

**List of Public and Redacted Documents
for PEOPLES GAS Stipulation**

DOCKET NO. 01-0707

Admitted
4/19/05
CWS

- Sorted by Document Description

Sheet #s	Public/ Redacted/ Confidential	Document Description	Witness or Subpoenaed Individual
043-045	Public	ACC-6.02	Hermann, Wear
046-048	Public	ACC-9.01	Witness not identified/Certificatio n not provided
49	Public	ACC-9.03	Witness not identified/Certificatio n not provided
050-074	Redacted	Bates #s 01PGL 047931-6, 047941- 60 and 059003-7 [Aruba Analysis]	Rodriguez
075-077	Public	Deposition: Divito TR p. 65, 69-70	Divito
78	Public	Deposition: Hermann TR p. 10	Hermann
079-080	Public	Deposition: Hermann TR p. 18 - 19	Hermann
82	Public	Deposition: Hermann TR p. 53	Hermann
090-094	Public	Deposition: Mixon TR p. 41 - 45	Mixon
95	Public	Deposition: Morrow TR p. 9	Morrow
096-098	Public	Deposition: Morrow TR pp. 43- 45	Morrow
100-103	Public	Deposition: Rodriguez TR p. 76 - 79	Rodriguez
106-107	Public	Deposition: Wear TR p. 25 - 26	Wear
108-115	Public	Deposition: Wear TR p. 63 - 70	Wear
116-117	Public	Deposition: Zack TR pp. 59 - 60	Zack
212-236	Redacted	RFG Agreement	Morrow
237-261	Redacted	Storage Optimization Contract	Morrow

for

OFFICIAL FILE

DOCKET NO. 01-0707
Staff/Peoples Group
4/19/05
TR

The Peoples Gas Light and Coke Company
Docket 01-0707
Responses to Staff Data Requests

ACC 6.002

Referring to the Company response and attachment to Staff Data Request ACC-3.02:

- a) The Attachment to ACC 3.002 has nine columns and nine rows. Please identify the row, column and dollar amount that represents the FY 2001 operating revenues for Peoples Gas Hub. If it is a summation of numbers on the Attachment, please identify the amounts that comprise the requested operating revenues.
- b) If the FY 2001 operating revenues for Peoples Gas Hub is a summation of numbers, identify every sub-segment that is a part of the Peoples Gas Hub and explain why the other sub segments are not a part of the Peoples Gas Hub.
- c) Explain the difference between sub-segment 100203-Hub and 100206-Enovate.
- d) List each transaction that resulted in amounts being recorded in both sub-segment 100203-Hub and 100206-Enovate. Explain each of those transactions so identified.
- e) Is it correct that all amounts on the attachment to ACC-3.02 did not flow through the PGA gas charge? If not, explain which amounts did and did not flow through the PGA gas charge.

Response

- a) Operating revenues for the Peoples Gas Hub for FY 2001 were \$6,870,216 which is found in the first row entitled "Operating Revenues" under the column heading "100203-Hub".
- b) The operating revenues for the Peoples Gas Hub for FY 2001 is a single entry and not the summation of numbers.
- c) Sub-segment 100203-Hub is comprised of activity related to Respondent's FERC Operating Statement and Third Party Exchanges. With respect to the question regarding sub-segment 100206-Enovate, Respondent objects to this data request to the extent it is beyond the scope of this proceeding, which is the reconciliation of The Peoples Gas Light and Coke Company's gas costs and revenues for the period October 1, 2000, through September 30, 2001. For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") provide a response. Without waiving the foregoing objection, Peoples Gas forwards PERC's response. PERC states that sub-segment

**The Peoples Gas Light and Coke Company
Docket 01-0707
Responses to Staff Data Requests**

ACC 6.002 (cont.)

100206-Enovate is comprised of equity investment income associated with Peoples MW LLC's share of the enovate limited liability company, as well as PERC's costs to support that entity.

d) See the responses to Staff data requests ENG 2.118, ENG 2.119 and ENG 2.121 for transactions that resulted in amounts being recorded for sub-segment 100203-Hub. Respondent states that some Hub transactions were with Enron MW, LLC ("EMW") and enovate. For transactions that resulted in amounts being recorded for sub-segment 100206-Enovate, Respondent objects to this data request to the extent it is beyond the scope of this proceeding, which is the reconciliation of The Peoples Gas Light and Coke Company's gas costs and revenues for the period October 1, 2000, through September 30, 2001. For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") provide a response. Without waiving the foregoing objection, Peoples Gas forwards PERC's response. PERC states that, with respect to the amounts recorded for sub-segment 100206 Enovate, transactions include Hub transactions in which the counterpart is EMW or enovate. Portions of the amount recorded in the sub-segment Enovate are also recorded in the sub-segment Hub in the row titled "operation costs"; this reflects sales of company use gas by EMW to Respondent. As stated in the response to Staff data request POL 16.015(b), EMW shared certain of its profits with enovate.

e) Respondent objects to this data request to the extent it is beyond the scope of this proceeding, which is the reconciliation of The Peoples Gas Light and Coke Company's gas costs and revenues for the period October 1, 2000, through September 30, 2001 and, except for the sub-segment entitled "Hub." For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") provide a response to the portions of the question applicable to PERC. Without waiving the foregoing objection, Respondent forwards its and PERC's responses.

First, Respondent states that none of the amounts shown in sub-segment Hub were accounted for in the Gas Charge. Second, Respondent states that, during the reconciliation period, it purchased gas from and sold gas to Enron MW, LLC ("EMW"). Costs and revenues from such transactions were flowed through the Gas Charge. PERC states that, as explained in the response to Staff data request POL 16.015(b), EMW shared certain of its profits with enovate. Accordingly, PERC states that some of the amounts reflected in the sub-segment Enovate may include amounts associated with EMW's transactions with Respondent. Third, Respondent states that it purchased a peaking service from PERC; costs of that service were recovered through the Gas Charge. See the response to Staff data request ENG 2.033. PERC states that the sub-segment NGL column would include revenues it received for the peaking service it sold to

**The Peoples Gas Light and Coke Company
Docket 01-0707
Responses to Staff Data Requests**

ACC 6.002 (cont.)

Respondent. Finally, PERC states that none of the amounts shown in sub-segments other than NGL and Enovate were from transactions with Respondent.

Docket 01-0707
The Peoples Gas Light and Coke Company's
Responses to Staff's 9th Set of ACC Data Requests
ACC-9.01

ACC-9.01

Referring to the diagram in Attachment A to this data request, which was provided electronically to Staff in the path GROUP1\vd\$\audidata\enovate\Profit Split - JW\profit split flowchart1.ppt, provide an explanation of the purpose of this document. The explanation should include, but not be limited to, the following:

- a) Explain all abbreviations and any other generally non-descript data on the document.
- b) Provide a copy of all written contracts that are depicted or a represented by this diagram. If a contract has previously been provided, you may refer to it by bates number or data request number.
- c) Explain, in detail, all oral contracts or other oral agreements that are depicted or are represented by this diagram.
- d) Explain all of the arrows that connect the boxes in the document.
- e) Explicitly state the amount of money incurred or received from transactions represented in this document that flowed through the PGA, and the time period in which the flow through occurred.
- f) Who created this document and what organization did that person work for when the diagram was created? State the person's job title at the time of creation.
- g) Who received copies of this diagram?
- h) What was the document used for?
- i) Is the document accurate?
- j) Provide journal entries, including supporting documentation, for all amounts from item e) above. Journal entries that were previously provided can be referenced by bates number or data request number.

Response: Respondent objects to this data request to the extent it seeks information that is beyond the scope of this proceeding, which is the annual gas charge reconciliation of the costs and revenues that The Peoples Gas Light and Coke Company accounted for in its Gas Charge during its fiscal year 2001, the twelve-month period ended September 30, 2001. Without waiving the foregoing objection, Respondent states as follows. Respondent was not a member of the entity called enovate, it did not create the referenced document, and it cannot interpret the document. Subject to the foregoing, Respondent states:

- a) (i) "PGL" is often used to refer to The Peoples Gas Light and Coke Company; (ii) "EMW" is often used to refer to Enron MW, LLC; (iii) "PGL Hub" is often used to refer to certain interstate services offered by Peoples Gas; (iv) "PEC" is often used to refer to Peoples Energy Corporation; (v) "NSS" is often used to refer to Rate Schedule NSS, which is a rate schedule in Natural Gas Pipeline Company of America's FERC Gas Tariff; (vi) "20K" can be used to represent the number "20,000"; (vii) "mth" can be used as an abbreviation for the word "month"; (viii) "2M", "4M" and "5M" can be used to represent the numbers "2,000,000", "4,000,000" and "5,000,000", respectively.

Docket 01-0707

The Peoples Gas Light and Coke Company's
Responses to Staff's 9th Set of ACC Data Requests
ACC-9.01

- b) If the referenced document is intended to depict the Storage Optimization Contract, Respondent provided this contract, which was entered into between Respondent and Enron MW, LLC, in its response to Citizens Utility Board data request CUB 5.019.
- c) See the responses to Staff data requests POL 20.001, ACC 1.005 and ACC 3.006.
- d) The arrow between "PGL" and "EMW" joined by the words "NSS Storage Optimization" may refer to the Storage Optimization Contract referenced in the response to subpart (b). Respondent does not know what the arrows connecting "PGL" and "Gas Supply" and "EMW" mean in the referenced document; Respondent notes that it purchased gas supply from Enron MW, LLC during the reconciliation period (see, for example, the response to Staff data request ENG 2.046). Respondent does not know what the arrow between "PGL Hub" and EMW" or the arrow between "PGL Hub" and "enovate" means in the referenced document; Respondent notes that, during the reconciliation year, Enron MW, LLC and enovate each purchased services from Respondent pursuant to Respondent's FERC Operating Statement (see the responses to Staff data requests, POL 3rd set).
- e) If the referenced document is intended to depict the Storage Optimization Contract between Respondent and Enron MW, LLC, see the response to Staff data request ENG 2.125.
- f) Respondent does not know who created the document.
- g) Respondent does not know who received the document.
- h) Respondent does not know what the document was used for.
- i) Respondent does not know if the document accurately represents what its author may have intended it to represent. To the extent the referenced document is intended to depict the Storage Optimization Contract between Respondent and Enron MW, LLC, the fully executed contract is the most accurate representation of that transaction.
- j) See the response to subpart (e).

Also, for your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objection, Respondent forwards PERC's response. PERC stated that it did not create the referenced document, and it cannot interpret the document. However, subject to the foregoing, PERC stated that:

- a) "enovate" likely refers to enovate, LLC.
- b) If the referenced document is intended to depict activity of enovate, LLC, an agreement forming a limited liability company called Midwest Energy Hub, LLC, a predecessor name of enovate, LLC, was provided in Respondent's response to Staff data request POL 15.005.
- c) PERC stated that it believes the table under the "Hub Revenue" title may refer to the oral arrangement referenced in the response to Staff data request POL 16.15(b), in which certain revenue sharing between PERC and Enron MW,

Docket 01-0707
The Peoples Gas Light and Coke Company's
Responses to Staff's 9th Set of ACC Data Requests
ACC-9.01

LLC would be calculated with reference to a baseline level of revenue from The Peoples Gas Light and Coke Company's hub.

- d) The arrows connecting "enovate" with "EMW" and with "PEC" may refer to the fact that enovate was a limited liability company in which Enron MW, LLC was a member and Peoples MW, LLC, a second tier subsidiary of Peoples Energy Corporation, was a member.
- e) PERC does not administer The Peoples Gas Light and Coke Company's Gas Charge, and it cannot state what dollars are flowed through the Gas Charge.
- f) PERC stated that the document may have been created by Peoples Energy Corporation's internal audit area.
- g) PERC does not know who received the referenced document.
- h) PERC does not know what the document was used for, but it stated that Peoples Energy Corporation conducted an internal audit of enovate, LLC during 2001.
- i) PERC does not know if the document represents what its author intended to represent.
- j) See the response to subpart (e).

Docket 01-0707
The Peoples Gas Light and Coke Company's
Responses to Staff's 9th Set of ACC Data Requests
ACC-9.03

ACC-9.03

Referring to the documents identified by bates numbers 01PGL046246 through 01PGL046249, provide an explanation of the purpose of this document. The explanation should be provided by the creator of the document. If the creator of the document is not identifiable or nor longer works for Peoples Energy, or for some other reason cannot provide the explanation, explain why not and provide the name of the person who can provide the requested explanation. The explanation should include, but not be limited to, the following:

- a) Describe each column;
- b) Explain all abbreviations, contract numbers, account numbers, and any other generally non-descript data on the documents;
- c) Explain "Annuity" as it relates to these documents;
- d) Explain all allocations from the seventh column, which begins with (33,075), to the last two columns;
- e) Explicitly state which amounts from these documents flowed through the PGA and in what time period the flow through occurred;
- f) Who created this document and what organization did that person work for when the document was created. State the person's job title at the time the document was created;
- g) Who received copies of these documents;
- h) Provide journal entries including supporting documentation for all amounts on these documents. Journal entries that were previously provided can be referenced by bates number or data request number. State explicitly if an amount on these documents did not result in a journal entry.

Response: Respondent objects to this data request to the extent it seeks information that is beyond the scope of this proceeding, which is the annual gas charge reconciliation of the costs and revenues that The Peoples Gas Light and Coke Company accounted for in its Gas Charge during its fiscal year 2001, the twelve-month period ended September 30, 2001. Without waiving the foregoing objection, Respondent states as follows. Respondent did not create the referenced document, and it cannot interpret the document. Also, for your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objection, Peoples Gas forwards PERC's response. PERC stated that it did not create the referenced document, and it cannot interpret the document.

ARUBA ANALYSIS

CONFIDENTIAL
01PGL 04793

RECORDED
ST-AC 050

1-5-04
DEPOSITION
EXHIBIT 27
PENGAD 800-531-6088

SUPPORTING LOGIC BEHIND THE ECONOMIC ANALYSIS

Analyzing Supply Agreements

Companies economic analysis on gas supply agreements (pipeline and supply contracts) based on market information know today vs. market info looking board. The use of such information for economic analysis is NOT NEW to the ICC staff. In all cases historical information was NOT the driving force in selecting the service. Example: PGL has not never turned down Gage supply at Midcont + \$.08 because 5 yrs ago it was at Midcont +\$.01.

Examples of such agreements that company has performed forward looking analysis include, but not limited too:

Supply Contracts	MDQ	TERM		Price
		(month)	Total Purchase (Bcf)	
EPDM Trunkline City Gate Service (98,99)	[REDACTED]	10.0	[REDACTED]	City Gate
EPDM MGT City Gate Purchase	[REDACTED]	10.0	[REDACTED]	City Gate
Midcon 50 day	[REDACTED]	24	[REDACTED]	City Gate
Midcon S-2 (Intra day citygate agreement)	[REDACTED]	24	[REDACTED]	City Gate
All supplies on NGPL GAGE/HARPER	[REDACTED]	36	[REDACTED]	Field
TPC NSS (storage mgmt program)	[REDACTED]	24	[REDACTED]	Storage Spreads
NGPL Amarillo Capacity	[REDACTED]	12	[REDACTED]	Demand Charge
FY 96 City Gate Portfolio	[REDACTED]	5	[REDACTED]	City Gate

Daily Indices vs. FOM Indices

Allocation of percent (such as 50%/50% or 75%/25%) is not applicable in determining if this contract benefits the consumer. Historical measurement of these splits tells one thing, differences in FOM to Daily are volatile and cannot and WILL not be predicted.

Historical vs Forward

The logic of a forward looking analysis is not skewed by applying percentages to an unpredictable relationship between FOM and Daily indices. The important thing to look at is what is the VALUE the of commodity in relation to its location. For example if gas in Texas is the same as gas in Chicago, indicates there is no value in holding Stx capacity for that month. The fact that I have firm gas at 75% FOM/25% Daily does NOT make a buyer go out and purchase STX capc

SUMMARY

THE IMPORTANT FACTOR WE MUST ACCEPT (OR NOT) IS WHAT THE SPREADS ARE FROM PGL/NSG CONTRACTED FIELD LOCATION TO CHICAGO. THE QUESTION WE MUST ASK OURSELVES: IS THE NET SPREADS THAT ENRON IS PROVIDING TODAY GOOD FOR THE CONSUMER IN YEARS 2-5?

WHAT THIS ANALYSIS TELLS US IS WE ARE TAKING THE VALUE OF CAPACITY TODAY AND "HEDGING" IT AGAINST WHAT THE PIPELINE VALUE MAY BE TOMORROW TO SECURE INDEX MINUS PRICING.

ST-R 051
 CONFIDENTIAL
 01PGL 047932

Assets Taken out of the Original Proposal

	Total PV @ 6%	MAX Value on Min Takes From Enron 444,113,110	MIN Value on Max Takes From Enron 889,323,110
	\$ 8,000,000	\$ 0.0113	\$ 0.0083
	\$ 988,927	\$ 0.0022	\$ 0.0017
	\$ 484,124	\$ 0.0010	\$ 0.0008
Total Impact to Discount Volume	\$ 8,483,051	\$ 0.018	\$ 0.008

Suggested Replacement Values

50,000 Dth/d Winter Call over 5 years:	\$ 7,072,340	\$ 0.0180	\$ 0.0118
35,000 Dth/d Winter Call over 5 years:	\$ 4,722,253	\$ 0.0108	\$ 0.00788
30,000 Dth/d Winter Call over 5 years:	\$ 4,047,846	\$ 0.0091	\$ 0.0068

Support Calculations

**Net Spreads
ELA to Chicago**

	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	
Capacity Value	\$ 0.0989	\$ 0.1296	\$ 0.1536	\$ 0.1404	\$ 0.1325	0.130983732
						7,550,000
						\$ 988,927
Wtd Avg						\$ 0.0017
Net Spreads Across all Pipes						
Capacity Value	\$ 0.091	\$ 0.113	\$ 0.102	\$ 0.092		4,550,000
		1,550,000	1,550,000	1,450,000		
		140,342	175,490	148,292		\$ 484,124
						\$ 0.102
						Impact of Dropping 50,000/d Relative to the Discount Price:
						\$ 0.0008
Sell a 50,000 Dth/d Winter Call over 5 years						
Call Premium	\$ 0.230	\$ 0.230	\$ 0.230	\$ 0.230	\$ 0.230	
5 Year Volume	7,500,000	7,750,000	7,750,000	7,250,000	7,750,000	38,000,000
	\$ 1,725,000	\$ 1,782,500	\$ 1,782,500	\$ 1,667,500	\$ 1,782,500	\$ 8,740,000
						\$ 0.230
						Impact of selling at winter Call at \$20/Dth
						\$ 0.0118

-30

31

31

29

31

**PGL/NSG TERMINATION PAYMENT
BASED ON THE ENRON SALES REQUIREMENT**

	PEOPLES GAS			NSG			TOTAL		
	BASELOAD VOLUME PLUS THE MIN SUMMER INCREMENTAL	EXPECTED SALES VOLUME UNDER A NORMAL YEAR	PERCENT OF TOTAL DEMAND	BASELOAD VOLUME PLUS MIN SUMMER INCREMENTAL	EXPECTED SALES VOLUME UNDER A NORMAL YEAR	PERCENT OF NORMAL DEMAND	BASELOAD VOLUME PLUS MIN SUMMER INCREMENTAL	EXPECTED SALES VOLUME UNDER A NORMAL YEAR	PERCENT OF NORMAL DEMAND
FISCAL YEAR 00									
FISCAL YEAR 01									
FISCAL YEAR 02									
FISCAL YEAR 03									
FISCAL YEAR 04									
Totals	354,813,350	608,516,787	86%	98,408,171	128,296,178	78%	453,222,530	734,811,943	82%

Assumptions

1) Assumed the minimum expected sales volume ECT will guarantee at the [redacted]

	EXIT CONTRACT	
	4 YEARS PRIOR TO EXPIRATION	3 YEARS PRIOR TO EXPIRATION
	(B)	
Chicago Index (-\$.04)	\$ (3,438,411)	\$ (2,464,371)
Chicago Index (-\$.03)	\$ -	\$ -
Chicago Index (-\$.02)	\$ 6,872,821	\$ 4,968,743
Chicago Index Flat	\$ 10,309,232	\$ 7,453,114
Chicago Index + \$.01	\$ 13,745,642	\$ 9,937,486
Chicago Index + \$.02	\$ 17,182,053	\$ 12,421,857
Chicago Index + \$.03	\$ 20,618,463	\$ 14,906,228
Chicago Index + \$.04	\$ 24,054,874	\$ 17,390,600
AVERAGE	\$ 17,182,053	\$ 12,421,857

Assumptions

	Value of Hedges Realized by Enron	\$	
		0.0100 On Hedged Volume	0.0200 On Hedged Volume
	388,617,848		
FISCAL YEAR 00	\$ 4,782,774	\$ 3,866,179	\$ 7,332,350
FISCAL YEAR 01	\$ 2,557,437	\$ 3,866,179	\$ 7,332,350
FISCAL YEAR 02	\$ 1,888,268	\$ 3,866,179	\$ 7,332,350
FISCAL YEAR 03	\$ 2,841,047	\$ 3,866,179	\$ 7,332,350
FISCAL YEAR 04	\$ 2,133,229	\$ 3,866,179	\$ 7,332,350
	\$ 13,982,757	\$ 18,330,897.47	\$ 36,661,784.83
	\$ 0.038	\$ 0.050	\$ 0.100

0 01

57-PC 053
CONFIDENTIAL
01PGL 047934

The Peoples Gas Light and Coke Company Summary of Baseload Percent of Annual Total Purchases

	Fiscal 2000			Fiscal 2001		
	Warm	Normal	Cold	Warm	Normal	Cold
Baseload Volumes (Dth)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Summer Incremental Baseload Volumes (Dth)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Daily (Short Imbalance) Purchase Volumes (Dth)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Volumes (Dth)	125,192,738	135,592,544	147,413,455	107,895,056	126,481,875	139,324,193
Total Baseload Percent	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Daily Purchase Percent	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Daily (Long Imbalance) Forced Sales Volumes (Dth)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<u>Customer Owned Gas</u>						
Forecast used in above analysis	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fiscal 1998 Actual	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Fiscal 1999: 10 month actual + 2 months estimated	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Average Baseload Percent		[REDACTED]			[REDACTED]	
Average Daily Purchase Percent		[REDACTED]			[REDACTED]	
Weighted Average Baseload Percent		[REDACTED]			[REDACTED]	
Weighted Average Daily Purchase Percent		[REDACTED]			[REDACTED]	

57-PG 054
CONFIDENTIAL
01PG L 047935

CONFIDENTIAL

Peoples Energy Corporation
Booked and Index Variable Cost of Purchases Comparison
All Off-System Sales Revenues Removed

Pricing Scenario:

50% Gas Daily Large End User Chicago Citygate & 50% Natural Gas Intelligence Weekly First of Month Chicago Citygate

<u>Company</u>	<u>Fiscal Year</u>	<u>Booked Purchase Dth</u>	<u>Booked Purchase \$</u>	<u>Booked Wtd Avg \$/dth</u>	<u>Index Purchase \$</u>	<u>Index Wtd Avg \$/dth</u>
PGLC	1995	104,932,148	\$179,316,196		\$168,914,975	
PGLC	1996	172,336,795	\$426,162,837		\$490,220,669	
PGLC	1997	153,294,213	\$416,885,253		\$431,867,469	
PGLC	1998	118,527,254	\$294,967,738		\$298,910,224	
PGLC (1)	1999	101,115,793	\$226,831,836		\$209,103,070	
Totals		650,206,203	\$1,544,163,860	<u>\$2.3749</u>	\$1,599,016,405	<u>\$2.4592</u>
Avg. Cost Difference						\$0.0844
Avg. Cost Percent of Index Difference						3.43%
NSG	1995	20,293,678	\$34,928,818		\$32,533,729	
NSG	1996	27,990,575	\$63,966,141		\$78,118,120	
NSG	1997	27,226,347	\$71,855,627		\$75,851,636	
NSG	1998	21,836,757	\$53,042,921		\$54,052,522	
NSG (1)	1999	20,537,908	\$45,420,176		\$42,280,016	
Totals		117,885,265	\$269,213,684	<u>\$2.2837</u>	\$282,836,023	<u>\$2.3992</u>
Avg. Cost Difference						\$0.1156
Avg. Cost Percent of Index Difference						4.82%

Note: 1. Fiscal 1999 contains booked results through the end of July.

Historical Benchmark less offsystem sales Fiscal 95 to 99

3/14/2001 9:58 AM

57-00 055
CONFIDENTIAL
01PGL 047936

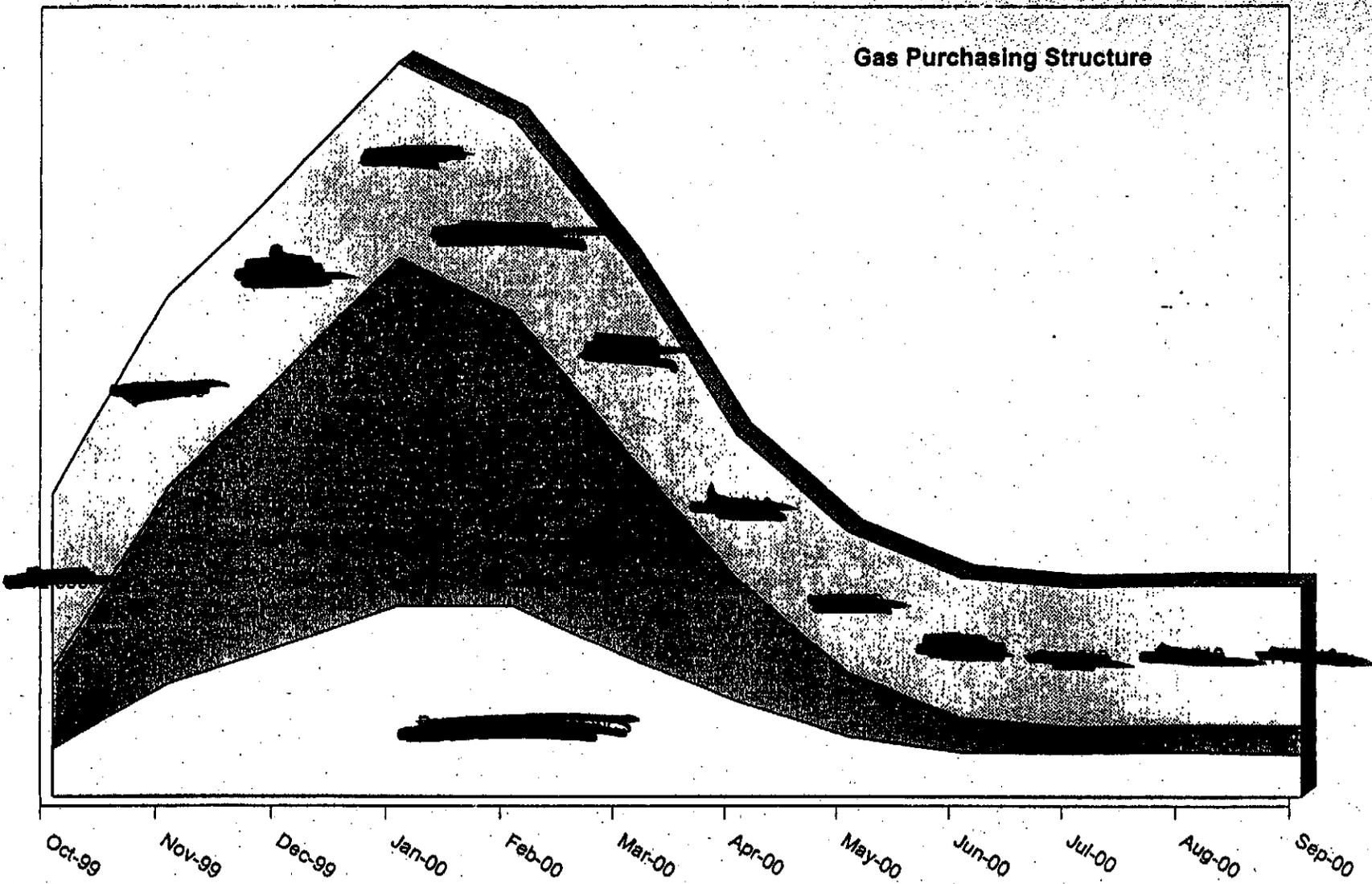
I. BASELOAD AND/OR SUMMER INCREMENTAL QUANTITY

PGLC GAS PURCHASE AND AGENCY AGREEMENT					NS GAS PURCHASE AND AGENCY AGREEMENT				
	Baseload	SIQ	Min Baseload	Max Baseload		Baseload	SIQ	Min Baseload	Max Baseload
Oct-99					Oct-99				
Nov-99					Nov-99				
Dec-99					Dec-99				
Jan-00					Jan-00				
Feb-00					Feb-00				
Mar-00					Mar-00				
Apr-00					Apr-00				
May-00					May-00				
Jun-00					Jun-00				
Jul-00					Jul-00				
Aug-00					Aug-00				
Sep-00					Sep-00				
Oct-00					Oct-00				
Nov-00					Nov-00				
Dec-00					Dec-00				
Jan-01					Jan-01				
Feb-01					Feb-01				
Mar-01					Mar-01				
Apr-01					Apr-01				
May-01					May-01				
Jun-01					Jun-01				
Jul-01					Jul-01				
Aug-01					Aug-01				
Sep-01					Sep-01				
Oct-01					Oct-01				
Nov-01					Nov-01				
Dec-01					Dec-01				
Jan-02					Jan-02				
Feb-02					Feb-02				
Mar-02					Mar-02				
Apr-02					Apr-02				
May-02					May-02				
Jun-02					Jun-02				
Jul-02					Jul-02				
Aug-02					Aug-02				
Sep-02					Sep-02				
Oct-02					Oct-02				
Nov-02					Nov-02				
Dec-02					Dec-02				
Jan-03					Jan-03				
Feb-03					Feb-03				
Mar-03					Mar-03				

ST-PG 056

CONFIDENTIAL

Gas Purchasing Structure



CONFIDENTIAL
01PGL 047942

57-P6 057

LNG BLOWOUT

TIDAL WAVE

57-PG 059
CONFIDENTIAL
01PGL 04794

**VALUATION OF GAS SUPPLY TRANSACTION
LOW CASE (MIN SUMMER PUTS)**

	PEOPLES GAS & NORTH SHORE GAS						NET VALUE REALIZED BY ENRON	EXPECTED DISCOUNT TO BASELOAD VOLUME	Payment Schedule For Put Option NPV @ 6%	Payment Schedule For Cap. Hedges NPV @ 6%	TOTAL VALUE INCLUSIVE OF DISCOUNT CASH FLOW
	BASELOAD VOLUME PLUS THE MAX SUMMER INCREMENTAL	DAILY INCREMENTAL VOLUME (max FT-baseload)	NET PIPELINE CAPACITY VALUE less a \$.01 Liquidity Premium (WTD AVG.)	VALUE TO ECT FOR HEDGING DAILY INCREMENTAL VOLUMES	VALUE TO PGL FOR SELLING A SUMMER PUT OPTION AT \$0.11	VALUE TO PGL FOR ELIMINATION OF SUPPLY DEMAND CHARGES					
FISCAL YEAR 00											
FISCAL YEAR 01											
FISCAL YEAR 02											
FISCAL YEAR 03											
FISCAL YEAR 04											
TOTAL	444,113,110	366,617,949	\$ 0.0375	\$ 13,982,757	\$ 11,407,000	\$ (1,700,000)	\$ 23,689,757	\$ (0.0533) WTD avg	\$ 10,152,266	\$ 12,728,758	\$ 21,181,025

Valued owed to PGL/NSG : \$ (13,323,393)
PGL/NSG Value: \$ (0.030)

				TOTAL TO ECT
Total Profit plus NPV to Enron	\$ (10,366,364)	\$ (1,254,734)	\$ (1,253,999)	\$ (12,875,096)
Total Profit plus NPV to Enron (per dth):	\$ (0.023)	\$ (0.0028)	\$ (0.0028)	\$ (0.029)

Assumptions

- Daily incremental volumes are a function of the Total contracted pipeline capacity less the baseload and summer incremental quantity.
- Assumed Enron undertakes a basis spread on the daily incremental volume (sells the field, buys Chicago)
- Net capacity value (see attached) is the net cost to deliver supply from the field basins to the Chicago market area. 5 year basis quotes were taken on 8/20/99. A liquidity premium of \$.015 was factored in due to the magnitude of volumes that would be hedged.
- Value of giving someone the right to swing (from the FOM price) during the period Apr-Nov. Quote was taken from the Market on 9/9/99.
- Value to Enron was based on
- NPV CALCULATION ASSUMED AS 5 YEAR T-NOTE RATE OF 6%. NPV CALCULATION WAS BASED OFF THE VALUE OF THE HEDGED DAILY INCREMENTAL VOLUMES AND THE VALUE OF THE PUT OPTION

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VALUATION OF GAS SUPPLY TRANSACTION
HIGH CASE (MAX SUMMER PUTS)

Based on market	PEOPLES GAS & NORTH SHORE GAS			VALUE TO ECT FOR HEDGING DAILY INCREMENTAL VOLUMES	VALUE TO PGL FOR SELLING A SUMMER PUT OPTION AT \$0.11	VALUE TO PGL FOR ELIMINATION OF SUPPLY DEMAND CHARGES	NET VALUE REALIZED BY ENRON	EXPECTED DISCOUNT TO BASELOAD VOLUME	Payment Schedule For Put Option NPV @ 6%	Payment Schedule For Cap. Hedges NPV @ 6%	TOTAL VALUE INCLUSIVE OF DISCOUNT CASH FLOW
	BASELOAD VOLUME PLUS THE MAX SUMMER INCREMENTAL	DAILY INCREMENTAL VOLUME (max FT-baseload)	NET PIPELINE CAPACITY VALUE less a \$0.01 Liquidity Premium (WTD AVG.)								
FISCAL YEAR 00			\$	\$	\$	\$	\$	\$	\$	\$	\$
FISCAL YEAR 01			\$	\$	\$	\$	\$	\$	\$	\$	\$
FISCAL YEAR 02			\$	\$	\$	\$	\$	\$	\$	\$	\$
FISCAL YEAR 03			\$	\$	\$	\$	\$	\$	\$	\$	\$
FISCAL YEAR 04			\$	\$	\$	\$	\$	\$	\$	\$	\$
TOTAL	599,323,110	211,407,949	\$ 0.0375	\$ 8,166,034	\$ 11,407,000	\$ (1,700,000)	\$ 17,873,034	\$ (0.0238) WTD avg	\$ 10,152,266	\$ 7,528,493	\$ 15,980,760

Valued owed to PGLNSG : \$ (17,979,693)
PGLNSG Value: \$ (0.030)

				TOTAL TO ECT
Total Profit plus NPV to Enron	\$ 106,659	\$ (1,254,734)	\$ (637,541)	\$ (1,785,616)
Total Profit plus NPV to Enron (per dth):	\$ 0.0002	\$ (0.0021)	\$ (0.0011)	\$ (0.003)

Assumptions

- 1) Daily incremental volumes are a function of the Total contracted pipeline capacity less the baseload and summer incremental quantity.
- 2) Assumed Enron undertakes a basis spread on the daily incremental volume (sells the field, buys Chicago).
- 3) Net capacity value (see attached) is the net cost to deliver supply from the field basins to the Chicago market area. 5 year basis quotes were taken on 8/20/99. A liquidity premium of \$0.015 was factored in due to the magnitude of volumes that would be hedged.
- 4) Value of giving someone the right to swing (from the FOM price) during the period Apr-Nov. Quote was taken from the Market on 9/9/99.
- 5) Value to Enron was based on [REDACTED]
- 6) NPV CALCULATION ASSUMED AS 5 YEAR T-NOTE RATE OF 6%. NPV CALCULATION WAS BASED OFF THE VALUE OF THE HEDGED DAILY INCREMENTAL VOLUMES AND THE VALUE OF THE PUT OPTION

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01PGL 047946
061

VALUATION OF GAS SUPPLY TRANSACTION
LOW CASE (MIN SUMMER PUTS)

	PEOPLES GAS & NORTH SHORE GAS			VALUE TO ECT FOR HEDGING DAILY INCREMENTAL VOLUMES	VALUE TO PGL FOR SELLING A SUMMER PUT OPTION AT \$0.11	VALUE TO PGL FOR ELIMINATION OF SUPPLY DEMAND CHARGES	NET VALUE REALIZED BY ENRON	EXPECTED DISCOUNT TO BASELOAD VOLUME	Payment Schedule For Put Option NPV @ 6%	Payment Schedule For Cap. Hedges NPV @ 6%	TOTAL VALUE INCLUSIVE OF DISCOUNT CASH FLOW
	BASELOAD VOLUME PLUS THE MAX SUMMER INCREMENTAL	DAILY INCREMENTAL VOLUME (max FT-baseload)	NET PIPELINE CAPACITY VALUE less a \$0.01 Liquidity Premium (WTD AVG.)								
FISCAL YEAR 00											
FISCAL YEAR 01											
FISCAL YEAR 02											
FISCAL YEAR 03											
FISCAL YEAR 04											
TOTAL	444,113,110	365,621,807	0.0373	13,865,859	11,407,000	(1,700,000)	23,572,859	(0.0531) WTD avg.	10,152,266	12,611,860	21,064,126

Valued owed to PGL/NSG : \$ (13,323,393)
PGL/NSG Value: \$ (0.030)

75000

				TOTAL TO ECT
Total Profit plus NPV to Enron	\$ (10,249,466)	\$ (1,254,734)	\$ (1,253,999)	\$ (12,758,198)
Total Profit plus NPV to Enron (per dth):	\$ (0.023)	\$ (0.0028)	\$ (0.0028)	\$ (0.029)

Assumptions

- Daily Incremental volumes are a function of the Total contracted pipeline capacity less the baseload and summer incremental quantity.
- Assumed Enron undertakes a basis spread on the daily incremental volume (sells the field, buys Chicago).
- Net capacity value (see attached) is the net cost to deliver supply from the field basins to the Chicago market area. 5 year basis quotes were taken on 8/20/99. A liquidity premium of \$0.015 was factored in due to the magnitude of volumes that would be hedged.
- Value of giving someone the right to swing (from the FOM price) during the period Apr-Nov. Quote was taken from the Market on 9/9/99.
- Value to Enron was based on [redacted].
- NPV CALCULATION ASSUMED AS 5 YEAR T-NOTE RATE OF 6%. NPV CALCULATION WAS BASED OFF THE VALUE OF THE HEDGED DAILY INCREMENTAL VOLUMES AND THE VALUE OF THE PUT OPTION.

Option Cost on 3SR (0.010)

0.033/dth

The Peoples Gas Light and Coke Company AND NORTH SHORE
 Weighted Average Pipeline Reservation Rates

	FEEDER			FEEDER			FEEDER			Chicago/NIPSC O (In Nov-2000)	Total
	NGPL Amarillo	Trunkline ELA	Trunkline ELA	ANR Crystal Falls	EPEM TENN	EPEM Trunkline	MGT Portland, TN	N. Border Ventura to	N. Border Ventura to		
	#110381	# 013965 & #15928	# 013966 & #15928	#24350	Portland, TN	City Gate	#25115 & #24346	Harper	Chicago		
MDQ - Dth											
Oct-99	114,000	108,000	0	60,000	0	0	0	20,520	15,390	245,200	542,590
Nov-99	114,000	118,000	25,000	60,000	55,000	0	55,000	20,520	15,390	245,200	632,590
Dec-99	114,000	118,000	25,000	60,000	55,000	0	55,000	20,520	15,390	245,200	632,590
Jan-00	114,000	118,000	25,000	60,000	55,000	0	55,000	20,520	15,390	245,200	632,590
Feb-00	114,000	118,000	25,000	60,000	55,000	0	55,000	20,520	15,390	245,200	632,590
Mar-00	114,000	118,000	25,000	60,000	55,000	0	55,000	20,520	15,390	245,200	632,590
Apr-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
May-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
Jun-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
Jul-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
Aug-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
Sep-00	73,929	60,000	0	60,000	0	0	0	20,520	15,390	245,200	444,519
Oct-00	114,000	60,000	0	60,000	0	0	0	20,520	15,390	245,200	484,590
Nov-00	114,000	0	0	0	55,000	0	55,000	20,520	15,390	245,200	429,590
Dec-00	114,000	0	0	0	55,000	0	55,000	20,520	15,390	245,200	429,590
Jan-01	114,000	0	0	0	55,000	0	55,000	20,520	15,390	245,200	429,590
Feb-01	114,000	0	0	0	55,000	0	55,000	20,520	15,390	245,200	429,590
Mar-01	114,000	0	0	0	55,000	0	55,000	20,520	15,390	245,200	429,590
Apr-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
May-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jun-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jul-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Aug-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Sep-01	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Oct-01	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Nov-01	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Dec-01	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Jan-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Feb-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Mar-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Apr-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
May-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jun-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jul-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Aug-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Sep-02	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Oct-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Nov-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Dec-02	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Jan-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Feb-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Mar-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Apr-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
May-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jun-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jul-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Aug-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Sep-03	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Oct-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Nov-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Dec-03	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Jan-04	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Feb-04	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Mar-04	114,000	0	0	0	0	0	0	20,520	15,390	245,200	374,590
Apr-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
May-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jun-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Jul-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Aug-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519
Sep-04	73,929	0	0	0	0	0	0	20,520	15,390	245,200	334,519

(\$0.0725)
 N/A
 (\$0.0475)
 (\$0.0475)
 (\$0.0075)
 (\$0.0975)
 (\$0.0550)
 \$0.0025
 (\$0.0246)

444,519

60,000

0

245,200

15,390

0

50,000

0

0

73,929

0

0

\$2,581

\$2,772

2,548

2,581

(0.03)

Sep-00
 30

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 01PGL 047948

Peoples Gas/North Shore Capacity Value

(Print)

Number of Days	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00
	31	30	31	31	29	31	30	31	30	31	31	30
NYMEX												
09/09/99	\$2.851	\$2.985	\$3.060	\$3.100	\$2.935	\$2.755	\$2.595	\$2.508	\$2.498	\$2.498	\$2.508	\$2.531
Wtd Avg Delivered Cost to Chicago	\$ 2.858	\$ 3.074	\$ 3.147	\$ 3.187	\$ 3.020	\$ 2.848	\$ 2.421	\$ 2.527	\$ 2.500	\$ 2.508	\$ 2.510	\$ 2.548
Chicago Citygate (Nymex+basis)	\$ 2.921	\$ 3.138	\$ 3.238	\$ 3.300	\$ 3.123	\$ 2.938	\$ 2.880	\$ 2.558	\$ 2.531	\$ 2.526	\$ 2.548	\$ 2.581
Net Difference	\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.10)	\$ (0.09)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)

NGPL												
Amarillo (Gage)	\$2.7635	\$2.9750	\$3.0475	\$3.0850	\$2.9200	\$2.7475	\$2.5250	\$2.4355	\$2.4160	\$2.4135	\$2.4160	\$2.4585
Trunkline												
So. Texas	N/A	\$2.9200	\$2.9600	\$3.0050	\$2.8400	\$2.6900	N/A	N/A	N/A	N/A	N/A	N/A
Louisiana	\$2.8010	\$2.9400	\$3.0075	\$3.0450	\$2.8850	\$2.7125	\$2.5475	\$2.4605	\$2.4485	\$2.4485	\$2.4585	\$2.4835
Louisiana (ONT)	N/A	\$2.9400	\$3.0075	\$3.0450	\$2.8850	\$2.7125	N/A	N/A	N/A	N/A	N/A	N/A
Northern Border												
Iowa-IL (Harper)	\$2.8135	\$3.0650	\$3.1575	\$3.1950	\$3.0300	\$2.8575	\$2.5900	\$2.5005	\$2.4810	\$2.4785	\$2.4810	\$2.5235
Ventura	\$2.7635	\$2.9075	\$3.1000	\$3.1750	\$3.0250	\$2.8400	\$2.6600	\$2.4330	\$2.4160	\$2.4085	\$2.4160	\$2.4335
TENN/MGT												
TENN-500 Leg.	N/A	\$2.9025	\$2.9425	\$2.9875	\$2.8225	\$2.6725	N/A	N/A	N/A	N/A	N/A	N/A
ANR												
TransCanada	\$2.8560	\$2.9950	\$3.0688	\$3.1063	\$2.9425	\$2.7663	\$2.6075	\$2.5230	\$2.5085	\$2.5035	\$2.5123	\$2.5335
Total (Weighted Average)	\$2.8038	\$3.0037	\$3.0753	\$3.1143	\$2.9509	\$2.7797	\$2.5792	\$2.4859	\$2.4680	\$2.4653	\$2.4696	\$2.5084
Receipt Zone to Market Fuel (%)												
Total (Weighted Average) Mkt Fuel	1.69%	1.89%	1.89%	1.89%	1.89%	1.89%	1.43%	1.43%	1.43%	1.43%	1.43%	1.43%
Receipt Zone to Market Commodity + ACA + GRI + Commodity for Fuel (\$/Dth)												
Total (Weighted Average)	\$0.0066	\$0.0128	\$0.0128	\$0.0128	\$0.0128	\$0.0128	\$0.0048	\$0.0048	\$0.0048	\$0.0048	\$0.0048	\$0.0048

DELIVERED COST												
NGPL												
So. Texas	N/A											
Iowa-IL (Harper)	N/A											
Amarillo (Gage)	\$2.8627	\$3.0811	\$3.1560	\$3.1948	\$3.0243	\$2.8461	\$2.6163	\$2.5239	\$2.5037	\$2.5011	\$2.5037	\$2.5476
Trunkline												
So. Texas	N/A	\$3.0181	\$3.0592	\$3.1054	\$2.9359	\$2.7819	N/A	N/A	N/A	N/A	N/A	N/A
Louisiana	\$2.8959	\$3.0386	\$3.1079	\$3.1464	\$2.9821	\$2.8050	\$2.6355	\$2.5462	\$2.5338	\$2.5338	\$2.5441	\$2.5698
Louisiana (ONT)	N/A	\$3.0386	\$3.1079	\$3.1464	\$2.9821	\$2.8050	N/A	N/A	N/A	N/A	N/A	N/A
Northern Border												
Iowa-IL (Harper)	\$2.8333	\$3.1067	\$3.1798	\$3.2175	\$3.0514	\$2.8776	\$2.6083	\$2.5181	\$2.4985	\$2.4960	\$2.4985	\$2.5413
Ventura	\$2.7914	\$2.9369	\$3.1313	\$3.2071	\$3.0556	\$2.8687	\$2.6869	\$2.4576	\$2.4404	\$2.4328	\$2.4404	\$2.4581

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 01PGCL 0479850
 SFPK
 CDD

Peoples Gas/North Shore Capacity Value

(Print)

	Number of Days	Oct-99 21	Nov-99 30	Dec-99 31	Jan-00 31	Feb-00 29	Mar-00 31	Apr-00 30	May-00 31	Jun-00 30	Jul-00 31	Aug-00 31	Sep-00 30
NYMEX	09/09/99	\$2.851	\$2.965	\$3.060	\$3.100	\$2.935	\$2.755	\$2.595	\$2.508	\$2.496	\$2.496	\$2.506	\$2.531
Wtd Avg Delivered Cost to Chicago		\$ 2.859	\$ 3.074	\$ 3.147	\$ 3.187	\$ 3.020	\$ 2.848	\$ 2.621	\$ 2.527	\$ 2.509	\$ 2.506	\$ 2.510	\$ 2.548
Chicago Citygate (Nymex+basis)		\$ 2.921	\$ 3.138	\$ 3.238	\$ 3.309	\$ 3.123	\$ 2.938	\$ 2.640	\$ 2.554	\$ 2.531	\$ 2.526	\$ 2.548	\$ 2.581
Net Difference		\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.10)	\$ (0.09)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)
TENNVNGT	TENN-500 Leg	N/A	\$3.0753	\$3.1167	\$3.1633	\$2.9924	\$2.8371	N/A	N/A	N/A	N/A	N/A	N/A
ANR	TransCanada	\$2.9048	\$3.0457	\$3.1204	\$3.1585	\$2.9925	\$2.8138	\$2.6529	\$2.5672	\$2.5525	\$2.5475	\$2.5563	\$2.5779
Wtd Avg Delivered Cost to Chicago		\$2.8587	\$3.0741	\$3.1470	\$3.1888	\$3.0202	\$2.8457	\$2.6214	\$2.5268	\$2.5088	\$2.5099	\$2.5103	\$2.5478
* Fuel is calculated based on receipt volumes													
Basis Differential from Henry Hub (\$/Dth)													
Chicago Basis	Chicago	\$0.0700	\$0.1525	\$0.1775	\$0.2000	\$0.1875	\$0.1825	\$0.0650	\$0.0500	\$0.0350	\$0.0300	\$0.0400	\$0.0500
Receipt Zone (\$/Dth)													
Chicago Citygate (Nymex+basis)	Chicago	\$2.9210	\$3.1375	\$3.2375	\$3.3000	\$3.1225	\$2.9375	\$2.6800	\$2.5580	\$2.5310	\$2.5260	\$2.5460	\$2.5810

Peoples Gas/North Shore Capacity Value

Print

	Number of Days	Oct-99 31	Nov-99 30	Dec-99 31	Jan-00 31	Feb-00 29	Mar-00 31	Apr-00 30	May-00 31	Jun-00 30	Jul-00 31	Aug-00 31	Sep-00 30
NYMEX	09/09/99	\$2.851	\$2.985	\$3.060	\$3.100	\$2.935	\$2.755	\$2.595	\$2.508	\$2.498	\$2.498	\$2.508	\$2.531
Wtd Avg Delivered Cost to Chicago		\$ 2.859	\$ 3.074	\$ 3.147	\$ 3.187	\$ 3.020	\$ 2.848	\$ 2.621	\$ 2.527	\$ 2.509	\$ 2.506	\$ 2.510	\$ 2.548
Chicago Citygate (Nymex+basis)		\$ 2.821	\$ 3.138	\$ 3.238	\$ 3.300	\$ 3.123	\$ 2.938	\$ 2.660	\$ 2.558	\$ 2.531	\$ 2.526	\$ 2.546	\$ 2.581
Net Difference		\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.10)	\$ (0.09)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)
IN(Out) of the Money (\$/Dth)													
NET SPREAD													
NGPL													
	Amarillo (Gage)	\$0.0583	\$0.0564	\$0.0815	\$0.1052	\$0.0982	\$0.0914	\$0.0437	\$0.0341	\$0.0273	\$0.0249	\$0.0423	\$0.0334
Trunkline	So. Texas	N/A	\$0.1194	\$0.1783	\$0.1946	\$0.1866	\$0.1558	N/A	N/A	N/A	N/A	N/A	N/A
	Louisiana	\$0.0251	\$0.0989	\$0.1296	\$0.1536	\$0.1404	\$0.1325	\$0.0245	\$0.0118	(\$0.0028)	(\$0.0078)	\$0.0019	\$0.0112
	Louisiana (QNT)	N/A	\$0.0989	\$0.1296	\$0.1536	\$0.1404	\$0.1325	N/A	N/A	N/A	N/A	N/A	N/A
Northern Border	Iowa-IL (Harper)	\$0.0877	\$0.0308	\$0.0577	\$0.0825	\$0.0711	\$0.0599	\$0.0517	\$0.0399	\$0.0325	\$0.0300	\$0.0475	\$0.0397
	Ventura	\$0.1296	\$0.2006	\$0.1062	\$0.0929	\$0.0669	\$0.0668	(\$0.0799)	\$0.1004	\$0.0906	\$0.0932	\$0.1056	\$0.1229
TENN/MGT	TENN-500 Leg	N/A	\$0.0622	\$0.1208	\$0.1367	\$0.1301	\$0.1004	N/A	N/A	N/A	N/A	N/A	N/A
ANR	TransCanada	\$0.0162	\$0.0918	\$0.1171	\$0.1415	\$0.1300	\$0.1237	\$0.0071	(\$0.0092)	(\$0.0215)	(\$0.0215)	(\$0.0103)	\$0.0031
Total (Wtd Average) SPREAD		\$0.0623	\$0.0634	\$0.0905	\$0.1132	\$0.1023	\$0.0918	\$0.0386	\$0.0312	\$0.0224	\$0.0201	\$0.0357	\$0.0334 \$0.0588
CAPACITY VALUE													
NGPL													
	Amarillo (Gage)	\$206,172	\$192,787	\$287,955	\$371,938	\$324,592	\$322,890	\$96,917	\$78,259	\$60,526	\$57,003	\$96,920	\$74,054
Trunkline	So. Texas	N/A	\$0	\$0	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A
	Louisiana	\$84,182	\$350,069	\$473,954	\$561,698	\$480,364	\$484,811	\$36,737	\$18,354	(\$4,252)	(\$12,144)	\$2,937	\$16,830
	Louisiana (QNT)	N/A	\$74,167	\$100,414	\$119,004	\$101,772	\$102,714	N/A	N/A	N/A	N/A	N/A	N/A
Northern Border	Iowa-IL (Harper)	\$666,372	\$228,217	\$438,908	\$626,927	\$505,866	\$454,981	\$380,816	\$303,083	\$239,148	\$228,250	\$381,137	\$292,114
	Ventura	\$61,824	\$92,631	\$50,661	\$44,336	\$29,878	\$32,830	(\$12,405)	\$47,911	\$41,828	\$44,451	\$50,379	\$56,752
TENN/MGT	TENN-500 Leg	N/A	\$102,662	\$205,969	\$233,090	\$207,433	\$171,121	N/A	N/A	N/A	N/A	N/A	N/A
ANR	TransCanada	\$30,162	\$165,268	\$217,722	\$263,268	\$228,257	\$230,072	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL VALUE		\$1,048,712	\$1,203,789	\$1,775,581	\$2,220,260	\$1,878,161	\$1,799,419	\$501,884	\$447,808	\$337,249	\$317,560	\$511,374	\$439,749 \$12,479,336

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Peoples Gas/North Shore Capacity Value

Print

	Number of Days	Oct-00 31	Nov-00 30	Dec-00 31	Jan-00 31	Feb-00 29	Mar-00 31	Apr-00 30	May-00 31	Jun-00 30	Jul-00 31	Aug-00 31	Sep-00 30
NYMEX	09/09/99	\$2,851	\$2,985	\$3,060	\$3,100	\$2,935	\$2,755	\$2,595	\$2,508	\$2,496	\$2,496	\$2,506	\$2,531
Wild Avg Delivered Cost to Chicago		\$ 2,859	\$ 3,074	\$ 3,147	\$ 3,187	\$ 3,020	\$ 2,846	\$ 2,621	\$ 2,527	\$ 2,509	\$ 2,506	\$ 2,510	\$ 2,548
Chicago Citygate (Nymex+basis)		\$ 2,821	\$ 3,138	\$ 3,238	\$ 3,309	\$ 3,123	\$ 2,838	\$ 2,660	\$ 2,558	\$ 2,531	\$ 2,526	\$ 2,548	\$ 2,581
Net Difference		\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)
NGPL	GAGE	3,534,000	3,420,000	3,534,000	3,534,000	3,306,000	3,534,000	2,217,870	2,291,799	2,217,870	2,291,799	2,291,799	2,217,870
Northern Border	Iowa-R (Harper)	7,601,200	7,358,000	7,601,200	7,601,200	7,110,800	7,601,200	7,256,000	7,601,200	7,356,000	7,601,200	7,601,200	7,358,000
	Ventura	477,090	461,700	477,090	477,090	446,310	477,090	461,700	477,090	461,700	477,090	477,090	461,700
Trunkline	ELA	3,348,000	3,546,000	3,658,000	3,658,000	3,422,000	3,658,000	1,500,000	1,550,000	1,500,000	1,550,000	1,550,000	1,500,000
TENNAAGT	TENN-500 Leg	-	1,850,000	1,705,000	1,705,000	1,595,000	1,705,000	-	-	-	-	-	-
ANR	TransCanada	1,860,000	1,800,000	1,860,000	1,860,000	1,740,000	1,860,000	1,800,000	1,860,000	1,800,000	1,860,000	1,860,000	1,800,000
Total		17,960,989	19,792,058	21,085,223	21,596,243	19,959,839	21,068,731	13,825,029	14,275,608	13,714,648	14,142,100	14,341,841	26,311,407 218,073,717
													135,000,000.00 0.092

Sum

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Month	Nymex 08/19/99	Basis NGPL-STx	Basis NGPL-Midcont	Basis Trunkline - ELA	Basis Ventura	Basis Chicago Citygate
Oct-99	2.927S	-0.0675	-0.12	-0.05	-0.0875	0.07
Nov-99	3.031S	-0.065	-0.115	-0.045	-0.0775	0.1525
Dec-99	3.139S	-0.1	-0.11	-0.0525	0.04	0.1775
Jan-00	3.154S	-0.095	-0.1125	-0.055	0.075	0.2
Feb-00	2.961S	-0.095	-0.115	-0.05	0.09	0.1875
Mar-00	2.760S	-0.065	-0.115	-0.0425	0.085	0.1825
Apr-00	2.560S	-0.08	-0.1075	-0.0475	0.065	0.065
May-00	2.480S	-0.0775	-0.1025	-0.0475	-0.075	0.05
Jun-00	2.465S	-0.0775	-0.1075	-0.0475	-0.08	0.035
Jul-00	2.465S	-0.0775	-0.1175	-0.0475	-0.0875	0.03
Aug-00	2.470S	-0.0775	-0.12	-0.0475	-0.09	0.04
Sep-00	2.480S	-0.0775	-0.1275	-0.0475	-0.0975	0.05
Oct-00	2.520S	-0.08	-0.1075	-0.0475	-0.08	0.055
Nov-00	2.660S	-0.0425	-0.1025	-0.075	-0.075	0.1775
Dec-00	2.803S	-0.0725	-0.12	-0.075	0.0125	0.1775
Jan-01	2.847S	-0.0925	-0.12	-0.075	0.0425	0.1775
Feb-01	2.732S	-0.085	-0.12	-0.075	0.0575	0.1775
Mar-01	2.607S	-0.0675	-0.12	-0.075	0.0525	0.1775
Apr-01	2.490S	-0.075	-0.12	-0.0725	0.0375	0.025
May-01	2.465S	-0.0725	-0.13	-0.0725	-0.09	0.025
Jun-01	2.463S	-0.0725	-0.1325	-0.0725	-0.09	0.025
Jul-01	2.465S	-0.0725	-0.1325	-0.0725	-0.09	0.025
Aug-01	2.470S	-0.0725	-0.1325	-0.0725	-0.09	0.025
Sep-01	2.480S	-0.0725	-0.1325	-0.0725	-0.09	0.025
Oct-01	2.511S	-0.075	-0.1325	-0.0725	-0.09	0.025
Nov-01	2.650S	-0.0425	-0.13	-0.0725	-0.09	0.105
Dec-01	2.790S	-0.0725	-0.125	-0.0725	0.0575	0.165
Jan-02	2.830S	-0.0925	-0.125	-0.0725	0.0575	0.205
Feb-02	2.728S	-0.085	-0.125	-0.0725	0.0575	0.2075
Mar-02	2.621S	-0.0675	-0.125	-0.0725	0.0575	0.1675
Apr-02	2.515S	-0.075	-0.125	-0.075	0.0575	0.02
May-02	2.487S	-0.0725	-0.1325	-0.075	-0.0875	0.02
Jun-02	2.489S	-0.0725	-0.1325	-0.075	-0.0875	0.02
Jul-02	2.496S	-0.0725	-0.1325	-0.075	-0.0875	0.02
Aug-02		-0.0725	-0.1325	-0.075	-0.0875	0.02
Sep-02		-0.0725	-0.1325	-0.075	-0.0875	0.02
Oct-02		-0.075	-0.1325	-0.075	-0.0875	0.02
Nov-02		-0.05	-0.1325	-0.075	-0.0875	0.16
Dec-02		-0.08	-0.125	-0.075		0.16
Jan-03		-0.1	-0.125	-0.075		0.16

ST-PG 068

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01PGL 047954

	-0.0925	-0.125	-0.075		0.16
	-0.075	-0.125	-0.075		0.16
	-0.09	-0.125	-0.0775		0.01
	-0.09	-0.125	-0.0775		0.01
	-0.09	-0.125	-0.0775		0.01
	-0.09	-0.125	-0.0775		0.01
	-0.09	-0.125	-0.0775		0.01
	-0.09	-0.125	-0.0775		0.01
	-0.1	-0.125	-0.085		0.01
			-0.0925		0.185
			-0.0925		0.185

Feb-03
Mar-03
Apr-03
May-03
Jun-03
Jul-03
Aug-03
Sep-03
Oct-03
Nov-03
Dec-03

ST-PG 069

Basis Basis Basis
Tenn. Zn 0 : Iowa-III A

-0.0825	-0.0875	-0.0375
-0.0825	-0.01	0.1
-0.1175	-0.0125	0.0975
-0.1125	-0.015	0.095
-0.1125	-0.015	0.095
-0.0825	-0.0075	0.1025
-0.0575	-0.07	-0.005
-0.055	-0.0725	-0.0075
-0.055	-0.08	-0.015
-0.055	-0.0825	-0.0175
-0.055	-0.09	-0.025
-0.055	-0.0725	-0.0075
-0.0575	-0.07	-0.005
-0.0625	-0.015	0.08
-0.0925	-0.015	0.08
-0.1125	-0.015	0.08
-0.105	-0.015	0.08
-0.0875	-0.015	0.08
-0.07	-0.1	-0.035
-0.07	-0.1	-0.035
-0.065	-0.1	-0.035
-0.0625	-0.1	-0.035
-0.065	-0.1	-0.035
-0.0675	-0.1	-0.035
-0.07	-0.1	-0.035
-0.0525	-0.025	0.07
-0.0825	-0.025	0.07
-0.11	-0.025	0.07
-0.1025	-0.025	0.07
-0.085	-0.025	0.07
-0.0475	-0.1025	-0.0375
-0.0475	-0.1025	-0.0375
-0.0425	-0.1025	-0.0375
-0.04	-0.1025	-0.0375
-0.0425	-0.1025	-0.0375
-0.045	-0.1025	-0.0375
-0.0475	-0.1025	-0.0375
-0.0575	-0.025	0.07
-0.0875	-0.025	0.07
-0.1075	-0.025	0.07

ST-PG 070

	-0.025	0.07
5	-0.025	0.07
5	-0.105	
5	-0.105	
5	-0.105	
	-0.105	
5	-0.105	
5	-0.105	
5	-0.105	
5		
5		

-0.1
-0.08
-0.04
-0.04
-0.04
-0.0
-0.04
-0.0
-0.05
-0.0
-0.0

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PGL/NSG BREAK EVEN ANALYSIS
BASED ON THE ENRON SALES REQUIREMENT

	TOTAL PIPELINE CAPACITY AT 100% LF PGL&NSG	EXPECTED SALES VOLUME BASED ON A NORMAL YEAR	DISCOUNTED BASELOAD VOLUME PLUS THE MAX SUMMER INCREMENTAL	PIPELINE WTD AVG. DELIVERED COST OF GAS TO CHICAGO	CHICAGO INDEX (nymex plus basis) on August 20, 1999	CHICAGO INDEX	COST TO CONSUMER vs. Proposed Enron Contract (b)	Additional Baseload Premium required to "Breakeven"
FISCAL YEAR 00								
FISCAL YEAR 01								
FISCAL YEAR 02								
FISCAL YEAR 03								
FISCAL YEAR 04								
Total	810,731,060	734,811,943	599,323,110	\$ 2.675	\$ 2.727	\$ 2.6972	\$ 19,179,818	\$ (0.0320) (WTD avg.)

FINAL DISCOUNTED ON CONTRACT PRICE : \$ (0.062)

ASSUMPTIONS

- 1) Assumed the minimum expected sale volume ECT will guarantee at the [redacted]
 - 2) WTD avg. delivered cost was calculated using 5 yr. production area basis plus NYMEX plus the applicable pipeline variable cost.
 - 3) 5 year quotes were taken from two marketers on August 18, 1999, revise quotes will be taken prior to Oct 1, 1999. NYMEX price in years 4 and 5 were escalated using at 1.3% WEFA growth factors
- 3) Cost to consumer was calculated as follows:

$$[(\text{Normal year} * \text{WTD avg. pipeline cost}) - (\text{Index} - \text{[redacted]} - \text{Index flat} * (\text{Normal Sales} - \text{Baseload}))]$$

PGLNSG BREAK EVEN ANALYSIS
ON COST TO CONSUMER (LOW CASE)

	TOTAL PIPELINE CAPACITY AT 100% LF PGL&NSG	EXPECTED SALES VOLUME BASED ON A NORMAL YEAR	DISCOUNTED BASELOAD VOLUME PLUS THE MIN SUMMER INCREMENTAL	PIPELINE WTD AVG. DELIVERED COST OF GAS TO CHICAGO	CHICAGO INDEX (nymex plus basis) on August 20, 1999	CHICAGO INDEX	COST TO CONSUMER vs. Proposed Enron Contract	Additional Baseload Premium required to "Breakeven"
FISCAL YEAR 00				\$	\$	\$	\$	\$
FISCAL YEAR 01				\$	\$	\$	\$	\$
FISCAL YEAR 02				\$	\$	\$	\$	\$
FISCAL YEAR 03		15		\$	\$	\$	\$	\$
FISCAL YEAR 04		9		\$	\$	\$	\$	\$
Total	810,731,060	734,811,943	444,113,110	\$ 2.675	\$ 2.727	\$ 2.6972	\$ 23,836,118	\$ (0.0537) (WTD avg)

FINAL DISCOUNTED ON CONTRACT PRICE : \$ (0.084)

ASSUMPTIONS

- 1) Assumed the minimum expected sale volume ECT will guarantee at the [REDACTED]
 - 2) WTD avg. delivered cost was calculated using 5 yr. production area basis plus NYMEX plus the applicable pipeline variable cost.
 - 3) 5 year quotes were taken from two marketers on August 18, 1999, revise quotes will be taken prior to Oct 1, 1999. NYMEX price in years 4 and 5 were escalated using at 1.3% WEFA growth factors
- 3) Cost to consumer was calculated as follows:

$$\{(\text{Normal year} * \text{WTD avg. pipeline cost}) - (\text{Index} - \text{[REDACTED]} - \text{Index flat} * (\text{Normal Sales} - \text{Baseload}))\}$$

ST-PG 074

1 A. But I received a lot of things.

2 Q. Okay. So you don't recall specifically?

3 A. Not this particular memo that came.

4 Q. Okay. Okay. Well, it won't be fair to ask
5 you questions about that, so I won't.

6 Are you familiar with one of the deals that
7 was known as the Trunk Line deal?

8 A. Trunk Line, from enovate's perspective,
9 there was -- that's where my familiarity is with
10 Trunk Line.

11 Q. Okay. What does that mean, from enovate's
12 perspective?

13 A. There was a portion of Trunk Line that --
14 from a Peoples Energy's consolidated accounting point
15 of view, we couldn't include any mark to market
16 income because it was an affiliate. So we did an
17 affiliate adjustment because we wouldn't recognize
18 any mark to market income associated with the Trunk
19 Line deal.

20 Q. When you say it was an affiliated
21 adjustment, was that for Peoples Gas?

22 A. It was -- Peoples Gas was the affiliate to
23 PERC, correct. So we would not recognize any of that
24 mark to market income that was on enovate's books.

1 referenced in this report. But, yes, it is column A
2 or B -- minus B but...

3 Q. Okay. And the last column, it says, PERC's
4 50 percent. Do you -- and the number there is
5 \$123,380. First of all, do you agree that \$123,380
6 is one-half of \$246,760?

7 A. Yes, without using a calculator, yes.

8 Q. Do you know why PERC would receive
9 50 percent of that revenue?

10 A. Well, because any -- anything that's on
11 enovate PERC gets 50 percent of because it's a
12 50 percent partner.

13 Q. Okay.

14 A. Like I said, I don't know what the basis for
15 these numbers are.

16 Q. Okay.

17 A. I can do the adding and subtracting and tell
18 you that PERC's half would be 50 percent because
19 that's our percentage of ownership. And if this did
20 represent Trunk Line, this would be the portion that
21 we would not recognize in income.

22 Q. Who would not recognize?

23 A. Peoples Energy.

24 Q. Okay. Why would you not recognize it?

1 A. Because of the affiliate adjustment that I
2 had explained earlier.

3 Q. Okay. So does that mean that the -- who
4 would recognize that money then?

5 A. Well, Peoples Energy would recognize it as
6 it becomes accrual.

7 Q. Okay.

8 A. So in the month that it becomes accrual,
9 that's when we would recognize it. I don't know what
10 the rules are with enovate or with EMW. That's not
11 my concern. Our concern is Peoples Energy booking
12 the proper amount of income.

13 Q. Okay.

14 A. And we wouldn't recognize any affiliate
15 adjustments.

16 Q. As part of your job, did you ever prepare
17 balance sheets?

18 A. Did I prepare balance sheets?

19 Q. Yes.

20 A. Can you be specific? Like --

21 Q. Well, from the electronic discovery we
22 received in this case, I printed off a document that
23 I'll have marked as Exhibit 54.

24

1 Q Were there actually employees of enovate,
2 or were you still just a PERC employee doing work
3 for enovate?

4 A There were no employees of enovate.

5 Q So did you have to ever keep track of the
6 time that you spent working on enovate related
7 functions as opposed to PERC related functions?

8 A I don't recall.

9 Q For your current job, do you keep a time
10 sheet tracking your hours?

11 A No.

12 Q Can you explain your understanding of what
13 the business goal of enovate was?

14 MR. MULROY: Sean --

15 MS. KLYASHEFF: Objection to the questions about
16 the substance of what enovate did. Your previous
17 questions went more towards his duties and
18 responsibilities. But the substance of what
19 enovate was doing, its business purpose, all that
20 we believe is outside the scope of the proceeding.

21 MR. BRADY: Were you going to say something?

22 MR. MULROY: Reread your question.

1 A My understanding is the Hub is storage and
2 transmission assets that are not needed by the
3 ratepayers, excess capabilities if it were.

4 Q By whose ratepayers?

5 A Peoples Gas Light.

6 Q And you're aware that Peoples Gas Light
7 stores its gas in Manlove Field, correct?

8 A Yes.

9 Q What was PERC's role in the operation of
10 the Hub?

11 A PERC did not operate the Hub.

12 Q What was PERC's interaction then with Hub
13 activities?

14 A PERC provided some of the marketing of the
15 Hub services and some of the administrative
16 functions.

17 Q Can you explain a little bit on that and
18 describe what the marketing functions and the
19 administrative functions are?

20 A Marketing functions would be selling some
21 of the Hub services; and administrative functions
22 would be providing reporting, some customer

1 service, things like that.

2 Q You said marketing involved selling
3 services.

4 What kinds of services were you selling?

5 A I wasn't selling a lot of them.

6 Can you be a little more specific there.

7 Q I'm sorry. When I meant you, I meant your
8 staff. You're -- as a manager, you're a manager of
9 a department, would that be the correct -- you were
10 director of midstream services at that point, so
11 when you were a director of a -- what are you a
12 director of?

13 A Director of midstream services. I had an
14 employee that worked for me that among other duties
15 sold Hub services.

16 Q Okay. So can you explain what those Hub
17 services that was -- that he was selling?

18 A Very generally speaking, storage and
19 transportation services.

20 Q Which employee was doing that?

21 A Steve Richman.

22 Q Do you know the -- Mr. Richman in selling

1 initial capital investment was for Enovate?

2 A There was a number. I don't recall what it
3 was.

4 Q Okay. Was it 10,000, a million, somewhere
5 in between, couple hundred thousand?

6 A Probably a couple hundred thousand. I'm
7 speculating.

8 Q Did enovate have any physical assets? By
9 that I mean pipelines, storage, any other physical
10 assets relating to the gas business?

11 A Clarify physical assets, please.

12 Q I suggested, you know, did enovate have any
13 storage facilities of its own that it owned in its
14 name?

15 A No.

16 Q Did it have any pipeline capacity in its
17 name?

18 A Pipeline capacity in its name, yes.

19 Q It did.

20 What was that?

21 A Trunkline firm transportation.

22 Q Do you know how much firm transportation

1 Q Did you work during the reconciliation
2 period with anybody who worked for Enron Midwest?

3 A I don't know. On that I don't know really
4 who, if anyone, worked for Enron Midwest.

5 Q In the Chicago office that you mentioned
6 earlier, this is of Enron, were there any Enron
7 Midwest employees?

8 A Again, I don't know.

9 I'd like to introduce a document
10 that's been marked as Exhibit 100.

11 The path name for this document is
12 Mixon\HOMEDIRS\RFGFLOWDIAGRAM.XLS\SHEET1.

13 (Whereupon, Deposition
14 Exhibit No. 100 was marked
15 for identification.)

16 BY MR. POWELL:

17 Q Mr. Mixon, do you recognize this document.

18 A I do.

19 Q Did you create this document?

20 A I did.

21 Q Do you recall when?

22 A You know, I don't. Sometime obviously
23 after September 2000.

24 Q What does the diagram in this document

1 depict?

2 A Do you want me to go through the diagram?

3 Q Let's start just generally.

4 What -- is this a transaction that's
5 being depicted here?

6 A I'm not sure I'd call it necessarily a
7 transaction. It was -- I assume it was a series of
8 transactions that took place.

9 Q Okay. Did you use this document in your
10 work?

11 A What do you mean by use? I'm not sure
12 what --

13 Q Did you rely on it for in your work?

14 A For some -- really don't use a document
15 like this for work.

16 It was just -- it is what it is. It's
17 just a document defining or laying out what this
18 particular flow was supposed to -- how it was
19 supposed to work.

20 Q Okay. Let me ask you this: Why did you
21 create this document?

22 A So that I would understand what needed to
23 happen to get the company's use bank satisfied.

24 Q Okay. When you say the company, what are

1 you referring to?

2 A Company use account.

3 Q What company -- is this Peoples Gas?

4 A Peoples and North Shore, uh-huh.

5 Q What does EMW stand for as it's used in
6 this document?

7 A I believe that meant Enron Midwest.

8 Q Okay. And PERC?

9 A Peoples Energy Resources Corporation.

10 Q Okay. What about FOM as it's used in this
11 document, what does that stand for?

12 A First of month.

13 Q Okay. During what -- you mentioned that
14 this document, it depicts the flow.

15 The flow of what?

16 A Natural gas.

17 Q Okay. And did the flow proceed according
18 to these arrows? In other words, did Citgo sell gas
19 to PERC?

20 A Yes, I believe so.

21 This part I wasn't 100 percent sure on
22 because I really didn't work up there, so really I
23 knew that for sure this part down here that we, you
24 know, EMW as far as the flows were concerned did come

1 from PERC.

2 As far as -- I didn't have anything to
3 do with this transaction or this flow here of gas,
4 so. . . .

5 Q Okay.

6 A That was just for clarification, I suppose.

7 Q Could you explain exactly how the flow
8 depicted in this diagram worked?

9 A Are you talking physically? Because --

10 Q Sure. Let's go --

11 A If it's physically, I don't -- I mean I'm
12 not an engineer so I don't know --

13 Q Okay.

14 A -- all the ins and outs of how the gas
15 flows, particularly from this point to that point.

16 So if we're talking physically, you
17 know, I don't know where the gas particularly came
18 from and which pipe and where and where it was
19 delivered and how the noms all exactly worked.

20 Q How about as a contractual or business
21 matter how this worked?

22 A You know, contractually, actually can't
23 speak to a contract because I'm not aware that there
24 ever was or is a contract. I don't know -- I just

1 don't know.

2 This is basically a diagram showing
3 things did work. And more than that, that's all I
4 can speak to is this is the way -- this is what
5 happened as far as I knew.

6 Q Okay. What was your role in this flow
7 depicted in the diagram? What were your
8 responsibilities?

9 A I think my biggest role in this would be
10 there was a bank account that had to be managed with
11 this.

12 And managing a bank account, whenever
13 you don't know for sure what's going out of it is
14 kind of tough so that was, I think, the biggest,
15 hardest role because there were basically two banks
16 that stored gas, so that would be my biggest role
17 would be to manage that bank and I think that was
18 pretty much -- besides tracking, you know, here's the
19 volume from this, this is what they gave me, this is
20 the volume that this, you know, but just basically
21 tracking the bank and that was kind of the biggest
22 thing.

23 Q When you say the bank, since there's two,
24 which one are you referring to?

1 A. Well, the hub, as it existed in Peoples
2 Energy was a utility entity or utility service.
3 PERC did not have any operational role. PERC did
4 provide some marketing and administrative services
5 for the hub or personnel within PERC, meaning an
6 employee that was an employee of PERC did perform
7 some marketing functioning and some administrative
8 functions for the hub.

9 Q. Thank you for clarifying that.

10 Was that something that was primarily
11 handled by the midstream services division?

12 A. Well, it was an employee within the
13 midstream group, contrasting that within the power
14 group within the PERC organization.

15 Q. Do you happen to know who that employee was?

16 A. That was primarily Steve Richmond.

17 Q. What's your understanding of the services
18 that Mr. Richmond was marketing?

19 A. Well, he was marketing services that were
20 authorized under our FERC-approved operating
21 statement for providing hub services.

22 Q. Were there -- did PERC market other services