[redacted]

4. PRODUCT SPECIFICATION.

UNO-VEN and Peoples expect that the RFG delivered under this Agreement will meet the specifications described in Paragraph 3 and Appendix I. UNO-VEN agrees to use reasonable efforts throughout the term of this Agreement to supply RFG within such specifications.

If UNO-VEN, despite exercising reasonable efforts, discovers that the RFG will not meet the specifications contained in Paragraph 3 and Appendix I (i.e., will be "off-specification"), UNO-VEN shall immediately give telephonic notice to Peoples' Gas Controller, confirmed later in writing, of the degree to which the specifications are exceeded and the estimated duration of that condition.

Peoples shall use reasonable efforts to utilize RFG which is determined by either UNO-VEN or Peoples to be off-specification. To the extent that Peoples cannot in its sole judgment use any quantity of such tendered off-specification RFG, Peoples shall have no obligation to accept or pay for such quantity of RFG. The foregoing shall be Peoples' sole remedy against UNO-VEN for UNO-VEN's failure to deliver RFG meeting the specifications set forth herein.

5. HEAT CONTENT DETERMINATION.

UNO-VEN will provide and maintain a system of electronic and process chromatography which is to be located at UNO-VEN's Refinery. The gross Btus delivered to Peoples shall be calculated and accumulated by use of this system and components used in calculating gross Btus shall be made available for telemetering to Peoples. Such components shall include the following: Flow in cubic feet per hour, temperature, pressure, specific gravity, gas component analysis, heat content, compressibility, and supercompressibility. Whenever the aforesaid system is inoperable, a mutually agreeable alternate method of determining gross Btus shall be used. Such alternate method shall be in accordance with the sample calculations in Paragraph 2. When the system becomes inoperable, UNO-VEN will use reasonable efforts to return the system to service within forty-eight (48) hours.

6. CALIBRATIONS.

Calibrations normally shall be made in accordance with standard industry practice for such measurement equipment as is used. However, UNO-VEN and Peoples shall mutually agree upon the specific type of calibration to be employed and the normal frequency of its employment. The cost of such normal calibrations will be borne by UNO-VEN. If Peoples requests a more frequent calibration, the additional cost will be borne by Peoples if the H2S

readings are within 0.5 ppm and/or the gross Btu reading is within one-half percent (0.5%) of a true reading.

Should any such calibration show the measurement of gross Btus delivered to differ from a true reading by more than one-half percent (0.5%), UNO-VEN will make adjustments to invoices to account for the difference between the metered and true readings for one-half the time which elapsed since the previous calibration.

At all reasonable times, Peoples shall have the right to witness calibrations; collect samples; read the meter, temperature, pressure, specific gravity, and gas composition; and shall have access to such other data as are reasonably necessary to establish the accuracy of the metering equipment at UNO-VEN's Refinery.

7. DELIVERY.

RFG sold hereunder shall be delivered to Peoples at pressures sufficient to enter Peoples' existing pipeline but UNO-VEN shall not be required to deliver RFG at a pressure in excess of [redacted]. The point of delivery for the RFG shall be at the flange located within ten (10) feet upstream of the pig launching facility on that pipeline.

Step changes in delivery rates greater than [redacted] shall be communicated by UNO-VEN's utility shift supervisor to Peoples' Gas

Controller. Peoples has a reasonable efforts obligation to accommodate changes in delivery rates and such aforesaid communication is essential to this effort.

8. TITLE.

UNO-VEN warrants title, free and clear of all taxes, liens and encumbrances, to the RFG sold and delivered hereunder. Title to the RFG and risk of loss shall pass to Peoples at the point of delivery determined pursuant to Paragraph 7 hereof.

9. PRICE.

Except for RFG delivered by UNO-VEN pursuant to Paragraph 2, the monthly price for RFG shall be obtained from the [redacted] for the relevant month in accordance with the procedure set forth in this Paragraph 9.

(a) An [redacted] "C") is determined by adding the low ("A") and high ("B") prices ($/MMBTU) for [redacted]

(b) [redacted] is determined by adding the [redacted]

[redacted]

[redacted]f this Paragraph 9 for the relevant month, and the sum is divided by two, rounding to three decimal places, where E = (D + C)/2.

(c) The Contract Price ("F") is the Average City Gate Price ("E") [redacted] rounding to three decimal places, where F = (E x 0.75).

(d) If a price specified in paragraph (a) or (b) of this Paragraph 9 is not provided in the specified publication, the remaining published price(s) will be utilized to calculate the Average City Gate Price ("E") unless otherwise agreed by the parties. If any of the above publications ceases to be published, or ceases to publish information required to calculate the Contract Price in accordance with any of the foregoing provisions, the parties shall immediately discuss whether to substitute a mutually acceptable published source; if no other source(s) is (are) mutually acceptable, then for the remainder of the term of this Agreement, the Average City Gate Price ("E") shall be calculated as the average of the remaining published price(s).

(e) An example of Contract Price calculation is set forth in Appendix III (attached hereto and made a part hereof) along with examples of copies of pages of the publications showing the indices. The price for RFG for deliveries

made by UNO-VEN in compliance with nominated quantities by Peoples shall be calculated in accordance with Paragraph 2.

10. FORCE MAJEURE.

Both UNO-VEN and Peoples shall use reasonable efforts to effect performance hereunder but in no event shall either party be liable in damages or otherwise (except for the payment of amounts of money due and owing hereunder) to the other for any delay in or failure of performance caused by or resulting from circumstances beyond the control of the party affected, including but not limited to acts of God; earthquakes; fires; explosions; floods; the elements; strikes; lock-outs; boycotts; picketing; labor disturbances or differences with workers (settlement of which shall be entirely within the discretion of the party having the difficulty); acts of the public enemy; wars; rebellions; riots; restrictions, restraints or expropriations of the government (federal, state or municipal); inability of the Refinery to meet its own fuel requirements; and failures, disruptions or breakdowns of machinery, facilities, production, manufacture or transportation. Should this Paragraph 10 be invoked by either party, said party shall furnish written notice thereof immediately to the other party, such notice to include all information necessary to adequately apprise the receiving party of the circumstances causing such invocation. Said party invoking this Paragraph 10 shall thereafter resume performance hereunder with all

reasonable dispatch.

In the event any governmental or quasi-governmental agency, authority, or body, or regulatory authority thereof, takes by condemnation, purchase or otherwise the right-of way for the pipeline which connects UNO-VEN to Peoples through which RFG is transported and that acquisition disrupts the pipeline, Peoples will participate in any applicable utility relocation program and will relocate and reconstruct the pipeline in a timely manner. Except for the time the pipeline is actually out of service and no reasonable alternative is available for the transportation of RFG, said disruption of the pipeline shall not be considered an event of force majeure.

11. CONTINGENCY.

If, during the term of this Agreement, UNO-VEN is determined by any federal, state or local agency or authority of competent jurisdiction to be a public utility due to its performance hereunder, then this Agreement may be terminated by either party after the effective date of such ruling by providing the other party with at least sixty (60) days' notice prior to such termination.

Notwithstanding any provision in this Agreement to the contrary, if, at any time during the term of this Agreement, any governmental or regulatory authority having jurisdiction over the sale, purchase, delivery or use of RFG under this Agreement shall, by final order of such authority, take any action as to

UNO-VEN or Peoples whereby the delivery, receipt or use of RFG as contemplated hereunder shall be subject to terms, conditions or restraints that, in the sole judgment of the party affected, are economically burdensome or unacceptable, such party may suspend delivery of RFG hereunder upon sixty (60) days' advance written notice to the other party. However, if such suspension of deliveries shall continue for a period of ninety (90) days, either party may thereafter terminate this Agreement upon thirty (30) days' written notice to the other party. In the event of a termination under this Paragraph 11, no damages shall accrue therefrom to either party and both parties hereby expressly waive any claim, demand, or cause of action they may have as a result of such termination.

12. TURNAROUNDS.

Peoples recognizes that UNO-VEN's facilities are subject to planned turnaround periods, during which time said facilities will be inoperative or in a reduced state of operation for a specified time period. Therefore, UNO-VEN agrees to furnish written notice of such turnaround periods, including estimated durations, at least sixty (60) days prior to the start of such periods. UNO-VEN agrees to proceed expeditiously to complete turnarounds of its facilities.

13. TERM.

Subject to the terms and conditions set forth herein, this Agreement

shall be in force and effect for an initial term commencing on October 1, 1995, and ending on September 30, 1997, and then for an additional two-year term extending from October 1, 1997, through September 30, 1999, subject to the right of either party to terminate this Agreement at any time on or after September 30, 1997, on one (1) year's prior written notice to the other party.

14. PAYMENT.

UNO-VEN shall invoice Peoples monthly for Btus delivered hereunder in accordance with Paragraphs 2, 5 and 9. Peoples shall mail payment for such invoices within ten (10) days of receipt of invoice and all supporting documentation as Peoples may reasonably require for verification.

15. WARRANTIES.

Peoples and UNO-VEN agree that all deliveries of RFG hereunder shall be WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, other than those stated expressly herein.

16. CONSEQUENTIAL DAMAGES.

Neither party hereto shall be liable to the other for special, indirect, or consequential damages, regardless of cause, including damages for loss of business or profit, based on any claim of contract breach, breach of warranty, product liability, or other, howsoever arising from either party's performance

hereunder. It is understood and agreed that under no circumstances regardless of cause or negligence, shall either party be liable to the other in connection with failure to deliver or receive RFG hereunder for more than the purchase price of such RFG.

17. INDEMNIFICATION.

UNO-VEN, its directors, officers, employees, and agents agree to indemnify and save Peoples harmless from and against any and all losses, claims, demands, liabilities, suits, or actions (including expenses and reasonable attorneys' fees) for injuries to or death of any person or persons, including the employees of each party hereto, and any loss of or damage to the property of any third person or persons caused or arising out of the use or handling of the RFG covered hereunder occurring prior to the delivery by UNO-VEN to Peoples of such RFG unless and to the extent due to the negligent acts or willful misconduct of Peoples, and Peoples agrees to indemnify and save UNO-VEN, its directors, officers, employees, and agents, harmless from and against any and all losses, claims, demands, liabilities, suits or actions (including expenses and reasonable attorneys' fees) for injuries to or death of any person or persons, including the employees of each party hereto, and any loss of or damage to the property of any third person or persons caused or arising out of the use or handling of the RFG covered hereunder occurring after the delivery by UNO-VEN to Peoples of such

RFG unless and to the extent due to the negligent acts or willful misconduct of UNO-VEN.

18. GENERAL PROVISIONS.

(a) Assignment. This Agreement shall inure to the benefit of and be binding upon each of the parties hereto and their respective successors and assigns. Either party's interest, without the other's consent, shall be assignable to a division, subsidiary, or affiliate; or through merger, consolidation or reorganization; or voluntarily through the transfer of all or substantially all of its assets. This Agreement may not otherwise be voluntarily assigned in whole or in part by either party to third parties without the prior written consent of the other party which consent shall not be unreasonably withheld. Any assignment shall not release said party of its obligation to the other under this Agreement.

(b) Applicable Law. This Agreement shall be interpreted in accordance with, and the construction hereof shall be governed by, the laws of the State of Illinois, without regard to principles of conflicts of law. The parties agree that the forum of any litigation shall be in a state or federal court located in the State of Illinois.

(c) Notices. All notices required or authorized hereunder shall be given in writing, addressed until further written notice, as follows: THE PEOPLES GAS LIGHT AND COKE COMPANY, Attention: Gas Supply Administration, 130

East Randolph Drive, Chicago, Illinois 60601, and THE UNO-VEN Company, UNO-VEN Refinery, 135th Street and New Avenue, Lemont, Illinois 60439-3659, Attention: Refinery Manager.

(d) Priority of Documents. Whenever there is a conflict between the terms of this Agreement and any part of the Appendices attached hereto or referred to herein, the terms of this Agreement shall be the controlling terms.

(e) Headings. The headings which preface each numbered paragraph of this Agreement are for the purpose of convenient reference only and shall not affect the interpretation thereof.

(f) Entirety of Agreement. This Agreement contains the entire understanding between the parties in reference to the sale of the product specified herein. It shall not be varied in its terms by any oral agreement or representation or otherwise than by an instrument in writing executed by both parties or by their duly authorized representatives.

(g) No Future Waiver. No waiver by either party of any breach of any of the covenants or conditions herein contained to be performed by the other party shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

(h) Severability. Except as otherwise stated in this Agreement, if any provision is declared or rendered unlawful by a court of law or regulatory

agency with jurisdiction over the parties or deemed unlawful because of a statutory provision or change in such provision, such shall not otherwise affect the lawful obligations that arise under this Agreement.

(i) Preparation of Agreement. This Agreement was developed and prepared by all parties hereto and not by any party to the exclusion of any other.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the day and date first written above.

THE PEOPLES GAS LIGHT
AND COKE COMPANY

By: Thomas M Patrick

ATTEST:

THE UNO-VEN COMPANY

By: J W Branch

ATTEST:

Pepisgas.agm

APPENDIX I

ESTIMATED COMPOSITION AND BTU CONTENT OF REFINERY GAS FOR DELIVERY TO PEOPLES

Gas at 100°F 950 PSIG

Mol %

Component	Typical
[redacted]	[redacted]

APPENDIX II

ESTIMATED MINIMUM AND PEAK AVAILABILITY OF REFINERY GAS FOR DELIVERY TO PEOPLES

MMSCFD (1000 Btu/SCF)

PARAGRAPH 1 SERVICE

Summer	(May-October)	Winter	(November-April)
Normal	Peak Min.	Normal	Peak Min.

[redacted]

PARAGRAPH 2 PEAKING SERVICE

NOMINATED EXTREME COLD WEATHER PEAKING SERVICE:

Period: December 15th through February 15th
Quantity: [redacted]
Service: Firm, subject to Force Majeure

*Minimum availability will be zero whenever UNO-VEN's catalytic cracking unit is down for scheduled turnaround or any unplanned downtime.

Natural Gas Co. — have worked out or are in the process of trying to negotiate settlements with customers to deal with relinquishment (*IFGMR*, 5 May, 1). Still others are just beginning to look ahead.

Natural has begun to look toward cost-recovery schemes and new market services to keep shippers on its system. In a recent FERC filing, Natural suggested that it will wait until the climate is better for generating revenues before it increases its maximum transportation rates. The Nov. 30 relinquishments would result in a 50% to 60% increase in maximum transportation rates on Natural, absent some alternate cost-recovery mechanism, the pipeline said in the Aug. 29 rate filing.

CITY-GATE PRICES IN EFFECT SEPT. 1 IN SELECTED GAS MARKETS (per MMBtu)

NEW YORK/NEW JERSEY	
Range of reported spot prices	$1.66 to $1.82
NEW ENGLAND	
Range of reported spot prices	$1.69 to $1.85
WESTERN PENNSYLVANIA	
Local production	$1.69 to $1.82
Range of reported spot prices	N.A. to N.A.
NORTHEAST OHIO	
Local production	$1.71 to $1.82
Range of reported spot prices	N.A. to N.A.
SOUTHERN MICHIGAN	
Range of reported spot prices to utilities	$1.72 to $1.84
Range of reported spot prices to other buyers	$1.61 to $1.74
NORTHERN ILLINOIS/NORTHERN INDIANA	
Range of reported spot prices to utilities	$1.48 to $1.63
Range of reported spot prices to other buyers	$1.56 to $1.68
WISCONSIN	
Range of reported spot prices	$1.40 to $1.65
MINNESOTA	
Range of reported spot prices	$1.39 to $1.55
WESTERN TENNESSEE	
Range of reported spot prices	$1.48 to $1.63
PACIFIC NORTHWEST	
Range of reported spot prices	$0.92 to $1.06
CALIFORNIA	
Range of reported spot prices	$1.12 to $1.54
Malin, Ore., (PG&E Line 400)	$1.12 to $1.20
Other PG&E points (non-Malin)	$1.40 to $1.50
Southern California Gas Co.	$1.40 to $1.54

METHODOLOGY: This table represents prices paid for spot gas delivered at distributors' city-gates on the first day of the month. Except where noted, the prices are those paid for spot gas by utilities. In California, the range is for prices paid by both utilities and other buyers. In Northern Illinois/Northern Indiana and Southern Michigan, the "other buyers" designation represents prices paid by large and midsized end-users and marketers.

For some time, Natural has been anticipating the Nov. 30 turnbacks. The pipeline was particularly concerned because it "was the first time since order 636 [was implemented] that all of our major LDC contracts expired," noted Vice President Donald Santefort. The result of the contract expiration: "Each of our [14] major LDCs has turned back some capacity."

To avoid a $60 million rate shock that would result if Natural were to attempt to collect the turnback costs starting Dec. 1 in the regular course of its transportation business, the pipeline wants to reserve the right to defer recovery of those costs for up to five years. The idea of deferring cost collection until Natural's market is better able to absorb the expenses emerged from a number of options under consideration by the pipeline and its customers, Santefort said. "We spent a lot of time discussing what we thought was the best way to deal with these dollars in consideration of the marketplace today and what it is going to be down the road," he explained. "This is the one we felt was most appropriate."

The pipeline reasoned in its FERC filing that "the market should be much more favorable for supporting recovery of Natural's cost of service after the deferral period." To begin with, transition costs "should be virtually [eliminated] if not entirely eliminated by that time." The basic amortization period under Natural's cost-recovery mechanism runs through November 1997. Elimination of transition costs will represent a reduction of some $100 million to $150 million annually in the level of Natural's "total costs the market is being asked to absorb," it said.

In addition, nearly all of Natural's contracts in effect on Dec. 1, 1995, will have expired by the end of the deferral period, providing the pipeline with "the contractual ability to negotiate rates which reflect the then-prevailing market conditions." Finally, it "expects markets to be substantially more favorable to Natural by the end of the deferral period." Firm contracts on other pipelines will be expiring, "and Natural will have an opportunity to compete for those markets" in an environment where "the total market is expected to increase as total demand grows and as natural gas replaces fuels that are environmentally inferior."

Santefort noted that the turnback threat on Natural is not of the same proportions as for some West Coast pipelines. Southern California Gas Co. will relinquish about 457,000 MMBtu/day on Transwestern — close to half of that pipeline's total capacity — effective Nov. 1, 1996, while Pacific Gas and Electric Co., El Paso's largest firm shipper, will give back 1.14 Bcf/day at the end of 1997 (*IFGMR*, 24 March, 1).

Currently, Natural is "pretty much fully subscribed," moving roughly 3.8-million MMBtu/day to market areas. Even after Dec. 1, "we're still going to have a lot of subscribed space on the pipeline." Still, 600,000 MMBtu/day "is not a trivial amount," Santefort added. "That certainly is a significant amount of space that has not been subscribed," and "we think we need to sell it."

Natural also has agreed to make a series of changes to the new-services package it proposed last spring (*IFGMR*, 5

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APPENDIX III

Cold in Midwest, Heat Out West Put Upward Push on Prices

Cold weather in the Midwest, higher temperatures in the West, and strong storage injection demand continued to nudge up natural gas prices last week.

A cold front that hit the Midwest last week pushed up Chicago City Gate and eastern Texas prices on Friday, according to a Houston-based trader. Weather Services Corp., an independent weather forecaster, said that the Northeast and Midwest will continue to be colder than normal through the beginning of this week.

One trader at the California border said that California utilities slowed their buying immediately before the weekend, pushing down Permian Basin prices, but that the demand for air conditioning is keeping border prices in the high-$1.50s.

Though the Midwest, utilities tried to push down prices going into the weekend, Chicago prices reached the mid-$1.70s, and Rocky Mountain prices region experienced an upturn because of strong storage buying, heavy buying in the Mid-Continent and the colder weather.

Parts of Colorado received more than a foot of snow late last week and prices on Colorado Interstate Gas Co. climbed above $1.

Even though the mercury is expected to rise in the short-term in the Midwest, the National Weather Service said that below normal temperatures can be expected in the central United States through October, November and December, while California will have above normal temperatures through that period.

Texas saw diminished cooling demand last week as the cold front from the Midwest moved south, ending a streak of days above the 90 degree mark, according to a marketer.

Several traders said that storage buying will keep prices within their current range through October.

The American Gas Association (AGA) reported that with the 71 Bcf of gas injected the week prior to Sept. 15, working gas levels have reached 2,614 Bcf, or 82% full.

This level is 236 Bcf "behind" working gas levels at this time last year, closing the gap from 240 Bcf on Sept. 8, the AGA said.

PaineWebber Inc., in its natural gas equity research report dated Sept. 21, said "we expect this 236 Bcf surplus to continue to shrink in the weeks ahead."

PaineWebber said that the 10.1 Bcfd that was injected the week prior to Sept. 8 will have to increase to 11.2 Bcfd for the period of Sept. 16 to Oct. 28 for storage stocks to reach last year's peak levels. "We believe this incremental demand will help prop up prices in the weeks ahead," it said.

Traders said that early October deals were being done near September bid-week levels, but the October contract on the New York Mercantile Exchange settled Friday at $1.644/MMBtu, nearly 24¢ higher than the $1.406 at which the October 1994 contract closed.

* * *

The *Natural Gas Week* composite spot wellhead price this week is $1.48/MMBtu, 2¢ more than last week's average price and 17¢ more than the Sept. 26, 1994, average. The spot delivered-to-pipeline average price this week is $1.55, 1¢ more than last week's average price and 14¢ more than last year's corresponding average.

—Scott C. Speaker

GAS PRICE REPORT
($/MMBtu—Spot)
September 25, 1995

	Interstate Wellhead		Intrastate Wellhead		Delivered To Pipeline		Delivered To Utility	
	This Week	Bid Week for Sept	This Week	Bid Week for Sept	This Week	Bid Week for Sept	This Week	Bid Week for Sept
CALIFORNIA[1]								
South	–	[illegible]	1.42	1.28	1.62	1.46	1.62	1.46
North	–	[illegible]	–		1.24	1.18	1.30	1.37
ROCKY MOUNTAINS	0.87	0.83	0.84	0.80	0.99	0.95	1.32	1.28
NEW MEXICO	1.17	1.08	–		1.34	1.30	1.49	1.36
TEXAS								
Gulf Coast, Offshore	1.40	1.35	1.41	1.34	1.47	1.40	–	[illegible]
Gulf Coast, Onshore	1.48	1.44	1.50	1.46	1.56	1.51	1.71	1.67
Central	1.45	1.38	1.45	1.39	1.54	1.38	1.71	[illegible]
West	1.47	1.31	1.47	1.31	1.54	1.38	1.62	[illegible]
MID-CONTINENT	1.42	1.35	1.40	1.30	1.52	1.46	1.77	[illegible]
LOUISIANA								
Gulf Coast, Offshore	1.48	1.44	1.48	1.44	1.55	1.51	–	[illegible]
Gulf Coast, Onshore	1.53	1.46	1.53	1.46	1.60	1.53	1.71	[illegible]
North	1.54	1.47	1.53	1.46	1.61	1.54	1.75	[illegible]
MIDWEST	–	[illegible]	–	[illegible]	1.54	1.37	1.72	[illegible]
APPALACHIA	1.62	1.58	–	[illegible]	1.73	1.68	1.81	1.75
SOUTHEAST	1.46	1.44	–	[illegible]	1.61	1.98	2.07	2.04
NEW ENGLAND	–	[illegible]	–	[illegible]	1.79	1.75	1.80	1.77

NOTES: *Spot* refers to contract durations of less than 12 months. All prices are volume-weighted averages of the most recently reported gas sales contracts and price renegotiations within periods of less than 12 months. (1) *California South* delivered-to-pipeline and delivered-to-utility prices represent gas delivered to the southern California border and to Wheeler Ridge, Calif., a gate station for Southern California Gas Co. *California North* delivered-to-pipeline prices represent gas that was delivered on Pacific Gas Transmission Co.'s system to Pacific Gas & Electric Co.'s (PG&E) Line 400 at Malin, Ore. *California North* delivered-to-utility prices represent gas delivered to PG&E's system at both northern and southern points, including Malin, Ore.; Daggett, Calif.; and Topock, Ariz., and can include prices for gas produced in California. R=Revised. Due to a computer error, this figure was incorrectly reported in earlier editions.

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STORAGE OPTIMIZATION CONTRACT

This Storage Optimization Contract ("Contract") is entered into this 29th day of September, 2000, by and between Enron MW L.L.C. ("EMW"), a Delaware limited liability company, and The Peoples Gas Light and Coke Company ("Peoples Gas"), an Illinois corporation.

WITNESSETH:

WHEREAS, Peoples Gas is a public utility that has contracted for various storage and transportation services in order to meet its customers' firm gas requirements on a peak day and seasonal basis;

WHEREAS, EMW has expertise in optimizing the value of storage and transportation assets; and

WHEREAS, Peoples Gas and EMW have identified various strategies and structures for jointly optimizing the use and mitigating the costs of one of Peoples Gas' firm purchased storage services;

NOW, THEREFORE, in consideration of the agreements and covenants herein set forth, EMW agrees to provide and Peoples Gas agrees to purchase certain asset optimization services in accordance with the further provisions of this Contract.

ARTICLE I
DEFINITIONS

1. "AAA" shall have the meaning ascribed to such term in Article XVI.2.

2. "Business Day" shall mean those days on which Peoples Gas and EMW are each open for the conduct of business with the public, and each such day shall commence at 8:00 a.m. Central Time and end at 5:00 p.m. Central Time.

3. "Carrying Cost" shall mean the cost of money associated with the capital requirements of the Optimization Program. For purposes of this Contract, the cost of money shall be the Prime Rate, as published by The Wall Street Journal

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on the first day of each month. The monthly formula for calculating the Carrying Cost shall be as follows: Carrying Cost = [(month ending physical position) x (weighted average purchase price)] x (cost of money/12).

4. "Central Time" shall mean the prevailing time in the Central Time Zone.

5. "Contract Year" shall mean each twelve-month period commencing April 1 during the term of this Contract; provided, however, that Contract Year Three shall be a thirteen-month period commencing April 1, 2002, and ending April 30, 2003.

6. "Day" or "Gas Day" shall have the meaning set forth in Natural's Tariff.

7. "Delivery Point" shall mean, as the context requires, the points on Natural's system at which EMW delivers and sells gas to Peoples Gas for injection into Peoples Gas' NSS storage inventory or the points at which Peoples Gas delivers and sells gas to EMW that Peoples Gas has withdrawn from its NSS storage inventory.

8. "EMW's Share" shall mean EMW's variable compensation described in Article V for the Management Services.

9. "Gross Margin" shall mean the difference between Optimization Program revenues resulting from the sale of the gas minus the cost of gas sold.

10. "Hedge" or "Hedged" shall mean that EMW has taken an offsetting physical position against a physical position in order to eliminate commodity price risk. This may include EMW's execution of swaps to eliminate basis risk.

11. "Hedging Strategy" shall have the meanings set forth in Articles VI.4 and VI.5.

12. "Initial Restricted Capacity" shall have the meaning ascribed to such term in Article III.3.

13. "Initial Unrestricted Capacity" shall have the meaning ascribed to such term in Article III.2.

14. "Management Fee" shall have the meaning ascribed to such term in Article V.3.

15. "Management Services" shall have the meaning ascribed to such term in Article V.3.

16. "Maximum Daily Quantity" or "MDQ" shall have the meaning set forth in Rate Schedule NSS of Natural's Tariff.

17. "Maximum Storage Volume" or "MSV" shall have the meaning set forth in Rate Schedule NSS of Natural's Tariff.

18. "MMBtu" shall mean one million (1,000,000) British thermal units.

19. "Natural" shall mean Natural Gas Pipeline Company of America.

20. "Natural's Tariff" shall mean Natural's FERC Gas Tariff, as it may be revised from time to time, on file with the Federal Energy Regulatory Commission.

21. "NSS" shall mean the firm open access storage service offered by Natural pursuant to Rate Schedule NSS of Natural's Tariff.

22. "NSS Contract 1" shall mean the Rate Schedule NSS Contract No. 113417 between Peoples Gas and Natural, dated April 1, 2000, having an MSV of 9,943,725 MMBtu.

23. "NSS Contract 2" shall mean the Rate Schedule NSS Contract No. 117162 between Peoples Gas and Natural, dated April 1, 2000, having an MSV of 9,275,025 MMBtu.

24. "Notices" shall have the meaning ascribed to such term in Article XIII.1.

25. "Optimization Program" shall mean each individual strategy and the strategies collectively, as described in Article VI, implemented by EMW in accordance with this Contract.

26. "Restricted Capacity" shall mean the firm NSS capacity rights and associated daily and seasonal injection and withdrawal rights that Peoples Gas shall retain to use if required for its utility operations. Restricted Capacity is not available for the Optimization Program without Peoples Gas' prior written consent.

27. "Unrestricted Capacity" shall mean the firm NSS capacity rights and associated daily and seasonal injection and withdrawal rights that Peoples Gas shall commit to the Optimization Program and that, unless otherwise specified by Peoples Gas, are not subject to recall by Peoples Gas.

28. "Year One" shall mean the twelve-month period commencing April 1, 2000, and ending March 31, 2001, inclusive of the commencement and ending dates.

29. "Year Three" shall mean the thirteen-month period commencing April 1, 2002, and ending April 30, 2003, inclusive of the commencement and ending dates.

30. "Year Two" shall mean the twelve-month period commencing April 1, 2001, and ending March 31, 2002, inclusive of the commencement and ending dates.

ARTICLE II
TERM

1. This Contract shall be effective for a term commencing April 1, 2000, and ending April 30, 2003, inclusive of the commencement and ending dates, subject to the further provisions of this Contract.

ARTICLE III
QUANTITY

1. Peoples Gas has contracted or shall contract with Natural for NSS service under NSS Contract 1 and NSS Contract 2, having the following MSVs and MDQs:

Contract	MSV (MMBtu)	MDQ (MMBtu)
NSS Contract 1	9,943,725	132,583
NSS Contract 2	9,275,025	123,667

2. Effective April 1, 2000, Peoples Gas shall designate the following quantities of the MSV under NSS Contract 1 and NSS Contract 2 as Unrestricted Capacity ("Initial Unrestricted Capacity").

Contract	Initial Unrestricted Capacity (MMBtu)
NSS Contract 1	[redacted]
NSS Contract 2	[redacted]

3. Effective April 1, 2000, Peoples Gas shall designate the following quantities of the MSV under NSS Contract 1 and NSS Contract 2 as Restricted Capacity ("Initial Restricted Capacity").

Contract	Initial Restricted Capacity (MMBtu)
NSS Contract 1	[redacted]
NSS Contract 2	[redacted]

ARTICLE IV
OPTIMIZATION ARRANGEMENT

1. For the term of this Contract, EMW shall have the obligation, consistent with both the terms and conditions of this Contract and the requirements, including ratchets, of Natural's Rate Schedule NSS, to optimize the Unrestricted Capacity.

2. EMW shall purchase gas supplies and sell such gas to Peoples Gas at the time and at the price set forth in Article V. Nominations and injections shall satisfy the requirements of Natural's Rate Schedule NSS. Concurrent with such transactions, the quantity of third party storage gas accounted for pursuant to Article XI.1 shall be reduced by a commensurate amount.

ARTICLE V
PRICE AND VALUE SHARING

1. Peoples Gas shall pay EMW for gas that EMW causes to be injected into Peoples Gas' NSS storage inventory pursuant to Article IV.2. Additionally, Peoples Gas will transfer to EMW title to an equivalent amount of gas pursuant to Article XI.1. The price of such gas for both transactions shall be EMW's purchase price for gas injected into Peoples Gas' NSS storage.

2. Upon withdrawal from NSS storage inventory of the portion of the gas that EMW caused to be injected into NSS storage inventory, Peoples Gas shall sell such gas to EMW and EMW shall sell to Peoples Gas an equivalent amount of gas pursuant to Article XI.1. The price of both transactions shall be determined on a weighted average cost of gas basis for the equivalent volumes to be sold by

EMW, and EMW shall optimize the value of such gas in accordance with this Contract.

3. Each month, Peoples Gas shall owe EMW a fee of [redacted] ("Management Fee") of which one-half is for the management of NSS Contract 1 and the remaining one-half is for the management of NSS Contract 2. The parties agree that such Management Fee shall compensate EMW fully for its fixed costs associated with marketing, trading, risk management, pipeline scheduling, strategic planning and optimization services ("Management Services").

4. As consideration for providing to EMW opportunities to optimize the value of Peoples Gas' NSS service, Peoples Gas shall receive the Gross Margin generated from the Optimization Program minus the sum of [redacted]

5. EMW's Share shall be a percentage of the Gross Margin generated by the Optimization Program transactions entered into pursuant to this Contract. Said percentages and the applicable Gross Margins for NSS Contract 1 and NSS Contract 2, which, for purposes of this Article V.5 only, shall be aggregated, shall be:

Gross Margin	EMW Share
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

6. On or before the sixth (6th) day of each month, EMW shall provide an estimate of the amounts due and owing under this Contract for the previous month and submit a statement to Peoples Gas. A final statement of amounts due and owing shall be provided at the end of each Contract Year. Except when such day is not a Business Day, in which case payment shall be made on the following Business Day, on or before the twenty-fifth (25th) day of the month following the end of each Contract Year, the party owing amounts to the other shall pay, by wire transfer in immediately available funds or automated clearinghouse, the amounts due and owing the other party, as determined pursuant to this Article V. Should a party fail to pay the amount due the other

party when such amount is due, as herein provided, interest thereon shall accrue at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus one percent (1%) per annum from the date due until the date of payment, or (ii) the maximum applicable lawful interest rate.

7. Each party shall have the right, upon reasonable notice and at reasonable times, to examine the books and records of the other to the extent reasonably necessary to verify the accuracy of any statement, payment demand, charge, payment or computation made under this Contract. Any such audit and claim based upon any errors must be made within two (2) years of the termination of this Contract.

ARTICLE VI
OPTIMIZATION PROGRAM

1. Each Business Day at or before [redacted] Central Time, Peoples Gas shall inform EMW of its utility requirements and any resulting re-designation of Restricted Capacity as Unrestricted Capacity. At that time, EMW and Peoples Gas shall establish and agree upon the quantity of Unrestricted Capacity that is available for optimization, the time period for which such Unrestricted Capacity is available and whether Peoples Gas is retaining any recall rights.

2. EMW shall have the obligation to ensure that Peoples Gas' use of NSS rights for system requirements is satisfied before any Optimization Program is implemented.

3. EMW shall execute, in its own name, all trading and risk management transactions necessary and appropriate to implement the Optimization Program. The Optimization Program strategies shall include: (a) the strategy associated with Hedging a portion of the Initial Unrestricted Capacity in accordance with the Hedging Strategy; (b) optimizing the remaining Initial Unrestricted Capacity; (c) optimizing Initial Restricted Capacity if, and to the extent, Peoples Gas designates such capacity as Unrestricted Capacity; and (d) modifying Hedges entered into pursuant to the Hedging Strategy.

4. The Hedging Strategy for NSS Contract 1 shall be as follows.

   a. On or about April 1, 2000, EMW shall seasonally (summer to winter) Hedge, when economically feasible, up to (i) [redacted] of Year One Initial Unrestricted Capacity, (ii) [redacted] of Year Two Initial Unrestricted Capacity, and (iii) [redacted] of Year Three Initial Unrestricted Capacity to capture spreads in effect on or about April 1, 2000. On or about April 1 of each succeeding Contract Year, EMW shall, to the extent it has not already done so, seasonally (summer to winter) Hedge Unrestricted Capacity such that [redacted] of Initial Unrestricted Capacity is Hedged, unless the parties otherwise agree in writing.

   b. EMW shall fully use its rights to optimize the remaining Initial Unrestricted Capacity as well as any Restricted Capacity that Peoples Gas, from time to time in its discretion, designates as Unrestricted Capacity.

   c. Peoples Gas shall have the right to approve all Hedging Strategies and all transactions with a term extending beyond a rolling twelve-month period outside of such initial Hedging Strategy.

5. The Hedging Strategy for NSS Contract 2 shall be as follows.

   a. On or about April 1, 2000, EMW shall seasonally (summer to winter) Hedge, when economically feasible, up to (i) [redacted] of Year One Initial Unrestricted Capacity, (ii) [redacted] of Year Two Initial Unrestricted Capacity, and (iii) [redacted] of Year Three Initial Unrestricted Capacity to capture spreads in effect on or about April 1, 2000. On or about April 1 of each succeeding Contract Year, EMW shall, to the extent it has not already done so, seasonally (summer to winter) Hedge Unrestricted Capacity such that [redacted] of Initial Unrestricted Capacity is Hedged, unless the parties otherwise agree in writing.

b. EMW shall fully use its rights to optimize the remaining Initial Unrestricted Capacity as well as any Restricted Capacity that Peoples Gas, from time to time in its discretion, designates as Unrestricted Capacity.

c. Peoples Gas shall have the right to approve all Hedging Strategies and all transactions with a term extending beyond a rolling twelve-month period outside of such initial Hedging Strategy.

ARTICLE VII
DAMAGES

1. Except when excused by reason of *force majeure* or default of the other party, should either party not fulfill its obligations under this Contract ("defaulting party"), the defaulting party shall be liable to the non-defaulting party for commercial damages reasonably incurred by such non-defaulting party. The non-defaulting party shall have an obligation to take commercially reasonable steps to mitigate such damages.

2. If Peoples Gas recalls Unrestricted Capacity for which EMW has already implemented an Optimization Program in accordance with this Contract, EMW shall unwind the applicable physical obligations. Peoples Gas must provide EMW with notice of any recall by [redacted] Central Time on the Day prior to gas flow. Should such a recall occur, Peoples Gas shall keep EMW commercially whole for forward positions implemented by EMW pursuant to this Contract, and EMW shall have an obligation to take commercially reasonable steps to mitigate any damages resulting from such a termination.

3. Any pipeline imbalance, cashout, overrun or similar charges or penalties incurred by either party as a result of the Optimization Program that EMW implements in accordance with this Contract shall be the responsibility of the party directly responsible for their incurrence.

4. Notwithstanding anything in this Article VII, Peoples Gas shall bear the full costs associated with any short-term (less than one month) NSS inventory

transfers that may, as determined in Peoples Gas' discretion, be necessary or desirable from time to time during the term of this Contract.

5. **In no event will either party be responsible under this Contract for incidental, consequential, exemplary, special or punitive damages.**

ARTICLE VIII
REPORTING

1. On or before the fifth (5th) Business Day of each month, EMW shall provide Peoples Gas a report detailing all transactions associated with the Optimization Program in the previous month. Such report shall include the NYMEX, basis and physical detail relating to each NSS storage point on Natural's system. The reports shall specify the economic and physical activities implemented by EMW as part of the Optimization Program and shall specify the daily rights associated with each month of activity.

ARTICLE IX
ALTERNATIVE REGULATION

1. If, during the term of this Contract, Peoples Gas receives approval and accepts an order to implement performance based rates or alternative regulation, including a filing pursuant to Section 9-220(d) of the Illinois Public Utilities Act to eliminate its purchased gas adjustment clause or pursuant to Section 9-244 of the Illinois Public Utilities Act to implement alternative rate regulation, Peoples Gas shall have the right, but not the obligation, to propose that this Contract for Year Two and/or Year Three be restructured to accommodate such rates or regulation. Such restructuring shall, at Peoples Gas' election, take the form of either: (a) Peoples Gas directing EMW to unwind some or all existing Hedges and keep EMW whole for any resulting net losses, or (b) Peoples Gas assuming all Hedged positions under this Contract.

ARTICLE X
QUALITY AND MEASUREMENT

1. All gas tendered by the parties under this Contract shall conform to the quality specifications contained in Natural's Tariff.

2. The quantity of gas delivered and sold by each party under this Contract shall be determined by Natural in accordance with Natural's Tariff.

ARTICLE XI
TITLE AND RISK OF LOSS

1. Title to gas sold under this Contract shall pass from the selling party to the purchasing party at the Delivery Point. Peoples Gas shall hold title to all gas in each of its NSS storage accounts. In addition, Peoples Gas shall transfer title to EMW of a quantity of gas equivalent to that which EMW causes to be injected into Peoples Gas' NSS storage inventory pursuant to Article IV.2 as third party storage in Peoples Gas' Manlove storage field. Upon withdrawal of such gas from Peoples Gas' NSS storage accounts for sale to EMW, EMW shall transfer to Peoples Gas title to an equivalent quantity of gas from Peoples Gas' Manlove storage field. Such classification shall confer no rights or obligations on EMW, nor shall it alter the Delivery Point under this Contract.

2. Each party hereby warrants title to all gas sold to the other under this Contract and that the selling party has the right to sell such gas. Further, each party warrants that all such gas is owned by it free and clear from all liens, encumbrances and adverse claims, including liens to secure payment of production, severance, *ad valorem* and other taxes.

3. The party holding title to the gas shall, as between the parties to this Contract, be deemed to be in control and possession of the gas and bear risk of loss associated with the gas while it holds title. Each party agrees to indemnify and hold the other party harmless from all suits, claims, liens, damages, costs, including court costs and attorneys' fees, losses, expenses and encumbrances of whatever nature arising from the selling party's delivery of gas to the Delivery Point under this Contract and from its actions or inactions when it holds title to the gas.

ARTICLE XII
FORCE MAJEURE

1. In the event that either party is rendered unable, by reason of an event of *force majeure*, to perform, in whole or in part, any obligation or commitment set forth in this Contract, then upon such party giving notice and full particulars of such event as soon as practicable after the occurrence thereof, the obligations of both parties, except for unpaid financial obligations, shall be suspended to the extent and for the period of such *force majeure* condition.

2. The term "*force majeure*" as used in this Contract shall mean acts of God or a public enemy, strikes, riots, injunctions, or other interference through legal proceeding, breakage or accident to machinery or pipelines, failure for whatever reason on the part of Natural to transport gas tendered by a party hereunder, washouts, earthquakes, storms, freezing of lines or wells, blowouts, or the compliance with any state or federal statute, or with any order of the federal government or any branch thereof, or of the government of the state wherein the subject premises are situated, or to any other causes not due to the fault of the party claiming *force majeure*.

3. The term "*force majeure*" as applied in this Contract shall not include the failure or inability to obtain, sell, or resell gas at a profit.

4. Neither party shall be entitled to the benefit of the provisions of this Article XII to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, or having failed to resume performance of such commitments or obligations with all reasonable dispatch.

5. Settlement of strikes and lockouts shall be entirely within the discretion of the party affected, and the requirement that any event of *force majeure* be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of those directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty.

ARTICLE XIII
NOTICES

1. All communications, statements and payment ("Notices") required under this Contract may be sent by facsimile, a nationally recognized overnight courier service, first class mail or hand delivered.

2. Notices to Peoples Gas shall be sent to:

All Notices Except Payments	
The Peoples Gas Light and Coke Company 150 North Michigan Avenue Gas Supply Administration 39th Floor Chicago, Illinois 60601	
Attn:	Mr. David Wear, Manager
Telephone:	(312) 762-1647
Facsimile:	(312) 762-1671

Payments by Wire Transfer
Harris Trust & Savings Bank ABA #0710 00288 Acct. # 375 360.5 Chicago, Illinois

3. Notices to EMW shall be sent to:

All Notices	
Enron MW, L.L.C. 150 N. Michigan Ave. Suite 3610 Chicago, Illinois 60601	
Attn:	Mr. Richard Tomaski, Manager
Telephone:	(312) 541-1231
Facsimile:	(312) 541-2728

4. Each party agrees to notify the other in writing of any changes of address or change of designated person for the purposes hereof. Such changes are not subject to Article XVIII.5.

ARTICLE XIV
GOVERNMENT REGULATION

1. Notwithstanding any other provision in this Contract, if any regulatory body, governmental entity or agency having jurisdiction prohibits any of the transactions described in this Contract or otherwise conditions such transactions in a form that is unacceptable in the sole judgment of the party affected thereby, then the party so affected may prospectively terminate this Contract immediately by written notice stating the date of such termination. Should such a termination occur, Peoples Gas shall keep EMW commercially whole for forward positions implemented by EMW pursuant to this Contract, and EMW shall have an obligation to take commercially reasonable steps to mitigate any damages resulting from such a termination.

2. This Contract and all provisions herein shall be subject to all applicable and valid statutes, rules, orders and regulations of any regulatory body, governmental entity or agency having jurisdiction over either party's facilities or gas supply, this Contract or any provisions hereof. Neither party shall be held in default for failure to perform hereunder if such failure is due to compliance with such statutes, rules, orders and regulations of any regulatory body, governmental entity or agency having jurisdiction.

3. Subject to Article XIV.1, should either party by statute, rule, order or regulation be ordered or required to do any act inconsistent with the provisions of this Contract, this Contract shall be deemed modified to conform with such statute, rule, order or regulation. Nothing in this Contract shall prevent either party from contesting the validity of any such statute, rule, order or regulation, nor shall anything in this Contract be construed to require either party to waive its right to assert the lack of jurisdiction of any regulatory body, governmental entity, or agency over this Contract or any party hereto.

ARTICLE XV
CONFIDENTIALITY

1. Each party agrees that the terms and conditions of this Contract shall remain confidential, except for any required disclosure to a regulatory body, governmental entity or agency having jurisdiction. In case of such disclosure, the disclosing party shall attempt to obtain an appropriate protective order or enter into an appropriate protective agreement.

ARTICLE XVI
GOVERNING LAW AND DISPUTE RESOLUTION

1. This Contract shall be construed and enforced in accordance with the laws of the State of Illinois without regard to principles of conflicts of law.

2. Any dispute relating to this Contract shall be resolved by binding, self-administered arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and all such proceedings shall be subject to the Federal Arbitration Act. A single arbitrator shall be selected under the expedited rules of the AAA. Only damages allowed pursuant to this Contract may be awarded, and the arbitrator shall have no authority to award treble, exemplary or punitive damages of any type under any circumstances, regardless of whether such damages may be available under Illinois law.

ARTICLE XVII
FINANCIAL RESPONSIBILITY

1. Each party ("Providing Party") shal on written request furnish the other party ("Receiving Party") reasonable assurance of the Providing Party's financial capability to meet its obligations under this Contract if the Receiving Party, in good faith, believes that the Providing Party lacks the financial capability to meet such obligations. If (a) the Providing Party fails to provide such reasonable assurance, or (b) on the basis of information provided by the Providing Party or other information available to the Receiving Party, and using generally accepted financial evaluation standards applied on a non-discriminatory basis, the Receiving Party concludes that the Providing Party does not currently meet the

Receiving Party's reasonable requirements for extension of unsecured credit, the Receiving Party shall have the right to immediately suspend performance hereunder, until the Providing Party furnishes an irrevocable letter of credit, guaranty, or other good and sufficient security of a continuing nature, satisfactory in form, issuer and amount to the Receiving Party, as determined by the Receiving Party in its reasonable discretion.

ARTICLE XVIII
MISCELLANEOUS

1. This Contract shall be deemed an individual contract between Peoples Gas and EMW as to each of NSS Contract 1 and NSS Contract 2.
2. The provisions of this Contract shall extend to the parties hereto and to their successors and assigns, but neither party shall assign any of its rights or obligations hereunder without the prior, written consent of the other party.
3. A waiver by either party of any one or more defaults by the other in the performance of any provisions of this Contract shall not operate as a waiver of any future default or defaults, whether of a like or different character.
4. This Contract contains the entire agreement between the parties, and except as stated herein, there are no oral or written promises, agreements, warranties, obligations, assurances, or conditions precedent or otherwise affecting it.
5. Any change, modification, or alteration of this Contract shall be in writing, signed by the parties hereto, and no course of dealing between the parties shall be construed to alter the terms hereof, except as stated herein.
6. The captions in this Contract are inserted for convenience of reference only and shall not affect the construction or interpretation of this Contract.
7. Each party agrees that there is no third party beneficiary of this Contract and that the provisions of this Contract do not impart enforceable rights to anyone who is not a party.
8. This Contract was prepared by all parties hereto and not by any party to the exclusion of any other.

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IN WITNESS WHEREOF, the parties have caused this Contract to be executed as of the date first written above.

The Peoples Gas Light and Coke Company

By: _____
William E. Morrow
Executive Vice President

Enron MW, L.L.C.

By: _____ JTH/8b

Name: Laura Luce

Title: Vice President

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TRANSACTION CONFIRMATION
PURSUANT TO MASTER NATURAL GAS CONTRACT BY AND BETWEEN
THE PEOPLES GAS LIGHT AND COKE COMPANY
AND
ENRON MW, L.L.C.

This Transaction Confirmation shall form and effectuate the current proposal between The Peoples Gas Light and Coke Company ("Customer") and Enron MW, L.L.C. ("Company") regarding the firm purchase and sale of Gas under the following terms and conditions. Customer to purchase and receive (Buyer) and Company to sell and deliver (Seller).

DEFINED TERMS:

TERM:	December 1, 2000 through April 30, 2003.
WINTER SWING PURCHASE SEASON:	The consecutive period beginning at 9:00 a.m. C.T. on November 1, and ending at 9:00 a.m. C.T. on May 1 of each year during the Term.
SUMMER SEASON:	The consecutive period beginning at 9:00 a.m. C.T. on May 1 and ending at 9:00 a.m. on November 1 of each year during the Term.
WINTER BALANCING SEASON:	The consecutive period beginning at 9:00 a.m. C.T. on December 1 and ending at 9:00 a.m. C.T. on April 1 of each year during the Term.
SUMMER BALANCING SEASON:	The consecutive period beginning at 9:00 a.m. C.T. on April 1 and ending at 9:00 a.m. C.T. on December 1 of each year during the Term.
WINTER SWING PURCHASE QUANTITY:	A quantity from [redacted] during the Winter Swing Purchase Season.
MAXIMUM DAILY QUANTITY:	[redacted] during the Winter Swing Purchase Season and [redacted] during the Summer Season.
SELLER'S RECALL RIGHTS:	Seller's daily right to reduce the Winter Swing Purchase Quantity to zero for any Day up to [redacted] Days during each Winter Swing Purchase Season.
BOURBON PURCHASE QUANTITY:	For any Day during the Winter Balancing Season, a quantity no greater than the lesser of [redacted] or the available injection rights pursuant to Buyer's Storage Contracts. For any Day during the Summer Balancing Season, a quantity no greater than the lesser of [redacted] or the available injection rights pursuant to Buyer's Storage Contracts.
BALANCING SERVICES QUANTITY:	For any Day during the Winter Balancing Season, a quantity no greater than the lesser of [redacted] or the available injection rights pursuant to Buyer's Storage Contracts. For any Day during the Summer Balancing Season, a quantity no greater

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than the lesser of [redacted] or the available injection rights pursuant to Buyer's Storage Contracts.

BALANCING REQUIREMENT: A physical quantity of gas that is available for displacement at the interconnect between Buyer's and Trunkline Gas Company's ("Trunkline") pipeline facilities.

INJECTION REQUIREMENT: The availability of injection rights under Buyer's Storage Contract.

STORAGE CONTRACTS: Buyer's storage and storage related transportation contracts with Panhandle Eastern Pipe Line Company ("Panhandle Eastern").

BALANCING SERVICES DELIVERY POINT: The interconnect between Trunkline and Panhandle Eastern, commonly referred to as "Bourbon."

BOURBON PURCHASE DELIVERY POINT: The interconnect between Trunkline and Panhandle Eastern, commonly referred to as "Bourbon."

WINTER SWING PURCHASE DELIVERY POINT(S): The interconnect between Trunkline and Buyer's facilities, or any other point into Buyer's facilities, as Parties may agree from time to time.

GAS DAILY: The publication "Gas Daily", published by Financial Times Energy or any successor publication thereto.

GAS DAILY FIELD ZONE PRICE: For each Day, the Midpoint Price per MMBtu as published in "Gas Daily" for such Day under the heading "Daily Price Survey" under the subtitle "South-Corpus Christi" for deliveries to Trunkline South for that "Flow Date," or if such index is not published on such Day, such Midpoint Price for the next Day such index is published following such Day.

WINTER SWING PURCHASE PRICE: The Gas Daily Field Zone Price [redacted]

GAS DAILY MARKET ZONE PRICE: For each Day, the Daily Midpoint Price per MMBtu as published in "Gas Daily" for such Day under the heading "Daily Price Survey" under the sublitle "Citygates" for deliveries to Mich.-Consum. Energy for that "Flow Date," or if such index is not published on such Day, such Daily Midpoint Price for the next Day such index is published following such Day.

BALANCING SERVICE: Buyer's right to deliver to Seller a quantity of gas at the interconnect between Trunkline and Buyer's facilities, not to exceed the Maximum Balancing Service Quantity, which Seller will deliver to the Balancing Services Delivery Point. All quantities delivered to the Balancing Services Delivery Point will be net of any fuel associated with transportation on Trunkline.

MAXIMUM BALANCING SERVICE QUANTITY: For any Day of the Winter Balancing Season, [redacted] and for any Day of the Summer Balancing Season, [redacted]

TRANSPORTATION CHARGE:	The product of following formula: [redacted]
FUEL:	The applicable fuel percentage pursuant to Trunkline's then current EFT tariff.
VARIABLE CHARGES:	All applicable maximum transportation commodity charges pursuant to Trunkline's then current EFT tariff from Field Zone to Zone 2.

Additional Terms & Conditions

1.1 Contract Purchase Quantity. Seller agrees to sell and deliver to Buyer and Buyer agrees to buy and receive from Seller, each Day during the Term of this Transaction Agreement, the following:

(i) For any Day during the Winter Swing Purchase Season, the sum of (1) the Winter Swing Purchase Quantity, (2) the Bourbon Purchase Quantity and (3) the Balancing Service Quantity up to the Maximum Daily Quantity. (ii) For any Day during the Summer Season, the sum of (1) the Bourbon Purchase Quantity and (2) the Balancing Service Quantity up to the Maximum Daily Quantity.

1.2 Contract Displacement Quantity. Subject to the fulfillment of both the Balancing Requirement and the Injection Requirement, each Day during the Term of this Transaction Agreement, Seller will provide Buyer a firm Balancing Service. Otherwise, the Balancing Service will be provided on a commercially reasonable efforts basis. If all or any part of the Balancing Service Quantity is not confirmed by Panhandle Eastern, the Parties will confer to determine the best outcome, otherwise, the non-confirmed quantity will be redirected to the interconnection between Trunkline and Buyer's facilities.

1.3 Daily Communications. Daily communications between the Parties for purposes of implementing this Agreement shall be as follows:

(a) No later than [redacted] on the Business Day prior to the regular nomination deadline for the next Day, Buyer shall notify Seller of the portion of Winter Swing Purchase Quantity that Buyer shall purchase from Seller for such Day.
(b) No later than [redacted] on the Business Day prior to the regular nomination deadline for the next Day, Buyer shall notify Seller of the portion of Bourbon Purchase Quantity that Buyer shall purchase from Seller for such Day.
(c) No later than [redacted] on the Business Day prior to the regular nomination deadline for the next Day, Buyer shall notify Seller of the portion of Balancing Service Quantity that Buyer shall deliver to Seller for such Day.
(d) No later than [redacted] on the Business Day prior to the regular nomination deadline for the next Day, Seller shall notify Buyer if it is exercising Seller's Recall Rights.

1.4 Demand Fee. Buyer shall pay to Seller each Day during the Winter Swing Purchase Season, [redacted] multiplied by the Maximum Daily Quantity applicable to the Winter Swing Purchase Season. On any Day Seller exercises its Seller's Recall Rights, the demand fee for such Day will be credited to the Buyer.

1.5 Gas Price. The quantities of Gas to be purchased by Buyer pursuant to Section 1.1 for each Day shall be priced as follows:

(a) Winter Swing Purchase Quantity. The price per MMBtu for the Winter Swing Purchase Quantity shall be equal to the Winter Swing Purchase Price plus the Transportation Charge.
(b) Bourbon Purchase Quantity. The price per MMBtu for the Bourbon Quantity shall be the Gas Daily Market Zone Price.

1.6 Balancing Fee. Buyer is responsible for all variable interstate pipeline charges on Trunkline and Buyer's Storage Contracts (including fuel) related to any Balancing Service Quantity.

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1.7 Balancing Requirement Waiver. In the event a bi-directional meter is installed and operational between Buyer's facilities and Trunkline during the Term of this Agreement, the Balancing Requirement will be waived.

1.8 Corporate Guaranty. No later than July 6, 2000, Seller shall provide Buyer a Parent Guaranty. "Parent Guaranty" means the guaranty in the form of Exhibit A, attached hereto and made a part hereof, relating to Seller's obligations pursuant to the Master Agreement and this Transaction Agreement, dated as of June 30, 2000, executed by Enron Corp., an Oregon corporation, in favor of Buyer. If such Parent Guaranty is not provided on or before July 6, 2000, then this Transaction Confirmation shall be void ab initio.

The terms and conditions of this Transaction Confirmation shall be subject to the Master Contract. In the event of any conflict between this Transaction Confirmation and the Master Contract, this Transaction Confirmation shall govern.

The parties have each caused a duly authorized representative to execute this Transaction Confirmation in duplicate.

ENRON MW, L.L.C.

BY: Laura L. Luce

NAME: Laura L Luce

TITLE: Vice President

LEGAL

THE PEOPLES GAS LIGHT AND COKE COMPANY

BY: W E Morrow

NAME: William E. Morrow

TITLE: Executive Vice President

AMENDMENT TO STORAGE OPTIMIZATION CONTRACT

This First Amendment to Storage Optimization Contract, effective this __ day of January 2002 ("First Amendment") is hereby made a part of that certain Storage Optimization Contract ("Contract") entered into on September 29, 2000 by and between Enron MW, L.L.C., a Delaware limited liability company ("EMW") and The Peoples Gas Light and Coke Company, ("Peoples Gas"), an Illinois corporation. All terms not otherwise defined herein shall have the meanings ascribed to them in the Contract.

WHEREAS EMW and Peoples desire to amend the Contract.

NOW, THEREFORE, EMW and Peoples hereby agree as follows:

1. **Sale of Gas.** Pursuant to Article IV of the Contract, EMW represents that as of the effective date of this First Amendment, EMW has caused [redacted] of gas to be injected into Peoples Gas' NSS storage inventory ("NSS Inventory Gas"). Pursuant to Article XI.1 of the Contract, Peoples Gas represents that as of the effective date of this First Amendment, Peoples Gas has transferred title to EMW of [redacted] of gas as third party storage in Peoples Gas' Manlove field ("EMW Manlove Gas"). In reliance on the foregoing representations by EMW and Peoples Gas, EMW agrees to sell and transfer title to Peoples Gas of the EMW Manlove Gas and Peoples Gas agrees to purchase and accept title from EMW of the EMW Manlove Gas on January 23, 2002.

2. **Purchase Price.** Notwithstanding Articles V.1 and V.2 of the Contract, the price of the EMW Manlove Gas shall be [redacted] ("Peoples Gas Purchase Price"). In consideration for EMW's sale of the EMW Manlove Gas in accordance with Section 1 hereof, Peoples Gas shall pay the Peoples Gas Purchase Price on January 23, 2002 by wire transfer to:

Enron MW, L.L.C.
ABA Routing 021000089
Citibank NY
Account 30469918

EMW agrees that Peoples Gas will deduct from its payment of the Peoples Gas Purchase Price to EMW the sum of [redacted] which are the total charges for those hub services set forth on Exhibit A and heretofore provided or which shall be provided by Peoples Gas (pursuant to Peoples Gas' Federal Energy Regulatory Commission-approved Operating Statement) to EMW between December 1, 2001 through February 28, 2002. Any additional hub services requested subsequent to the effective date of this First Amendment shall be invoiced in accordance with Peoples Gas' Federal Energy Regulatory Commission-approved Operating Statement.

3. **NSS Inventory.** Upon the completion of the parties' obligations pursuant to Section 1 and 2 hereof, EMW agrees that (1) Peoples Gas shall own all right and title to the NSS Inventory Gas and the EMW Manlove Gas free and clear from all liens, encumbrances and adverse claims, including liens to secure payment of production, severance, *ad valorem* and other taxes and (2) an additional [redacted] of capacity shall become Restricted Capacity; provided, however, that on or before September 30, 2002, Peoples Gas shall redesignate said [redacted] of capacity as Unrestricted Capacity.

4. **Miscellaneous.** Except as provided in this First Amendment, all other provisions of the Contract remain in full force and effect.

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EXHIBIT A

Parking and Loan Transaction Numbers: 1678-25, 2739-01, 2739-02, 2739-03, 2739-04, 2739-05, 1678-34, 1678-35, 2739-06, 1678-36, 1678-38, 2739-07, 2739-08, 1678-40, 2739-09, 3232-01, 2739-10, 3232-02, 3232-3.

Firm Transportation Transaction Number: 3503.

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As evidence of the parties' agreement to the terms and conditions of this First Amendment, the appropriate representative of each party has executed this First Amendment in the spaces provided below as of the date first written above.

The Peoples Gas Light and Coke Company	Enron MW, L.L.C.
By: [signature]	By: [signature]
Name: William E. Morrow	Name: Laura L Luce
Title: Executive Vice President	Title: Vice President

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SECOND AMENDMENT TO STORAGE OPTIMIZATION CONTRACT

This Second Amendment to Storage Optimization Contract, effective this 31st day of January 2002 ("Second Amendment") is hereby made a part of that certain Storage Optimization Contract ("Contract") entered into on September 29, 2000, as amended by that certain First Amendment ("First Amendment") (together the Contract and the Amendment are referred to hereinafter as the "Amended Contract") effective as of January 23, 2002, by and between Enron MW, L.L.C., a Delaware limited liability company ("EMW") and The Peoples Gas Light and Coke Company, ("Peoples Gas"), an Illinois corporation. All terms not otherwise defined herein shall have the meanings ascribed to them in the Contract.

WHEREAS EMW and Peoples Gas desire to amend the Amended Contract.

NOW, THEREFORE, EMW and Peoples Gas hereby agree as follows:

1. **Year Two Gross Margin/Management Fee.** Notwithstanding anything to the contrary in the Amended Contract, EMW and Peoples Gas agree that the Gross Margin for Year Two of the Contract shall be zero dollars ($0) and that Peoples shall owe no Management Fee or other monies or compensation to EMW for Year Two of the Contract. EMW and Peoples Gas further agree that the credit itemized on Natural's Invoice dated January 8, 2002 in the amount of $84,465.69 constitutes monies rightfully belonging to Peoples Gas and shall be retained by Peoples Gas.

2. **Inventory of Gas.** As of the date of this Second Amendment, EMW and Peoples Gas agree that EMW has a balance of zero MMBtus of gas remaining in Peoples Gas' NSS storage inventory and a balance of zero MMBtus of gas remaining in Peoples Gas' Manlove Field.

3. **Suspension of Performance.** EMW and Peoples Gas agree that all performance under the Amended Contract after the date of this Second Amendment, including, without limitation, EMW's optimization of Peoples Gas' NSS capacity or Peoples Gas' payment to EMW of any Management Fee or other compensation, is hereby suspended unless both parties consent in writing to resume performance under the Amended Contract, which consent shall not be unreasonably withheld.

4. **Miscellaneous.** Except as provided in this Second Amendment, all other provisions of the Amended Contract remain in full force and effect.

As evidence of the parties' agreement to the terms and conditions of this Second Amendment, the appropriate representative of each party has executed this Second Amendment in the spaces provided below as of the date first written above.

The Peoples Gas Light and Coke Company	Enron MW, L.L.C.
By:	By:
Name: William E. Morrow	Name: Laura L. Luce
Title: Executive Vice President	Title: Vice President

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