u> | <u>(231,230)</u> |
| TOTAL NON-OPERATING MARGINS | <u>35,214</u> | <u>(142,188)</u> |
| NET MARGINS | 2,368,972 | 2,657,219 |
| PATRONAGE CAPITAL, beginning of year | 29,857,657 | 27,192,004 |
| Other equity transactions – assignment of sales tax refund | <u>62,580</u> | <u>8,434</u> |
| PATRONAGE CAPITAL, end of year | <u>\$ 32,289,209</u> | <u>\$ 29,857,657</u> |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

| | 2006 | 2005 |
|---|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from consumers | \$ 35,595,397 | \$ 31,252,457 |
| Cash paid to suppliers and employees | (27,285,674) | (25,861,013) |
| Interest received | 103,615 | 89,042 |
| Interest paid | (3,181,971) | (2,986,133) |
| Taxes paid | (1,584,859) | (1,429,196) |
| | <u>3,646,508</u> | <u>1,065,157</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Construction and acquisition of plant | (5,227,978) | (4,330,132) |
| Plant removal costs | (119,787) | (292,601) |
| (Increase) decrease in: | | |
| Material inventory | (147,654) | (1,537) |
| Investments – associated organizations | 653,462 | 323,305 |
| | <u>(4,841,957)</u> | <u>(4,300,965)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Advances from CFC | 16,384,659 | 20,993,697 |
| Payment of debt | (15,056,248) | (17,392,313) |
| Memberships issued | 7,060 | 6,405 |
| Increased (decrease) in: | | |
| Consumer deposits | 30,115 | 44,712 |
| Deferred credits | (80,133) | (138,463) |
| Other equities | (1) | 1,530 |
| Patronage capital retired | | |
| Sales tax refund to be assigned | 62,580 | 8,434 |
| | <u>1,348,032</u> | <u>3,524,002</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 152,583 | 288,194 |
| CASH AND CASH EQUIVALENTS, beginning of year | 905,687 | 617,493 |
| CASH AND CASH EQUIVALENTS, end of year | \$ 1,058,270 | \$ 905,687 |

The accompanying notes are an integral part of these statements.

PRESQUE ISLE ELECTRIC & GAS CO-OP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)

| | 2006 | 2005 |
|--|---------------------|---------------------|
| RECONCILIATION OF NET MARGINS TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Net Margins | \$ 2,368,972 | \$ 2,657,219 |
| Adjustments to reconcile net margins to net cash provided by Operating activities: | | |
| Depreciation and amortization | 2,606,431 | 2,560,868 |
| (Gain) loss on disposition of assets | 111,352 | 257,005 |
| G&T and other capital credits | (2,395,620) | (2,255,017) |
| (Increase) decrease in: | | |
| Customer and other accounts receivable | 1,141,261 | (1,960,454) |
| Other current assets | (23,686) | (84,237) |
| Deferred debits | 15,702 | 16,258 |
| Amortization of debt discount | (134,995) | (134,995) |
| Increase (decrease) in: | | |
| Accounts payable | 217,534 | 296,459 |
| Accrued property taxes | (39,118) | (93,100) |
| Accrued interest payable | (8,815) | 16,184 |
| Current and accrued liabilities - other | (212,510) | (211,033) |
| Total Adjustments | 1,277,536 | (1,592,062) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 3,646,508 | \$ 1,065,157 |
| NON-CASH ITEMS - INVESTING & FINANCING | | |
| Capital credits from associated organizations | 2,395,620 | 2,255,017 |

The accompanying notes are an integral part of these statements.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the accounting policies adopted by Presque Isle Electric & Gas Co-op which have a significant effect on the financial statements.

Organization

Presque Isle Electric & Gas Co-op (Presque Isle) is a non-profit organization generally exempt from income tax under Section 501(c)(12) of the United States Internal Revenue Code. Presque Isle is subject to the Single Business Tax Act of the State of Michigan.

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Utility Plant

Additions, with a life expectancy of more than one year, are recorded at cost, less contributions in aid of construction received from customers. As items are retired or otherwise disposed of, the asset account is credited for the cost and the accumulated depreciation account is charged. The cost of removal, less salvage, is charged to the loss on disposition of utility plant account, and shown on the Statement of Revenue.

Investments

The carrying values of investments in associated organizations are stated at cost, adjusted for capital credits earned or retired. Short-term investments are stated at cost, which approximates market value.

Cash

For purposes of the statement of cash flows, Presque Isle considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Consumer Energy Prepayments and Unbilled Revenues

Seasonal account billings are accounted for as deferred credits and recognized as income on a straight-line basis over a period of one year. There were no estimated net unbilled revenues for the year.

Accounts receivable

Accounts receivable consist primarily of amounts due from members for electric and gas service. An allowance for doubtful accounts has been estimated based on collection history. When a member's account becomes past due and uncollectible, the member's service is terminated. The Board of Directors approve all accounts charged off.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Materials and Supplies

Electrical materials and supplies are valued at average cost. Merchandise held for resale is valued on the first-in, first-out basis.

Retirement Plan

Presque Isle has a retirement savings plan for substantially all employees. Under the terms of the plan, Presque Isle is required to contribute 10 to 16 percent of the employee's total base earnings to the retirement plan.

Flex Benefit Plan

Presque Isle has a Flexible Benefits Plan. The purpose of the plan is to provide eligible employees a choice between cash and the specified welfare benefits described in the plan. Pre-Tax Premium elections under the plan are intended to qualify for the exclusion from income provided in Section 125 of the Internal Revenue Code of 1986.

Contributions in Aid of Construction

Contributions in aid of construction are received from customers on electrical and gas installations and re-applied against the construction costs.

NOTE 2: ASSETS PLEDGED

Substantially all assets are pledged as collateral on long-term debt payable to the National Rural Utilities Cooperative Finance Corporation (CFC).

NOTE 3: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES

Major classes of electric and gas plant as of December 31, 2006 and 2005 consisted of:

| | 2006 | 2005 |
|-------------------------------|-----------------------|----------------------|
| Intangible plant | \$ 984,008 | \$ 979,674 |
| Distribution plant | 88,821,955 | 85,625,649 |
| General plant | 4,704,806 | 4,579,270 |
| | 94,510,769 | 91,184,593 |
| Construction work in progress | 8,850,304 | 7,748,244 |
| TOTAL | \$ 103,361,073 | \$ 98,932,837 |

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 4: ELECTRIC AND GAS PLANT AND DEPRECIATION RATES AND PROCEDURES - continued

Provision has been made for depreciation of the distribution plant at a straight-line rate of 10 to 50 years for all distribution plant additions.

General plant depreciation rates have been applied on a straight-line basis as follows for the year ended December 31, 2006:

| | <u>Years</u> |
|-----------------------------|--------------|
| Structures and improvements | 10-50 |
| Office furniture equipment | 3-7 |
| Transportation equipment | 4-7 |
| Power operated equipment | 3-16 |
| Other | 4-5 |

Depreciation and amortization of electric and gas plant in service was charged as follows for the years ended December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| Charged to: | | |
| Classified as depreciation and amortization | \$ 2,514,658 | \$ 2,472,289 |
| Classified in other operating expenses | 91,773 | 88,579 |
| | <u>2,606,431</u> | <u>2,560,868</u> |
| Charged to construction | 206,391 | 205,558 |
| TOTAL DEPRECIATION AND AMORTIZATION | <u>\$ 2,812,822</u> | <u>\$ 2,766,426</u> |

NOTE 5: INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|--|----------------------|----------------------|
| Wolverine Power Supply Coop. Inc. - capital credits | \$ 8,558,801 | \$ 8,333,888 |
| Wolverine Power Supply Coop. Inc. - PSDF | 3,992,527 | 2,593,694 |
| National Rural Utilities Cooperative Finance Corp.: | | |
| Capital term certificates maturing December 1, 2020 through October 1, 2080 at interest rates between 3% and 5% | 1,719,442 | 1,732,413 |
| Patronage capital certificates | 755,940 | 663,747 |
| Other | <u>208,348</u> | <u>169,158</u> |
| TOTAL | <u>\$ 14,478,817</u> | <u>\$ 13,492,900</u> |

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: SHORT-TERM INVESTMENTS - RESTRICTED

On March 20, 1984, the Michigan Public Service Commission issued its opinion and order in Case No. U-7901, directing Michigan's Rural Electric Cooperatives to maintain power supply cost recovery over-collections and refundable contributions in restricted accounts to be used only for the purpose for which they are intended.

In order to accomplish the objectives of the Commission, a non-complex mechanism acceptable to CFC and a workable approach acceptable to Presque Isle Electric & Gas Co-op, Inc., on December 17, 1985, entered into an agreement with CFC to escrow power supply cost recovery over-collections and refundable contributions. A monthly certification is to be included with the monthly form advising CFC as to amounts included in the special funds representing power supply cost recovery over-collections and refundable contributions.

Presque Isle is to provide CFC a copy of the monthly certification described above which will serve as notice to CFC as to the amount below which the fund should not fall. Under the provisions of the agreement with CFC when the amount of deposits held by CFC falls below the level set forth in the latest available certification furnished CFC, CFC will advise the Commission if Presque Isle has not remedied the deficiency within three business days of notification by CFC to Presque Isle.

There were no amounts required to be restricted as of December 31, 2006 and 2005.

NOTE 7: CASH AND INVESTMENTS

Statements of Financial Accounting Standards (SFAS) No. 105 require disclosure of significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

| | <u>Per Institution</u> | <u>Per Book</u> |
|-----------------------------------|------------------------|---------------------|
| Insured | \$ 340,200 | \$ 341,212 |
| Uninsured | <u>676,226</u> | <u>716,058</u> |
| Cash in banks, credit union & CFC | <u>\$ 1,016,426</u> | 1,057,270 |
| Working funds | | <u>1,000</u> |
| Total per books | | <u>\$ 1,058,270</u> |

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DEFERRED DEBITS

The Cooperative has recorded deferred debits in the following amounts:

| | <u>2006</u> | <u>2005</u> |
|--------------------------|--------------------------|--------------------------|
| Prepaid tap fees | \$ 77,343 | \$ 79,339 |
| Prepaid years of service | 148,479 | 162,185 |
| TOTAL | <u>\$ 225,822</u> | <u>\$ 241,524</u> |

NOTE 9: MEMBERSHIPS

The following is a summary of changes in memberships for the years ended December 31, 2006 and 2005:

| | <u>2006</u> | <u>2005</u> |
|-------------------------------------|--------------------------|--------------------------|
| Balance, beginning | \$ 200,180 | \$ 193,775 |
| Membership and subscriptions issued | 7,190 | 7,935 |
| Adjustment | (130) | (1,530) |
| Balance, ending | <u>\$ 207,240</u> | <u>\$ 200,180</u> |

Memberships have been adjusted to reflect the number of members currently receiving service. In accordance with the Co-op by-laws, memberships are not refunded when a member leaves the service area. The membership fee is transferred to donated capital when the member terminates service.

NOTE 10: PATRONAGE CAPITAL

Patronage capital balances as of December 31, 2006 and 2005 consisted of:

| | <u>2006</u> | <u>2005</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Assignable | \$ 2,368,972 | \$ 2,657,219 |
| Sales tax refund assignable | 62,580 | 8,434 |
| Assigned to date | <u>34,004,540</u> | <u>31,338,887</u> |
| | 36,436,092 | 34,004,540 |
| Less retirements to date | <u>4,146,883</u> | <u>4,146,883</u> |
| Balance | <u>\$ 32,289,209</u> | <u>\$ 29,857,657</u> |

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 10: PATRONAGE CAPITAL - continued

Under the provisions of the Mortgage Agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the next preceding year. The equities and margins of Presque Isle represent 35.00% and 34.21% of the total assets for the years 2006 and 2005, respectively. There were capital credits retired of \$0 during 2006 or 2005, respectively.

NOTE 11: MORTGAGE NOTES

Long-term debt is composed of 4.30 percent to 6.65 percent mortgage notes payable to the National Rural Utilities Cooperative Finance Corporation (CFC). All mortgage notes to CFC will be repriced and the interest rate adjusted accordingly during the next 10 years in accordance with the policy and procedure governing such repricing. The notes are for 35 year periods each, with principal and interest installments due either quarterly or monthly. The notes are scheduled to be fully repaid at various times from September 2010 through February 2038.

There were unadvanced loan funds available at December 31, 2006 in the amount of \$14,000,000.

Detail of the long-term debt is as follows:

| | 2006 | 2005 |
|--|----------------------|----------------------|
| National Rural Utilities Cooperative Finance Corporation mortgage notes bearing interest at 4.30% to 6.65% per annum for 2006 and 2005 | \$ 48,333,019 | \$ 49,569,267 |
| Zero term certificate loan (ZTC) non-interest Bearing | 27,500 | 77,500 |
| | 48,360,519 | 49,646,767 |
| Less current maturities | 1,340,000 | 1,270,000 |
| TOTAL LONG-TERM DEBT | \$ 47,020,519 | \$ 48,376,767 |

Maturities of long-term debt for each of the next five years are as follows:

| | |
|------|--------------|
| 2007 | \$ 1,340,000 |
| 2008 | \$ 1,415,000 |
| 2009 | \$ 1,490,000 |
| 2010 | \$ 1,570,000 |
| 2011 | \$ 1,650,000 |

NOTE 12: LINE OF CREDIT

Presque Isle has available a short-term line of credit from CFC of \$6,400,000 for 2006 and \$5,890,000 for 2005 with a revolving credit and term of sixty months. The agreement requires that within 360 days of the first advance, the cooperative will reduce to zero for a period of at least five consecutive business days amounts outstanding. The Cooperative was in compliance with this provision during 2006 and 2005. Balance available at December 31, 2006 and 2005 was \$20,458 and \$2,125,117. The outstanding balance at December 31, 2006 and 2005 was \$6,379,542 and \$3,764,883, respectively.

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: DEFERRED CREDITS

Following is a summary of the amounts recorded as deferred credits as of December 31, 2006 and 2005:

| | 2006 | 2005 |
|--|-------------------|-------------------|
| Deferred gain from extinguishments of debt | \$ 1,214,960 | \$ 1,349,955 |
| Customer energy prepayments | (613,574) | (524,738) |
| TOTAL | \$ 601,386 | \$ 825,217 |

NOTE 14: RETIREMENT PLAN

Retirement plan benefits for substantially all employees are provided through participation in a defined contribution SelectRE pension plan with 401k option with cash and deferred arrangement of the National Rural Electric Cooperative Association (NRECA) and its member systems. The income earned by funds while held under the plan is tax-exempt under Code Sections 401 and 501 of the Internal Revenue Code. Contributions to the savings program, which are based on a percentage of the employees' compensation were \$378,484 in 2006 and \$369,566 in 2005.

NOTE 15: POWER SUPPLY COST RECOVERY CLAUSE

On October 12, 1982, the Governor of the State of Michigan signed PA 304 of 1982 into law creating the Power Supply Cost Recovery Clause (PSCR), a power cost recovery mechanism.

Wolverine Power Supply Cooperative, Inc. (Wolverine) and the member-distribution Cooperatives including Presque Isle, obtained authority to implement and apply PSCR clauses and monthly factors. Presque Isle's monthly factor may not exceed 16.61 mills per KWH for the current period.

Due to fluctuations in market conditions, over-collections or under-collections could result between the generation cooperative and distribution cooperative as well as between the distribution cooperatives and their member-consumers.

The PSCR clause includes provisions whereby power cost recovery over-collections must be remedied by refunds and power cost recovery under-collections must be remedied by additional collections.

Presque Isle's balance sheets reflect an amount due from/(to) member-consumers for under/(over) collections in the amounts of \$352,305 and \$1,602,931 at December 31, 2006 and 2005, respectively. These amounts are included in the accounts receivable balance.

On September 1, 2006, Presque Isle Electric & Gas Co-op implemented a new rate setting mechanism for its natural gas operations in 34 of its 36 franchised jurisdictions. This included a Gas Cost Recovery (GCR) mechanism. Due to fluctuations in market conditions, over-collections and under-collections of natural gas supply costs could result between the distribution cooperative and its member-consumers.

The GCR mechanism includes provisions whereby gas cost recovery over-collections must be remedied by refunds and gas cost recovery under-collections must be remedied by additional collections.

Presque Isle's balance sheet reflects an amount due from member-consumers for under collections in the amounts of \$194,212. This amount is included in the accounts receivable balance

**PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS**

NOTE 16: POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

The cooperative has chosen to recognize the accounting method required by the Statement of Financial Accounting Standards No. 106 for Employer's Accounting for Post-retirement Benefits Other Than Pensions. The statement requires a transition from accounting, for these benefits, on a pay-as-you go (cash basis) to recognizing the benefit cost as they are earned (accrual basis). The change in accounting method requires the accounting for costs incurred to date but unpaid, which is called the Transition amount. This amount may be either expensed in the year of transition or it may be amortized over either the benefit period or twenty-years.

The plan sponsored by the company is a defined benefit post-retirement plan that covers all employees who retire from the cooperative before April 1, 1997 after (i) attainment of age 55 and completion of 30 years of service, or (ii) attainment of age 62. Spouses of pensioners are also insured until the pensioner's death.

At the end of 2006 there were no active participants and the accounting rules of the Financial Accounting Standards Board Statement No. 88 regarding curtailment must be recognized. The reconciliation of the funded status at December 31, 2006 is as follows:

| | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|
| (Accrued) post-retirement benefit costs, beginning | \$ (399,529) | \$ (520,300) |
| Net periodic post-retirement benefit (costs) | (45,833) | (45,833) |
| Contributions made | <u>160,432</u> | <u>166,604</u> |
| (Accrued) post-retirement benefit cost, end of year | <u>\$ (284,930)</u> | <u>\$ (399,529)</u> |

Net periodic post-retirement benefit cost includes the following components:

| | <u>2006</u> | <u>2005</u> |
|---|------------------|------------------|
| Interest cost | \$ 25,667 | \$ 25,667 |
| Net amortization and deferral | <u>20,166</u> | <u>20,166</u> |
| Net periodic post-retirement benefit cost | <u>\$ 45,833</u> | <u>\$ 45,833</u> |

For measurement purposes a 13.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2006; the rate was assumed to decrease gradually to an ultimate rate of 3.5% per annum. The health care cost trend rate assumption has a significant effect on the amounts reported. To illustrate, increasing the assumed health care cost trend rates by 1 percentage point in each year would increase the accumulated post-retirement benefit obligation \$122,940 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$8,299. Decreasing the assumed health care cost trend rates by 1 percentage point in each year would decrease the accumulated post-retirement benefit obligation \$111,396 and the aggregate of the service and interest cost components of the net periodic benefit cost by \$7,519.

The weighted-average discount rate used in determining the accumulated post-retirement benefit obligation was 7.5 percent.

PRESQUE ISLE ELECTRIC & GAS CO-OP
NOTES TO FINANCIAL STATEMENTS

NOTE 17: FLEX BENEFIT PLAN - under Section 125 of the Internal Revenue Code

The Flexible Benefit Plan is for the benefit of substantially all employees who have been employed for at least 30 days. The Cooperative has elected to offer to eligible employees the following Benefit Plans and Policies subject to the terms and conditions of the plan: (1) Disability Income - Short-Term (A&S); (2) Cancer Insurance; (3) Intensive Care Insurance; (4) Accident Insurance; and (5) Medical Care Expense Reimbursement, not to exceed \$1,200 per plan year. The maximum Pre-Tax Premiums a participant can contribute via the Salary Redirection Agreement is the aggregate cost of the applicable Benefit Plans or Policies selected minus any Nonelective Contributions made by the employer. It is intended that such Pre-Tax Premium accounts shall, for tax purposes, constitute an employer contribution.

NOTE 18: LETTERS OF CREDIT

The Co-op has a letter of credit outstanding to the State of Michigan for \$100,000 at December 31, 2006. In order to maintain status as a licensed Alternative Gas Supplier in the State of Michigan the Michigan Public Service Commission requires this letter of credit.

The Co-op has a letter of credit outstanding to the WPS Energy for \$2,000,000 at December 31, 2006. This letter of credit is required in order to mitigate counter party risk in natural gas purchase transactions. This also is a risk management tool for the Co-op with respect to market to market issues.

NOTE 19: RECLASSIFICATION OF AMOUNTS

Certain amounts previously reported have been reclassified to conform to the 2006 presentation.

AUDITORS' CERTIFICATION REGARDING LOAN FUND EXPENDITURES

During the period of this audit, Presque Isle Electric & Gas Co-op received \$0 in long-term loan fund advances from CFC on loans controlled by the 100% CFC Mortgage and Loan Agreement. Based on our review of construction work orders and other plant accounting records created during the audit period, it is our opinion that these CFC loan funds were expended for purposes contemplated in the Loan Agreements on such loans.

Certified Public Accountants
January 31, 2007

PRESQUE ISLE ELECTRIC & GAS CO-OP

19831 M68 Hwy. P.O. Box 308 Onaway, MI 49765 (989) 733-8515 1-800-423-6634 Fax (989) 733-2247

ELECTRIC OPERATIONS PLANT RATIOS, SALES & REVENUE REPORT FOR THE MONTH ENDING DECEMBER 31, 2006

BALANCE SHEET RATIOS

| | | |
|---------------------------------------|------------|---------|
| Current Assets to Current Liabilities | - Combined | 62.65 % |
| Margins & Equities as % of Assets | - Combined | 35.53 % |
| Long Term Debt as % of Plant | - Combined | 45.49 % |

CONSUMER SALES AND REVENUE DATA - MONTHLY

| CLASS OF SERVICE | Number Receiving Service A | kWh Sold B | Amount C | Number of Minimum Bills D |
|--|-------------------------------|---------------|-------------|------------------------------|
| Sales - Residential | 17,642 | 11,765,492 | 1,322,978 | 1,190 |
| Sales - Seasonal | 13,928 | 2,712,511 | 516,429 | 12,787 |
| Sales - General Service - Oil | 493 | 417,887 | 51,658 | 44 |
| Sales - Irrigation | 26 | 8,098 | 2,796 | 16 |
| Sales - General Service | 1,244 | 2,286,970 | 253,004 | 163 |
| Sales - Large Power - Oil | 9 | 94,000 | 9,302 | |
| Sales - Large Power | 39 | 2,440,671 | 205,129 | |
| Sales - Public Street & Highway Lighting | 36 | 33,871 | 5,073 | |
| Sales - Public Buildings | 338 | 453,977 | 51,091 | 42 |
| Consumer Sales - PSCR | | | (58,658) | |
| Total Sales of Electric Energy (1 thru 11) | 33,756 | 20,213,478 | 2,358,842 | 14,242 |
| Other Electric Revenue | | | 18,051 | |
| Total (12 + 13) | | | 2,376,893 | |
| Last Year kWh Sales | | 20,091,294 | | |

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

| CLASS OF SERVICE | Average Number Receiving Service B | kWh Sold Cumulative C | Amount Cumulative D |
|--|---------------------------------------|--------------------------|------------------------|
| Sales - Residential | 17,617 | 131,203,875 | 14,419,683 |
| Sales - Seasonal | 13,568 | 30,994,366 | 4,870,519 |
| Sales - General Service - Oil | 475 | 5,549,842 | 615,690 |
| Sales - Irrigation | 26 | 273,190 | 33,860 |
| Sales - General Service | 1,234 | 30,745,509 | 3,171,682 |
| Sales - Large Power - Oil | 9 | 1,105,515 | 106,718 |
| Sales - Large Power | 39 | 32,849,154 | 2,641,075 |
| Sales - Public Street & Highway Lighting | 35 | 407,915 | 58,384 |
| Sales - Public Buildings | 337 | 5,623,376 | 597,702 |
| Consumer Sales - PSCR | | | (1,128,415) |
| Total Sales of Electric Energy (1 thru 11) | 33,330 | 238,752,762 | 25,386,916 |
| Other Electric Revenue | | | 319,756 |
| Total (12 + 13) | | | 25,706,672 |
| Last Year kWh Sales | | 238,693,206 | |

KWH AND KWH STATISTICS

| ITEM | THIS MONTH | YEAR-TO-DATE |
|---|------------|--------------|
| 1. kWh Purchased | 23,383,200 | 254,742,600 |
| 2. Interchange kWh-Net | 0 | 0 |
| 3. Total kWh (1 + 2) | 23,383,200 | 254,742,600 |
| 4. Total kWh-Sold | 20,213,478 | 238,752,762 |
| 5. Office Use - **For information Purposes Only** | 24,765 | 242,921 |
| 6. Total Unaccounted for (3 - 4) | 3,169,722 | 15,989,838 |
| 7. Percent System Loss (6/3)x100 | 13.56 | 6.28 |
| 8. Maximum Demand (kw) | 42,689 | 50,439 |
| 9. Month When Maximum Demand Occurred | | 7 |

PRESQUE ISLE ELECTRIC & GAS CO-OP

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GAS OPERATIONS SALES & REVENUE REPORT FOR THE MONTH DECEMBER 31, 2006

CONSUMER SALES AND REVENUE DATA - MONTHLY

| CLASS OF SERVICE | Number Receiving Service A. | CCF Sold B. | Amount C. | Number of Minimum Bills D. |
|--|--------------------------------|----------------|------------------|-------------------------------|
| Gas Sales - Residential | 4,776 | 504,526 | 686,556 | 353 |
| Gas Sales - Residential - Line Retention | 169 | | | |
| Gas Sales - Seasonal | 2,643 | 154,208 | 224,073 | 623 |
| Gas Sales - Seasonal - Line Retention | 153 | | | |
| Gas Sales - General Service | 228 | 66,348 | 81,498 | 19 |
| Gas Sales - General Service - Line Retention | 5 | | | |
| Gas Sales - Large Power | 2 | 9,497 | 9,608 | 0 |
| Gas Sales - Public Buildings | 110 | 42,238 | 53,420 | 11 |
| Gas Sales - Public Buildings - Line Retention | 1 | | | |
| Gas Cost Recovery (Over)/Undercollection | | | 138,529 | |
| Less: Area Expansion Rate | | | (4,582) | |
| Total Sales of Natural Gas Energy (1 thru 11) | 8,087 | 775,817 | 1,188,101 | 906 |
| Other Gas Revenue | | | 18,979 | |
| Total (12 + 13) | | | 1,207,081 | |
| Last Year CCF Sales | | 991,925 | | |

CONSUMER SALES AND REVENUE DATA - YEAR TO DATE

| CLASS OF SERVICE | Average Number Receiving Service B. | CCF Sold Cumulative C. | Amount Cumulative D. |
|--|--|---------------------------|-------------------------|
| Gas Sales - Residential | 4,739 | 3,980,465 | 5,345,117 |
| Gas Sales - Residential - Line Retention | 173 | | |
| Gas Sales - Seasonal | 2,578 | 1,170,597 | 1,717,711 |
| Gas Sales - Seasonal - Line Retention | 156 | | |
| Gas Sales - General Service | 228 | 638,716 | 789,166 |
| Gas Sales - General Service - Line Retention | 5 | | |
| Gas Sales - Large Power | 2 | 111,463 | 122,397 |
| Gas Sales - Public Buildings | 111 | 341,316 | 425,036 |
| Gas Sales - Public Buildings - Line Retention | 1 | | |
| Gas Cost Recovery (Over)/Undercollection | | | 194,212 |
| Less: Area Expansion Rate | | | (40,541) |
| Total Sales of Natural Gas Energy (1 thru 11) | 7,993 | 6,242,557 | 8,663,099 |
| Other Gas Revenue | | | 96,002 |
| Total (12 + 13) | | | 8,649,101 |
| Last Year CCF Sales | | 7,162,698 | |

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STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2006

| | THIS YEAR | LAST YEAR |
|--|--------------|--------------|
| 1. KWHRs Sold Per Consumer: | | |
| a. For the Month | 599 | 605 |
| b. Year to Date | 597 | 602 |
| 2. Average Monthly Bill | 69.88 | 63.86 |
| Average Residential Bill | 74.99 | 63.36 |
| 3. Average Bill: | | |
| a. Year To Date | 63.47 | 61.44 |
| b. YTD Residential | 68.21 | 59.00 |
| 4. Cost Per KWHR Purchased | | |
| a. This Month Mills | 64.80 | 58.68 |
| b. Year to Date Mills | 64.11 | 61.54 |
| 5. Revenue Per KWHR Sold: | | |
| a. This Month Mills | 116.70 | 105.61 |
| b. Year to Date Mills | 106.33 | 101.98 |
| 6. Power Cost Adjustment | | |
| a. This Month | 0.016610 | 0.000520 |
| 7. Number of New Members - Electric | 161 | 288 |
| Number of Transferred Members Added - Electric | 1134 | 1132 |
| 7. Number of New Members - Gas | 34 | 55 |
| Number of Transferred Members Added - Gas | 83 | 112 |
| 8. Security Lights Billed | 2088 | 2068 |
| 9. Regular Payroll - Hours | 12,926.25 | 13,069.50 |
| Overtime Payroll - Hours | 825.25 | 828.25 |
| Total Payroll | 13,751.50 | 13,897.75 |
| 10. Number of Employees | | |
| Full Time | 76 | 74 |
| Temporary | 2 | 9 |
| 11. Principal Paid To CFC-YTD | 1,286,247.91 | 1,187,484.05 |
| Interest Paid To CFC-YTD | 2,823,565.85 | 2,792,363.96 |
| 12. Interest Paid to CFC on Line of Credit - YTD | 152,399.41 | 152,242.97 |

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STATISTICAL INFORMATION FOR THE MONTH ENDING DECEMBER 31, 2006

| | THIS YEAR | LAST YEAR |
|---|-----------|-----------|
| 1. CCF'S Sold Per Consumer: | | |
| a. For the Month | 96 | 124 |
| b. Year to Date | 65 | 76 |
| 2. Average Monthly Bill | 146.91 | 164.40 |
| Average Residential Bill | 143.54 | 174.06 |
| 3. Average Bill: | | |
| a. Year To Date | 89.17 | 89.08 |
| b. YTD Residential | 93.99 | 94.78 |
| 4. Cost Per CCF Purchased | | |
| a. This Month | 0.96 | 0.62 |
| b. Year to Date | 0.77 | 0.58 |
| 5. Revenue Per CCF Sold: | | |
| a. This Month | 1.53 | 1.32 |
| b. Year to Date | 1.37 | 1.17 |
| 6A. Total Active Accounts | 8,087 | 7983 |
| 6B. Total Service Lines Installed | 8,531 | 8376 |
| 7. Number of New Members - Gas | 34 | 55 |
| Number of Transferred Members Added - Gas | 83 | 112 |

PRESQUE ISLE ELECTRIC & GAS CO-OP

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CASH REPORT AS OF DECEMBER 31, 2006

| | | |
|-----------------------------------|----------------|-----------------------|
| Cash Balance As Of | 11/30/2006 | \$1,116,446.35 |
| Receipts | | |
| Utility Billings | \$2,761,108.90 | |
| Interest | 1,959.75 | |
| Other Accounts Receivable | 65,709.27 | |
| Other | 15,683.42 | |
| CFC LOC Transfers | 0.00 | |
| Total Receipts | | <u>2,844,461.34</u> |
| Total Receipts & Previous Balance | | 3,960,907.69 |
| Less: Cash Disbursements | | <u>(3,151,386.44)</u> |
| Cash Balance As Of | 12/31/2006 | <u>\$809,521.25</u> |

| | | |
|--|------------|--------|
| Inv. in CFC Com'I Paper as of | 12/31/2006 | 0.00 |
| Interest Rate on CFC Com'I Paper | | |
| Interest Earned Year To Date-CFC Com'I Paper | | \$0.00 |

Part I - Investments

| Line 2. Account # | Investments in Associated Organizations Description | Amount | Included | Excluded |
|----------------------|--|------------------------|---------------------|------------------------|
| 123.14 | Central Area Data Processing | \$64,699.01 | \$64,699.01 | |
| 123.10 | Farmer's Petroleum - Patronage | \$1,444.80 | \$1,444.80 | |
| 123.11 | Wolverine Power Supply - Patronage | \$8,558,802.44 | | \$8,558,802.44 |
| 123.12 | NRUCFC - Patronage | \$755,940.21 | | \$755,940.21 |
| 123.13 | RESCO (Ohio) Patronage | \$95,168.54 | \$95,168.54 | |
| 123.16 | WPSC - Power Supply Development Fund | \$3,992,526.65 | | \$3,992,526.65 |
| 123.40 | Wolverine Power Supply - Membership | \$200.00 | | \$200.00 |
| 123.42 | NRUCFC - Membership | \$1,000.00 | | \$1,000.00 |
| 123.43 | MECA - Membership | \$1,000.00 | | \$1,000.00 |
| 123.45 | NRTC - Membership | \$1,000.00 | \$1,000.00 | |
| 123.64 | MECA - Building | \$38,636.00 | | \$38,636.00 |
| 123.21&22 | NRUCFC - Capital Term Certificates | \$934,872.00 | | \$934,872.00 |
| 123.00 | RESCO - Stock | \$5,000.00 | \$5,000.00 | |
| 123.15 | NRTC | \$401.73 | \$401.73 | |
| 123.01 | RESCO - Class B Stock | \$100.00 | \$100.00 | |
| 123.23 | NRUCFC ZTC's | \$784,168.01 | | \$784,168.01 |
| 123.02 | Brownfield Investment | \$100.00 | \$100.00 | |
| | Total | \$15,235,059.39 | \$167,914.08 | \$15,067,145.31 |

Name of Respondent

This Report Is:
(1) An Original
(2) A Resubmission

Date Report
(Mo, Da, Yr)

Year of Report
Dec. 31, 20_

NOTES TO FINANCIAL STATEMENTS (Continued)

| Name of Respondent PIEG | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20 <u>06</u> |
|---|---|---|---|---|
| SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | |
| Line No. | Item (a) | Total (b) | Electric (c) | |
| 1 | UTILITY PLANT | | | |
| 2 | In Service | | | |
| 3 | Plant in Service (Classified) | 94,510,769 | 74,041,627 | |
| 4 | Property Under Capital Leases | | | |
| 5 | Plant Purchased or Sold | | | |
| 6 | Completed Construction not Classified | | | |
| 7 | Experimental Plant Unclassified | | | |
| 8 | TOTAL (Enter Total of lines 3 thru 7) | 94,510,769 | 74,041,627 | |
| 9 | Leased to Others | | | |
| 10 | Held for Future Use | | | |
| 11 | Construction Work in Progress | 8,850,304 | 2,436,765 | |
| 12 | Acquisition Adjustments | | | |
| 13 | TOTAL Utility Plant (Enter Total of lines 8 thru 12) | 103,361,072 | 76,478,392 | |
| 14 | Accum. Prov. for Depr., Amort., & Depl. | 33,312,044 | 30,264,446 | |
| 15 | Net Utility Plant (Enter Total of line 13 less 14) | 70,049,028 | 46,213,947 | |
| DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | | | | |
| 16 | | | | |
| 17 | In Service: | | | |
| 18 | Depreciation | 33,312,044 | 30,264,446 | |
| 19 | Amort. and Depl. of Producing Natural Gas Land and Land Rights | | | |
| 20 | Amort. of Underground Storage Land and Land Rights | | | |
| 21 | Amort. of Other Utility Plant | | | |
| 22 | TOTAL In Service (Enter Total of lines 18 thru 21) | | | |
| 23 | Leased to Others | | | |
| 24 | Depreciation | | | |
| 25 | Amortization and Depletion | | | |
| 26 | TOTAL Leased to Others (Enter Total of lines 24 and 25) | | | |
| 27 | Held for Future Use | | | |
| 28 | Depreciation | | | |
| 29 | Amortization | | | |
| 30 | TOTAL Held for Future Use (Enter Total of lines 28 and 29) | | | |
| 31 | Abandonment of Leases (Natural Gas) | | | |
| 32 | Amort. of Plant Acquisition Adj. | | | |
| 33 | TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32) | 33,312,044 | 30,264,446 | |

| | | | |
|--|---|--|---|
| Name of Respondent PIE & G | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20_06 |
|--|---|--|---|

**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)**

| Gas (a) | Other (Specify) (e) | Other (Specify) (f) | Other (Specify) (g) | Common (h) | Line No. |
|------------|------------------------|------------------------|------------------------|---------------|----------|
| | | | | | 1 |
| | | | | | 2 |
| 20,469,142 | | | | | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| 20,469,142 | | | | | 8 |
| | | | | | 9 |
| | | | | | 10 |
| 6,413,538 | | | | | 11 |
| | | | | | 12 |
| 26,882,680 | | | | | 13 |
| 3,047,599 | | | | | 14 |
| 23,835,082 | | | | | 15 |
| | | | | | 16 |
| | | | | | 17 |
| 3,047,599 | | | | | 18 |
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| | | | | | 32 |
| 3,047,599 | | | | | 33 |

| | | | |
|--|---|--|--|
| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|--|---|--|--|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106)

- | | |
|--|--|
| <p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, Gas Plant in Service (Classified), this schedule includes Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such amounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and</p> | <p>include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements.</p> <p>Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d); including the reversals of the prior year's tentative account distributions of these</p> |
|--|--|

| Line No. | Acct. No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|-----------|---|-------------------------------------|------------------|
| 1 | | 1. Intangible Plant | | |
| 2 | 301 | Organization | | |
| 3 | 302 | Franchises and Consents | <i>46,607.99</i> | |
| 4 | 303 | Miscellaneous Intangible Plant | | |
| 5 | | TOTAL Intangible Plant | | |
| 6 | | 2. Production Plant | | |
| 7 | | Manufactured Gas Production Plant | | |
| 8 | 304.1 | Land | | |
| 9 | 304.2 | Land Rights | | |
| 10 | 305 | Structures and Improvements | | |
| 11 | 306 | Boiler Plant Equipment | | |
| 12 | 307 | Other Power Equipment | | |
| 13 | 308 | Coke Ovens | | |
| 14 | 309 | Producer Gas Equipment | | |
| 15 | 310 | Water Gas Generating Equipment | | |
| 16 | 311 | Liquefied Petroleum Gas Equipment | | |
| 17 | 312 | Oil Gas Generating Equipment | | |
| 18 | 313 | Generating Equipment-Other Processes | | |
| 19 | 314 | Coal, Coke and Ash Handling Equipment | | |
| 20 | 315 | Catalytic Cracking Equipment | | |
| 21 | 316 | Other Reforming Equipment | | |
| 22 | 317 | Purification Equipment | | |
| 23 | 318 | Residual Refining Equipment | | |
| 24 | 319 | Gas Mixing Equipment | | |
| 25 | 320 | Other Equipment | | |
| 26 | | TOTAL Manufactured Gas Production Plant | | |

| | | | |
|--|---|--|--|
| Name of Respondent <i>PIE&G</i> | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Acct. No. | Line No. |
|--------------------|--------------------|------------------|----------------------------------|--------------|-------------|
| | | | | | 1 |
| | | | | 301 | 2 |
| | | | <i>46,607.99</i> | 302 | 3 |
| | | | | 303 | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | | 304.1 | 8 |
| | | | | 304.2 | 9 |
| | | | | 305 | 10 |
| | | | | 306 | 11 |
| | | | | 307 | 12 |
| | | | | 308 | 13 |
| | | | | 309 | 14 |
| | | | | 310 | 15 |
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|--|--|--|---|
| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission. | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <u>06</u> |
|--|--|--|---|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Line No. | Acct. No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|-----------|--|-------------------------------------|------------------|
| 27 | | Natural Gas Production & Gathering Plant | | |
| 28 | 325.1 | Producing Lands | | |
| 29 | 325.2 | Producing Leaseholds | | |
| 30 | 325.3 | Gas Rights | | |
| 31 | 325.4 | Rights-of-Way | | |
| 32 | 325.5 | Other Land | | |
| 33 | 325.6 | Other Land Rights | | |
| 34 | 326 | Gas Well Structures | | |
| 35 | 327 | Field Compressor Station Structures | | |
| 36 | 328 | Field Measuring and Regulating Station Structures | | |
| 37 | 329 | Other Structures | | |
| 38 | 330 | Producing Gas Wells-Well Construction | | |
| 39 | 331 | Producing Gas Wells-Well Equipment | | |
| 40 | 332 | Field Lines | | |
| 41 | 333 | Field Compressor Station Equipment | | |
| 42 | 334 | Field Measuring and Regulating Station Equipment | | |
| 43 | 335 | Drilling and Cleaning Equipment | | |
| 44 | 336 | Purification Equipment | | |
| 45 | 337 | Other Equipment | | |
| 46 | 338 | Unsuccessful Exploration & Development Costs | | |
| 47 | | TOTAL Production and Gathering Plant | | |
| 48 | | Products Extraction Plant | | |
| 49 | 340.1 | Land | | |
| 50 | 340.2 | Land Rights | | |
| 51 | 341 | Structures and Improvements | | |
| 52 | 342 | Extraction and Refining Equipment | | |
| 53 | 343 | Pipe Lines | | |
| 54 | 344 | Extracted Products Storage Equipment | | |
| 55 | 345 | Compressor Equipment | | |
| 56 | 346 | Gas Measuring and Regulating Equipment | | |
| 57 | 347 | Other Equipment | | |
| 58 | | TOTAL Products Extraction Plant | | |
| 59 | | TOTAL Natural Gas Production Plant | | |
| 60 | | SNG Production Plant (Submit Supplemental Statement) | | |
| 61 | | TOTAL Production Plant | | |
| 62 | | 3. Natural Gas Storage and Processing Plant | | |
| 63 | | Underground Storage Plant | | |
| 64 | 350.1 | Land | | |

| | | | |
|-------------------------------------|---|--|---|
| Name of Respondent <i>PIE EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <u>06</u> |
|-------------------------------------|---|--|---|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Acct. No. | Line No. |
|--------------------|--------------------|------------------|----------------------------------|--------------|-------------|
| | | | | | 27 |
| | | | | 325.1 | 28 |
| | | | | 325.1 | 29 |
| | | | | 325.3 | 30 |
| | | | | 325.4 | 31 |
| | | | | 325.5 | 32 |
| | | | | 325.6 | 33 |
| | | | | 326 | 34 |
| | | | | 327 | 35 |
| | | | | 328 | 36 |
| | | | | 329 | 37 |
| | | | | 330 | 38 |
| | | | | 331 | 39 |
| | | | | 332 | 40 |
| | | | | 333 | 41 |
| | | | | 334 | 42 |
| | | | | 335 | 43 |
| | | | | 336 | 44 |
| | | | | 337 | 45 |
| | | | | 338 | 46 |
| | | | | | 47 |
| | | | | | 48 |
| | | | | 340.1 | 49 |
| | | | | 340.2 | 50 |
| | | | | 341 | 51 |
| | | | | 342 | 52 |
| | | | | 343 | 53 |
| | | | | 344 | 54 |
| | | | | 345 | 55 |
| | | | | 346 | 56 |
| | | | | 347 | 57 |
| | | | | | 58 |
| | | | | | 59 |
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| | | | | | 61 |
| | | | | | 62 |
| | | | | | 63 |
| | | | | 350.1 | 64 |

| | | | |
|-----------------------------------|---|--|--|
| Name of Respondent <i>PIEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|-----------------------------------|---|--|--|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Line No. | Acct. No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|-----------|--|-------------------------------------|------------------|
| 65 | 350.2 | Rights-of-Way | | |
| 66 | 351 | Structures and Improvements | | |
| 67 | 352 | Wells | | |
| 68 | 352.1 | Storage Leaseholds and Rights | | |
| 69 | 352.2 | Reservoirs | | |
| 70 | 352.3 | Non-Recoverable Natural Gas | | |
| 71 | 353 | Lines | | |
| 72 | 354 | Compressor Station Equipment | | |
| 73 | 355 | Measuring and Regulating Equipment | | |
| 74 | 356 | Purification Equipment | | |
| 75 | 357 | Other Equipment | | |
| 76 | 358 | Gas in Underground Storage-Noncurrent | | |
| 77 | | TOTAL Underground Storage Plant | | |
| 78 | | Other Storage Plant | | |
| 79 | 360.1 | Land | | |
| 80 | 360.2 | Land Rights | | |
| 81 | 361 | Structures and Improvements | | |
| 82 | 362 | Gas Holders | | |
| 83 | 363 | Purification Equipment | | |
| 84 | 363.1 | Liquefaction Equipment | | |
| 85 | 363.2 | Vaporizing Equipment | | |
| 86 | 363.3 | Compressor Equipment | | |
| 87 | 363.4 | Measuring and Regulating Equipment | | |
| 88 | 363.5 | Other Equipment | | |
| 89 | | TOTAL Other Storage Plant | | |
| 90 | | Base Load Liquefied NG Terminating and Processing Plant | | |
| 91 | 364.1 | Land | | |
| 92 | 364.1a | Land Rights | | |
| 93 | 364.2 | Structures and Improvements | | |
| 94 | 364.3 | LNG Processing Terminal Equipment | | |
| 95 | 364.4 | LNG Transportation Equipment | | |
| 96 | 364.5 | Measuring and Regulating Equipment | | |
| 97 | 364.6 | Compressor Station Equipment | | |
| 98 | 364.7 | Communication Equipment | | |
| 99 | 364.8 | Other Equipment | | |
| 100 | | TOTAL Base Load LNG Terminating and Processing Plant | | |
| 101 | | | | |
| 102 | | TOTAL Natural Gas Storage and Processing Plant | | |

| | | | |
|--|---|--|---------------------------------|
| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 2006 |
|--|---|--|---------------------------------|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Acct. No. | Line No. |
|--------------------|--------------------|------------------|----------------------------------|--------------|-------------|
| | | | | 350.2 | 65 |
| | | | | 351 | 66 |
| | | | | 352 | 67 |
| | | | | 352.1 | 68 |
| | | | | 352.2 | 69 |
| | | | | 352.3 | 70 |
| | | | | 353 | 71 |
| | | | | 354 | 72 |
| | | | | 355 | 73 |
| | | | | 356 | 74 |
| | | | | 357 | 75 |
| | | | | 358 | 76 |
| | | | | | 77 |
| | | | | | 78 |
| | | | | 360.1 | 79 |
| | | | | 360.2 | 80 |
| | | | | 361 | 81 |
| | | | | 362 | 82 |
| | | | | 363 | 83 |
| | | | | 363.1 | 84 |
| | | | | 363.2 | 85 |
| | | | | 363.3 | 86 |
| | | | | 363.4 | 87 |
| | | | | 363.5 | 88 |
| | | | | | 89 |
| | | | | | 90 |
| | | | | 364.1 | 91 |
| | | | | 364.1a | 92 |
| | | | | 364.2 | 93 |
| | | | | 364.3 | 94 |
| | | | | 364.4 | 95 |
| | | | | 364.5 | 96 |
| | | | | 364.6 | 97 |
| | | | | 364.7 | 98 |
| | | | | 364.8 | 99 |
| | | | | | 100 |
| | | | | | 101 |
| | | | | | 102 |

| Name of Respondent <i>PIE EG</i> | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <u>06</u> |
|---|-----------|---|-------------------------------------|--|---|
| GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued) | | | | | |
| Line No. | Acct. No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) | |
| 103 | | 4. Transmission Plant | | | |
| 104 | 365.1 | Land | | | |
| 105 | 365.2 | Land Rights | | | |
| 106 | 365.3 | Rights-of-Way | | | |
| 107 | 366 | Structures and Improvements | | | |
| 108 | 367 | Mains | | | |
| 109 | 368 | Compressor Station Equipment | | | |
| 110 | 369 | Measuring and Regulating Station Equipment | | | |
| 111 | 370 | Communication Equipment | | | |
| 112 | 371 | Other Equipment | | | |
| 113 | | TOTAL Transmission Plant | | | |
| 114 | | 5. Distribution Plant | | | |
| 115 | 374.1 | Land | <i>60,459.15</i> | | |
| 116 | 374.2 | Land Rights | <i>133,654.38</i> | <i>4,334.91</i> | |
| 117 | 375 | Structures and Improvements | <i>556,864.45</i> | <i>75,933.91</i> | |
| 118 | 376 | Mains | <i>7,896,635.07</i> | <i>213,242.12</i> | |
| 119 | 377 | Compressor Station Equipment | | | |
| 120 | 378 | Measuring and Regulating Station Equip.-General | <i>73,435.96</i> | <i>22,455.93</i> | |
| 121 | 379 | Measuring and Regulating Station Equip.-City Gate | | | |
| 122 | 380 | Services | <i>10,399,815.27</i> | <i>173,459.39</i> | |
| 123 | 381 | Meters | <i>742,728.56</i> | <i>7,973.46</i> | |
| 124 | 382 | Meter Installations | <i>50,741.38</i> | | |
| 125 | 383 | House Regulators | | | |
| 126 | 384 | House Regulator Installations | | | |
| 127 | 385 | Industrial Measuring and Regulating Station Equip. | | | |
| 128 | 386 | Other Property on Customer's Premises | | | |
| 129 | 387 | Other Equipment | | | |
| 130 | | TOTAL Distribution Plant | <i>19,914,334.22</i> | <i>497,399.72</i> | |
| 131 | | 6. General Plant | | | |
| 132 | 389.1 | Land | <i>10,800.00</i> | | |
| 133 | 389.2 | Land Rights | | | |
| 134 | 390 | Structures and Improvements | | | |
| 135 | 391 | Office Furniture and Equipment | | | |
| 136 | 391.1 | Computers and Computer Related Equipment | | | |
| 137 | 392 | Transportation Equipment | | | |
| 138 | 393 | Stores Equipment | | | |
| 139 | 394 | Tools, Shop and Garage Equipment | | | |
| 140 | 395 | Laboratory Equipment | | | |

| | | | |
|--|---|--|---|
| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <u>06</u> |
|--|---|--|---|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Acct. No. | Line No. |
|--------------------|--------------------|------------------|----------------------------------|--------------|-------------|
| | | | | | 103 |
| | | | | 365.1 | 104 |
| | | | | 365.2 | 105 |
| | | | | 365.3 | 106 |
| | | | | 366 | 107 |
| | | | | 367 | 108 |
| | | | | 368 | 109 |
| | | | | 369 | 110 |
| | | | | 370 | 111 |
| | | | | 371 | 112 |
| | | | | | 113 |
| | | | | | 114 |
| | | | <i>60,459.15</i> | 374.1 | 115 |
| | | | <i>137,989.29</i> | 374.2 | 116 |
| | | | <i>632,798.36</i> | 375 | 117 |
| | | | <i>8,109,877.19</i> | 376 | 118 |
| | | | | 377 | 119 |
| | | | <i>95,891.89</i> | 378 | 120 |
| | | | | 379 | 121 |
| | | | <i>10,573,274.66</i> | 380 | 122 |
| | | | <i>750,702.02</i> | 381 | 123 |
| | | | <i>50,741.38</i> | 382 | 124 |
| | | | | 383 | 125 |
| | | | | 384 | 126 |
| | | | | 385 | 127 |
| | | | | 386 | 128 |
| | | | | 387 | 129 |
| | | | <i>20,411,733.94</i> | | 130 |
| | | | | | 131 |
| | | | <i>10,800.00</i> | 389.1 | 132 |
| | | | | 389.2 | 133 |
| | | | | 390 | 134 |
| | | | | 391 | 135 |
| | | | | 391.1 | 136 |
| | | | | 392 | 137 |
| | | | | 393 | 138 |
| | | | | 394 | 139 |
| | | | | 395 | 140 |

| | | | |
|--|---|--|--|
| Name of Respondent PIE&G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 2006 |
|--|---|--|--|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Line No. | Acct. No. | Account (a) | Balance at Beginning of Year (b) | Additions (c) |
|----------|---------------|---|-------------------------------------|------------------|
| 141 | 396 | Power Operated Equipment | | |
| 142 | 397 | Communication Equipment | | |
| 143 | 398 | Miscellaneous Equipment | | |
| 144 | | SUBTOTAL (Lines 132 thru 143) | 10,800.00 | |
| 145 | 399 | Other Tangible Property | | |
| 146 | | TOTAL General Plant | | |
| 147 | | TOTAL (Accounts 101 and 106) | | |
| 148 | 101.1 | Property Under Capital Leases | | |
| 149 | 102 | Gas Plant Purchased (See Instruction 8) | | |
| 150 | (Less) 102 | Gas Plant Sold (See Instruction 8) | | |
| 151 | 103 | Experimental Gas Plant Unclassified | | |
| 152 | | TOTAL GAS PLANT IN SERVICE | 19,971,742.21 | 497,399.72 |

| | | | |
|-----------------------------------|---|--|---|
| Name of Respondent <i>PIEG</i> | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <i>06</i> |
|-----------------------------------|---|--|---|

GAS PLANT IN SERVICE (Accounts 101, 102, 103, 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Acct. No. | Line No. |
|--------------------|--------------------|------------------|----------------------------------|--------------|-------------|
| | | | | 396 | 141 |
| | | | | 397 | 142 |
| | | | | 398 | 143 |
| | | | <i>10,800.00</i> | | 144 |
| | | | | 399 | 145 |
| | | | | | 146 |
| | | | | | 147 |
| | | | | 101.1 | 148 |
| | | | | 102 | 149 |
| | | | | (102) | 150 |
| | | | | 103 | 151 |
| | | | <i>20,469,141.93</i> | | 152 |

| | | | |
|-----------------------------------|---|--|--|
| Name of Respondent PEEG | Is Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 2006 |
|-----------------------------------|---|--|--|

GAS PLANT LEASED TO OTHERS (Account 104)

1. Report below the information called for concerning gas plant leased to others. 2. In column (c) give the date of Commission authorization of the lease of gas plant to others.

| Line No. | Name of Lessee (Designate associated companies with an asterisk) (a) | Description of Property Leased (b) | Commission Authorization (c) | Expiration Date of Lease (d) | Balance at End of Year |
|----------|--|---------------------------------------|---------------------------------|---------------------------------|------------------------|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | N/A | | | | |
| 7 | | | | | |
| 8 | | | | | |
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| 44 | | | | | |
| 45 | | | | | |
| 46 | | | | | |
| 47 | TOTAL | | | | |

| | | | |
|--|---|--|---|
| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <u>06</u> |
|--|---|--|---|

GAS PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

| Line No. | Description and Location of Property (a) | Date Originally Included in This Account (b) | Date Expected to be Used in Utility Service (c) | Balance at End of Year (d) |
|----------|---|--|---|----------------------------|
| 1 | Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (Per Pages 500-501) | | | |
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| 46 | TOTAL | | | |

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|-------------------------------------|---|--|---|
| Name of Respondent <i>PIE EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <i>06</i> |
|-------------------------------------|---|--|---|

PRODUCTION PROPERTY HELD FOR FUTURE USE (Account 105.1)

1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.
 2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.1.

| Line No. | Description and Location of Property (a) | Date Originally included in This Acct. (b) | Date Expected to be Used in Utility Service (c) | Balance at End of Year (d) |
|----------|---|---|--|-------------------------------|
| 1 | Natrual Gas Lands, and Gas Rights Held for Future Utility Use (Per 500-501) | | | |
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| 47 | TOTAL | | | |

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|-----------------------------------|---|--|---|
| Name of Respondent <i>PIEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 20<u>06</u></i> |
|-----------------------------------|---|--|---|

CONSTRUCTION WORK IN PROGRESS—GAS (Account 107)

1. Report below descriptions and balances at end of year of projects in process of construction (107).
 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts).
 3. Minor projects (less than \$500,000) may be grouped.

| Line No. | Description of Project (a) | Construction Work in Progress—Gas (Account 107) (b) | Estimated Additional Cost of Project (c) |
|----------|---|--|---|
| 1 | | | |
| 2 | <i>WORK IN PROGRESS @ YEAR END 2006</i> | | |
| 3 | | | |
| 4 | | | |
| 5 | <i>HUBBARD LAKE EXPANSION</i> | <i>3,779,192.52</i> | |
| 6 | <i>BEAR LAKE</i> | <i>580,083.25</i> | |
| 7 | <i>HURON BEACH</i> | <i>1,127,897.11</i> | |
| 8 | <i>ALL OTHERS (UNDER \$500,000.00)</i> | <i>926,365.44</i> | |
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| 42 | | | |
| 43 | TOTAL | <i>6,413,538.32</i> | |

| | | | |
|-----------------------------|---|---|---|
| Name of Respondent PIE'G | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20 <u>06</u> |
|-----------------------------|---|---|---|

CONSTRUCTION OVERHEADS—GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
 2. On page 218 furnish information concerning construction overheads.
 3. A respondent should not report "none" to this page if no overhead apportionments are made; but rather should explain on page

218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.
 4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

| Line No. | Description of Overhead (a) | Total Amount Charged for the Year (b) | Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges) (c) |
|----------|-----------------------------------|--|---|
| 1 | | | |
| 2 | <u>INDIRECT</u> | | |
| 3 | | | |
| 4 | | | |
| 5 | — 1. Direct Labor | 256,152.57 | 256,152.57 |
| 6 | | | |
| 7 | 169,641.00 2. Indirect Labor | | |
| 8 | | | |
| 9 | Supervision | 64,695.34 | |
| 10 | Employee Labor | 104,945.66 | |
| 11 | | | |
| 12 | Material Inventory | 307,612.87 | 307,612.87 |
| 13 | — | | |
| 14 | Transportation | 119,946.84 | 107,654.21 |
| 15 | 12,292.63 | | |
| 16 | Stores | 82,180.19 | 65,559.14 |
| 17 | 16,621.05 | | |
| 18 | Payroll Taxes | 34,951.34 | 21,872.55 |
| 19 | 13,078.79 | | |
| 20 | Miscellaneous | 48,774.16 | 43,126.63 |
| 21 | 5,647.53 | | |
| 22 | Heavy Equipment | 132,134.23 | 98,324.52 |
| 23 | 103,809.71 | | |
| 24 | R/W and permits | 14,669.07 | 10,715.80 |
| 25 | 3,953.27 | | |
| 26 | Employee Costs | 119,151.45 | 33,951.78 |
| 27 | 85,199.67 | | |
| 28 | Contractors/Professional Services | 332,195.90 | 332,195.90 |
| 29 | — | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | 410,243.65 Sub Total | 1,617,409.62 | 1,207,165.97 |
| 35 | | | |
| 36 | ATC | (322,696.83) | (322,696.83) |
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| 46 | TOTAL | 1,294,712.79 | 884,469.14 |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, if those differ from the overall rate of return authorized by the Michigan Public Service Commission.

1.
 - a. Administrative, employee benefits, general construction support.
 - b. All items directly or indirectly linked to construction.
 - c. All overhead items are spread based on workorders with direct labor for the month incurred.
 - d. N/A
 - e. N/A
 - f. All indirect items are pooled in a general work order for the month, then spread at month end to all work orders having direct labor. Each work order receives its percentage based on the total for the month.

2. N/A

| | | | |
|--|---|--|--|
| Name of Respondent PIE & G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 2006 |
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ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108 & 110)

- | | |
|--|---|
| <p>1. Explain in a footnote any important adjustments during year.</p> <p>2. Explain in a footnote any difference between the amount for book cost of plant retired, line 11, column (c), and that reported for gas plant in service, pages 204-211, column (d), excluding retirements of non-depreciable property.</p> <p>3. Accounts 108 and 110 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is remove from service.</p> | <p>If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p> |
|--|---|

Section A. Balances and Changes During Year

| Line No. | Item (a) | Total (c+d+e) (b) | Gas Plant in Service (c) | Gas Plant Held for Future Use (d) | Gas Plant Leased to Others (e) |
|----------|---|-------------------|--------------------------|-----------------------------------|--------------------------------|
| 1 | Balance Beginning of Year | 2,646,546 | 2,646,546 | | |
| 2 | Depreciation Prov. for Year, Charged to | | | | |
| 3 | (403) Depreciation Expense | 401,053 | 401,053 | | |
| 4 | (403.1) Deprec. and Deplet. Expense | | | | |
| 5 | (413) Exp. of Gas Plt. Leas. to Others | | | | |
| 6 | Transportation Expenses-Clearing | | | | |
| 7 | Other Clearing Accounts | | | | |
| 8 | Other Accounts (Specify): | | | | |
| 9 | | | | | |
| 10 | TOTAL Deprec. Prov. for Year (Enter Total of lines 3 thru 9) | 401,053 | 401,053 | | |
| 11 | Net Charges for Plant Retired: | | | | |
| 12 | Book Cost of Plant Retired | | | | |
| 13 | Cost of Removal | | | | |
| 14 | Salvage (Credit) | | | | |
| 15 | TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14) | | | | |
| 16 | Other Debit or Credit Items (Describe): | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | Balance End of Year (Enter Total of lines 1, 10, 15, & 16) | 3,047,599 | 3,047,599 | | |

Section B. Balances at End of Year According to Functional Classifications

| | | | | | |
|----|---|-----------|-----------|--|--|
| 20 | Production - Manufactured Gas | | | | |
| 21 | Production and Gathering - Natural Gas | | | | |
| 22 | Products Extraction - Natural Gas | | | | |
| 23 | Underground Gas Storage | | | | |
| 24 | Other Storage Plant | | | | |
| 25 | Base Load LNG Terminating & Proc. Plt. | | | | |
| 26 | Transmission | | | | |
| 27 | Distribution | | | | |
| 28 | General | | | | |
| 29 | TOTAL (Enter total of lines 20 thru 28) | 3,047,599 | 3,047,599 | | |

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| Name of Respondent <i>PIEG</i> | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <i>06</i> |
|-----------------------------------|---|--|---|

GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (Continued)

3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy (and any explanation the respondent chooses to make).

4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.

| BALANCE END OF YEAR | | PREPAYMENTS IN CURRENT YEAR | | | Make-up Period expiration date (f) | Line No. |
|---------------------------------|---------------|-----------------------------|---------------------------------|--|---------------------------------------|----------|
| Mcf (14.73 psia at 60°F) (e) | Amount (f) | Cents per Mcf (g) | Mcf (14.73 psia at 60°F) (h) | Percent of Year's required take (i) | | |
| | | | | | | 1 |
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|-----------------------------------|---|--|--|
| Name of Respondent <i>PIEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|-----------------------------------|---|--|--|

NOTES AND ACCOUNTS RECEIVABLE SUMMARY FOR BALANCE SHEET

Show separately by footnote the total amount of notes and accounts receivable from directors, officers, and employees included in Notes Receivable (Account 141) and Other Accounts Receivable (Account 143).

| Line No. | Accounts (a) | Balance Beginning of Year (b) | Balance End of Year (c) |
|----------|--|----------------------------------|----------------------------|
| 1 | Notes Receivable (Account 141) | 6,813,917.00 | 5,692,686.12 |
| 2 | Customer Accounts Receivable (Account 142) | | |
| 3 | Other Accounts Receivable (Account 143) (Disclose any capital stock subscriptions received) | | |
| 4 | TOTAL | | |
| 5 | Less: Accumulated Provision for Uncollectible Accounts-Cr. (Account 144) | 98,000.00 | 118,000.00 |
| 6 | TOTAL, Less Accumulated Provision for Uncollectible Accounts | 6,715,917.00 | 5,574,686.12 |
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ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNT-CR. (Account 144)

1. Report below the information called for concerning this accumulated provision.
2. Explain any important adjustments of subaccounts.
3. Entries with respect to officers and employees shall not include items for utility services.

| Line No. | Item (a) | Utility Customers (b) | Merchandise Jobbing and Contract Work (c) | Officers and Employees (d) | Other (e) | Total (f) |
|----------|--|--------------------------|--|-------------------------------|--------------|--------------|
| 1 | Balance beginning of year | 4,000.00 | | | | |
| 2 | Prov. for uncollectibles for current year | 45,607.15 | | | | |
| 3 | Accounts written off | (27,610.56) | () | () | () | () |
| 4 | Coll. of accounts written off | 854.93 | | | | |
| 5 | Adjustments (explain): <i>Reverse Sales Tax on Write-offs</i> | 1,148.48 | | | | |
| 6 | Balance end of year | 24,000.00 | | | | |
| 7 | | | | | | |
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| | | | |
|--------------------|---|--------------------------------|-------------------------------|
| Name of Respondent | This Report Is: <input type="checkbox"/> An Original <input checked="" type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20 |
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MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars (details) called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a).
3. Minor items (less than \$ 50,000) may be grouped by classes.

| Line No. | Description of Miscellaneous Deferred Debits (a) | Balance at Beginning of Year (b) | Debits (c) | Credits | | Balance at End of Year (f) |
|----------|--|-------------------------------------|---------------|------------------------|---------------|-------------------------------|
| | | | | Account Charged (d) | Amount (e) | |
| 1 | see audit report. | | | | | |
| 2 | | | | | | |
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| 36 | | | | | | |
| 37 | | | | | | |
| 38 | Misc. Work in Progress | | | | | |
| 39 | DEFERRED REGULATORY COMM. EXPENSES (SEE PAGES 350-351) | | | | | |
| 40 | TOTAL | | | | | |

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**INSTRUCTIONS FOR THE FILING OF THE ANNUAL REPORT OF
MAJOR AND NONMAJOR GAS UTILITIES**

TAX SCHEDULES

I Purpose:

The Commission will permit the option to adopt FERC reporting requirements if the company agrees to file the MPSC information on a historical test-year basis in a rate case or upon request of the Commission Staff. For the following pages:

| | | |
|-----------|---|----------------|
| A. | Accumulated Deferred Income taxes | 234-235 |
| B. | Reconciliation of Reported Net Income With Taxable Income For Federal Income Taxes | 261A-B |
| C. | Calculation of Federal Income Tax | 261C-D |
| D. | Taxes Accrued, Prepaid and Charged During Year | 262-263 |
| E. | Accumulated Deferred Income taxes | 272-277 |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes. 2. At Other (Specify), include deferrals relating to other income and deductions.

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | Changes During Year | |
|----------|--|-------------------------------------|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Electric | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | Other | | | |
| 8 | TOTAL Electric (Enter Total of lines 2 thru 7) | | | |
| 9 | Gas | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | Other | | | |
| 16 | TOTAL Gas (Enter Total of lines 10 thru 15) | | | |
| 17 | Other (Specify) | | | |
| 18 | TOTAL (Account 190) (Enter Total of lines 8, 16 & 17) | | | |
| 19 | Classification of Total: | | | |
| 20 | Federal Income Tax | | | |
| 21 | State Income Tax | | | |
| 22 | Local Income Tax | | | |

NOTES

In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under Other.

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES (Account 190) (Continued)

3. If more space is needed, use separate pages as required. and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed other Other.

4. In the space provided below, identify by amount

| Changes During Year | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|--------------------------------------|---------------------------------------|---------------|------------|---------------|------------|----------------------------|----------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Acct. No. (g) | Amount (h) | Acct. No. (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | | | | | | 2 |
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NOTES (Continued)

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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

CAPITAL STOCK (Accounts 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year

and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

| Line No. | Class and Series of Stock and Name of Stock Exchange (a) | Number of Shares Authorized by Charter (b) | Par or Stated Value Per Share (c) | Call Price at End of Year (d) |
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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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CAPITAL STOCK (Accounts 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.

5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

| OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.) | | HELD BY RESPONDENT | | | | Line No. |
|---|---------------|--------------------------------------|-------------|----------------------------|---------------|----------|
| | | AS REACQUIRED STOCK (Account 217) | | IN SINKING AND OTHER FUNDS | | |
| Shares (e) | Amount (f) | Shares (g) | Cost (h) | Shares (i) | Amount (j) | |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (Accounts 202 and 205, 203 and 206, 207, 212) | | | |
| <p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i>, and Account 205, <i>Preferred Stock Subscribed</i>, show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203,</p> | | <p><i>Common Stock Liability for Conversion</i>, or Account 206, <i>Preferred Stock Liability for Conversion</i>, at the end of the year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i>, designate with an asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.</p> | |
| Line No. | Name of Account and Description of Item (a) | Number of Shares (b) | Amount (c) |
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| 44 | | | |
| 45 | | | |
| 46 | TOTAL | | |

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|--------------------|---|----------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) | Dec. 31, 20__ |

OTHER PAID-IN CAPITAL (Accounts 208-211, Inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

(a) *Donations Received from Stockholders (Account 208)*—State amount and give brief explanation of the origin and purpose of each donation.

(b) *Reduction in Par or Stated Value of Capital Stock (Account 209)*—State amount and give brief explanation of the

capital changes which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.

(c) *Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210)*—Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.

(d) *Miscellaneous Paid-In Capital (Account 211)*—Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

| Line No. | Item (a) | Amount (b) |
|----------|--------------|------------|
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| 39 | | |
| 40 | TOTAL | |

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|--------------------|---|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

DISCOUNT ON CAPITAL STOCK (Account 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a state-

ment giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|----------|----------------------------------|-------------------------------|
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| 21 | TOTAL | |

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a state-

ment giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|----------|----------------------------------|-------------------------------|
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| 20 | | |
| 21 | TOTAL | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

**SECURITIES ISSUED OR ASSUMED AND
SECURITIES REFUNDED OR RETIRED DURING THE YEAR**

1. Furnish a supplemental statement giving a brief description of security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.

2. Furnish particulars (details) showing fully the accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gains or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.

3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate,

nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.

4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, give references to the Commission authorization for the different accounting and state the accounting method.

5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as particulars (details) of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

| | | | |
|--------------------|---|-----------------------------------|----------------|
| Name of Respondent | This Report Is: | Date of F ort (Mo, Da, ...) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

LONG-TERM DEBT (Accounts 221, 222, 223, and 224)

1. Report by balance sheet Account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Recquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.

3. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.

4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

| Line No. | Class and Series of Obligation and Name of Stock Exchange (a) | Nominal Date of Issue (b) | Date of Maturity (c) | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d) |
|----------|--|----------------------------------|-----------------------------|--|
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| 37 | | | | |
| 38 | TOTAL | | | |

Loan Portfolio @ 12/31/2006

| CFC Loan Number | PIE&G Account Number | Beginning Date | Current Interest Rate | Principal Balance |
|-----------------|----------------------|----------------|-----------------------|-------------------|
| 9063 | 225.25 | 05/05 | 6.050% | 981,366.50 |
| 9006 | 224.66 | 7/98 | 5.850% | 36,412.20 |
| 9010 | 224.67 | 9/95 | 6.200% | 136,657.24 |
| 9012 | 224.68 | 9/95 | 6.400% | 321,002.34 |
| 9014 | 224.69 | 7/98 | 6.400% | 376,537.81 |
| 9015 | 224.70 | 9/95 | 6.100% | 825,775.99 |
| 9016-001 | 224.71 | 9/95 | 5.150% | 593,861.97 |
| 9016-002 | 224.71.01 | 9/95 | 5.150% | 561,197.89 |
| 9018-001 | 224.72 | 9/95 | 6.300% | 593,657.82 |
| 9019-001 | 224.73 | 9/95 | 6.300% | 593,657.82 |
| 9020-001 | 224.74 | 9/95 | 6.300% | 593,657.82 |
| 9021-001 | 224.75 | 9/95 | 6.350% | 600,202.13 |
| 9022-001 | 224.76 | 9/95 | 6.200% | 599,327.37 |
| 9023-001 | 224.77 | 9/95 | 6.250% | 600,821.25 |
| 9024-001 | 224.78 | 9/95 | 6.200% | 595,957.55 |
| 9025-001 | 224.79 | 9/95 | 6.200% | 595,957.55 |
| 9026-001 | 224.80 | 9/97 | 6.000% | 599,968.13 |
| 9027-001 | 224.81 | 9/97 | 6.000% | 543,650.31 |
| 9029-001 | 224.82 | 9/97 | 6.250% | 886,644.43 |
| 9029-002 | 224.83 | 9/97 | 6.250% | 886,645.22 |
| 9029-003 | 224.84 | 9/97 | 6.350% | 887,201.97 |
| 9029-004 | 224.85 | 9/97 | 6.100% | 885,797.27 |
| 9031-001 | 224.86 | 10/97 | 5.150% | 3,552,532.99 |
| 9031-002 | 224.87 | 10/97 | 5.150% | 32,500.90 |
| 9032-000 | 224.88 | 10/98 | 6.350% | 772,058.86 |
| 9033-000 | 224.89 | 10/98 | 6.350% | 772,058.86 |
| 9034-000 | 224.90 | 10/98 | 6.450% | 772,058.86 |
| 9035-000 | 224.91 | 10/98 | 6.450% | 772,058.86 |
| 9036-000 | 224.92 | 10/98 | 6.200% | 911,988.89 |
| 9037-001 | 224.93 | 11/98 | 6.200% | 840,205.93 |
| 9037-002 | 224.94 | 11/98 | 6.200% | 71,783.36 |
| 9038-000 | 224.95 | 11/98 | 6.200% | 911,988.89 |
| 9039-001 | 224.96 | 1/99 | 6.150% | 917,583.80 |
| 9040-001 | 224.97 | 1/99 | 6.150% | 917,583.80 |
| 9041-001 | 224.98 | 1/99 | 6.150% | 917,583.80 |
| 9042-001 | 224.99 | 3/99 | 5.900% | 936,775.02 |
| 9043-001 | 225.01 | 3/99 | 5.900% | 936,775.02 |
| 9044-001 | 225.02 | 3/99 | 6.100% | 937,857.12 |
| 9045-001 | 225.03 | 3/99 | 6.650% | 942,179.09 |
| 9046-001 | 225.04 | 12/00 | 6.650% | 948,988.20 |
| 9047-001 | 225.05 | 12/00 | 6.650% | 948,988.20 |
| 9048-001 | 225.06 | 12/00 | 6.650% | 948,988.20 |
| 9049-001 | 225.07 | 12/00 | 6.650% | 948,988.20 |
| 9050-001 | 225.08 | 12/00 | 6.650% | 948,988.20 |
| 9051-001 | 225.09 | 12/00 | 6.650% | 244,829.19 |
| 9051-002 | 225.1 | 12/00 | 6.650% | 704,159.01 |
| 9052-001 | 225.11 | 09/01 | 5.850% | 945,410.20 |
| 9053-001 | 225.12 | 09/01 | 5.850% | 945,410.20 |

Loan Portfolio @ 12/31/2006

| CFC Loan Number | PIE&G Account Number | Beginning Date | Current Interest Rate | Principal Balance |
|--------------------|----------------------------|-------------------|--------------------------|----------------------|
| 9054-001 | 225.13 | 09/01 | 5.850% | 945,410.20 |
| 9055-001 | 225.14 | 09/01 | 6.300% | 715,631.64 |
| 9055-002 | 225.15 | 02/03 | 6.400% | 231,588.81 |
| 9056-001 | 225.16 | 03/02 | 6.400% | 232,214.83 |
| 9056-002 | 225.17 | 02/03 | 6.350% | 713,891.55 |
| 9057-001 | 225.18 | 02/03 | 6.100% | 944,190.28 |
| 9058-001 | 225.19 | 02/03 | 6.100% | 944,190.28 |
| 9059-001 | 225.20 | 02/03 | 6.350% | 582,128.81 |
| 9059-002 | 225.21 | 02/03 | 6.400% | 363,385.00 |
| 9060-001 | 225.22 | 2/04 | 4.300% | 961,423.32 |
| 9061-001 | 225.23 | 2/04 | 5.000% | 966,336.97 |
| 9062-001 | 225.24 | 2/04 | 5.300% | 968,267.97 |
| 9064-001 | 225.26 | 10/05 | 5.900% | 989,251.57 |
| 9065-001 | 225.27 | 10/05 | 5.950% | 989,359.26 |
| 9066-001 | 225.28 | 10/05 | 6.000% | 989,466.05 |
| | | | | 48,333,018.77 |

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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

LONG-TERM DEBT (Accounts 221, 222, 223, and 224) (Continued)

5. In a supplemental statement, give explanatory particulars (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.

6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.

7. If the respondent has any long-term securities which have been nominally issued and are nominally

outstanding at end of year, describe such securities in a footnote.

8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, *Interest on Long-Term Debt* and Account 430, *Interest on Debt to Associated Companies*.

9. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

| INTEREST FOR YEAR | | HELD BY RESPONDENT | | Redemption Price Per \$100 at End of Year | Line No. |
|-------------------|--------|------------------------------|-------------------------|---|----------|
| Rate (in %) | Amount | Reacquired Bonds (Acct. 222) | Sinking and Other Funds | | |
| (e) | (f) | (g) | (h) | (i) | |
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| Name of Respondent | This Report Is: | | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) | Dec. 31, 20__ |

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, particulars (details) of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.

| Line No | Designation of Long-Term Debt (a) | Principal Amount of Debt Issued (b) | Total Expense, Premium or Discount (c) | AMORTIZATION PERIOD | |
|---------|--------------------------------------|--|---|---------------------|----------------|
| | | | | Date From (d) | Date To (e) |
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| Name of Respondent | This Report Is: | | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) | Dec. 31, 20__ |

UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accounts 181, 225, 226) (Cont.)

5. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, *Amortization of Debt Discount and Expense*, or credited to Account 429, *Amortization of Premium on Debt—Credit*.

| Balance at Beginning of Year (f) | Debits During Year (g) | Credits During Year (h) | Balance at End of Year (i) | Line No. |
|-------------------------------------|---------------------------|----------------------------|-------------------------------|----------|
| | | | | 1 |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (Accounts 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, particulars (details) of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.

2. In column (c) show the principal amount of bonds or other long-term debt reacquired.

3. In column (d) show the net gain or net loss realized

on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.

4. Show loss amounts by enclosing the figures in parentheses.

5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, *Amortization of Loss on Reacquired Debt*, or credited to Account 429.1, *Amortization of Gain on Reacquired Debt-Credit*.

| Line No. | Designation of Long-Term Debt (a) | Date Reacquired (b) | Principal of Debt Reacquired (c) | Net Gain or Net Loss (d) | Balance at Beginning of Year (e) | Balance at End of Year (f) |
|----------|--------------------------------------|------------------------|-------------------------------------|-----------------------------|-------------------------------------|-------------------------------|
| 1 | | | | | | |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

NOTES PAYABLE (Accounts 231)

- | | |
|--|---|
| <p>1. Report the particulars indicated concerning notes payable at end of year.</p> <p>2. Give particulars of collateral pledged, if any.</p> <p>3. Furnish particulars for any formal or informal compensating balance agreements covering open lines</p> | <p>of credit.</p> <p>4. Any demand notes should be designated as such in column (d).</p> <p>5. Minor amounts may be grouped by classes, showing the number of such amounts.</p> |
|--|---|

| Line No. | Payee (a) | Purpose for which issued (b) | Date of Note (c) | Date of Maturity (d) | Int. Rate (e) | Balance End of Year (f) |
|----------|--------------|------------------------------|------------------|----------------------|---------------|-------------------------|
| 1 | | | | | % | \$ |
| 2 | | | | | | |
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| 27 | | | | | | |
| | TOTAL | | | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

PAYABLES TO ASSOCIATED COMPANIES* (Accounts 233, 234)

- | | |
|--|--|
| <p>1. Report particulars of notes and accounts payable to associated companies at end of year.</p> <p>2. Provide separate totals for Accounts 233, Notes Payable to Associated Companies, and 234, Accounts Payable to Associated Companies; in addition to a total for the combined accounts.</p> <p>3. List each note separately and state the purpose for which issued. Show also in column (a) date of note, maturity and interest rate.</p> | <p>4. Include in column (f) the amount of any interest expense during the year on notes or accounts that were paid before the end of the year.</p> <p>5. If collateral has been pledged as security to the payment of any note or account, describe such collateral.</p> <p align="center">* See definition on page 226B</p> |
|--|--|

| Line No. | Particulars (a) | Balance Beginning of Year (b) | Totals for Year | | Balance End of Year (e) | Interest for Year (f) |
|----------|--------------------|----------------------------------|-----------------|----------------|----------------------------|--------------------------|
| | | | Debits (c) | Credits (d) | | |
| 1 | | | | | | |
| 2 | | | | | | |
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| 5 | | | | | | |
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| 22 | | | | | | |
| 23 | | | | | | |
| | TOTAL | | | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated

| Line No. | | TOTAL AMOUNT |
|----------|---|--------------|
| 1 | Utility net operating income (page 114 line 20) | |
| 2 | Allocations: Allowance for funds used during construction | |
| 3 | Interest expense | |
| 4 | Other (specify) | |
| 5 | Net income for the year (page 117 line 68) | |
| 6 | Allocation of Net income for the year | |
| 7 | Add: Federal income tax expenses | |
| 8 | | |
| 9 | Total pre-tax income | |
| 10 | | |
| 11 | Add: Taxable income not reported on books: | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | Add: Deductions recorded on books not deducted from return | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | Subtract: Income recorded on books not included in return: | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | Subtract: Deductions on return not charged against book income: | |
| 24 | | |
| 25 | | |
| 26 | Federal taxable income for the year | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES (continued)

return. State names of group members, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

4. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions.

3. Allocate taxable income between utility and other income as required to allocate tax expense between 409.1 and 409.2.

| Utility | Other | Line No. |
|---------|-------|----------|
| | | 1 |
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| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| CALCULATION OF FEDERAL INCOME TAX | | | | |
| Line No. | | | | TOTAL AMOUNT |
| 1 | Estimated Federal taxable income for the current year (page 261A) | | | |
| 2 | | | | |
| 3 | Show computation of estimated gross Federal income tax applicable to line 1: | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | TOTAL | | | |
| 9 | | | | |
| 10 | Allocation of estimated gross Federal income tax from line 8 | | | |
| 11 | Investment tax credits estimated to be utilized for the year (page 264 col (c)) | | | |
| 12 | | | | |
| 13 | Adjustment of last year's estimated Federal income tax to the filed tax return: | | | |
| 14 | | | | |
| 15 | Last year's gross Federal income tax expense per the filed return | | | |
| 16 | Last year's estimated gross Federal income tax expense | | | |
| 17 | Increased (decreased) gross Federal income tax expense | | | |
| 18 | | | | |
| 19 | Last year's investment tax credits utilized per the filed return | | | |
| 20 | Last year's investment tax credits estimated to be utilized | | | |
| 21 | Increased (decreased) investment tax credits utilized | | | |
| 22 | | | | |
| 23 | Additional Adjustments (specify) | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | Total Current Federal Income Tax | | | |
| 28 | Expense: | | | |
| 29 | 409.1 (page 114, line 12) | | | |
| 30 | 409.2 (page 117, line 44) | | | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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CALCULATION OF FEDERAL INCOME TAX (continued)

| Utility | Other | Line No. |
|---------|-------|----------|
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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or

accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such manner

| Line No. | Kind of Tax (See Instruction 5) (a) | BALANCE AT BEGINNING OF YEAR | |
|----------|---|---------------------------------------|--|
| | | Taxes Accrued (Account 236) (b) | Prepaid Taxes (Incl. in Account 165) (c) |
| 1 | | | |
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| 17 | | | |
| 18 | TOTAL | | |

| Line No. | DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.) | | | |
|----------|---|---|--|--|
| | Electric (Account 408.1, 409.1) (j) | Gas (Account 408.1, 409.1) (l) | Other Utility Departments (Account 408.1, 409.1) (k) | Other Income and Deductions (Account 408.2, 409.2) (i) |
| 1 | | | | |
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| 17 | | | | |
| 18 | TOTAL | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

that the total tax for each State and subdivision can readily be ascertained.

5. If any tax (exclude Federal and state income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (e).

6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.

7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll

deductions or otherwise pending transmittal of such taxes to the taxing authority.

8. Show in columns (l) thru (p) how the taxed accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.

9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

| Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments (f) | BALANCE AT END OF YEAR | | Line No. |
|----------------------------------|-------------------------------|--------------------|------------------------------------|---|----------|
| | | | Taxes Accrued (Account 238) (g) | Prepaid Taxes (Incl. in Account 165) (h) | |
| | | | | | 1 |
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DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

| Extraordinary Items (Account 409.3) (m) | Other Utility Opn. Income (Account 408.1, 409.1) (n) | Adjustment to Ret. Earnings (Account 439) (o) | Other (p) | Line No. |
|--|---|--|--------------|----------|
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

1. Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and non-utility operations. Explain by footnote any correction adjustments to the account balance shown in column (h). Include in column (j) the average period over which the tax credits are amortized.

2. Fill in columns for all line items as appropriate.

| Line No. | Account Subdivisions (a) | Subaccount Number (b) | Balance at Beginning of Year (c) | Deferred for Year | |
|----------|--------------------------|-----------------------|----------------------------------|--------------------|------------|
| | | | | Account Number (d) | Amount (e) |
| 1 | Gas Utility | | | | |
| 2 | 3% | | | | |
| 3 | 4% | | | | |
| 4 | 7% | | | | |
| 5 | 8% | | | | |
| 6 | 10% | | | | |
| 7 | | | | | |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | JDITC | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | TOTAL | | | | |
| 21 | Other | | | | |
| 22 | 3% | | | | |
| 23 | 4% | | | | |
| 24 | 7% | | | | |
| 25 | 8% | | | | |
| 26 | 10% | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | JDITC | | | | |
| 33 | | | | | |
| 34 | | | | | |
| 35 | TOTAL | | | | |

NOTES

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

| Allocations to Current Year's Income | | Adjustments (h) | Balance at End of Year (i) | Average Period of Allocation to Income (h) | Line No. |
|---|---------------|--------------------|----------------------------------|--|-------------|
| Account Number (f) | Amount (g) | | | | |
| | | | | | 1 |
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NOTES (Continued)

| | | | |
|-------------------------------------|---|--|--|
| Name of Respondent <i>PIE'EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|-------------------------------------|---|--|--|

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Give description and amount of other current and accrued liabilities as of the end of year.
2. Minor items may be grouped by classes, showing number of items in each class.

| Line No. | Item (a) | Balance End of Year (b) |
|----------|-----------------------------------|-------------------------|
| 1 | Accrued Payroll | \$ 123,332.29 |
| 2 | Accrued Vacation & sick Leave | 570,708.04 |
| 3 | Accrued Retirement Benefits | 284,930.38 |
| 4 | Accrued Workman's Comp Insurance | 14,085.85 |
| 5 | Current Portion of Long Term Debt | 1,340,000.00 |
| 6 | | |
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| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
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| 18 | | |
| 19 | | |
| 20 | TOTAL | 2,333,056.56 |

CUSTOMER ADVANCES FOR CONSTRUCTION (Account 252)

| Line No. | List advances by department (a) | Balance End of Year (b) |
|----------|---------------------------------|-------------------------|
| 21 | <i>N/A</i> | \$ |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
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| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | TOTAL | |

| | | | |
|--|---|--|---|
| Name of Respondent PIE & G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20<u>06</u> |
|--|---|--|---|

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars (details) called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than \$10,000) may be grouped by classes.

4. For any undelivered gas obligations to customers under take-or-pay clauses of sale agreements, show the total amount on this page and report particulars (details) called for by page 267. Show also on this page, but as a separate item, any advance billings or receipts for gas sales or service classified in Account 253 but not related to take-or-pay arrangements.

| Line No. | Description of Other Deferred Credits (a) | Balance at Beginning of Year (b) | DEBITS | | Credits (e) | Balance at End of Year (f) |
|----------|--|-------------------------------------|-----------------------|---------------|----------------|-------------------------------|
| | | | Contra Account (c) | Amount (d) | | |
| 1 | | | | | | |
| 2 | CONSUMER PREPAYMENTS | 1,659,470.04 | | | | 1,779,234.34 |
| 3 | JUNE SEASONAL | (736,361.96) | | | | (803,044.31) |
| 4 | JULY SEASONAL | (717,949.42) | | | | (782,390.93) |
| 5 | MAY SEASONAL | (730,497.34) | | | | (807,478.36) |
| 6 | ENGR GIFTS | 600.00 | | | | 100.00 |
| 7 | GAIN ON RUS BUYOUT | 1,349,955.29 | | | | 1,214,959.85 |
| 8 | | | | | | |
| 9 | | | | | | |
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| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | | | | | | |
| 47 | TOTAL | 825,216.61 | | | | 601,380.59 |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES—ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
 2. For Other (Specify), include deferrals relating to other

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|--|-------------------------------------|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Accelerated Amortization (Account 281) | | | |
| 2 | Electric | | | |
| 3 | Defense Facilities | | | |
| 4 | Pollution Control Facilities | | | |
| 5 | Other | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | TOTAL Electric (Enter Total of lines 3 thru 7) | | | |
| 9 | Gas | | | |
| 10 | Defense Facilities | | | |
| 11 | Pollution Control Facilities | | | |
| 12 | Other | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | TOTAL Gas (Enter Total of lines 10 thru 14) | | | |
| 16 | Other (Specify) | | | |
| 17 | TOTAL (Acct 281) (Total of 8, 15 and 16) | | | |
| 18 | Classification of TOTAL | | | |
| 19 | Federal Income Tax | | | |
| 20 | State Income Tax | | | |
| 21 | Local Income Tax | | | |

NOTES

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|--------------------|---|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: | | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | | |

ACCUMULATED DEFERRED INCOME TAXES—ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

Income and deductions.
3. Use separate pages as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|---|--|----------------------------|---------------|---------------------------|---------------|----------------------------------|-------------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
| | | | | | | | 5 |
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NOTES (Continued)

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES—OTHER PROPERTY (Account 282)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.
2. For Other (Specify), include deferrals relating to other

| Line No. | Account Subdivisions (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|---|-------------------------------------|---|--|
| | | | Amounts Debited to Account 410.1 (c) | Amounts Credited to Account 411.1 (d) |
| 1 | Account 282 | | | |
| 2 | Electric | | | |
| 3 | Gas | | | |
| 4 | Other (Define) | | | |
| 5 | TOTAL (Enter Total of lines 2 thru 4) | | | |
| 6 | Other (Specify) | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | TOTAL Account 282 (Enter Total of lines 5 thru 8) | | | |
| 10 | Classification of TOTAL | | | |
| 11 | Federal Income Tax | | | |
| 12 | State Income Tax | | | |
| 13 | Local Income Tax | | | |

NOTES

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|--------------------|---|----------------|----------------|
| Name of Respondent | This Report is: | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) | Dec. 31, 20__ |

ACCUMULATED DEFERRED INCOME TAXES—OTHER PROPERTY (Account 282) (Continued)

Income and deductions.
3. Use separate pages as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year (k) | Line No. |
|---|--|-------------------------|---------------|------------------------|---------------|-------------------------------|----------|
| Amounts Debited to Account 410.2 (e) | Amounts Credited to Account 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | | | 3 |
| | | | | | | | 4 |
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NOTES (Continued)

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283. 2. For Other (Specify), include deferrals relating to other income and deductions.

| Line No. | Account (a) | Balance at Beginning of Year (b) | CHANGES DURING YEAR | |
|----------|---|-------------------------------------|---------------------------------------|--|
| | | | Amounts Debited to Acct. 410.1 (c) | Amounts Credited to Acct. 411.1 (d) |
| 1 | Electric | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | Other | | | |
| 7 | TOTAL Electric (total of lines 2 thru 6) | | | |
| 8 | Gas | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | Other | | | |
| 14 | TOTAL Gas (Total of lines 9 thru 13) | | | |
| 15 | Other (Specify) | | | |
| 16 | TOTAL (Account 283) (Enter Total of lines 7, 14 and 15) | | | |
| 17 | Classification of TOTAL | | | |
| 18 | Federal Income Tax | | | |
| 19 | State Income Tax | | | |
| 20 | Local Income Tax | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below, the order authorizing the use of the account for each line item. Include amounts relating to insignificant items listed under Other.
 4. Fill in all columns for all items as appropriate.
 5. Use separate pages as required.

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balance at End of Year | Line No. |
|--------------------------------------|---------------------------------------|-------------------------|---------------|------------------------|---------------|------------------------|----------|
| Amounts Debited to Acct 410.2 (e) | Amounts Credited to Acct 411.2 (f) | DEBITS | | CREDITS | | | |
| | | Account Credited (g) | Amount (h) | Account Debited (i) | Amount (j) | (k) | |
| | | | | | | | 1 |
| | | | | | | | 2 |
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NOTES (Continued)

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|--------------------|---|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission. | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|---|--------------------------------|---------------------------------|

ACCUMULATED DEFERRED INCOME TAXES - TEMPORARY (Account 284)

1. Report the information called for below concerning each item included in this account at year end.

| Line No. | Description of Item (a) | Balance at End of Year (b) | Date of Filing for Commission Approval (c) | Case Number (d) |
|----------|---|-------------------------------|---|--------------------|
| 1 | Electric | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | TOTAL Electric (total of lines 2 thru 6) | | | |
| 8 | Gas | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | TOTAL Gas (Total of lines 9 thru 13) | | | |
| 15 | Other (Specify) | | | |
| 16 | TOTAL (Account 284) (Enter Total of lines 7, 14 and 15) | | | |
| 17 | Classification of TOTAL | | | |
| 18 | Federal Income Tax | | | |
| 19 | State Income Tax | | | |
| 20 | Local Income Tax | | | |

NOTES

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | is Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

OTHER REGULATORY LIABILITIES

1. Reporting below the particulars (details) called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).
 2. For regulatory liabilities being amortized, show period of amortization in column (a).
 3. Minor items (amounts less than \$50,000) may be grouped by classes.
 4. Give the number and name of the account(s) where each amount is recorded.

| Line No. | Description and Purpose of Other Regulatory Liabilities (a) | DEBITS | | Credits (d) | Balance at End of Year (e) |
|----------|--|-------------------------|---------------|----------------|-------------------------------|
| | | Account Credited (b) | Amount (c) | | |
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | N/A | | | | |
| 7 | | | | | |
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| 8 | | | | | |
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| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | TOTAL | | | | |

| | | | |
|--|---|--|---|
| Name of Respondent PIE & G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20<u>06</u> |
|--|---|--|---|

GAS OPERATING REVENUES (ACCOUNT 400)

1. Report below natural gas operating revenues for each prescribed account, and manufactured gas revenues in total.
 2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
 3. Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted

for each group of meters added. The average number of customers means the average of twelve figures at the close of each month.
 4. Report quantities of natural gas sold in Mcf (14.73 psia at 60°F). If billings are on a therm basis, give the Btu contents of the gas sold and the sales converted to Mcf.
 5. If increases or decreases from previous year (columns (c), (e) and (g)), are not derived from previously

| Line No. | Title of Account (a) | OPERATING REVENUES | |
|-----------|--|------------------------|---------------------------------|
| | | Amount for Year (b) | Amount for Previous Year (c) |
| 1 | GAS SERVICE REVENUES | | |
| 2 | 480 Residential Sales | 7,062,828 | 7,083,071 |
| 3 | 481 Commercial & Industrial Sales | | |
| 4 | Small (or Comm.) (See Instr. 6) | 789,166 | 751,999 |
| 5 | Large (or Ind.) (See Instr. 6) | 122,397 | 163,617 |
| 6 | 482 Other Sales to Public Authorities | 425,036 | 443,006 |
| 7 | 484 Interdepartmental Sales | | |
| 8 | TOTAL Sales to Ultimate Consumers | 8,399,427 | 8,441,694 |
| 9 | 483 Sales for Resale | | |
| 10 | TOTAL Nat. Gas Service Revenues | 8,399,427 | 8,441,694 |
| 11 | Revenues from Manufactured Gas | | |
| 12 | TOTAL Gas Service Revenues | 8,399,427 | 8,441,694 |
| 13 | OTHER OPERATING REVENUES | | |
| 14 | 485 Intracompany Transfers | | |
| 15 | 487 Forfeited Discounts | 31,694 | 29,959 |
| 16 | 488 Misc. Service Revenues | 36,127 | 33,348 |
| 17 | 489 Rev. from Trans. of Gas of Others | | |
| 18 | 490 Sales of Prod. Ext. from Nat. Gas | | |
| 19 | 491 Rev. from Nat. Gas Proc. by Others | | |
| 20 | 492 Incidental Gasoline and Oil Sales | | |
| 21 | 493 Rent from Gas Property | | |
| 22 | 494 Interdepartmental Rents | | |
| 23 | 495 Other Gas Revenues | 28,181 | 34,029 |
| 24 | TOTAL Other Operating Revenues | 96,002 | 97,336 |
| 25 | TOTAL Gas Operating Revenues | 8,495,429 | 8,539,030 |
| 26 | (Less) 496 Provision for Rate Refunds | (40,541) | (48,176) |
| 27 | TOTAL Gas Operating Revenues Net of Provision for Refunds | 8,454,888 | |
| 28 | Dist. Type Sales by States (Incl. Main Line Sales to Resid. and Comm. Custrs.) | | |
| 29 | Main Line Industrial Sales (Incl. Main Line Sales to Pub. Authorities) | | |
| 30 | Sales for Resale | | |
| 31 | Other Sales to Pub. Auth. (Local Dist. Only) | | |
| 32 | Interdepartmental Sales | | |
| 33 | TOTAL (Same as Line 10, Columns (b) and (d)) | 8,454,888 | |

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| Name of Respondent PIE EG | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20<u>06</u> |
|-------------------------------------|---|--|---|

GAS OPERATING REVENUES (ACCOUNT 400) (Continued)

reported figures, explain any inconsistencies in a footnote.

6. Commercial and Industrial Sales, Account 481, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 200,000 Mcf per year or approximately 800 Mcf

per day of normal requirements. (See Account 481 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See pages 108-109, Important Changes During Year, for important new territory added and important rate increases or decreases.

| MCF OF NATURAL GAS SOLD | | AVG. NO. OF NAT. GAS CUSTRS. PER MO. | | Line No. |
|--------------------------|-----------------------------------|--------------------------------------|---------------------------------|----------|
| Quantity for Year (a) | Quantity for Previous Year (a) | Number for Year (b) | Number for Previous Year (b) | |
| | | | | 1 |
| 515,106 | 591,989 | 7741 | 7633 | 2 |
| | | | | 3 |
| 63,872 | 67,396 | 233 | 236 | 4 |
| 11,146 | 16,188 | 2 | 2 | 5 |
| 34,132 | 40,698 | 111 | 112 | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| 624,256 | 716,271 | 8087 | 7983 | 10 |

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| | | | | 30 |
| | | | | 31 |
| | | | | 32 |
| 624,256 | | | | 33 |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

RATE AND SALES SECTION

DEFINITIONS OF CLASSES OF SERVICE AND INSTRUCTIONS PERTAINING TO STATEMENTS ON SALES DATA

In the definitions below, the letters preceding the captions distinguish the main classes from the subclasses. Show the data broken into the subclasses if possible, but if not, report data under the main classes, drawing a dash through the subclass.

When gas measured through a single meter is used for more than one class of service as here defined, as for example, for both commercial and residential purposes, assign the total to the class having the principal use.

Average Number of Customers. Number of customers should be reported on the basis of number of meters, plus number of flat-rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for code group of meters so added. The average number of customers means the average of the 12 figures at the close of each month.

Thousands of Cubic Feet or Therms Sold (indicate which one by crossing out the one that does not apply). Give net figures, exclusive of respondent's own use and losses.

Revenues. This term covers revenues derived from (a) Sale of Gas (exclusive of forfeited discounts and penalties) and (b) Other Gas Revenues, such as rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, servicing of customers' installations and miscellaneous gas revenues.

AB. Residential Service. This class includes all sales of gas for residential uses such as cooking, refrigeration, water heating, space heating and other domestic uses.

A. Residential Service. This class includes all sales of gas for residential use except space heating.

B. Residential Space Heating. This class includes all sales of gas for space heating including gas for other residential uses only when measured through the same meter.

CD. Commercial Service. This class includes service rendered primarily to commercial establishments such as restaurants, hotels, clubs, hospitals, recognized rooming and boarding houses, apartment houses (but not individual tenants therein), garages, churches, warehouses, etc.

C. Commercial Service. This class includes all sales of gas for commercial use except space heating.

D. Commercial Space Heating. This class includes all sales of gas for space heating including gas for other commercial uses only when measured through the same meter.

E. Industrial Service. This class includes service rendered primarily to manufacturing and industrial establishments where gas is used principally for large power, heating and metallurgical purposes.

F. Public Street and Highway Lighting. Covers service rendered to municipalities or other governmental units for the purpose of lighting streets, highways, parks and other public places.

G. Other Sales to Public Authorities. Covers service rendered to municipalities or other governmental units for lighting, heating, cooking, water heating and other general uses.

H. Interdepartmental Sales. This class includes gas supplied by the gas department to other departments of the utility when the charges therefor are at tariff or other specific rates.

I. Other Sales. This class includes all service to ultimate consumers not included in the foregoing described classifications.

* **A - I. Total sales to Ultimate Consumers.** This is the total of the foregoing described classifications.

J. Sales to Other Gas Utilities for Resale. This class includes all sales of gas to other gas utilities or to public authorities for resale to ultimate consumers.

K. Other Gas Revenues. Revenues derived from operations of the respondent other than sales of gas. They include rent from gas property, interdepartmental rents, customers' forfeited discounts and penalties, services of customers' installations and miscellaneous gas revenues, such as fees and charges for changing, connecting and disconnecting service, profit on sales of materials and supplies not ordinarily purchased for resale, commissions on sales or distribution of others' gas (sold under rates filed by such others), management or supervision fees, sale of steam (except where the respondent furnishes steam-heating service) and rentals from leased property on customers' premises.

* **A - K. Total Gas Operating Revenues.** The total of all the foregoing accounts.

Separate Schedules for Each State. Separate schedules in this section should be filed for each state in which the respondent operates.

Estimates. If actual figures are not available for the schedules in this section, give estimates. Explain the methods used and the factual basis of the estimates, using supplementary sheets, if necessary.

| | | | |
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| Name of Respondent PIE & G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20<u>06</u> |
|--|---|--|---|

625-A. SALES DATA FOR THE YEAR
(For the State of Michigan)

| Line No. | Class of Service (a) | Average Number of Customers per Month (b) | Gas Sold Mcf* (c) | Revenue (Show to nearest dollar) (d) | AVERAGES | | |
|----------|---|---|-------------------|--------------------------------------|-----------------------|--------------------------|----------------------|
| | | | | | Mcf* per Customer (e) | Revenue per Customer (f) | Revenue per Mcf* (g) |
| 1 | AB. Residential Service | 7646 | 515,106 | \$7,062,828 | 67 | \$ 924 | \$ 13.71 |
| 2 | A. Residential Service | | | | | | |
| 3 | B. Residential space heating service | | | | | | |
| 4 | CD. Commercial Service | 233 | 63,872 | 789,166 | 274 | 3387 | 12.36 |
| 5 | C. Commercial service, except space heating | | | | | | |
| 6 | D. Commercial space heating | | | | | | |
| 7 | E. Industrial service | 2 | 11,146 | 122,397 | 5573 | 61,199 | 10.98 |
| 8 | F. Public street & highway lighting | | | | | | |
| 9 | G. Other sales to public authorities | 112 | 34,132 | 425,036 | 305 | 3795 | 12.45 |
| 10 | H. Interdepartmental sales | | | | | | |
| 11 | I. Other sales | | | | | | |
| 12 | A-I. Total sales to ultimate customers | | | | | | |
| 13 | J. Sales to other gas utilities for resale | | | | | | |
| 14 | A-J. TOTAL SALES OF GAS | | | | | | |
| 15 | K. Other gas revenues | | | 55,461 | | | |
| 16 | A-K. TOTAL GAS OPERATING REVENUE | 7993 | 624,256 | 8,454,888 | 78 | 1058 | 13.54 |

* Report Mcf on a pressure base of 14.65 psia dry and a temperature base of 60°F. Give two decimals.

| | | | |
|-----------------------------------|---|--|--|
| Name of Respondent <i>PIEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|-----------------------------------|---|--|--|

625-B. SALES DATA BY RATE SCHEDULES FOR THE YEAR

- Report below the distribution of customers, sales and revenue for the year by individual rate schedules. (See definitions on first page of this section).
- Column (a) - List all rate schedules by identification number or symbol. Where the same rate schedule designation applies to different rates in different zones, cities or districts, list separately data for each such area in which the schedule is available.
- Column (b) - Give the type of service to which the rate schedule is applicable, i.e. cooking, space heating, commercial heating, commercial cooking, etc.
- Column (c) - Using the classification shown in Schedule 625-A, column (a), indicate the class or classes of customers served under each rate schedule, e.g., (A) for Residential Service, (B) Heating Service, etc.
- Column (d) - Give the average number of customers billed under each rate schedule during the year. The total of this column will approximate the total number of ultimate customers, line 12, Schedule 625-A.
- Columns (e) and (f) - For each rate schedule listed, enter the total number of Mcf sold to, and revenues received from customers billed under that rate schedule. The totals of these columns should equal the totals shown on line 12, Schedule 625-A. If the utility sells gas to ultimate customers under special contracts, the totals for such sales should be entered on a line on this page in order to make the totals of columns (e) and (f) check with those entered on line 12, Schedule 625-A.
- When a rate schedule was not in effect during the entire year, indicate in a footnote the period in which it was effective.

| Line No. | Rate Schedule Designation (a) | Type of Service to which Schedule is applicable (b) | Class of Service (c) | Average Number of Customers per Month (d) | Mcf Sold (e) | Revenue (Show to nearest dollar) (f) |
|----------|-------------------------------|---|----------------------|---|--------------|--------------------------------------|
| 1 | AB | Space Heating | AB | 7646 | 515,106 | 7,062,828 |
| 2 | CD | | CD | 233 | 63,872 | 789,166 |
| 3 | E | | E | 2 | 11,146 | 122,397 |
| 4 | G | | G | 112 | 34,132 | 425,036 |
| 5 | | | | | | |
| 6 | | | | | | |
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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

OFF-SYSTEM SALES - NATURAL GAS

Report particulars (details) concerning off-system sales. Off-system sales include all sales other than MPSC approved rate schedule sales.

| Line No. | Name (a) | Point of Delivery (City or town and State) (b) | Account (c) | Mcf of Gas Sold (Approx. B.T.U. per Cubic Ft.) (d) |
|----------|-------------|---|----------------|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
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| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
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| 20 | | | | |

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|--------------------|--|---------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr). | Year of Report Dec. 31, 20__ |
|--------------------|--|---------------------------------|---------------------------------|

OFF-SYSTEM SALES - NATURAL GAS (Continued)

| Revenue for Year (See Instr. 5) (e) | Average Revenue per Mcf (in cents) (f) | Peak Day Delivery to Customers | | | Line No. |
|---|---|--------------------------------|-----------------------------|--------------------------|-------------|
| | | Date (g) | Mcf | | |
| | | | Noncoin- cidental (h) | Coin- cidental (i) | |
| | | | | | 1 |
| | | | | | 2 |
| | | | | | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | | | 8 |
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| | | | | | 10 |
| | | | | | 11 |
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| | | | | | 13 |
| | | | | | 14 |
| | | | | | 15 |
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|--------------------|--|--------------------------------|----------------|
| Name of Respondent | This Report Is: (1) An Original (2) A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report |
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REVENUE FROM TRANSPORTATION OF GAS OF OTHERS--NATURAL GAS (Account 489)

1. Report below particulars (details) concerning revenue from transportation or compression (by respondent) of natural gas for others. Subdivide revenue between transportation or compression for interstate pipeline companies and others.
 2. Natural gas means either natural gas unrimed, or any mixture of natural and manufactured gas. Designate with an asterisk, however, if gas transported or compressed is other than natural gas.

3. In column (a) include the names of companies from which revenues were derived, points of receipt and delivery, and names of companies from which gas was received and to which delivered. Also specify the Commission order or regulation authorizing such transaction.

| Line No. | Name of Company (Designate associated companies with an asterisk) (a) | Average Number of Customers per Month (b) | Distance Transported (in miles) (c) |
|--------------|---|--|--|
| 1 | | | |
| 2 | | | |
| 3 | Miscellaneous Customers | | Local |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
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| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| TOTAL | | | |

| | | | |
|--------------------|--|--------------------------------|----------------|
| Name of Respondent | This Report Is: (1) An Original (2) A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report |
|--------------------|--|--------------------------------|----------------|

REVENUE FROM TRANSPORTATION OF GAS OF OTHERS--NATURAL (Acct. 489) (Cont'd)

4. Designate points of receipt and delivery so that they can be identified on map of the respondent's pipe line system.
 5. Enter Mcf at 14.65 psia at 60 degrees F.
 6. Minor items (less than 1,000,000 Mcf) may be grouped.

"Note: For transportation provided under Part 284 of Title 18 of the Code of Federal Regulations, report only grand totals for all transportation in columns (b) through (g) for the following regulation sections to be listed in column (a): 284.102, 284.122, 284.222, 284.223(a), 284.233(b), and 284.224. Details for each transportation are reported in separate annual reports required under Part 284 of the Commission's regulations."

| Mcf of Gas Received (d) | Mcf of Gas Delivered (e) | Revenue (f) | Average Revenue per Mcf of Gas Delivered (in cents) (g) | FERC Tariff Rate Schedule Designation (h) | Line No. |
|----------------------------|-----------------------------|----------------|---|--|----------|
| | | | | | 1 |
| | | | | | 2 |
| | | | | | 3 |
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| | | | | | 30 |

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|--------------------|---|--------------------------------|----------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

SALES OF PRODUCTS EXTRACTED FROM NATURAL GAS (Account 490)

1. Report particulars (details) concerning sales of gasoline, butane, propane, and other products extracted from natural gas, including sales of any such products which may have been purchased from others for re-sale.

2. If the purchasers are numerous, it is permissible to group the sales by kind of product. Show the number of purchasers grouped. Show separately, however, sales to associated companies or to companies which were associated at the time the applicable sales contracts were made.

| Line No. | Name of Purchaser (Designate associated companies with an asterisk) (a) | Name of Product (b) | Quantity (in gallons) (c) | Amount of Sales (in dollars) (d) | Sales Amount per Gallon (in cents) (d + c) (e) |
|----------|---|----------------------------|-------------------------------------|--|---|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
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| 6 | | | | | |
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REVENUES FROM NATURAL GAS PROCESSED BY OTHERS (Account 491)

1. Report particulars (details) concerning royalties and other revenues derived from permission granted to others for the right to remove products from the respondent's natural gas.

2. If the respondent's natural gas is processed by others for removal of saleable products and no revenue therefrom is derived by the respondent, complete only columns (a) and (b) below, and include the date of contract in column (a).

| Line No. | Name of Processor and Description of Transaction (Designate associated companies with an asterisk) (a) | Mcf of Respondent's Gas Processed (14.73 psia at 60°F) (b) | Revenue (in dollars) (c) |
|----------|--|--|------------------------------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |
| 6 | | | |
| 7 | | | |
| 8 | | | |
| 9 | | | |
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| 16 | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS OPERATION AND MAINTENANCE EXPENSES

If the amount for previous year is not derived from previously reported figures, explain in footnotes.

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|--|--------------------------------|---------------------------------|
| 1 | 1. PRODUCTION EXPENSES | | |
| 2 | A. Manufactured Gas Production | | |
| 3 | Manufactured Gas Production (<i>Submit Supplemental Statement</i>) | | |
| 4 | B. Natural Gas Production | | |
| 5 | B1. Natural Gas Production and Gathering | | |
| 6 | Operation | | |
| 7 | 750 Operation Supervision and Engineering | | |
| 8 | 751 Production Maps and Records | | |
| 9 | 752 Gas Wells Expenses | | |
| 10 | 753 Field Lines Expenses | | |
| 11 | 754 Field Compressor Station Expenses | | |
| 12 | 755 Field Compressor Station Fuel and Power | | |
| 13 | 756 Field Measuring and Regulating Station Expenses | | |
| 14 | 757 Purification Expenses | | |
| 15 | 758 Gas Well Royalties | | |
| 16 | 759 Other Expenses | | |
| 17 | 760 Rents | | |
| 18 | TOTAL Operation (Enter Total of lines 7 thru 17) | | |
| 19 | Maintenance | | |
| 20 | 761 Maintenance Supervision and Engineering | | |
| 21 | 762 Maintenance of Structures and Improvements | | |
| 22 | 763 Maintenance of Producing Gas Wells | | |
| 23 | 764 Maintenance of Field Lines | | |
| 24 | 765 Maintenance of Field Compressor Station Equipment | | |
| 25 | 766 Maintenance of Field Meas. and Reg. Sta. Equipment | | |
| 26 | 767 Maintenance of Purification Equipment | | |
| 27 | 768 Maintenance of Drilling and Cleaning Equipment | | |
| 28 | 769 Maintenance of Other Equipment | | |
| 29 | TOTAL Maintenance (Enter Total of lines 20 thru 28) | | |
| 30 | TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29) | | |
| 31 | B2. Products Extraction | | |
| 32 | Operation | | |
| 33 | 770 Operation Supervision and Engineering | | |
| 34 | 771 Operation Labor | | |
| 35 | 772 Gas Shrinkage | | |
| 36 | 773 Fuel | | |
| 37 | 774 Power | | |
| 38 | 775 Materials | | |
| 39 | 776 Operation Supplies and Expenses | | |
| 40 | 777 Gas Processed by Others | | |
| 41 | 778 Royalties on Products Extracted | | |
| 42 | 779 Marketing Expenses | | |
| 43 | 780 Products Purchased for Resale | | |
| 44 | 781 Variation in Products Inventory | | |
| 45 | (Less) 782 Extracted Products Used by the Utility—Credit | | |
| 46 | 783 Rents | | |
| 47 | TOTAL Operation (Enter Total of lines 33 thru 46) | | |

| Name of Respondent <i>PIEG</i> | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 20<u>06</u></i> |
|---|--|---|--|---|
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| B2. Products Extraction (Continued) | | | | |
| 48 | Maintenance | | | |
| 49 | 784 Maintenance Supervision and Engineering | | | |
| 50 | 785 Maintenance of Structures and Improvements | | | |
| 51 | 786 Maintenance of Extraction and Refining Equipment | | | |
| 52 | 787 Maintenance of Pipe Lines | | | |
| 53 | 788 Maintenance of Extracted Products Storage Equipment | | | |
| 54 | 789 Maintenance of Compressor Equipment | | | |
| 55 | 790 Maintenance of Gas Measuring and Reg. Equipment | | | |
| 56 | 791 Maintenance of Other Equipment | | | |
| 57 | TOTAL Maintenance (Enter Total of lines 49 thru 56) | | | |
| 58 | TOTAL Products Extraction (Enter Total of lines 47 and 57) | | | |
| C. Exploration and Development | | | | |
| 60 | Operation | | | |
| 61 | 795 Delay Rentals | | | |
| 62 | 796 Nonproductive Well Drilling | | | |
| 63 | 797 Abandoned Leases | | | |
| 64 | 798 Other Exploration | | | |
| 65 | TOTAL Exploration and Development (Enter Total of lines 61 thru 64) | | | |
| D. Other Gas Supply Expenses | | | | |
| 66 | Operation | | | |
| 67 | 800 Natural Gas Well Head Purchases | | | |
| 68 | 800.1 Natural Gas Well Head Purchases, Intracompany Transfers | | | |
| 69 | 801 Natural Gas Field Line Purchases | | | |
| 70 | 802 Natural Gas Gasoline Plant Outlet Purchases | | | |
| 71 | 803 Natural Gas Transmission Line Purchases | | | |
| 72 | 804 Natural Gas City Gate Purchases | 4,788,585.48 | 3,987,174.08 | |
| 73 | 804.1 Liquefied Natural Gas Purchases | | | |
| 74 | 805 Other Gas Purchases | | | |
| 75 | (Less) 805.1 Purchased Gas Cost Adjustments | 4,788,585.48 | 3,987,174.08 | |
| 76 | | | | |
| 77 | TOTAL Purchased Gas (Enter Total of lines 67 to 75) | | | |
| 78 | 806 Exchange Gas | | | |
| 79 | Purchased Gas Expenses | | | |
| 80 | 807.1 Well Expenses—Purchased Gas | | | |
| 81 | 807.2 Operation of Purchased Gas Measuring Stations | | | |
| 82 | 807.3 Maintenance of Purchased Gas Measuring Stations | | | |
| 83 | 807.4 Purchased Gas Calculations Expenses | | | |
| 84 | 807.5 Other Purchased Gas Expenses | 147,426.58 | 135,152.28 | |
| 85 | TOTAL Purchased Gas Expenses (Enter Total of lines 80 thru 84) | | | |
| 86 | 808.1 Gas Withdrawn from Storage—Debit | | | |
| 87 | (Less) 808.2 Gas Delivered to Storage—Credit | | | |
| 88 | 809.1 Withdrawals of Liquefied Natural Gas for Processing—Debit | | | |
| 89 | (Less) 809.2 Deliveries of Natural Gas for Processing—Credit | | | |
| 90 | Gas Used in Utility Operations—Credit | | | |
| 91 | 810 Gas Used for Compressor Station Fuel—Credit | | | |
| 92 | 811 Gas Used for Products Extraction—Credit | | | |
| 93 | 812 Gas Used for Other Utility Operations—Credit | | | |
| 94 | TOTAL Gas Used in Utility Operations—Credit (Total of lines 91 thru 93) | | | |
| 95 | 813 Other Gas Supply Expenses | 18,299.98 | 7676.08 | |
| 96 | TOTAL Other Gas Supply Exp (Total of lines 77, 78, 85, 86 thru 89, 94, 95) | | | |
| 97 | TOTAL Production Expenses (Enter Total of lines 3, 30, 58, 65, and 96) | 4,954,312.04 | 4,130,002.44 | |

| | | | |
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | |

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|--|--------------------------------|---------------------------------|
| 98 | 2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES | | |
| 99 | A. Underground Storage Expenses | | |
| 100 | Operation | | |
| 101 | 814 Operation Supervision and Engineering | | |
| 102 | 815 Maps and Records | | |
| 103 | 816 Wells Expenses | | |
| 104 | 817 Lines Expense | | |
| 105 | 818 Compressor Station Expenses | | |
| 106 | 819 Compressor Station Fuel and Power | | |
| 107 | 820 Measuring and Regulating Station Expenses | | |
| 108 | 821 Purification Expenses | | |
| 109 | 822 Exploration and Development | | |
| 110 | 823 Gas Losses | | |
| 111 | 824 Other Expenses | | |
| 112 | 825 Storage Well Royalties | | |
| 113 | 826 Rents | | |
| 114 | TOTAL Operation (Enter Total of lines 101 thru 113) | | |
| 115 | Maintenance | | |
| 116 | 830 Maintenance Supervision and Engineering | | |
| 117 | 831 Maintenance of Structures and Improvements | | |
| 118 | 832 Maintenance of Reservoirs and Wells | | |
| 119 | 833 Maintenance of Lines | | |
| 120 | 834 Maintenance of Compressor Station Equipment | | |
| 121 | 835 Maintenance of Measuring and Regulating Station Equipment | | |
| 122 | 836 Maintenance of Purification Equipment | | |
| 123 | 837 Maintenance of Other Equipment | | |
| 124 | TOTAL Maintenance (Enter Total of lines 116 thru 123) | | |
| 125 | TOTAL Underground Storage Expenses (Total of lines 114 and 124) | | |
| 126 | B. Other Storage Expenses | | |
| 127 | Operation | | |
| 128 | 840 Operation Supervision and Engineering | | |
| 129 | 841 Operation Labor and Expenses | | |
| 130 | 842 Rents | | |
| 131 | 842.1 Fuel | | |
| 132 | 842.2 Power | | |
| 133 | 842.3 Gas Losses | | |
| 134 | TOTAL Operation (Enter Total of lines 128 thru 133) | | |
| 135 | Maintenance | | |
| 136 | 843.1 Maintenance Supervision and Engineering | | |
| 137 | 843.2 Maintenance of Structures and Improvements | | |
| 138 | 843.3 Maintenance of Gas Holders | | |
| 139 | 843.4 Maintenance of Purification Equipment | | |
| 140 | 843.5 Maintenance of Liquefaction Equipment | | |
| 141 | 843.6 Maintenance of Vaporizing Equipment | | |
| 142 | 843.7 Maintenance of Compressor Equipment | | |
| 143 | 843.8 Maintenance of Measuring and Regulating Equipment | | |
| 144 | 843.9 Maintenance of Other Equipment | | |
| 145 | TOTAL Maintenance (Enter Total of lines 136 thru 144) | | |
| 146 | TOTAL Other Storage Expenses (Enter Total of lines 134 and 145) | | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|----------|---|--------------------------------|---------------------------------|
| 147 | C. Liquefied Natural Gas Terminating and Processing Expenses | | |
| 148 | Operation | | |
| 149 | 844.1 Operation Supervision and Engineering | | |
| 150 | 844.2 LNG Processing Terminal Labor and Expenses | | |
| 151 | 844.3 Liquefaction Processing Labor and Expenses | | |
| 152 | 844.4 Liquefaction Transportation Labor and Expenses | | |
| 153 | 844.5 Measuring and Regulating Labor and Expenses | | |
| 154 | 844.6 Compressor Station Labor and Expenses | | |
| 155 | 844.7 Communication System Expenses | | |
| 156 | 844.8 System Control and Load Dispatching | | |
| 157 | 845.1 Fuel | | |
| 158 | 845.2 Power | | |
| 159 | 845.3 Rents | | |
| 160 | 845.4 Demurrage Charges | | |
| 161 | (Less) 845.5 Wharfage Receipts—Credit | | |
| 162 | 845.6 Processing Liquefied or Vaporized Gas by Others | | |
| 163 | 846.1 Gas Losses | | |
| 164 | 846.2 Other Expenses | | |
| 165 | TOTAL Operation (Enter Total of lines 149 thru 164) | | |
| 166 | Maintenance | | |
| 167 | 847.1 Maintenance Supervision and Engineering | | |
| 168 | 847.2 Maintenance of Structures and Improvements | | |
| 169 | 847.3 Maintenance of LNG Processing Terminal Equipment | | |
| 170 | 847.4 Maintenance of LNG Transportation Equipment | | |
| 171 | 847.5 Maintenance of Measuring and Regulating Equipment | | |
| 172 | 847.6 Maintenance of Compressor Station Equipment | | |
| 173 | 847.7 Maintenance of Communication Equipment | | |
| 174 | 847.8 Maintenance of Other Equipment | | |
| 175 | TOTAL Maintenance (Enter Total of lines 167 thru 174) | | |
| 176 | TOTAL Liquefied Nat Gas Terminating and Processing Exp (Lines 165 & 175) | | |
| 177 | TOTAL Natural Gas Storage (Enter Total of lines 125, 146, and 176) | | |
| 178 | 3. TRANSMISSION EXPENSES | | |
| 179 | Operation | | |
| 180 | 850 Operation Supervision and Engineering | | |
| 181 | 851 System Control and Load Dispatching | | |
| 182 | 852 Communication System Expenses | | |
| 183 | 853 Compressor Station Labor and Expenses | | |
| 184 | 854 Gas for Compressor Station Fuel | | |
| 185 | 855 Other Fuel and Power for Compressor Stations | | |
| 186 | 856 Mains Expenses | | |
| 187 | 857 Measuring and Regulating Station Expenses | | |
| 188 | 858 Transmission and Compression of Gas by Others | | |
| 189 | 859 Other Expenses | | |
| 190 | 860 Rents | | |
| 191 | TOTAL Operation (Enter Total of lines 180 thru 190) | | |

| Name of Respondent PIE EG | | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20 ₀₆ |
|---|---|---|---|---|
| GAS OPERATION AND MAINTENANCE EXPENSES (Continued) | | | | |
| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) | |
| 3. TRANSMISSION EXPENSES (Continued) | | | | |
| 192 | Maintenance | | | |
| 193 | 861 Maintenance Supervision and Engineering | | | |
| 194 | 862 Maintenance of Structures and Improvements | | | |
| 195 | 863 Maintenance of Mains | | | |
| 196 | 864 Maintenance of Compressor Station Equipment | | | |
| 197 | 865 Maintenance of Measuring and Reg. Station Equipment | | | |
| 198 | 866 Maintenance of Communication Equipment | | | |
| 199 | 867 Maintenance of Other Equipment | | | |
| 200 | TOTAL Maintenance (Enter Total of lines 193 thru 199) | | | |
| 201 | TOTAL Transmission Expenses (Enter Total of lines 191 and 200) | | | |
| 202 | 4. DISTRIBUTION EXPENSES | | | |
| 203 | Operation | | | |
| 204 | 870 Operation Supervision and Engineering | 16,361.04 | 19,491.24 | |
| 205 | 871 Distribution Load Dispatching | | | |
| 206 | 872 Compressor Station Labor and Expenses | | | |
| 207 | 873 Compressor Station Fuel and Power | | | |
| 208 | 874 Mains and Services Expenses | 174,058.27 | 153,912.01 | |
| 209 | 875 Measuring and Regulating Station Expenses—General | 9,644.20 | 9,123.33 | |
| 210 | 876 Measuring and Regulating Station Expenses—Industrial | 4,395.25 | 3,066.70 | |
| 211 | 877 Measuring and Regulating Station Expenses—City Gate Check Station | 14,452.95 | 14,883.87 | |
| 212 | 878 Meter and House Regulator Expenses | 1,551.06 | 5,762.85 | |
| 213 | 879 Customer Installations Expenses | 7,753.40 | 13,541.62 | |
| 214 | 880 Other Expenses | 27,570.15 | 24,717.69 | |
| 215 | 881 Rents | | | |
| 216 | TOTAL Operation (Enter Total of lines 204 thru 215) | 255,786.32 | 244,499.31 | |
| 217 | Maintenance | | | |
| 218 | 885 Maintenance Supervision and Engineering | 2,680.52 | 2871.30 | |
| 219 | 886 Maintenance of Structures and Improvements | | | |
| 220 | 887 Maintenance of Mains | 14,336.29 | 2501.25 | |
| 221 | 888 Maintenance of Compressor Station Equipment | | | |
| 222 | 889 Maintenance of Meas. and Reg. Sta. Equip.—General | 1,650.59 | 2805.78 | |
| 223 | 890 Maintenance of Meas. and Reg. Sta. Equip.—Industrial | | | |
| 224 | 891 Maintenance of Meas. and Reg. Sta. Equip.—City Gate Check Station | 10,265.79 | 9375.77 | |
| 225 | 892 Maintenance of Services | 62,583.13 | 62,807.76 | |
| 226 | 893 Maintenance of Meters and House Regulators | 14,988.96 | 5271.23 | |
| 227 | 894 Maintenance of Other Equipment | 6,777.04 | 5151.22 | |
| 228 | TOTAL Maintenance (Enter Total of lines 218 thru 227) | 113,262.32 | 90,784.31 | |
| 229 | TOTAL Distribution Expenses (Enter Total of lines 216 and 228) | 369,048.64 | 335,283.62 | |
| 230 | 5. CUSTOMER ACCOUNTS EXPENSES | | | |
| 231 | Operation | | | |
| 232 | 901 Supervision | 15,103.58 | 14,552.90 | |
| 233 | 902 Meter Reading Expenses | 51,386.52 | 49,958.00 | |
| 234 | 903 Customer Records and Collection Expenses | 145,308.74 | 123,191.28 | |
| 235 | 904 Uncollectible Accounts | 44,977.78 | 9216.72 | |
| 236 | 905 Miscellaneous Customer Accounts Expenses | | | |
| 237 | TOTAL Customer Accounts Expenses (Enter Total of lines 232 thru 236) | 256,776.62 | 196,918.90 | |

| | | | |
|-------------------------------------|---|--|---|
| Name of Respondent PIE EG | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20⁰⁶ |
|-------------------------------------|---|--|---|

GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

| Line No. | Account (a) | Amount for Current Year (b) | Amount for Previous Year (c) |
|------------|--|--------------------------------|---------------------------------|
| 238 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 239 | Operation | | |
| 240 | 907 Supervision | | |
| 241 | 908 Customer Assistance Expenses | 30.00 | 70.00 |
| 242 | 909 Informational and Instructional Expenses | 22,804.96 | 23,295.20 |
| 243 | 910 Miscellaneous Customer Service and Informational Expenses | | |
| 244 | TOTAL Customer Service and Information Expenses (Lines 240 thru 243) | 22,834.96 | 23,365.20 |
| 245 | 7. SALES EXPENSES | | |
| 246 | Operation | | |
| 247 | 911 Supervision | | |
| 248 | 912 Demonstrating and Selling Expenses | | |
| 249 | 913 Advertising Expenses | | |
| 250 | 916 Miscellaneous Sales Expenses | | |
| 251 | TOTAL Sales Expenses (Enter Total of lines 247 thru 250) | | |
| 252 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 253 | Operation | | |
| 254 | 920 Administrative and General Salaries | 56,242.47 | 42,733.10 |
| 255 | 921 Office Supplies and Expenses | 49,735.99 | 23,867.27 |
| 256 | (Less) (922) Administrative Expenses Transferred—Cr. | | |
| 257 | 923 Outside Services Employed | 8872.37 | 2444.01 |
| 258 | 924 Property Insurance | 21,328.92 | 9390.53 |
| 259 | 925 Injuries and Damages | 23,817.19 | 19,501.51 |
| 260 | 926 Employee Pensions and Benefits | 152,619.07 | 137,323.57 |
| 261 | 927 Franchise Requirements | | |
| 262 | 928 Regulatory Commission Expenses | | |
| 263 | (Less) (929) Duplicate Charges—Cr. | | |
| 264 | 930.1 General Advertising Expenses | | |
| 265 | 930.2 Miscellaneous General Expenses | 8061.93 | 6879.49 |
| 266 | 931 Rents | | |
| 267 | TOTAL Operation (Enter Total of lines 254 thru 266) | 320,677.94 | 242,139.48 |
| 268 | Maintenance | | |
| 269 | 935 Maintenance of General Plant | 32,428.97 | 41,863.30 |
| 270 | TOTAL Administrative and General Exp (Total of lines 267 and 269) | 353,106.91 | 284,002.78 |
| 271 | TOTAL Gas O. and M. Exp (Lines 97, 177, 201, 229, 237, 244, 251, and 270) | 5,956,079.17 | 4,969,572.94 |

NUMBER OF GAS DEPARTMENT EMPLOYEES

| | |
|--|---|
| <p>1. The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.</p> <p>2. If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special</p> | <p>construction employees in a footnote.</p> <p>3. The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions.</p> |
| 1. Payroll Period Ended (Date) | 11-03-2006 |
| 2. Total Regular Full-Time Employees | 11 |
| 3. Total Part-Time and Temporary Employees | 4 |
| 4. Total Employees | 15 |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission. | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--|---|---|--------------------------------|---------------------------------|
| GAS OPERATION AND MAINTENANCE EXPENSES (NONMAJOR) | | | | |
| Line No. | Account | Amount for Current Year | Amount for Previous Year | |
| 1 | 1. PRODUCTION EXPENSES | | | |
| 2 | A. Manufactured Gas Production | | | |
| 3 | Manufactured Gas Prod. (Submit Supplement Statement) | | | |
| 4 | B. Natural Gas Production | | | |
| 5 | B.1. Natural Gas Production and Gathering | | | |
| 6 | Operation | | | |
| 7 | 750 Operation Supervision and Engineering | | | |
| 8 | 755 Field Compressor Station Fuel and Power | | | |
| 9 | 758 Gas Well Royalties | | | |
| 10 | 759 Other Expenses | | | |
| 11 | 760 Rents | | | |
| 12 | TOTAL Operation (Total of lines 7 thru 11) | | | |
| 13 | Maintenance | | | |
| 14 | 763 Maintenance of Producing Gas Wells | | | |
| 15 | 764 Maintenance of Field Lines | | | |
| 16 | 769.1 Maintenance of Other Plant | | | |
| 17 | TOTAL Maintenance (Total of lines 14 thru 16) | | | |
| 18 | TOTAL NG Production and Gathering Expenses | | | |
| 19 | | | | |
| 20 | B.2. Products Extraction | | | |
| 21 | Operation | | | |
| 22 | 776 Operation Supplies and Expenses | | | |
| 23 | Maintenance | | | |
| 24 | 792 Maintenance of Products Extraction Plant | | | |
| 25 | TOTAL Prod. Extraction (Total lines 22 and 24) | | | |
| 26 | | | | |
| 27 | C. Exploration and Development | | | |
| 28 | Operation | | | |
| 29 | 795 Delay Rentals | | | |
| 30 | 796 Nonproductive Well Drilling | | | |
| 31 | 797 Abandoned Leases | | | |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--|--|--|--------------------------------|---------------------------------|
| GAS OPERATION AND MAINTENANCE EXPENSES (NONMAJOR) | | | | |
| Line No. | Account | Amount for Current Year | Amount for Previous Year | |
| 32 | 798 Other Exploration | | | |
| 33 | 799 Natural Gas Purchases | | | |
| 34 | TOTAL Expl. and Dev. (Total of lines 29 thru 33) | | | |
| 35 | | | | |
| 36 | D. Other Gas Supply Expenses | | | |
| 37 | 803.1 Off-system Gas Purchases | | | |
| 38 | 805 Other Gas Purchases | | | |
| 39 | 807 Purchased Gas Expenses | | | |
| 40 | 808.1 Gas Withdrawn from Underground Storage-Debit | | | |
| 41 | 808.2 Gas Delivered to Underground Storage-Credit | | | |
| 42 | 812.1 Gas Used in Utility Operations-Credit | | | |
| 43 | 813 Other Gas Supply Expenses | | | |
| 44 | 813.1 Synthetic Gas Supply Expenses | | | |
| 45 | 813.2 Gas Cost Recovery Expenses-Royalties | | | |
| 46 | TOTAL Other Gas Sup. Exp. (Total of lines 37 thru 45) | | | |
| 47 | TOTAL Production Exp. (Total of lines 3,18,25,34 & 46) | | | |
| 48 | | | | |
| 49 | 2. NATURAL GAS STORAGE EXPENSE | | | |
| 50 | A. Underground Storage Expense | | | |
| 51 | Operation | | | |
| 52 | 814 Operation Supervision and Engineering | | | |
| 53 | 823 Gas Losses | | | |
| 54 | 825 Storage Well Royalties | | | |
| 55 | 826 Rents | | | |
| 56 | 827 Operation Supplies and Expenses | | | |
| 57 | TOTAL Operation (Total of lines 52 thru 56) | | | |
| 58 | Maintenance | | | |
| 59 | 832 Maintenance of Reservoirs and Wells | | | |
| 60 | 838 Maint. of Other Underground Storage Plant | | | |
| 61 | TOTAL Maintenance (Total of lines 59 and 60) | | | |
| 62 | TOTAL Underground Stor. Exp. (Total of lines 57&61) | | | |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission. | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--|--|---|--------------------------------|---------------------------------|
| GAS OPERATION AND MAINTENANCE EXPENSES (NONMAJOR) | | | | |
| Line No. | Account | Amount for Current Year | Amount for Previous Year | |
| 63 | B. Other Storage Expenses | | | |
| 64 | 848.4 Maintenance of Other Storage Plant | | | |
| 65 | TOTAL Other Storage Expenses | | | |
| 66 | TOTAL Natural Gas Storage (Total of lines 62 & 65) | | | |
| 67 | | | | |
| 68 | 3. TRANSMISSION EXPENSES | | | |
| 69 | Operation | | | |
| 70 | 850 Operation Supervision and Engineering | | | |
| 71 | 853.1 Compressor Station Fuel and Power | | | |
| 72 | 857.1 Operation Supplies and Expenses | | | |
| 73 | 858 Transmission and Compression of Gas by Others | | | |
| 74 | 860 Rents | | | |
| 75 | TOTAL Operation (Total of lines 70 thru 74) | | | |
| 76 | Maintenance | | | |
| 77 | 863 Maintenance of Mains | | | |
| 78 | 864 Maintenance of Compressor Station Equipment | | | |
| 79 | 868 Maintenance of Other Plant | | | |
| 80 | TOTAL Maintenance (Total of lines 77 thru 79) | | | |
| 81 | TOTAL Transmission Exp. (Total of lines 75 and 80) | | | |
| 82 | | | | |
| 83 | 4. DISTRIBUTION EXPENSES | | | |
| 84 | Operation | | | |
| 85 | 870 Operation Supervision and Engineering | | | |
| 86 | 874 Mains and Services Expenses | | | |
| 87 | 878 Meter and House Regulator Expenses | | | |
| 88 | 879 Customer Installations Expenses | | | |
| 89 | 880.1 Miscellaneous Distribution Expenses | | | |
| 90 | 881 Rents | | | |
| 91 | TOTAL Operation (Total of lines 85 thru 90) | | | |
| 92 | | | | |
| 93 | | | | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS OPERATION AND MAINTENANCE EXPENSES (NONMAJOR)

| Line No. | Account | Amount for Current Year | Amount for Previous Year |
|----------|---|-------------------------|--------------------------|
| 94 | Maintenance | | |
| 95 | 892.1 Maintenance of Lines | | |
| 96 | 893 Maintenance of Meters and House Regulators | | |
| 97 | 895 Maintenance of Other Plant | | |
| 98 | TOTAL Maintenance (Total of lines 95 thru 97) | | |
| 99 | TOTAL Distribution Exp. (Total of lines 91 & 98) | | |
| 100 | | | |
| 101 | 5. CUSTOMER ACCOUNTS EXPENSES | | |
| 102 | 902 Meter Reading Expenses | | |
| 103 | 903 Customer Records and Collection Expenses | | |
| 104 | 904 Uncollectible Accounts | | |
| 105 | TOTAL Customer Accts. Exp. (Total of lines 102-104) | | |
| 106 | | | |
| 107 | 6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES | | |
| 108 | 906 Customer Service and Informational Expenses | | |
| 109 | TOTAL Cust. Service&Informational Exp. | | |
| 110 | | | |
| 111 | 7. SALES PROMOTION EXPENSES | | |
| 112 | 917 Sales Expense | | |
| 113 | TOTAL Sales Expenses | | |
| 114 | | | |
| 115 | 8. ADMINISTRATIVE AND GENERAL EXPENSES | | |
| 116 | Operation | | |
| 117 | 920 Administrative and General Salaries | | |
| 118 | 921 Office Supplies and Expenses | | |
| 119 | 922 Administrative Services Transferred-Credit | | |
| 120 | 923 Outside Services Employed | | |
| 121 | 924 Property Insurance | | |
| 122 | 925 Injuries and Damages | | |
| 123 | 926 Employee Pensions and Benefits | | |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission: | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--|---|---|--------------------------------|---------------------------------|
| GAS OPERATION AND MAINTENANCE EXPENSES (NONMAJOR) | | | | |
| Line No. | Account | | Amount for Current Year | Amount for Previous Year |
| 124 | 927 | Franchise Requirements | | |
| 125 | 928 | Regulatory Commission Expenses | | |
| 126 | 929 | Duplicate Charges-Credit | | |
| 127 | 930.1 | General Advertising Expenses | | |
| 128 | 930.2 | Miscellaneous General Expenses | | |
| 129 | 931 | Rents | | |
| 130 | TOTAL Operation (Total of lines 117 thru 129) | | | |
| 131 | Maintenance | | | |
| 132 | 933 | Transportation Expenses | | |
| 133 | 935 | Maintenance of General Plant | | |
| 134 | TOTAL Maintenance (Total of lines 132 & 133) | | | |
| 135 | TOTAL Admin. & Gen. Exp. (Total of lines 130 & 134) | | | |
| 136 | TOTAL Gas Operation and Maintenance Expenses (Total of lines 47, 66, 81,99, 105, 109, 113 and 135) | | | |

| NUMBER OF GAS DEPARTMENT EMPLOYEES | |
|------------------------------------|--|
| 1. | The data on number of employees should be reported for the payroll period ending nearest to December 31, or any payroll period ending 60 days before or after December 31. |
| 2. | If the respondent's payroll for the reporting period includes any special construction personnel, include such employees on line 3, and show the number of such special construction employees in a footnote. |
| 3. | The number of employees assignable to the gas department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the gas department from joint functions. |
| 1. | Payroll Period Ended (Date) |
| 2. | Total Regular Full-Time Employees |
| 3. | Total Part-Time and Temporary Employees |
| 4. | Total Employees |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

**EXPLORATION AND DEVELOPMENT EXPENSES (Accounts 795, 796, 798)
(Except Abandoned Leases, Account 797)**

1. Report below exploration and development costs for the year, exclusive of Account 797, *Abandoned Leases*, according to the prescribed accounts shown by the column headings.
2. Provide subheadings and subtotals for exploration and development costs for each State.

3. Explain in a footnote any difference between the amounts reported in column (f) and the amount shown on page 231, *Preliminary Survey and Investigation Charges*, for clearance to Account 798 during the year from Account 183.1, *Preliminary Natural Gas Survey and Investigation Charges*.

| Line No | Field (a) | County (b) | Deley Rentals (Account 795) (c) | Nonproductive Well Drilling (Account 796) | | Other Exploration Costs (Accounts 798) (f) | Total (g) |
|---------|--------------|---------------|---------------------------------------|---|---------------|--|--------------|
| | | | | Number of Wells (d) | Amount (e) | | |
| 1 | | | | | | | |
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| 26 | | | | | | | |
| 27 | TOTAL | | | | | | |

ABANDONED LEASES (Account 797)

1. Report below particulars (details) concerning the provision for the year to cover probable loss on abandonment of natural gas leases included in Account 105, *Gas Plant Held for Future Use* which have never been productive.
2. Explain the basis of determining the year's provision and state whether the basis is the same as that used for the preceding year.

If the year's total provision is comprised of separate determinations with respect to certain groups or classes of leases, show separately the determinations for each such group or class. If the provision was so determined that component amounts may be identified by territories, fields, or counties, show the component amounts identified as such.

| Line No. | Item (a) | Amount (b) |
|----------|--------------|---------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
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| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | TOTAL | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805)

1. Report particulars of gas purchases during the year in the manner prescribed below.

2. Provide subheadings and totals for prescribed accounts as follow:

- 800 Natural Gas Well Head Purchases.
- 801 Natural Gas Field Line Purchases.
- 802 Natural Gas Gasoline Plant Outlet Purchases.
- 803 Natural Gas Transmission Line Purchases.
- 803.1 Off-System Gas Purchases.
- 804 Natural Gas City Gate Purchases.
- 804.1 Liquefied Natural Gas Purchases.
- 805 Other Gas Purchases.

Purchases are to be reported in account number sequence, e.g. all purchases charged to Account 800, followed by charges to Account 801, etc. Under each account number, purchases should be reported by states in alphabetical order. Totals are to be shown for each account in Columns (h) and (i) and should agree with the books of account, or any differences reconciled.

In some cases, two or more lines will be required to report a purchase, as when it is charged to more than one account.

3. Purchases may be reported by gas purchase contract totals (at the option of the respondent) provided that the same price is being paid for all gas purchased under the contract. If two or more prices are in effect under the same contract, separate details for each price shall be reported. The name of each seller included in the contract total shall be listed on separate sheets, clearly cross-referenced. Where two or more prices are in effect the sellers at each price are to be listed separately.

4. Purchases of less than 100,000 Mcf per year per contract from sellers not affiliated with the reporting company may (at the option of the respondent) be grouped by account number, except when the purchases were permanently discontinued during the reporting year. When grouped purchases are reported, the number of grouped purchases is to be reported in Column (b). Only Columns (a), (b), (h), (i), and (j) are to be completed for grouped purchases; however, the Commission may request additional details when necessary. Grouped non-jurisdictional purchases should be shown on a separate line.

5. Column instructions are as follows:

Column (b) - Report the names of all sellers. Abbreviations may be used where necessary.

Column (c) - Give the name of the producing field only for purchases at the wellhead or from field lines. The plant name should be given for purchase from gasoline outlets. If purchases under a contract are from more than one field or plant, use the name of the one contributing the largest volume. Use a footnote to list the other fields or plants involved.

Columns (d) and (e) - Designate the state and county where the gas is received. Where gas is received in more than one county, use the name of the county having the largest volume and by footnote list the other counties involved.

Column (f) - Show date of the gas purchase contract. If gas is purchased under a renegotiated contract, show the date of the original contract and the date of the renegotiated contract on the following line in brackets. If new acreage is dedicated by ratification of an existing contract show the date of the ratification, rather than the date of the original contract. If gas is being sold from a different reservoir than the original dedicated acreage pursuant to Section 2.56(f)(2) of the Commission's Rules of Practice and Procedure, place the letter "A" after the contract date.

If the purchase was permanently discontinued during the reporting year, so indicate by an asterick (*) in Column (f).

Column (g) - Show for each purchase the approximate Btu per cubic foot.

Column (h) - State the volume of purchased gas as measured for purpose of determining the amount payable for the gas. Include current year receipts of make-up gas that was paid for in prior years.

Column (i) - State the dollar amount (omit cents) paid and previously paid for the volumes of gas shown in Column (h).

Column (j) - State the average cost per Mcf to the nearest hundredth of a cent. [Column (i) divided by Column (h) multiplied by 100].

| | | | |
|-------------------------------------|---|--|--|
| Name of Respondent <i>PIE'EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|-------------------------------------|---|--|--|

GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805) (Continued)

| Line No. | Account No. (a) | Name of Seller (Designate Associated Companies) (b) | Name of Producing Field or Gasoline Plant (c) | State (d) |
|----------|--------------------|---|--|--------------|
| 1 | | <i>SEE ATTACHED</i> | | |
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SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|----------------------|----------------|----------------|-----------------|---------------------|
| January, 2006 | | | | |
| WPS ENERGY SERVICE | 5/13/2003 | 4,991 | \$5.3400 | \$26,651.94 |
| WPS ENERGY SERVICE | 6/12/2003 | 4,991 | \$5.5800 | \$27,849.78 |
| WPS ENERGY SERVICE | 7/11/2003 | 4,991 | \$5.4600 | \$27,250.86 |
| WPS ENERGY SERVICE | 7/28/2003 | 4,991 | \$5.5900 | \$27,899.69 |
| WPS ENERGY SERVICE | 9/11/2003 | 4,991 | \$5.3900 | \$26,901.49 |
| WPS ENERGY SERVICE | 10/3/2003 | 4,991 | \$5.2400 | \$26,152.84 |
| WPS ENERGY SERVICE | 11/4/2003 | 4,991 | \$5.3700 | \$26,801.67 |
| WPS ENERGY SERVICE | 12/17/2003 | 3,007 | \$5.5500 | \$16,688.85 |
| WPS ENERGY SERVICE | 2/18/2004 | 3,007 | \$5.6800 | \$17,079.76 |
| WPS ENERGY SERVICE | 4/8/2004 | 6,014 | \$6.0400 | \$36,324.56 |
| WPS ENERGY SERVICE | 5/18/2004 | 4,991 | \$6.5500 | \$32,691.05 |
| WPS ENERGY SERVICE | 6/7/2004 | 10,013 | \$6.6700 | \$66,786.71 |
| WPS ENERGY SERVICE | 7/28/2004 | 10,013 | \$6.8600 | \$68,689.18 |
| WPS ENERGY SERVICE | 9/21/2004 | 10,013 | \$6.8700 | \$68,789.31 |
| WPS ENERGY SERVICE | 11/10/2004 | 4,991 | \$7.9600 | \$39,728.36 |
| WPS ENERGY SERVICE | 12/20/2004 | 4,991 | \$7.7300 | \$38,580.43 |
| WPS ENERGY SERVICE | 1/3/2005 | 15,004 | \$7.2100 | \$108,178.84 |
| WPS ENERGY SERVICE | 2/15/2005 | 3,007 | \$7.5500 | \$22,702.85 |
| WPS ENERGY SERVICE | 4/19/2005 | 10,013 | \$8.5900 | \$86,011.67 |
| WPS ENERGY SERVICE | 5/16/2005 | 10,013 | \$8.1200 | \$81,305.56 |
| WPS ENERGY SERVICE | 6/21/2005 | 10,013 | \$9.1200 | \$91,318.56 |
| WPS ENERGY SERVICE | 7/19/2005 | 4,991 | \$9.2000 | \$45,917.20 |
| WPS ENERGY SERVICE | 1/12/2006 | (4,000) | \$8.8000 | (\$35,200.00) |
| WPS ENERGY SERVICE | 1/13/2006 | (16,000) | \$8.6100 | (\$137,760.00) |
| WPS ENERGY SERVICE | 1/20/2006 | (12,000) | \$8.7900 | (\$105,480.00) |
| WPS ENERGY SERVICE | 1/25/2006 | (4,000) | \$8.2700 | (\$33,080.00) |
| WPS ENERGY SERVICE | 1/26/2006 | (4,000) | \$7.7500 | (\$31,000.00) |
| | | 105,018 | \$6.3587 | \$667,781.16 |

February, 2006

| | | | | |
|--------------------|------------|-------|----------|-------------|
| WPS ENERGY SERVICE | 5/13/2003 | 4,004 | \$5.2400 | \$20,980.96 |
| WPS ENERGY SERVICE | 6/12/2003 | 4,004 | \$5.4900 | \$21,981.96 |
| WPS ENERGY SERVICE | 7/11/2003 | 4,004 | \$5.4300 | \$21,741.72 |
| WPS ENERGY SERVICE | 7/28/2003 | 4,004 | \$5.2500 | \$21,021.00 |
| WPS ENERGY SERVICE | 9/11/2003 | 4,004 | \$5.3500 | \$21,421.40 |
| WPS ENERGY SERVICE | 10/3/2003 | 4,004 | \$5.2000 | \$20,820.80 |
| WPS ENERGY SERVICE | 11/4/2003 | 4,004 | \$5.3400 | \$21,381.36 |
| WPS ENERGY SERVICE | 12/17/2003 | 1,988 | \$5.5300 | \$10,993.64 |
| WPS ENERGY SERVICE | 2/18/2004 | 1,988 | \$5.6100 | \$11,152.68 |
| WPS ENERGY SERVICE | 4/8/2004 | 5,992 | \$6.0100 | \$36,011.92 |
| WPS ENERGY SERVICE | 5/18/2004 | 4,004 | \$6.5400 | \$26,186.16 |
| WPS ENERGY SERVICE | 6/7/2004 | 9,996 | \$6.6300 | \$66,273.48 |
| WPS ENERGY SERVICE | 7/28/2004 | 9,996 | \$6.7500 | \$67,473.00 |
| WPS ENERGY SERVICE | 9/21/2004 | 5,012 | \$6.8400 | \$34,282.08 |
| WPS ENERGY SERVICE | 11/10/2004 | 4,004 | \$7.9500 | \$31,831.80 |
| WPS ENERGY SERVICE | 12/20/2004 | 4,004 | \$7.7400 | \$30,990.96 |
| WPS ENERGY SERVICE | 1/3/2005 | 9,996 | \$7.2000 | \$71,971.20 |
| WPS ENERGY SERVICE | 2/15/2005 | 2,996 | \$7.5500 | \$22,619.80 |
| WPS ENERGY SERVICE | 4/19/2005 | 9,996 | \$8.6000 | \$85,965.60 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|--------------------|----------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 5/16/2005 | 9,996 | \$8.0900 | \$80,867.64 |
| WPS ENERGY SERVICE | 6/21/2005 | 9,996 | \$9.1900 | \$91,863.24 |
| WPS ENERGY SERVICE | 7/19/2005 | 9,996 | \$9.2600 | \$92,562.96 |
| WPS ENERGY SERVICE | 2/16/2006 | (4,000) | \$7.2700 | (\$29,080.00) |
| WPS ENERGY SERVICE | 2/17/2006 | (8,000) | \$7.5000 | (\$60,000.00) |
| WPS ENERGY SERVICE | 2/21/2006 | (4,000) | \$7.4000 | (\$29,600.00) |
| WPS ENERGY SERVICE | 2/23/2006 | (4,000) | \$7.2100 | (\$28,840.00) |
| WPS ENERGY SERVICE | 2/24/2006 | (12,000) | \$7.3100 | (\$87,720.00) |
| | | 95,988 | \$7.0337 | \$675,155.36 |

March, 2006

| | | | | |
|--------------------|------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 5/13/2003 | 3,999 | \$5.1400 | \$20,554.86 |
| WPS ENERGY SERVICE | 6/12/2003 | 3,999 | \$5.3400 | \$21,354.66 |
| WPS ENERGY SERVICE | 7/11/2003 | 3,999 | \$5.3300 | \$21,314.67 |
| WPS ENERGY SERVICE | 7/28/2003 | 3,007 | \$5.1700 | \$15,546.19 |
| WPS ENERGY SERVICE | 9/11/2003 | 3,007 | \$5.2400 | \$15,756.68 |
| WPS ENERGY SERVICE | 10/3/2003 | 3,007 | \$5.0500 | \$15,185.35 |
| WPS ENERGY SERVICE | 11/4/2003 | 3,007 | \$5.2000 | \$15,636.40 |
| WPS ENERGY SERVICE | 12/17/2003 | 2,015 | \$5.3700 | \$10,820.55 |
| WPS ENERGY SERVICE | 2/18/2004 | 2,015 | \$5.4800 | \$11,042.20 |
| WPS ENERGY SERVICE | 4/8/2004 | 4,991 | \$5.8600 | \$29,247.26 |
| WPS ENERGY SERVICE | 5/18/2004 | 3,007 | \$6.3500 | \$19,094.45 |
| WPS ENERGY SERVICE | 6/7/2004 | 10,013 | \$6.4600 | \$64,683.98 |
| WPS ENERGY SERVICE | 7/28/2004 | 4,991 | \$6.6200 | \$33,040.42 |
| WPS ENERGY SERVICE | 9/21/2004 | 4,991 | \$6.8000 | \$33,938.80 |
| WPS ENERGY SERVICE | 11/10/2004 | 3,007 | \$7.7800 | \$23,394.46 |
| WPS ENERGY SERVICE | 12/20/2004 | 3,007 | \$7.5500 | \$22,702.85 |
| WPS ENERGY SERVICE | 1/3/2005 | 10,013 | \$6.9700 | \$69,790.61 |
| WPS ENERGY SERVICE | 2/15/2005 | 3,007 | \$7.3500 | \$22,101.45 |
| WPS ENERGY SERVICE | 4/19/2005 | 10,013 | \$8.4500 | \$84,609.85 |
| WPS ENERGY SERVICE | 5/16/2005 | 10,013 | \$8.0400 | \$80,504.52 |
| WPS ENERGY SERVICE | 6/21/2005 | 10,013 | \$9.2000 | \$92,119.60 |
| WPS ENERGY SERVICE | 7/19/2005 | 10,013 | \$9.2400 | \$92,520.12 |
| WPS ENERGY SERVICE | 3/24/2006 | (11,142) | \$7.2000 | (\$80,222.40) |
| WPS ENERGY SERVICE | 3/27/2006 | (3,714) | \$6.8200 | (\$25,329.48) |
| WPS ENERGY SERVICE | 3/28/2006 | (3,714) | \$6.8200 | (\$25,329.48) |
| WPS ENERGY SERVICE | 3/29/2006 | (7,428) | \$6.8800 | (\$51,104.64) |
| | | 89,136 | \$7.1012 | \$632,973.93 |

April, 2006

| | | | | |
|--------------------|------------|-------|----------|-------------|
| WPS ENERGY SERVICE | 6/12/2003 | 2,010 | \$5.0800 | \$10,210.80 |
| WPS ENERGY SERVICE | 7/11/2003 | 2,010 | \$4.9600 | \$9,969.60 |
| WPS ENERGY SERVICE | 7/28/2003 | 2,010 | \$5.0000 | \$10,050.00 |
| WPS ENERGY SERVICE | 9/11/2003 | 2,010 | \$4.9400 | \$9,929.40 |
| WPS ENERGY SERVICE | 10/3/2003 | 2,010 | \$4.8000 | \$9,648.00 |
| WPS ENERGY SERVICE | 11/4/2003 | 2,010 | \$4.9000 | \$9,849.00 |
| WPS ENERGY SERVICE | 12/17/2003 | 2,010 | \$4.9900 | \$10,029.90 |
| WPS ENERGY SERVICE | 2/18/2004 | 2,010 | \$5.0000 | \$10,050.00 |
| WPS ENERGY SERVICE | 4/8/2004 | 3,000 | \$5.4000 | \$16,200.00 |
| WPS ENERGY SERVICE | 5/18/2004 | 2,010 | \$5.8000 | \$11,658.00 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|--------------------|----------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 6/7/2004 | 9,990 | \$5.8700 | \$58,641.30 |
| WPS ENERGY SERVICE | 7/28/2004 | 2,010 | \$5.9400 | \$11,939.40 |
| WPS ENERGY SERVICE | 9/21/2004 | 2,010 | \$6.0600 | \$12,180.60 |
| WPS ENERGY SERVICE | 11/10/2004 | 2,010 | \$6.7600 | \$13,587.60 |
| WPS ENERGY SERVICE | 12/20/2004 | 2,010 | \$6.6400 | \$13,346.40 |
| WPS ENERGY SERVICE | 1/3/2005 | 5,010 | \$6.1200 | \$30,661.20 |
| WPS ENERGY SERVICE | 2/15/2005 | 2,010 | \$6.4600 | \$12,984.60 |
| WPS ENERGY SERVICE | 4/19/2005 | 2,010 | \$7.3800 | \$14,833.80 |
| WPS ENERGY SERVICE | 5/16/2005 | 3,000 | \$7.0800 | \$21,240.00 |
| WPS ENERGY SERVICE | 6/21/2005 | 2,010 | \$7.8400 | \$15,758.40 |
| WPS ENERGY SERVICE | 7/19/2005 | 2,010 | \$7.8800 | \$15,838.80 |
| WPS ENERGY SERVICE | 9/20/2005 | 3,000 | \$10.8500 | \$32,550.00 |
| WPS ENERGY SERVICE | 10/18/2005 | 3,000 | \$11.1600 | \$33,480.00 |
| WPS ENERGY SERVICE | 11/30/2005 | 3,000 | \$10.2500 | \$30,750.00 |
| WPS ENERGY SERVICE | 1/10/2006 | 990 | \$9.5300 | \$9,434.70 |
| PROLIANCE ENERGY | 1/10/2006 | 5,010 | \$9.6250 | \$48,221.25 |
| PROLIANCE ENERGY | 1/18/2006 | 3,000 | \$9.5650 | \$28,695.00 |
| WPS ENERGY SERVICE | 4/18/2006 | (2,172) | \$7.5200 | (\$16,333.44) |
| WPS ENERGY SERVICE | 4/19/2006 | (2,172) | \$7.7500 | (\$16,833.00) |
| WPS ENERGY SERVICE | 4/20/2006 | (2,172) | \$8.0100 | (\$17,397.72) |
| WPS ENERGY SERVICE | 4/21/2006 | (6,516) | \$7.7000 | (\$50,173.20) |
| WPS ENERGY SERVICE | 4/24/2006 | (2,172) | \$7.8300 | (\$17,006.76) |
| WPS ENERGY SERVICE | 4/25/2006 | (2,172) | \$7.4600 | (\$16,203.12) |
| WPS ENERGY SERVICE | 4/26/2006 | (2,172) | \$7.2800 | (\$15,812.16) |
| WPS ENERGY SERVICE | 4/27/2006 | (6,516) | \$7.0200 | (\$45,742.32) |
| | | 47,106 | \$6.7133 | \$316,236.03 |

May, 2006

| | | | | |
|--------------------|------------|-------|-----------|-------------|
| WPS ENERGY SERVICE | 7/11/2003 | 992 | \$4.9000 | \$4,860.80 |
| WPS ENERGY SERVICE | 7/28/2003 | 992 | \$4.8700 | \$4,831.04 |
| WPS ENERGY SERVICE | 9/11/2003 | 992 | \$4.8200 | \$4,781.44 |
| WPS ENERGY SERVICE | 10/3/2003 | 992 | \$4.7100 | \$4,672.32 |
| WPS ENERGY SERVICE | 11/4/2003 | 992 | \$4.7900 | \$4,751.68 |
| WPS ENERGY SERVICE | 12/17/2003 | 992 | \$4.8600 | \$4,821.12 |
| WPS ENERGY SERVICE | 2/18/2004 | 992 | \$4.8700 | \$4,831.04 |
| WPS ENERGY SERVICE | 4/8/2004 | 2,015 | \$5.2000 | \$10,478.00 |
| WPS ENERGY SERVICE | 5/18/2004 | 992 | \$5.6700 | \$5,624.64 |
| WPS ENERGY SERVICE | 6/7/2004 | 3,999 | \$5.6700 | \$22,674.33 |
| WPS ENERGY SERVICE | 7/28/2004 | 992 | \$5.8300 | \$5,783.36 |
| WPS ENERGY SERVICE | 9/21/2004 | 992 | \$5.9000 | \$5,852.80 |
| WPS ENERGY SERVICE | 11/10/2004 | 992 | \$6.5600 | \$6,507.52 |
| WPS ENERGY SERVICE | 12/20/2004 | 992 | \$6.4300 | \$6,378.56 |
| WPS ENERGY SERVICE | 1/3/2005 | 4,991 | \$6.0300 | \$30,095.73 |
| WPS ENERGY SERVICE | 2/15/2005 | 992 | \$6.3800 | \$6,328.96 |
| WPS ENERGY SERVICE | 4/19/2005 | 992 | \$7.2200 | \$7,162.24 |
| WPS ENERGY SERVICE | 5/16/2005 | 2,015 | \$6.9700 | \$14,044.55 |
| WPS ENERGY SERVICE | 6/21/2005 | 992 | \$7.7400 | \$7,678.08 |
| WPS ENERGY SERVICE | 7/19/2005 | 992 | \$7.7700 | \$7,707.84 |
| WPS ENERGY SERVICE | 9/20/2005 | 992 | \$10.4300 | \$10,346.56 |
| WPS ENERGY SERVICE | 10/18/2005 | 992 | \$10.7800 | \$10,693.76 |
| WPS ENERGY SERVICE | 11/30/2005 | 992 | \$10.1300 | \$10,048.96 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|--------------------|----------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 1/10/2006 | 992 | \$9.5500 | \$9,473.60 |
| PROLIANCE ENERGY | 1/10/2006 | 2,015 | \$9.6650 | \$19,474.97 |
| PROLIANCE ENERGY | 1/18/2006 | 6,014 | \$9.6350 | \$57,944.89 |
| WPS ENERGY SERVICE | 4/19/2006 | (9,300) | \$7.7000 | (\$71,610.00) |
| | | 31,589 | \$6.8454 | \$216,238.79 |

June, 2006

| | | | | |
|--------------------|------------|---------------|-----------------|--------------------|
| WPS ENERGY SERVICE | 10/3/2003 | 990 | \$4.7100 | \$4,662.90 |
| WPS ENERGY SERVICE | 4/8/2004 | 990 | \$4.9300 | \$4,880.70 |
| WPS ENERGY SERVICE | 6/7/2004 | 3,000 | \$5.7000 | \$17,100.00 |
| WPS ENERGY SERVICE | 7/28/2004 | 990 | \$5.8200 | \$5,761.80 |
| WPS ENERGY SERVICE | 9/21/2004 | 990 | \$5.9300 | \$5,870.70 |
| WPS ENERGY SERVICE | 1/3/2005 | 3,000 | \$6.0600 | \$18,180.00 |
| WPS ENERGY SERVICE | 5/16/2005 | 990 | \$7.0800 | \$7,009.20 |
| WPS ENERGY SERVICE | 7/19/2005 | 990 | \$7.9600 | \$7,880.40 |
| WPS ENERGY SERVICE | 9/20/2005 | 990 | \$10.4700 | \$10,365.30 |
| WPS ENERGY SERVICE | 10/18/2005 | 990 | \$10.7900 | \$10,682.10 |
| WPS ENERGY SERVICE | 11/30/2005 | 990 | \$10.1900 | \$10,088.10 |
| WPS ENERGY SERVICE | 1/10/2006 | 990 | \$9.6000 | \$9,504.00 |
| PROLIANCE ENERGY | 1/10/2006 | 2,010 | \$9.7150 | \$19,527.15 |
| WPS ENERGY SERVICE | 6/20/2006 | (530) | \$6.5600 | (\$3,476.80) |
| WPS ENERGY SERVICE | 6/21/2006 | (530) | \$6.4300 | (\$3,407.90) |
| WPS ENERGY SERVICE | 6/22/2006 | (530) | \$6.3800 | (\$3,381.40) |
| WPS ENERGY SERVICE | 6/23/2006 | (1,590) | \$5.9800 | (\$9,508.20) |
| WPS ENERGY SERVICE | 6/26/2006 | (530) | \$5.7200 | (\$3,031.60) |
| WPS ENERGY SERVICE | 6/27/2006 | (530) | \$5.7800 | (\$3,063.40) |
| WPS ENERGY SERVICE | 6/28/2006 | (530) | \$5.8700 | (\$3,111.10) |
| WPS ENERGY SERVICE | 6/29/2006 | (530) | \$5.9200 | (\$3,137.60) |
| | | 12,610 | \$7.8822 | \$99,394.35 |

July, 2006

| | | | | |
|--------------------|------------|---------------|-----------------|--------------------|
| WPS ENERGY SERVICE | 4/8/2004 | 992 | \$5.1800 | \$5,138.56 |
| WPS ENERGY SERVICE | 6/7/2004 | 3,007 | \$5.7100 | \$17,169.97 |
| WPS ENERGY SERVICE | 7/28/2004 | 992 | \$5.8500 | \$5,803.20 |
| WPS ENERGY SERVICE | 9/21/2004 | 992 | \$5.9600 | \$5,912.32 |
| WPS ENERGY SERVICE | 1/3/2005 | 992 | \$6.0800 | \$6,031.36 |
| WPS ENERGY SERVICE | 5/16/2005 | 992 | \$7.1200 | \$7,063.04 |
| WPS ENERGY SERVICE | 9/20/2005 | 992 | \$10.4500 | \$10,366.40 |
| WPS ENERGY SERVICE | 10/18/2005 | 992 | \$10.7600 | \$10,673.92 |
| WPS ENERGY SERVICE | 11/30/2005 | 992 | \$10.2000 | \$10,118.40 |
| WPS ENERGY SERVICE | 1/10/2006 | 992 | \$9.6700 | \$9,592.64 |
| PROLIANCE ENERGY | 1/10/2006 | 2,000 | \$9.7850 | \$19,570.00 |
| PROLIANCE ENERGY | 1/18/2006 | 1,038 | \$9.8050 | \$10,177.59 |
| WPS ENERGY SERVICE | 7/21/2006 | (1,155) | \$5.7400 | (\$6,629.70) |
| WPS ENERGY SERVICE | 7/24/2006 | (385) | \$6.1600 | (\$2,371.60) |
| WPS ENERGY SERVICE | 7/25/2006 | (385) | \$6.6500 | (\$2,560.25) |
| WPS ENERGY SERVICE | 7/26/2006 | (385) | \$6.5000 | (\$2,502.50) |
| WPS ENERGY SERVICE | 7/27/2006 | (385) | \$6.7800 | (\$2,610.30) |
| WPS ENERGY SERVICE | 7/28/2006 | (1,155) | \$6.9700 | (\$8,050.35) |
| | | 11,123 | \$8.3514 | \$92,892.70 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|----------------|----------------|--------------|----------------|------------|
|----------------|----------------|--------------|----------------|------------|

August, 2006

| | | | |
|-------------------------------|---------------|-----------------|--------------------|
| WPS ENERGY SERVICE 4/8/2004 | 992 | \$4.9200 | \$4,880.64 |
| WPS ENERGY SERVICE 6/7/2004 | 3,007 | \$5.7600 | \$17,320.32 |
| WPS ENERGY SERVICE 7/28/2004 | 992 | \$5.8000 | \$5,753.60 |
| WPS ENERGY SERVICE 9/21/2004 | 992 | \$6.0300 | \$5,981.76 |
| WPS ENERGY SERVICE 1/3/2005 | 992 | \$6.0900 | \$6,041.28 |
| WPS ENERGY SERVICE 5/16/2005 | 992 | \$7.1600 | \$7,102.72 |
| WPS ENERGY SERVICE 9/20/2005 | 992 | \$10.5100 | \$10,425.92 |
| WPS ENERGY SERVICE 10/18/2005 | 992 | \$10.8300 | \$10,743.36 |
| WPS ENERGY SERVICE 11/30/2005 | 992 | \$10.2600 | \$10,177.92 |
| WPS ENERGY SERVICE 1/10/2006 | 992 | \$9.7200 | \$9,642.24 |
| PROLIANCE ENERGY 1/10/2006 | 2,038 | \$9.8450 | \$20,064.11 |
| PROLIANCE ENERGY 1/18/2006 | 1,000 | \$9.8550 | \$9,855.00 |
| WPS ENERGY SERVICE 8/1/2006 | (385) | \$8.0500 | (\$3,099.25) |
| WPS ENERGY SERVICE 8/2/2006 | (385) | \$7.9400 | (\$3,056.90) |
| WPS ENERGY SERVICE 8/23/2006 | (385) | \$7.0100 | (\$2,698.85) |
| WPS ENERGY SERVICE 8/24/2006 | (385) | \$7.0400 | (\$2,710.40) |
| WPS ENERGY SERVICE 8/25/2006 | (1,155) | \$7.2200 | (\$8,339.10) |
| WPS ENERGY SERVICE 8/28/2006 | (385) | \$6.4300 | (\$2,475.55) |
| WPS ENERGY SERVICE 8/29/2006 | (385) | \$6.3100 | (\$2,429.35) |
| WPS ENERGY SERVICE 8/30/2006 | (385) | \$6.3500 | (\$2,444.75) |
| | 11,123 | \$8.1574 | \$90,734.72 |

September, 2006

| | | | |
|-------------------------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE 4/8/2004 | 2,010 | \$5.2000 | \$10,452.00 |
| WPS ENERGY SERVICE 5/18/2004 | 990 | \$5.7000 | \$5,643.00 |
| WPS ENERGY SERVICE 6/7/2004 | 5,010 | \$5.7800 | \$28,957.80 |
| WPS ENERGY SERVICE 7/28/2004 | 990 | \$5.8100 | \$5,751.90 |
| WPS ENERGY SERVICE 9/21/2004 | 990 | \$6.0800 | \$6,019.20 |
| WPS ENERGY SERVICE 11/10/2004 | 990 | \$6.6300 | \$6,563.70 |
| WPS ENERGY SERVICE 12/20/2004 | 990 | \$6.5600 | \$6,494.40 |
| WPS ENERGY SERVICE 1/3/2005 | 2,010 | \$6.0900 | \$12,240.90 |
| WPS ENERGY SERVICE 5/16/2005 | 990 | \$7.1600 | \$7,088.40 |
| WPS ENERGY SERVICE 9/20/2005 | 990 | \$10.5100 | \$10,404.90 |
| WPS ENERGY SERVICE 10/18/2005 | 990 | \$10.8400 | \$10,731.60 |
| WPS ENERGY SERVICE 11/30/2005 | 990 | \$10.3500 | \$10,246.50 |
| WPS ENERGY SERVICE 1/10/2006 | 2,010 | \$9.7400 | \$19,577.40 |
| PROLIANCE ENERGY 1/10/2006 | 2,010 | \$9.8650 | \$19,828.65 |
| | 21,960 | \$7.2860 | \$160,000.35 |

October, 2006

| | | | |
|-------------------------------|--------|----------|-------------|
| WPS ENERGY SERVICE 4/8/2004 | 3,007 | \$5.2200 | \$15,696.54 |
| WPS ENERGY SERVICE 5/18/2004 | 2,015 | \$5.6500 | \$11,384.75 |
| WPS ENERGY SERVICE 6/7/2004 | 10,013 | \$5.7200 | \$57,274.36 |
| WPS ENERGY SERVICE 7/28/2004 | 992 | \$5.8500 | \$5,803.20 |
| WPS ENERGY SERVICE 9/21/2004 | 992 | \$6.0800 | \$6,031.36 |
| WPS ENERGY SERVICE 11/10/2004 | 2,015 | \$6.6900 | \$13,480.35 |
| WPS ENERGY SERVICE 12/20/2004 | 2,015 | \$6.5800 | \$13,258.70 |
| WPS ENERGY SERVICE 1/3/2005 | 3,999 | \$6.1200 | \$24,473.88 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|--------------------|----------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 2/15/2005 | 992 | \$6.4700 | \$6,418.24 |
| WPS ENERGY SERVICE | 4/19/2005 | 2,015 | \$7.3600 | \$14,830.40 |
| WPS ENERGY SERVICE | 5/16/2005 | 3,007 | \$7.2600 | \$21,830.82 |
| WPS ENERGY SERVICE | 6/21/2005 | 2,015 | \$8.0300 | \$16,180.45 |
| WPS ENERGY SERVICE | 7/19/2005 | 2,015 | \$8.1400 | \$16,402.10 |
| WPS ENERGY SERVICE | 9/20/2005 | 2,015 | \$10.3700 | \$20,895.55 |
| WPS ENERGY SERVICE | 10/18/2005 | 2,015 | \$10.0200 | \$20,190.30 |
| WPS ENERGY SERVICE | 11/30/2005 | 2,015 | \$10.3900 | \$20,935.85 |
| WPS ENERGY SERVICE | 1/10/2006 | 3,007 | \$9.8000 | \$29,468.60 |
| PROLIANCE ENERGY | 1/10/2006 | 5,044 | \$9.9150 | \$50,011.26 |
| PROLIANCE ENERGY | 1/18/2006 | 5,000 | \$9.9600 | \$49,800.00 |
| | | 54,188 | \$7.6468 | \$414,366.71 |

November, 2006

| | | | | |
|--------------------|------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 4/8/2004 | 3,990 | \$5.4200 | \$21,625.80 |
| WPS ENERGY SERVICE | 5/18/2004 | 3,000 | \$5.9900 | \$17,970.00 |
| WPS ENERGY SERVICE | 6/7/2004 | 9,990 | \$5.9000 | \$58,941.00 |
| WPS ENERGY SERVICE | 7/28/2004 | 5,010 | \$6.0200 | \$30,160.20 |
| WPS ENERGY SERVICE | 9/21/2004 | 5,010 | \$6.2500 | \$31,312.50 |
| WPS ENERGY SERVICE | 11/10/2004 | 3,000 | \$6.9900 | \$20,970.00 |
| WPS ENERGY SERVICE | 12/20/2004 | 3,000 | \$6.8600 | \$20,580.00 |
| WPS ENERGY SERVICE | 1/3/2005 | 5,010 | \$6.4400 | \$32,264.40 |
| WPS ENERGY SERVICE | 2/15/2005 | 2,010 | \$6.7700 | \$13,607.70 |
| WPS ENERGY SERVICE | 4/19/2005 | 3,000 | \$7.6800 | \$23,040.00 |
| WPS ENERGY SERVICE | 5/16/2005 | 3,990 | \$7.5100 | \$29,964.90 |
| WPS ENERGY SERVICE | 6/21/2005 | 2,010 | \$8.2900 | \$16,662.90 |
| WPS ENERGY SERVICE | 7/19/2005 | 3,000 | \$8.4200 | \$25,260.00 |
| WPS ENERGY SERVICE | 9/20/2005 | 3,000 | \$10.8300 | \$32,490.00 |
| WPS ENERGY SERVICE | 10/18/2005 | 3,000 | \$11.3100 | \$33,930.00 |
| WPS ENERGY SERVICE | 11/30/2005 | 3,000 | \$10.9200 | \$32,760.00 |
| WPS ENERGY SERVICE | 1/10/2006 | 5,010 | \$10.4800 | \$52,504.80 |
| PROLIANCE ENERGY | 1/10/2006 | 10,010 | \$10.5200 | \$105,305.20 |
| PROLIANCE ENERGY | 1/18/2006 | 10,000 | \$10.5850 | \$105,850.00 |
| WPS ENERGY SERVICE | 11/21/2006 | (2,201) | \$7.6000 | (\$16,727.60) |
| WPS ENERGY SERVICE | 11/22/2006 | (5,000) | \$7.5500 | (\$37,750.00) |
| WPS ENERGY SERVICE | 11/27/2006 | (2,201) | \$7.6000 | (\$16,727.60) |
| WPS ENERGY SERVICE | 11/28/2006 | (2,201) | \$7.5000 | (\$16,507.50) |
| WPS ENERGY SERVICE | 11/29/2006 | (2,201) | \$7.6000 | (\$16,727.60) |
| | | 72,236 | \$8.3166 | \$600,759.10 |

December, 2006

| | | | | |
|--------------------|------------|--------|----------|-------------|
| WPS ENERGY SERVICE | 4/8/2004 | 4,991 | \$5.6100 | \$27,999.51 |
| WPS ENERGY SERVICE | 5/18/2004 | 3,999 | \$6.0300 | \$24,113.97 |
| WPS ENERGY SERVICE | 6/7/2004 | 10,013 | \$6.0800 | \$60,879.04 |
| WPS ENERGY SERVICE | 7/28/2004 | 10,013 | \$6.2600 | \$62,681.38 |
| WPS ENERGY SERVICE | 9/21/2004 | 4,991 | \$6.4500 | \$32,191.95 |
| WPS ENERGY SERVICE | 11/10/2004 | 3,999 | \$7.2700 | \$29,072.73 |
| WPS ENERGY SERVICE | 12/20/2004 | 3,999 | \$7.0300 | \$28,112.97 |
| WPS ENERGY SERVICE | 1/3/2005 | 10,013 | \$6.6700 | \$66,786.71 |
| WPS ENERGY SERVICE | 2/15/2005 | 3,007 | \$7.0700 | \$21,259.49 |

SYSTEM GAS PURCHASES

| PURCHASED FROM | DATE PURCHASED | AMOUNT PURCH | PURCHASE PRICE | TOTAL COST |
|--------------------|----------------|---------------|-----------------|---------------------|
| WPS ENERGY SERVICE | 4/19/2005 | 3,999 | \$7.9800 | \$31,912.02 |
| WPS ENERGY SERVICE | 5/16/2005 | 4,991 | \$7.8100 | \$38,979.71 |
| WPS ENERGY SERVICE | 6/21/2005 | 3,999 | \$8.7100 | \$34,831.29 |
| WPS ENERGY SERVICE | 7/19/2005 | 3,999 | \$8.7400 | \$34,951.26 |
| WPS ENERGY SERVICE | 9/20/2005 | 3,999 | \$11.3500 | \$45,388.65 |
| WPS ENERGY SERVICE | 10/18/2005 | 3,999 | \$11.7700 | \$47,068.23 |
| WPS ENERGY SERVICE | 11/30/2005 | 3,999 | \$11.4500 | \$45,788.55 |
| WPS ENERGY SERVICE | 1/10/2006 | 7,998 | \$11.0900 | \$88,697.82 |
| PROLIANCE ENERGY | 1/10/2006 | 10,000 | \$11.1050 | \$111,050.00 |
| PROLIANCE ENERGY | 1/18/2006 | 15,000 | \$11.1750 | \$167,625.00 |
| WPS ENERGY SERVICE | 12/21/2006 | (2,968) | \$6.2800 | (\$18,639.04) |
| WPS ENERGY SERVICE | 12/22/2006 | (11,872) | \$6.1200 | (\$72,656.64) |
| WPS ENERGY SERVICE | 12/26/2006 | (2,968) | \$5.9300 | (\$17,600.24) |
| WPS ENERGY SERVICE | 12/27/2006 | (2,968) | \$5.7200 | (\$16,976.96) |
| WPS ENERGY SERVICE | 12/28/2006 | (8,904) | \$5.7800 | (\$51,465.12) |
| | | 87,328 | \$9.4134 | \$822,052.28 |

COST OF GAS PURCHASED

639,405 MCF

\$4,788,585.48

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS PURCHASES (Accounts 800, 801, 802, 803, 803.1, 804, 804.1 and 805) (Continued)

| County (e) | Date of Contract (f) | Approx. Btu per Cu. Ft. (g) | Gas Purchased-Mcf (14.73 psia 60° F) (h) | Cost of Gas (i) | Cost per Mcf (cents) (j) | Line No. |
|---------------|-------------------------------|--------------------------------------|---|--------------------------|-----------------------------------|-------------|
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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas)

1. Report below particulars (details) concerning the gas volumes and related dollar amounts of natural gas exchange transactions during the year. Minor transactions (less than 100,000 Mcf) may be grouped.
 2. Also give the particulars (details) called for concerning each natural gas exchange where consideration

| Line No. | Name of Company (Designate associated companies with an asterisk) (a) | Exchange Gas Received | | |
|----------|---|--|----------------|---|
| | | Point of Receipt (City, state, etc.) (b) | Mcf (c) | Debit (Credit) Account 242 (d) |
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| 44 | | | | |
| 45 | TOTAL | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)

was received or paid in performance of gas exchange services.

4. Indicate points of receipt and delivery of gas so that they may be readily identified on a map of the respondent's pipeline system.

3. List individually net transactions occurring during the year for each rate schedule.

| Exchange Gas Delivered | | | Excess Mcf Received or Delivered | Debit (Credit) Account 806 | Line No. |
|---|----------------|---|---|----------------------------------|-------------|
| Point of Delivery (City, state, etc.) (e) | Mcf (f) | Debit (Credit) Account 174 (g) | | | |
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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

EXCHANGE GAS TRANSACTIONS (Account 806, Exchange Gas) (Continued)

5. Furnish any additional explanations needed to further explain the accounting for exchange gas transactions.

6. Report the pressure base of measurement of gas volumes at 14.73 psia at 60°F.

| Line No. | Name of Company (Designate associated companies with an asterisk) (a) | Charges Paid or Payable by Respondent | | Revenues Received or Receivable by Respondent | | FERC Tariff Rate Schedule Identification (n) |
|----------|---|---------------------------------------|----------------|---|----------------|---|
| | | Amount (l) | Account (k) | Amount (j) | Account (m) | |
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| 43 | | | | | | |
| 44 | | | | | | |
| 45 | TOTAL | | | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAS USED IN UTILITY OPERATIONS—CREDIT (Accounts 810, 811, 812)

1. Report below particulars (details) of credits during the year to Accounts 810, 811 and 812 which offset charges to operating expenses or other accounts for the cost of gas from the respondent's own supply.

2. Natural gas means either natural gas unmixed, or any mixture of natural and manufactured gas.

3. If the reported Mcf for any use is an estimated quantity, state such fact in a footnote.

4. If any natural gas was used by the respondent for which a change was not made to the appropriate operating expense or other account, list separately in column (c) the Mcf of gas used, omitting entries in columns (d) and (e).

5. Report pressure base of measurement of gas volumes at 14.73 psia at 60°F.

| Line No. | Purpose for Which Gas Was Used (a) | Account Charged (b) | Natural Gas | | | Manufactured Gas | |
|----------|--|------------------------|------------------------|-------------------------|----------------------------------|------------------------|-------------------------|
| | | | Mcf of Gas Used (c) | Amount of Credit (d) | Amount per Mcf (In Cents) (e) | Mcf of Gas Used (f) | Amount of Credit (g) |
| 1 | 810 Gas used for Compressor Station Fuel—Cr | | | | | | |
| 2 | 811 Gas used for Products Extraction—Cr | | | | | | |
| 3 | Gas Shrinkage and Other Usage in Respdnt's Own Proc. | | | | | | |
| 4 | Gas Shrinkage, Etc. for Respdnt's Gas Processed by Others | | | | | | |
| 5 | 812 Gas used for Other Util. Oprs—Cr (Rpt sep. for each prin. use. Group minor uses) | | | | | | |
| 6 | 812.1 Gas used in Util. Oprs—Cr (Nonmajor only) | | | | | | |
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| 25 | TOTAL | | | | | | |

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|--------------------|---|--------------------------------|----------------|
| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858)

1. Report below particulars (details) concerning gas transported or compressed for respondent by others equalling more than 1,000,000 Mcf (Bcf) and amounts of payments for such services during the year. Minor

items (less than 1,000,000 Mcf) must be grouped.
2. In column (a) give name of companies to which payments were made, points of delivery and receipt of gas, names of companies to which gas was delivered and from

| Line No. | Name of Company and Description of Service Performed (Designate associated companies with an asterisk) (a) | Distance Transported (in miles) (b) |
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| 42 | | |
| 43 | | |
| 44 | | |
| 45 | | |
| 46 | TOTAL | |

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|--------------------|---|--|----------------|----------------|
| Name of Respondent | This Report is: | | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) | Dec. 31, 20__ |

TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (Account 858) (Continued)

which received. Points of delivery and receipt should be so designated that they can be identified readily on map of respondent's pipeline system.

3. If the Mcf of gas received differs from the Mcf delivered, explain in a footnote the reason for difference, i.e., uncompleted deliveries, allowance for transmission loss, etc.

| Mcf of Gas Delivered (14.73 psia at 60°F) (c) | Mcf of Gas Received (14.73 psia at 60°F) (d) | Amount of Payment (in dollars) (e) | Amount per Mcf of Gas Received (in cents) (f) | Line No. |
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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

LEASE RENTALS CHARGED

- | | |
|--|--|
| <p>1. For purposes of this schedule a "lease" is defined as a contract or other agreement by which one party (lessor) conveys an intangible right or land or other tangible property and equipment to another (lessee) for a specified period of one year or more for rent.</p> <p>2. Report below, for leases with annual charges of \$ 25,000 or more, but less than \$ 250,000, the data called for in columns a, b (description only), f, g and j.</p> <p>3. For leases having annual charges of \$ 250,000 or more, report the data called for in all the columns below.</p> <p>4. The annual charges referred to in Instruction 2 and 3 include the basic lease payment and other payments to or on behalf of the lessor such as taxes, depreciation, assumed interest or dividends on the lessor's securities, cost of replacements** and other expenditures with respect to leased property. The expenses paid by lessee are to be itemized in column (e) below.</p> | <p>5. Leases of construction equipment in connection with construction work in progress are not required to be reported herein. Continuous, master or open-end leases for EDP or office equipment, automobile fleets and other equipment that is short-lived and replaced under terms of the lease or for pole rentals shall report only the data called for in columns a, b (description only), f, g and j, unless the lessee has the option to purchase the property.</p> <p>6. In column (a) report the name of the lessor. List lessors which are associated companies* (describing association) first, followed by non-associated lessors.</p> <p>7. In column (b) for each leasing arrangement, report in order, classified by production plant, storage plant, transmission line, distribution system, or other operating unit or system, followed by any other leasing arrangements not covered under the preceding classifications:</p> |
|--|--|

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES

| Name of Lessor (a) | Basic Details of Lease (b) | Terminal Dates of Lease, Primary (P) or Renewal (R) (c) |
|---------------------------|-----------------------------------|--|
| | | |

** See Gas Plant Instruction 6 & Operating Expense Instruction 3 of the Uniform System of Accounts.

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

LEASE RENTALS CHARGED (Continued)

Description of the property, whether lease is a sale and leaseback, whether lessee has option to purchase and conditions of purchase, whether lease is cancellable by either party and the cancellation conditions, the tax treatment used, the accounting treatment of the lease payments (levelized charges to expense or other treatment), the basis of any charges apportioned between the lessor and lessee, and the responsibility of the respondent for operation and maintenance expenses and replacement of property. The above information is to be reported with initiation of the lease and thereafter when changed or every five years, whichever occurs first.

8. Report in column (d), as of the date of the current lease term, the original cost of the property leased, estimated if not known, or the fair market of the property if greater than original cost and indicate as shown. If leased property is part of a large unit, such as part of a building, indicate without associating any cost or value with it.

9. Report in column (k) below the estimated remaining annual charges under the current term of the lease. Do not apply a present value to the estimate. Assume that cancellable leases will not be cancelled when estimating the remaining charges.

* See definition on page 226 (B)

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES

| Original Cost (O) or Fair Market Value (F) of Property (d) | Expenses to be Paid by Lessee Itemize (e) | AMOUNT OF RENT - CURRENT TERM | | | | Account Charged (j) | Remaining Annual Charges Under Lease Est. if Not Known (k) |
|---|--|-------------------------------|-------|---------------------|-------|-------------------------------|--|
| | | Current Year | | Accumulated to Date | | | |
| | | Lessor | Other | Lessor | Other | | |
| | | (f) | (g) | (h) | (i) | (j) | (k) |
| | | | | | | | |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)

| Name of Lessor (a) | Basic Details of Lease (b) | Terminal Dates of Lease, Primary (P) or Renewal (R) (c) |
|---------------------------|-----------------------------------|--|
| | | |

B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)

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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

A. LEASE RENTALS CHARGED TO GAS OPERATING EXPENSES (Continued)

| Original Cost (O) or Fair Market Value (F) of Property (d) | Expenses to be Paid by Lessee Itemize (e) | AMOUNT OF RENT - CURRENT TERM | | | | Account Charged (j) | Remaining Annual Charges Under Lease Est. if Not Known (k) |
|---|--|-------------------------------|------------------|---------------------|------------------|-------------------------------|--|
| | | Current Year | | Accumulated to Date | | | |
| | | Lessor (f) | Other (g) | Lessor (h) | Other (i) | | |
| | | | | | | | |

B. OTHER LEASE RENTALS CHARGED (Such as to Deferred Debits, etc.)

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|--|--|--|--|--|--|--|--|
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| Name of Respondent <i>PIE'EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 20_06</i> |
|-------------------------------------|---|--|---|

OTHER GAS SUPPLY EXPENSES (Account 813)

Report other gas supply expenses by descriptive titles which clearly indicate the nature of such expenses. Show maintenance expenses separately. Indicate the functional classification and purpose of property to which any expenses relate.

| Line No. | Description (a) | Amount (in dollars) (b) |
|----------|--|-------------------------------|
| 1 | | |
| 2 | | |
| 3 | <i>LETTER OF CREDIT - SUPPLIER</i> | <i>10,000.00</i> |
| 4 | | <i>500.00</i> |
| 5 | <i>LETTER OF CREDIT - CFC</i> | |
| 6 | | <i>1996.08</i> |
| 7 | <i>AMORTIZATION OF TAP FEES</i> | |
| 8 | | <i>180.00</i> |
| 9 | <i>WIRE TRANSFER FEES ON SUPPLIES PAYMENTS</i> | |
| 10 | | <i>5623.90</i> |
| 11 | <i>OTHER</i> | |
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| 49 | | |
| 50 | TOTAL | <i>18,299.98</i> |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|---|---|--|--------------------------------|---------------------------------|
| MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (Gas) | | | | |
| | | | | |
| 1 | Industry association dues | | | |
| 2 | Experimental and general research expenses | | | |
| 3 | Publishing and distributing information and reports to stockholders; trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent | | | |
| 4 | Other expenses (items of \$5,000 or more must be listed separately in this column showing the (1) purpose, (2) recipient and (3) amount of such items. Amounts of less than \$5,000 may be grouped by classes if the number of items so grouped is shown) | | | |
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| 49 | TOTAL | | | |

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|-----------------------------------|---|--|---|
| Name of Respondent <i>PIEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 20<u>06</u></i> |
|-----------------------------------|---|--|---|

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments)**

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual changes in the intervals between the report years (1971, 1974 and every fifth year thereafter).

Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the

Section A. Summary of Depreciation, Depletion, and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation Expense (Account 403) (b) | Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c) | Amortization of Underground Storage Land and Land Rights (Account 404.2) (d) |
|----------|--|--|---|---|
| 1 | Intangible plant | <i>1553.64</i> | | |
| 2 | Production plant, manufactured gas | | | |
| 3 | Production and gathering plant, natural gas | | | |
| 4 | Products extraction plant | | | |
| 5 | Underground gas storage plant | | | |
| 6 | Other storage plant | | | |
| 7 | Base load LNG terminating and processing plant | | | |
| 8 | Transmission plant | | | |
| 9 | Distribution plant | <i>399,499.10</i> | | |
| 10 | General plant | <i>16,863.77</i> | | |
| 11 | Common plant-gas | | | |
| 12 | | | | |
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| 25 | TOTAL | <i>417,916.51</i> | | |

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|--|---|--|---|
| Name of Respondent PIE & G | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20_06 |
|--|---|--|---|

**DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Accounts 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments) (Continued)**

manner in which column (b) balances are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine

depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

| Amortization of Other Limited-term Gas Plant (Account 404.3) (a) | Amortization of Other Gas Plant (Account 405) (b) | Total (b to f) (g) | Functional Classification (c) | Line No. |
|---|--|-----------------------|--|----------|
| | | 1553.64 | Intangible plant | 1 |
| | | | Production plant, manufactured gas | 2 |
| | | | Production and gathering plant, natural gas | 3 |
| | | | Products extraction plant | 4 |
| | | | Underground gas storage plant | 5 |
| | | | Other storage plant | 6 |
| | | | Base load LNG terminating and processing plant | 7 |
| | | | Transmission plant | 8 |
| | | 399,499.10 | Distribution plant | 9 |
| | | 16,863.77 | General plant | 10 |
| | | | Common plant-gas | 11 |
| | | | | 12 |
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| | | 417,916.51 | TOTAL | 25 |

| | | | |
|--------------------|---|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | |

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

Section B. Factors Used in Estimating Depreciation Charges

| Line No. | Functional Classification (a) | Depreciation Plant Base (Thousands) (b) | Applied Depr. Rate(s) (Percent) (c) |
|----------|----------------------------------|---|---|
| 1 | Production and Gathering Plant | | |
| 2 | Offshore | | |
| 3 | Onshore | | |
| 4 | Underground Gas Storage Plant | | |
| 5 | Transmission Plant | | |
| 6 | Offshore | | |
| 7 | Onshore | | |
| 8 | General Plant | | |
| 9 | | | |
| 10 | | | |

Notes to Depreciation, Depletion and Amortization of Gas Plant

| | | | |
|--------------------|---|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission. | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|---|--------------------------------|---------------------------------|

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (NONMAJOR)
(Accounts 403.1, 404, 405)
(Except Amortization of Acquisition Adjustments)

1. Report in Section A the amounts of depreciation expense, depletion and amortization for the accounts indicated and classified according to the plant functional groups shown.

2. Report all available information called for in Section B for the report year 1971, 1974 and every fifth year thereafter. Report only annual charges in the intervals between the report years (1971, 1974 and every fifth year thereafter).

Report in column (b) all depreciable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate at the bottom of Section B the manner in which column (b) balances

are obtained. If average balances, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used to determine depreciation charges, show at the bottom of Section B any revisions made to estimated gas reserves.

3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of Section B the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

| Line No. | Functional Classification (a) | Depreciation and Depletion Expense (Account 403.1) (b) | Amortization of Limited-Term Gas Plant (Account 404) (c) | Amortization of Other Gas Plant (Account 405) (d) | TOTAL (b+c+d) (e) |
|----------|--|--|--|---|-------------------|
| 1 | Intangible plant | | | | |
| 2 | Production plant, manufactured gas | | | | |
| 3 | Production & gathering plant, natural gas | | | | |
| 4 | Products extraction plant | | | | |
| 5 | Underground gas storage plant | | | | |
| 6 | Other storage plant | | | | |
| 7 | Base load LNG terminating & processing plant | | | | |
| 8 | Transmission plant | | | | |
| 9 | Distribution plant | | | | |
| 10 | General plant | | | | |
| 11 | Common plant - gas | | | | |
| 12 | | | | | |
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| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | TOTAL | \$ | \$ | \$ | \$ |

| | | | |
|--------------------|---|--------------------------------|----------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

INCOME FROM UTILITY PLANT LEASED TO OTHERS (Account 412 and 413)

1. Report below the following information with respect to utility property leased to others constituting an operating unit or system.

2. For each lease show: (1) name of lessee and description and location of the leased property; (2) revenues; (3) operating expenses classified as to operation, maintenance, depreciation, rents, amortization; and (4) net income from lease for year. Arrange amounts so that deductions appear as a

subtraction from revenues, and income as the remainder.

3. Provide a subheading and total for each utility department in addition to a total for all utility departments.

4. Furnish particulars (details) of the method of determining the annual rental for the property.

5. Designate with an asterisk associated companies.

| Line No. | |
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| Name of Respondent PIE & G | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20_06 |
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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts. Provide a subheading for each account and a total for the account. Additional columns may be added if deemed appropriate with respect to any account.

(a) *Miscellaneous Amortization* (Account 425) — Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* — Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, *Donations*; 426.2, *Life Insurance*; 426.3, *Penalties*; 426.4, *Expenditures for Certain Civic, Political and Related Activities*; and 426.5, *Other*

Deductions, of the Uniform System of Accounts. Amounts of less than \$10,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) — For each associated company to which interest on debt was incurred during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) — Report particulars (details) including the amount and interest rate for other interest charges incurred during the year.

| Line No. | Item (a) | Amount (b) |
|----------|--|------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | 426.10 Material Donated to Community College | 1498.22 |
| 5 | | |
| 6 | 426.50 Amortization of Franchise Costs | 1553.64 |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the information specified in the instructions below for the respective other income accounts. Provide a conspicuous subheading for each account and show a total for the account. Additional columns may be added for any account if deemed necessary.

2. Merchandising, Jobbing and Contract Work (Accounts 415 and 416) - Describe the general nature of merchandising, jobbing and contract activities. Show revenues by class of activity, operating expenses classified as to operation, maintenance, depreciation, rents and net income before taxes. Give the bases of any allocations of expenses between utility and merchandising, jobbing and contract work activities.

3. Nonutility Operations (Accounts 417 and 417.1) - Describe each nonutility operation and show revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income before taxes, from the operation. Give the bases of any allocations of expenses between utility and nonutility operations. The book cost of property classified as nonutility operations should be included in Account 121.

4. Nonoperating Rental Income (Account 418) - For each major item of miscellaneous property included in Account 121, Nonutility Property, which is not used in operations for which income is included in Account 417, but which is leased or rented to others, give name of lessee, brief description of property, effective date and expiration date of lease, amount of rent revenues, operating expenses classified as to operation, maintenance, depreciation, rents, amortization, and net income, before taxes, from the rentals. If the property is leased on a basis other than that of a fixed annual rental, state the method of determining the rental. Minor items may be grouped by classes, but the number of items so grouped should be shown. Designate any lessees which are associated companies.

5. Equity in earnings of subsidiary companies (Account 418.1) - Report the utility's equity in the earnings or losses of each subsidiary company for the year.

6. Interest and Dividend Income (Account 419) - Report interest and dividend income, before taxes, identified as to the asset account or group of accounts in which are included the assets from which the interest or dividend income was derived. Income derived from investments, Accounts 123, 124 and 136 may be shown in total. Income from sinking and other funds should be identified with the related special funds. Show also expenses included in Account 419 as required by the Uniform System of Accounts.

7. Miscellaneous Nonoperating Income (Account 421) - Give the nature and source of each miscellaneous nonoperating income, and expense and the amount for the year. Minor items may be grouped by classes.

| Line No. | Item (a) | Amount (b) |
|----------|----------|------------|
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission : | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2)

1. Give a brief description of property creating the gain or loss. Include name of party acquiring the property (when acquired by another utility or associated company) and the date transaction was completed. Identify property by type: Leased, Held for Future Use, or Nonutility. with the number of such transactions disclosed in column (a).
 2. Individual gains or losses relating to property with an original cost of less than \$ 100,000 may be grouped
 3. Give the date of Commission approval of journal entries in column (b), when approval is required. Where approval is required but has not been received, give explanation following the item in column (a). (See account 102, Utility Plant Purchased or Sold.)

| Line No. | Description of Property (a) | Original Cost of Related Property (b) | Date Journal Entry Approved (When Required) (c) | Account 421.1 (d) | Account 421.2 (e) |
|----------|----------------------------------|--|--|----------------------|----------------------|
| 1 | Gain on disposition of property: | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |
| 7 | | | | | |
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| 17 | Total Gain | | | | |

| | | | |
|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

GAIN OR LOSS ON DISPOSITION OF PROPERTY (Account 421.1 and 421.2) (continued)

| Line No. | Description of Property (a) | Original Cost of Related Property (b) | Date Journal Entry Approved (When Required) (c) | Account 421.1 (d) | Account 421.2 (e) |
|----------|----------------------------------|--|--|----------------------|----------------------|
| 18 | Loss on disposition of property: | | | | |
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| 34 | Total Loss | | | | |

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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES
(Account 426.4)

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of new referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities, Account 426.4.

2. Advertising expenditures in this Account shall be classified according to subheadings, as follows:
(a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customer's bills; (d) inserts in

reports to stockholders; (e) newspaper and magazine editorial services; and (f) other advertising.

3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions clearly indicating the nature and purpose of the activity.

4. If respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.

5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.

NOTE: The classification of expenses as nonoperating and their inclusion in this amount is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

| Line No. | Item (a) | Amount (b) |
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which

such a body was a party.

2. In columns (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

| Line No. | Description (Furnish name of regulatory commission or body, the docket or case number, and a description of the case.) (a) | Assessed by Regulatory Commission (b) | Expenses of Utility (c) | Total Expenses to Date (d) | Deferred in Account 186 at Beginning of Year (e) |
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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.

4. The totals of columns (e), (f), (k), and (l) must agree with the totals shown at the bottom of page 233

for Account 186.

5. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.

6. Minor items (less than \$25,000) may be grouped.

| EXPENSES INCURRED DURING YEAR | | | AMORTIZED DURING YEAR | | Deferred in Account 186, End of Year | Line No. |
|-------------------------------|--------------------|---------------|-------------------------|----------------|--------------------------------------|----------|
| CHARGED CURRENTLY TO | | | Deferred to Account 186 | Contra Account | | |
| Department (f) | Account No. (g) | Amount (h) | | | | |
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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) projects initiated, continued, or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried on by the respondent in which there is a sharing of costs with others, show separately the respondent's cost for the year and cost chargeable to others. (See definition of research, development, and demonstration in Uniform System of Accounts.)

- (2) Compressor Station
 - a. Design
 - b. Efficiency
- (3) System Planning, Engineering, and Operation
- (4) Transmission Control and Dispatching
- (5) LNG Storage and Transportation
- (6) Underground Storage
- (7) Other Storage
- (8) New Appliances and New Uses
- (9) Gas Exploration, Drilling, Production, and Recovery
- (10) Coal Gasification
- (11) Synthetic Gas
- (12) Environmental Research
- (13) Other (Classify and include items in excess of \$5,000.)
- (14) Total Cost Incurred

2. Indicate in column (a) the applicable classification, as shown below. Classifications:

- A. Gas R, D & D Performed Internally
 - (1) Pipeline
 - a. Design
 - b. Efficiency

| Line No. | Classification (a) | Description (b) |
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| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

B. Gas, R, D & D Performed Externally
 (1) Research Support to American Gas Association
 (2) Research Support to Others (Classify)
 (3) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$5,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$5,000 by classifications and indicate the number of items grouped. Under Other, (A.(13) and B.(2)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107 (Construction Work in Progress) first. Show in column (f) the amounts related to the account charged in column (e).

5. Show in column (g) the total unamortized accumulation of costs of projects. This total must equal the balance in Account 188 *Research, Development, and Demonstration Expenditures* outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d) and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

| Costs Incurred Internally Current Year (c) | Costs Incurred Externally Current Year (d) | AMOUNTS CHARGED IN CURRENT YEAR | | Unamortized Accumulation (g) | Line No. |
|--|--|---------------------------------|---------------|------------------------------------|-------------|
| | | Account (e) | Amount (f) | | |
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| Name of Respondent <i>PIE&G</i> | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts*, and enter such amounts

in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
|----------|--|------------------------------------|--|--------------|
| 1 | Electric | | | |
| 2 | Operation | | | |
| 3 | Production | | | |
| 4 | Transmission | | | |
| 5 | Distribution | <i>213,368.38</i> | | |
| 6 | Customer Accounts | | | |
| 7 | Customer Service and Informational | | | |
| 8 | Sales | | | |
| 9 | Administrative and General | | | |
| 10 | TOTAL Operation (Total of lines 3 thru 9) | <i>213,368.38</i> | | |
| 11 | Maintenance | | | |
| 12 | Production | | | |
| 13 | Transmission | | | |
| 14 | Distribution | <i>833,730.12</i> | | |
| 15 | Administrative and General | | | |
| 16 | TOTAL Maint. (Total of lines 12 thru 15) | <i>833,730.12</i> | | |
| 17 | Total Operation and Maintenance | | | |
| 18 | Production (Total of lines 3 and 12) | | | |
| 19 | Transmission (Total of lines 4 and 13) | | | |
| 20 | Distribution (Total of lines 5 and 14) | <i>1,047,098.50</i> | | |
| 21 | Customer Accounts (Line 6) | | | |
| 22 | Customer Service and Informational (Line 7) | | | |
| 23 | Sales (Line 8) | | | |
| 24 | Administrative and General (Total of lines 9 and 15) | | | |
| 25 | TOTAL Oper. and Maint. (Total of lines 18 thru 24) | <i>1,047,098.50</i> | | |
| 26 | Gas | | | |
| 27 | Operation | | | |
| 28 | Production—Manufactured Gas | | | |
| 29 | Production—Nat. Gas (Including Expl. and Dev.) | | | |
| 30 | Other Gas Supply | | | |
| 31 | Storage, LNG Terminaling and Processing | | | |
| 32 | Transmission | | | |
| 33 | Distribution | <i>140,856.05</i> | | |
| 34 | Customer Accounts | | | |
| 35 | Customer Service and Informational | | | |
| 36 | Sales | | | |
| 37 | Administrative and General | | | |
| 38 | TOTAL Operation (Total of lines 28 thru 37) | <i>140,856.05</i> | | |
| 39 | Maintenance | | | |
| 40 | Production—Manufactured Gas | | | |
| 41 | Production—Natural Gas | | | |
| 42 | Other Gas Supply | | | |
| 43 | Storage, LNG Terminaling and Processing | | | |
| 44 | Transmission | | | |
| 45 | Distribution | <i>49,248.96</i> | | |
| 46 | Administrative and General | | | |
| 47 | TOTAL Maint. (Total of lines 40 thru 46) | <i>49,248.96</i> | | |

| Name of Respondent <i>PIE EG</i> | | This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report Dec. 31, 20 <i>06</i> |
|--|---|---|--|---|
| DISTRIBUTION OF SALARIES AND WAGES (Continued) | | | | |
| Line No. | Classification (a) | Direct Payroll Distribution (b) | Allocation of Payroll Charged for Clearing Accounts (c) | Total (d) |
| | Gas (Continued) | | | |
| 48 | Total Operation and Maintenance | | | |
| 49 | Production—Manufactured Gas (Lines 28 and 40) | | | |
| 50 | Production—Natural Gas (Including Expl. and Dev.) (Lines 29 and 41) | | | |
| 51 | Other Gas Supply (Lines 30 and 42) | | | |
| 52 | Storage, LNG Terminaling and Processing (Lines 31 and 43) | | | |
| 53 | Transmission (Lines 32 and 44) | | | |
| 54 | Distribution (Lines 33 and 45) | <i>190,105.01</i> | | |
| 55 | Customer Accounts (Line 34) | | | |
| 56 | Customer Service and Informational (Line 35) | | | |
| 57 | Sales (Line 36) | | | |
| 58 | Administrative and General (Lines 37 and 46) | | | |
| 59 | TOTAL Operation and Maint. (Total of lines 49 thru 58) | <i>190,105.01</i> | | |
| 60 | Other Utility Departments | | | |
| 61 | Operation and Maintenance | | | |
| 62 | TOTAL All Utility Dept. (Total of lines 25, 59, and 61) | <i>1,237,203.51</i> | | |
| 63 | Utility Plant | | | |
| 64 | Construction (By Utility Departments) | | | |
| 65 | Electric Plant | <i>1,325,181.96</i> | | |
| 66 | Gas Plant | <i>425,793.57</i> | | |
| 67 | Other | | | |
| 68 | TOTAL Construction (Total of lines 65 thru 67) | <i>1,750,975.53</i> | | |
| 69 | Plant Removal (By Utility Departments) | | | |
| 70 | Electric Plant | <i>40,171.94</i> | | |
| 71 | Gas Plant | | | |
| 72 | Other | | | |
| 73 | TOTAL Plant Removal (Total of lines 70 thru 72) | <i>40,171.94</i> | | |
| 74 | Other Accounts (Specify): | | | |
| 75 | | | | |
| 76 | <i>Administration & General</i> | | | |
| 77 | <i>Electric & Gas</i> | <i>1,330,634.22</i> | | |
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| 95 | TOTAL Other Accounts | <i>1,330,634.22</i> | | |
| 96 | TOTAL SALARIES AND WAGES | <i>4,358,985.20</i> | | |

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| Name of Respondent PTE EG | Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) 4-27-2007 | Year of Report Dec. 31, 20 <u>06</u> |
|------------------------------|--|---|---|

COMMON UTILITY PLANT AND EXPENSES

1. Furnish a schedule describing the property carried in the utility's accounts as common utility plant and showing the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 14, Common Utility Plant, of the Uniform System of Accounts. Such schedule also shall show the allocation of such plant costs to the respective departments using the common utility plant, explain the basis of allocation used, and give the allocation factors.

2. Furnish a schedule of the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which

such accumulated provisions relate including explanation of basis of allocation and factors used.

3. Furnish a schedule showing for the year the expenses of operation, maintenance, rents, depreciation and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Such schedule also shall show the allocation of such expenses to the departments using the common utility plant to which such expenses are related, explain the basis of allocation used, and give the factors of allocation.

4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. (These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual [other than for services as an employee or for payments made for medical and related services] amounting to more than \$25,000, including payments for legislative services, except those which should be reported in Account

426.4 *Expenditures for Certain Civic, Political and Related Activities.*

- (a) Name and address of person or organization rendering services.
- (b) description of services received during year and project or case to which services relate.
- (c) basis of charges.
- (d) total charges for the year, detailing utility department and account charged.

- 2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.
- 3. Designate with an asterisk associated companies.

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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES

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| <p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and</p> | <p>services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p> |
|--|---|

| Line No. | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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SUMMARY OF COSTS BILLED TO ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
7. In column (j) report the total.
8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

| Account Number (f) | Amount Classified to Non-Operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No. |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES

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| <p>1. In column (a) report the name of the associated company.</p> <p>2. In column (b) describe the affiliation (percentage ownership, etc.).</p> <p>3. In column (c) describe the nature of the goods and</p> | <p>services provided (administrative and general expenses, dividends declared, etc.).</p> <p>4. In columns (d) and (e) report the amount classified to operating income and the account(s) in which reported.</p> |
|--|---|

| Line No. | Company (a) | Affiliation (b) | Description: Nature of Goods and Services (c) | Account Number (d) | Amount Classified to Operating Income (e) |
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| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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SUMMARY OF COSTS BILLED FROM ASSOCIATED COMPANIES (Continued)

5. In columns (f) and (g) report the amount classified to non-operating income and the account(s) in which reported.
 6. In columns (h) and (i) report the amount classified to the balance sheet and the account(s) in which reported.
 7. In column (j) report the total.
 8. In column (k) indicate the pricing method (cost, per contract terms, etc.)

| Account Number (f) | Amount Classified to Non-Operating Income (g) | Account Number (h) | Amount Classified to Balance Sheet (i) | Total (j) | Pricing Method (k) | Line No. |
|-----------------------|--|-----------------------|---|--------------|-----------------------|----------|
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| Name of Respondent | This Report Is: | | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | (Mo, Da, Yr) | Dec. 31, 20__ |

NATURAL GAS RESERVES AND LAND ACREAGE

1. Report below particulars (details) concerning the remaining recoverable saleable gas reserves and natural gas land acreage at end of year. Designate gas reserves on acreage acquired before October 8, 1969, and reserves on acreage acquired after October 7, 1969.

2. Classify the gas reserves and related land and land rights and costs under the sub-headings: (A) Producing Gas Lands, and (B) Non-producing Gas Lands. Provide a total for each classification.

3. For producing gas lands, report the required information alphabetically by State, County, or offshore area, and field.

If the field name is not assigned, report as "unnamed." Identify offshore fields according to their location in State or Federal domains by using the letter "S" for State domain, and "F" for Federal domain in column (a). For column (b), enter the zone number if applicable. The land, leasehold, and gas rights costs so reported should agree with the amounts carried under Account 101, Gas Plant in Service, and as reported for Accounts 325.1, 325.2, and 325.3 on pages 204-205. In column (e) show for each field the year and remaining recoverable saleable gas reserves available to respondent from owned lands, leaseholds, and gas rights.

| Line No. | OFFSHORE AREA | | Name of Field or Block | Name of State/County/Offshore Area | Recoverable Gas Reserves (Thousands Mcf) | OWNED LANDS |
|----------|---------------|----------|------------------------|------------------------------------|--|-------------|
| | Domain (a) | Zone (b) | | | | Acres (f) |
| 1 | | | A. PRODUCING GAS LANDS | | | |
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| 40 | TOTAL | | | | | |

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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | |

NATURAL GAS RESERVES AND LAND ACREAGE (Continued)

4. For non-producing gas lands, report the required information alphabetically by State, County, or offshore area by blocks. Report offshore lands in the same manner as producing gas lands. The land, leasehold, and gas rights costs reported should agree with the amounts carried under Accounts 105, *Gas Plant Held for Future Use*, and 105.1, *Production Properties Held for Future Use*, and reported in total on pages 214 and 215. Do not report estimates of gas reserves (column (e)) for unproven fields; however, if the company made estimates for such lands and normally includes such estimates in stating its reserve position in connection with proposed financing and for managerial and other purposes, include such estimates on this page.

5. Report the cost of lands, leaseholds, and gas rights in accordance with the provisions of the Uniform System of Accounts for Natural Gas Companies.

6. For columns (j) and (k), do not duplicate acreages reported for owned lands and leaseholds. Designate with an asterisk royalty interests separately owned.

7. Indicate by footnote whether acres reported are gross acres or net acres based on proportion of ownership in jointly owned tracts.

8. Do not include oil mineral interests in the cost of acreage reported.

9. Report volumes on a pressure base of 14.73 psia at 60°F.

| OWNED LANDS (Cont.) | LEASEHOLDS | | OWNED GAS RIGHTS | | TOTAL | | Line No. |
|------------------------|-------------|-------------|------------------|-------------|-------------|-------------|-------------|
| | Cost (g) | Acre (h) | Cost (i) | Acre (j) | Cost (k) | Acre (l) | |
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| | | | | | | TOTAL | 40 |

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

CHANGES IN ESTIMATED HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE

1. Report changes during the year in recoverable saleable reserves of the respondent located on acreage acquired after October 7, 1969. Have the reported reserves attested to every three years by an independent appraiser. File the attestation with the Commission along with this report. If the reserves, at the time the reserve determination is made, significantly differ from those reported on this page, file a reconciliation and explanation of such differences along with the attestation.

2. For any important changes in the estimated reserves due to purchases, sales, or exchanges of lands, leaseholds, or rights, furnish on page 505 a brief explanation of the transactions and

reserves involved. Also, explain the criteria used to estimate the net realizable value of reserves.

3. For column (d), report the reserves and changes associated with lands, leaseholds, and rights included in Account 105.1, *Production Properties Held for Future Use*. (See Gas Plant Accounts Instruction 7G of the U.S. of A.)

4. Report pressure base of gas volumes at 14.73 psia at 60°F.

5. For line 16 base the net realizable value of hydrocarbon reserves on the current selling price of the hydrocarbon reserves less estimated costs of extraction, completion, and disposal.

| Line No. | Items (a) | Total Reserves Gas (Thousands Mct) (b) | Lands, Leaseholds and Rights | | Total Reserves Oil and Liquids (Barrels) (e) | Investment (Net Book Value) (f) |
|----------|---|--|--|---|--|---------------------------------------|
| | | | In Service Gas (Thousands Mct) (c) | Held for Future Use Gas (Thousands Mct) (d) | | |
| 1 | Estimated Recoverable Reserves at Beginning of Year | | | | | |
| 2 | ADDITIONS | | | | | |
| 3 | Purchases and Exchanges of Lands, Leaseholds, and Rights | | | | | |
| 4 | Transfers from Reserves Held for Future Use | | | | | |
| 5 | Upward Revision of Basic Reserve Estimates (Explain in a footnote) | | | | | |
| 6 | Other Increases (Explain in a footnote) | | | | | |
| 7 | TOTAL Additions (Lines 3 thru 6) | | | | | |
| 8 | DEDUCTIONS | | | | | |
| 9 | Production During Year | | | | | |
| 10 | Sales and Exchanges of Lands, Leaseholds, and Rights | | | | | |
| 11 | Transfers of Reserves Held for Future Use to Reserves in Service | | | | | |
| 12 | Downward Revision of Estimates of Recoverable Reserves (Explain in a footnote) | | | | | |
| 13 | Other Decreases (Explain in a footnote) | | | | | |
| 14 | TOTAL Deductions (Lines 9 thru 13) | | | | | |
| 15 | Estimates Recoverable Reserves at End of Year (Enter Total of lines 1, 7, and 14) | | | | | |

16 Net Realizable Value at End of Reporting Year (Explain on page 505): \$

NOTES

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

HYDROCARBON RESERVES AND COSTS, AND NET REALIZABLE VALUE (Continued)

Explain below items for which explanations are required on page 504, Changes in Estimated Hydrocarbon Reserves and Costs, and Net Realizable Value. For line 16 on page 504, explain the criteria used to estimate such value and provide an explanation of any significant revision in the value of the reserves, other than from the addition of new reserves.

| | | | |
|--------------------|---|--------------------------------|---------------------------------|
| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | |

COMPRESSOR STATIONS

1. Report below particulars (details) concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.

2. For column (a), indicate the production areas where such stations are used. Relatively small field compressor stations may be grouped by production areas. Show the number of stations grouped. Designate any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership.

| Line No. | Name of Station and Location (a) | Number of Employees (b) | Plant Cost (c) |
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| Name of Respondent | This Report Is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

COMPRESSOR STATIONS (Continued)

If jointly owned. Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote the size

of each such unit, and the date each such unit was placed in operation.

3. For column (d), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.

| Expenses (Except depreciation and taxes) | | Gas for Compressor Fuel Mcf (14.73 psia at 60°F) | Operation Data | | | Line No. |
|--|------------------|---|---|--|--------------------------------------|-------------|
| Fuel or Power (d) | Other (e) | | Total Compressor Hours of Operation During Year (g) | No of Compra. Operated at Time of Station Peak (h) | Date of Station Peak (i) | |
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| Name of Respondent | This Report is: | Date of Report | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | (Mo, Da, Yr) | Dec. 31, 20__ |

GAS AND OIL WELLS

1. Report below the particulars (details) concerning gas and oil wells of the respondent which are either producing or capable of production.

2. Report the required information alphabetically by states. List wells located offshore separately.

3. For column (a), under separate headings, list gas wells first, oil wells second, and combination wells third. Combination wells are wells producing or capable of production from one or more oil reservoirs and also from one or more gas reservoirs. Enter totals for each of the head-

ings (gas wells, oil wells, combination wells). Designate any wells not operated during the past year, and in a footnote state whether the book cost of such wells, or any portion thereof, has been retired in the books of account, or what disposition of the wells and their book cost is contemplated.

4. In column (f), report wells reclassified during the year as oil wells, gas wells, or combination wells. Show additions in black and deductions enclosed in parentheses. The total additions equal the total deductions.

| Line No. | Location of Wells (a) | Number of Wells Beginning of Year (b) | ADDITIONS DURING YEAR | | | Wells Reclassified (f) | REDUCTIONS DURING YEAR | | | Number of Wells at End of Year (j) |
|----------|--------------------------|--|---------------------------------|------------------------|----------------------|---------------------------|------------------------|-------------------|----------------------|---------------------------------------|
| | | | Successful Wells Drilled (c) | Wells Purchased (d) | Total (c + d) (e) | | Wells Abandoned (g) | Wells Sold (h) | Total (g + h) (i) | |
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| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|---|--|--|--------------------------------|---------------------------------|
| GAS STORAGE PROJECTS | | | | |
| 1. Report particulars (details) for total gas storage projects. 2. Total storage plant (column b) should agree with amounts reported by the respondent in Acct's 350.1 to 364.8 Inclusive (pages 206-207). | | 3. Give particulars (details) of any gas stored for the benefit of another company under a gas exchange arrangement or on basis of purchase and resale to other company. Designate with an asterisk if other company is an associated company. | | |
| Line No. | Item (a) | Total Amount (b) | | |
| 1 | Natural Gas Storage Plant | | | |
| 2 | Land and Land Rights | | | |
| 3 | Structures and Improvements | | | |
| 4 | Storage Wells and Holders | | | |
| 5 | Storage Lines | | | |
| 6 | Other Storage Equipment | | | |
| 7 | TOTAL (Enter Total of Lines 2 Thru 6) | | | |
| 8 | Storage Expenses | | | |
| 9 | Operation | | | |
| 10 | Maintenance | | | |
| 11 | Rents | | | |
| 12 | TOTAL (Enter Total of Lines 9 Thru 11) | | | |
| 13 | Storage Operations (In Mcf) | | | |
| 14 | Gas Delivered to Storage | | | |
| 15 | January | | | |
| 16 | February | | | |
| 17 | March | | | |
| 18 | April | | | |
| 19 | May | | | |
| 20 | June | | | |
| 21 | July | | | |
| 22 | August | | | |
| 23 | September | | | |
| 24 | October | | | |
| 25 | November | | | |
| 26 | December | | | |
| 27 | TOTAL (Enter Total of Lines 15 Thru 26) | | | |
| 28 | Gas Withdrawn from Storage | | | |
| 29 | January | | | |
| 30 | February | | | |
| 31 | March | | | |
| 32 | April | | | |
| 33 | May | | | |
| 34 | June | | | |
| 35 | July | | | |
| 36 | August | | | |
| 37 | September | | | |
| 38 | October | | | |
| 39 | November | | | |
| 40 | December | | | |
| 41 | TOTAL (Enter Total of Lines 29 Thru 40) | | | |

| Name of Respondent | | This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|---|---|--|--------------------------------|---------------------------------|
| GAS STORAGE PROJECTS (Continued) | | | | |
| Line No. | Item (a) | Total Amount (b) | | |
| | Storage Operations (In Mcf) | | | |
| 42 | Top or Working Gas End of Year | | | |
| 43 | Cushion Gas (Including Native Gas) | | | |
| 44 | Total Gas In Reservoir (Enter Total of Line 42 and Line 43) | | | |
| 45 | Certificated Storage Capacity | | | |
| 46 | Number of Injection — Withdrawal Wells | | | |
| 47 | Number of Observation Wells | | | |
| 48 | Maximum Day's Withdrawal from Storage | | | |
| 49 | Date of Maximum Days' Withdrawal | | | |
| 50 | LNG Terminal Companies (In Mcf) | | | |
| 51 | Number of Tanks | | | |
| 52 | Capacity of Tanks | | | |
| 53 | LNG Volumes | | | |
| 54 | a) Received at "Ship Rail" | | | |
| 55 | b) Transferred to Tanks | | | |
| 56 | c) Withdrawn from Tanks | | | |
| 57 | d) "Boil Off" Vaporization Loss | | | |
| 58 | e) Converted to Mcf at Tailgate of Terminal | | | |

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| Name of Respondent <i>PIEEG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
|------------------------------------|---|--|--|

DISTRIBUTION AND TRANSMISSION LINES

- | | |
|---|---|
| <p>1. Report below by States the total miles of pipe lines operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p> | <p>3. Report separately any line that was not operated during the past year. Enter in a footnote the particulars (details) and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book cost are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p> |
|---|---|

| Line No. | Designation (Identification) of Line or Group of Lines (a) | Total Miles of Pipe (to 0.1) (b) |
|----------|---|-------------------------------------|
| 1 | | |
| 2 | <i>DISTRIBUTION SYSTEM</i> | <i>524.2</i> |
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| 20 | TOTAL | <i>524.2</i> |

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| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
|--------------------|--|--------------------------------|---------------------------------|

LIQUEFIED PETROLEUM GAS OPERATIONS

1. Report the information called for below concerning plants which produce gas from liquefied petroleum gas (LPG).
2. For column (a), give city and State or such other designation necessary to locate plant on a map of the respondent's system.
3. For columns (b) and (c), the plant cost and operation and

maintenance expenses of any liquefied petroleum gas installation which is only an adjunct of a manufactured gas plant, may include or exclude (as appropriate) the plant cost and expenses of any plant used jointly with the manufactured gas facilities on the basis of predominant use. Indicate in a footnote how the plant cost and expenses for the liquefied petroleum plant described above are reported.

| Line No. | Location of Plant and Year Installed (City, state, etc.) (a) | Cost of Plant (Land struct. equip.) (b) | Expenses | |
|----------|--|--|---|-----------------------------------|
| | | | Oper. Maintenance, Rents, etc. (c) | Cost of LPG Used (d) |
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| 40 | TOTAL | | | |

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| Name of Respondent <i>PIE EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 20₀₆</i> |
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LIQUEFIED PETROLEUM GAS OPERATIONS (Continued)

Designate any plant held under a title other than full ownership and in a footnote state name of owner or co-owner, nature of respondent's title, and percent ownership if jointly owned.
 4. For column (g) report the Mcf that is mixed with natural gas or which is substituted for deliveries normally made from natural gas. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas or mixture of natural gas and gasified LPG.

5. If any plant was not operated during the past year, give particulars (details) in a footnote, and state whether the book cost of such plant, or any portion thereof, has been retired in the books of account, or what disposition of the plant and its book cost is contemplated.
 6. Report pressure base of gas at 14.73 psia at 60 °F. Indicate the Btu content in a footnote.

| Gallons of LPG Used (e) | Gas Produced | | LPG Storage Cap. Gallons (h) | Function of Plant (Base load, peaking, etc.) (i) | Line No. |
|----------------------------|----------------------|---|---------------------------------|---|----------|
| | Amount of Mcf (f) | Amount of Mcf Mixed with Natural Gas (g) | | | |
| <i>N/A</i> | | | | | 1 |
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| Name of Respondent <i>PIE EG</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
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DISTRIBUTION SYSTEM PEAK DELIVERIES

1. Report below the total distribution system deliveries of gas, excluding deliveries to storage, for the periods of system peak deliveries indicated below during the calendar year. 2. Report Mcf on a pressure base of 14.73 psia at 60°F.

| Line No. | Item (a) | Day/Month (b) | Amount of Mcf (c) | Curtailments on Day/Month Indicated (d) |
|---|--|---------------------|-------------------|---|
| Section A. Three Highest Days of System Peak Deliveries | | | | |
| 1 | Date of Highest Day's Deliveries | <i>2-18-2006</i> | | |
| 2 | Deliveries to Customers Subject to MPSC Rate Schedules | | | |
| 3 | Deliveries to Others | | <i>4811</i> | |
| 4 | TOTAL | | <i>4811</i> | |
| 5 | Date of Second Highest Day's Deliveries | <i>2-17-2006</i> | | |
| 6 | Deliveries to Customers Subject to MPSC Rate Schedules | | | |
| 7 | Deliveries to Others | | <i>4572</i> | |
| 8 | TOTAL | | <i>4572</i> | |
| 9 | Date of Third Highest Day's Deliveries | <i>2-27-2006</i> | | |
| 10 | Deliveries to Customers Subject to MPSC Rate Schedules | | | |
| 11 | Deliveries to Others | | <i>4200</i> | |
| 12 | TOTAL | | <i>4200</i> | |
| Section B. Highest Consecutive 3-Day System Peak Deliveries (and Supplies) | | | | |
| 13 | Dates of Three Consecutive Days Highest System Peak Deliveries | <i>2-17-2006</i> | | |
| | | <i>2-18-2006</i> | | |
| | | <i>2-19-2006</i> | | |
| 14 | Deliveries to Customers Subject to MPSC Rate Schedules | | | |
| 15 | Deliveries to Others | | <i>13,527</i> | |
| 16 | TOTAL | | <i>13,527</i> | |
| 17 | Supplies from Line Pack | | | |
| 18 | Supplies from Underground Storage | | | |
| 19 | Supplies from Other Peaking Facilities | | | |
| Section C. Highest Month's System Deliveries | | | | |
| 20 | Month of Highest Month's System Deliveries | <i>February, 06</i> | | |
| 21 | Deliveries to Customers Subject to MPSC Rate Schedules | | | |
| 22 | Deliveries to Others | | <i>100,632</i> | |
| 23 | TOTAL | | <i>100,632</i> | |

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| Name of Respondent | This Report is: | Date of Report (Mo, Da, Yr) | Year of Report |
| | (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | | Dec. 31, 20__ |

AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.

2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is sub-

mitted. For other facilities, report the rated maximum daily delivery capacities.

3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

| | Location of Facility (a) | Type of Facility (b) | Maximum Daily Delivery Capacity of Facility, Mcf at 14.73 psia at 60° (c) | Cost of Facility (In dollars) (d) | Was Facility Operated on Day of Highest Transmission Peak Delivery? | |
|----|-----------------------------|-------------------------|--|--------------------------------------|---|-----------|
| | | | | | Yes (e) | No (f) |
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| Name of Respondent <i>PIE & G</i> | This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) <i>4-27-2007</i> | Year of Report <i>Dec. 31, 2006</i> |
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SYSTEM MAPS

1. Furnish 5 copies of a system map (one with each filed copy of this report) of the facilities operated by the respondent for the production, gathering, transportation, and sale of natural gas. New maps need not be furnished if no important change has occurred in the facilities operated by the respondent since the date of the maps furnished with a previous year's annual report. If, however, maps are not furnished for this reason, reference should be made in the space below to the year's annual report with which the maps were furnished.

- (f) Locations of compressor stations, products extraction plants, stabilization plants, important purification plants, underground storage areas, recycling areas, etc.
- (g) Important main line interconnections with other natural gas companies, indicating in each case whether gas is received or delivered and name of connecting company.
- (h) Principal communities in which respondent renders local distribution service.

2. Indicate the following information on the maps:
- (a) Transmission lines—colored in red, if they are not otherwise clearly indicated.
 - (b) Principal pipeline arteries of gathering systems.
 - (c) Sizes of pipe in principal pipelines shown on map.
 - (d) Normal directions of gas flow—indicated by arrows.
 - (e) Location of natural gas fields or pools in which the respondent produces or purchases natural gas.

3. In addition, show on each map: graphic scale to which map is drawn; date as of which the map represents the facts it purports to show; a legend giving all symbols and abbreviations used; designations of facilities leased to or from another company, giving name of such other company.

4. Maps not larger than 24 inches square are desired. If necessary, however, submit larger maps to show essential information. Fold the maps to a size not larger than this report. Bind the maps to the report.

There have been no significant changes since the last report was submitted. The last report was filed for the ~~2005~~ operating year.

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|--------------------|--|--------------------------------|---------------------------------|
| Name of Respondent | This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission | Date of Report (Mo, Da, Yr) | Year of Report Dec. 31, 20__ |
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FOOTNOTE DATA

| Page No. (a) | Line No. (b) | Column No. (c) | Comments (d) |
|-----------------|-----------------|-------------------|-----------------|
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