

**Schedule, dated September 30, 2000, to Master Consulting Services Agreement,
dated June 1, 2000, by and between
Peoples Energy Resources Corp. ("PERC") and Enron MW, L.L.C. ("EMW")**

Pursuant to the Master Consulting Services Agreement ("Master Agreement"), dated June 1, 2000, PERC and EMW agree as follows:

A. PERC shall provide or has provided the following consulting service to EMW:

1. Analyzing the Manlove storage aquifer characteristics during the month of July, 2000 in relation to a potential summer withdrawal program. Analysis includes review of historical performance data, assessment of cushion gas dynamics, and injection and withdrawal capabilities during the aforementioned months. Work completed between June 1 and June 30, 2000.

2. Analyzing the Manlove storage aquifer characteristics during the months of November, 2000 and September, 2001 in relation to a potential winter loan program. Analysis includes review of historical performance data, assessment of cushion gas dynamics, and injection and withdrawal capabilities during the aforementioned months. Work completed between July 1 and July 31, 2000.

3. Analyzing the Chicago natural gas infrastructure as it pertains to the proposed Alliance Pipeline in the vicinity of Joliet, Illinois. Work completed between July 15 and August 15, 2000.

4. Analyzing the natural gas pipeline infrastructure at the junction of Peoples Gas Light and Coke, Vector, Northern Border and ANR to determine the feasibility of potential compression alternatives. Work completed between August 1 and August 15, 2000.

5. Researching and evaluating various gas supply alternatives in support of the creation of new power balancing services. Includes the analysis of Natural Gas Pipeline Company of America's storage tariffs, including NSS, and natural gas physical flow dynamics. Work completed between August 1 and September 30, 2000.

B. In consideration of the services described in Section A of this Schedule EMW agrees to pay PERC, in accordance with the Master Agreement, the following fees and expenses: \$ 1,568,417.00.

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

01PGL 094861
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The parties have each caused a duly authorized representative to execute this Schedule in duplicate.

Peoples Energy Resources Corp.

By: W. E. Morrow
Name: William E. Morrow
Title: President
Date: 10/20/2000

Enron MW, L.L.C.

By: Laura Luse
Name: Laura Luse
Title: Vice President
Date: 10/19/2000



From: Peoples Energy Resources Corp.
150 North Michigan Avenue
Suite 3900
Chicago, IL 60601

Statement Date:
September 30, 2000

To: Enron MW, LLC
Attn: Gregg Penman
150 N. Michigan Ave.
Suite 3610
Chicago, IL 60601

Invoice #
090100

Payment Due By: 10/20/00

Peoples Energy Resources Corp.

Consulting Services

<u>Charge Description</u>	<u>Amount Due</u>
Consulting Services	\$1,568,417.00
Total	<u>\$1,568,417.00</u>

Wire Transactions To:
Harris Trust & Savings Bank
Chicago, IL
Account # 375-318-3
ABA # 0710-0028-8

Please Send Correspondence To:
150 North Michigan Avenue
Suite 3900-Peoples Energy Resources Corp.
Chicago, IL 60601
Phone: (312)762-1600
Fax: (312)762-1634

01PGL 094630
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Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment A-1 Redacted

Page 4 is Redacted

Docket 01-0707
The Peoples Gas Light and Coke Company's
Responses to Staff's 8th Set of ACC Data Requests

ACC-8.01 Referring to the document identified by bates number 01PGL094861, provide all journal entries, workpapers, and any other supporting information available to the Company or its affiliates to support the amount stated in item B. of the document.

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. The question refers to a schedule that was apparently part of an agreement between Peoples Energy Resources Corp. ("PERC") and Enron MW, LLC ("EMW"). Respondent was not a party to this agreement, and there are no journal entries for Respondent's books. Consequently, there are no associated workpapers or other documents, with respect to Respondent's books, to support the amount stated in item B. of the document.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated see the attachment for the journal entry recording the amount. Also see the document identified as Bates number 01 PGL 094632.

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The Peoples Gas Light and Coke Company's
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ACC-8.02 Referring to the document identified by bates number 01PGL094861, provide the amount from ACC-8.01 that flowed through the gas charge. Explain why or why not such amounts flowed through the gas charge. Also, provide the amount that was transferred to Peoples Gas, and all supporting documentation and journal entries of such transfers if they occurred.

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. The question refers to a schedule that was apparently part of an agreement between Peoples Energy Resources Corp. ("PERC") and Enron MW, LLC ("EMW"). Respondent was not a party to this agreement. Respondent did not receive a transfer of any dollar amount, nor did any dollar amount flow through the Gas Charge. Consequently, Respondent has no supporting documentation or journal entries to provide.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated that it does not administer The Peoples Gas Light and Coke Company's (Peoples Gas) Gas Charge, and it cannot state what dollars Peoples Gas flowed through its Gas Charge.

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The Peoples Gas Light and Coke Company's
Responses to Staff's 8th Set of ACC Data Requests

ACC-8.03 Referring to the document identified by bates number 01PGL094861, is it correct that the document identified by bates number 01PGL094630 is the invoice for this contract? If yes, explain why the invoice date of 9/30/2000 is prior to the signature date on the contract of 10/19/2000.

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. The question refers to a schedule that was apparently part of an agreement between Peoples Energy Resources Corp. ("PERC") and Enron MW, LLC ("EMW"). Respondent was not a party to this agreement and, therefore, cannot state if the document identified by Bates number 01 PGL 094630 is the invoice for the agreement, nor can it provide an explanation regarding dates found on the referenced documents. Also, see the response to Staff data request ACC 8.01.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated that it believes that the referenced document is the invoice for the schedule to a Master Consulting Services Agreement between Peoples Energy Resources Corp. and Enron MW, LLC ("EMW"). PERC believes that the invoice date of 9/30/2000 is prior to the signature date (10/19/2000) on the schedule because the schedule was executed after the effective invoicing date.

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The Peoples Gas Light and Coke Company's
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ACC-8.04 Referring to the document identified by bates number 01PGL094861, and if the answer to ACC-8.03 is yes, explain why the invoice date of 9/30/2000 is prior to the date of analyzing the Manlove storage aquifer of September 2001, as stated in item A. 2. of the contract.

RESPONSE:

See the response to Staff data request ACC 8.03.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated that it believes that the item referenced in item A.2. refers to a potential, future-looking capability that the storage field may have, which would support a trading strategy, that PERC believes was referred to as "Hub Bailout." As a result, both of the stated months were after the invoice date.

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The Peoples Gas Light and Coke Company's
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ACC-8.05 Referring to the document identified by bates number 01PGL094861, for each sub-paragraphs 1. through 5., of section A, describe which specific employees or departments, and organization (i.e. PERC, PEC, Peoples Gas, etc.) performed each task. Also, for each sub-paragraph identified above, describe why or why not Peoples Gas did not perform the tasks.

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. The question refers to a schedule that was apparently part of an agreement between Peoples Energy Resources Corp. ("PERC") and Enron MW, LLC ("EMW"). Respondent was not a party to this agreement. However, Respondent states that the analysis described in Section A.1. of the agreement bears similarities to those described in a January 2000 report entitled Manlove Enhancement Proposal – Project "38-Special". This report was authored by Mr. Steve Richman, a PERC employee, and Mr. Richard Tomaski, an employee of Enron North America. This report was provided as the documents identified by Bates numbers 01 PGL 083489 through 01 PGL 083497. Aside from this similarity, Respondent does not recognize the activities described in the other sub-paragraphs of section A.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated that it believes, for A.1, Respondent's answer set forth above accurately describes A.1.

For A.2, PERC believes that PERC employees Mr. Tim Hermann and Mr. Steve Richman worked with various of Respondent's employees on this task, which PERC believes was an assessment of Respondent's Hub's ability to withdraw volumes during a future (November) month that would be re-injected during a future summer month (a strategy identified as Hub Bailout).

For A.3. through A.5, PERC believes that PERC employee Mr. Tim Hermann performed most of the listed tasks.

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ACC-8.06 Referring to the documents identified by bates numbers 01PGL094861 and 01PGL094632, explain the relationship between these two documents, specifically why the final amount in the document identified by bates number 01PGL094632 is equal to the amount stated in section B. of the document identified by bates number 01PGL094861.

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. The question refers to a schedule that is appended to an agreement between Peoples Energy Resources Corp. ("PERC") and Enron MW, LLC ("EMW"). Respondent was not a party to this agreement and, therefore, does not have sufficient knowledge to comment on the relationship, if any, of the document identified by Bates number 01 PGL 094681 to the document identified by Bates number 01 PGL 094632.

SUPPLEMENTAL RESPONSE:

For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated that it believes that the amounts are equal because those listed on the document identified by Bates number 01 PGL 094862 formed the basis for the amount to be paid for services scheduled on the document identified by Bates number 01 PGL 094861.

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The Peoples Gas Light and Coke Company's
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ACC-8.07 Referring to the document identified by bates number 01PGL094861, for each sub-paragraph 1. through 5., of section A, provide all studies, calculations, analysis, and other workpapers to verify the contract provisions were completed as described.

RESPONSE:

See the response to Staff data request ACC 8.005.

SUPPLEMENTAL RESPONSE:

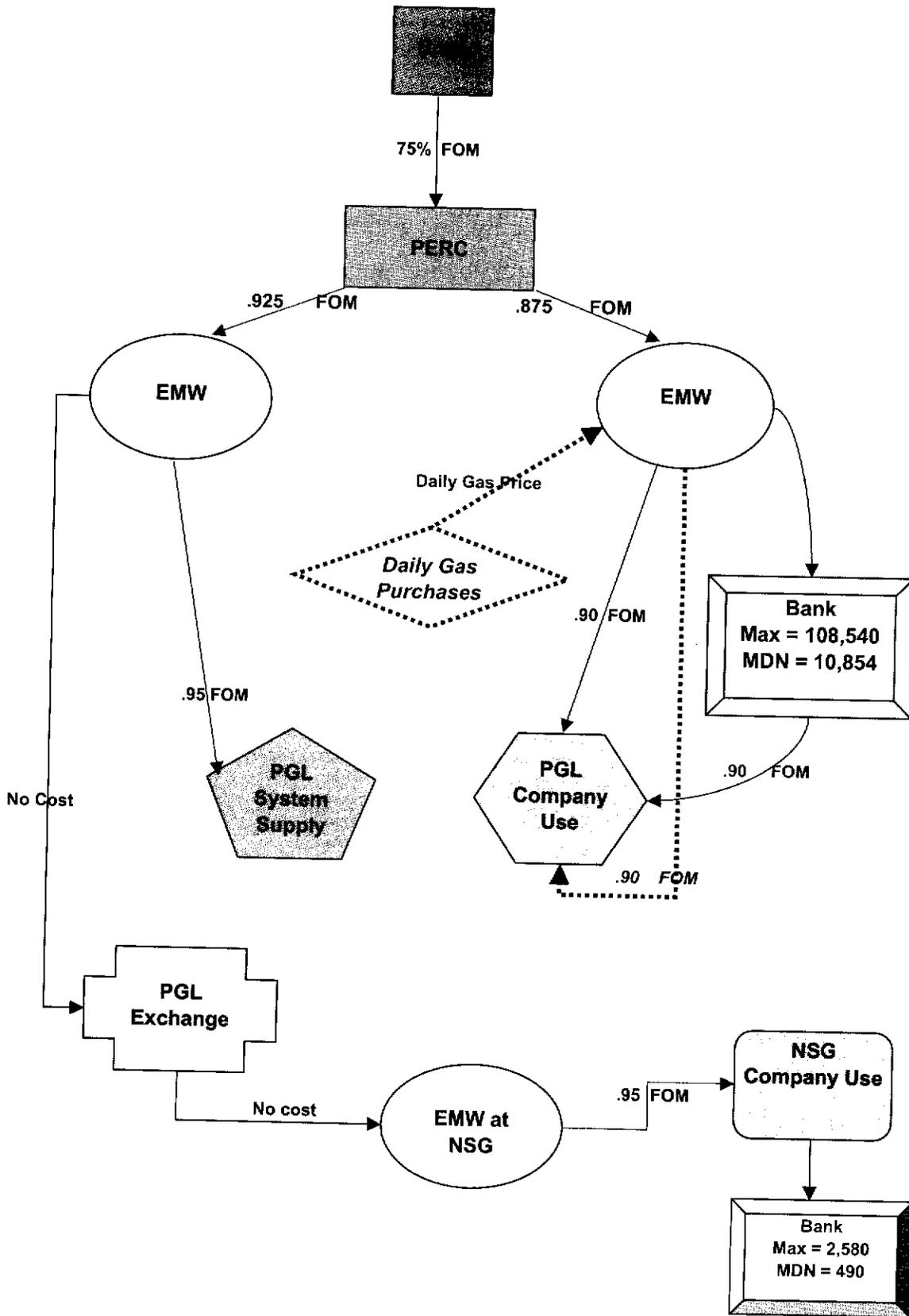
For your information, Respondent requested that Peoples Energy Resources Company, LLC ("PERC") respond to the request. Without waiving the foregoing objections, Respondent forwards PERC's response. PERC stated see the response to Staff data request ACC 8.006.

Doc.type : DR (Customer invoice) Normal document
Parked by MACHA **Posted by** KALLA
 Doc. number 1800000000 Company code 1640 Fiscal year 2000
 Doc. date 10/11/2000 Posting date 09/30/2000 Period 12
 Ref.doc. CONSULTING SERV
 Doc.currency USD Reversed by 1800000000 / 2001
 Doc.head.text CONSULTING SERVICES

Itm	PK	Account	Tr.p	Account short text	Amount	Cost ctr	Profit	Order	Quantity	BDn	CoCd	Text
1	01	66		ENRON MW, LLC	1,568,417.00						1640	
2	50	1088100		CONSULTING REVENUE	1,568,417.00-		100206				1640	
*					0.00							

Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment B

Refinery Fuel Gas Purchases Diagram
Deposition Exhibit #100

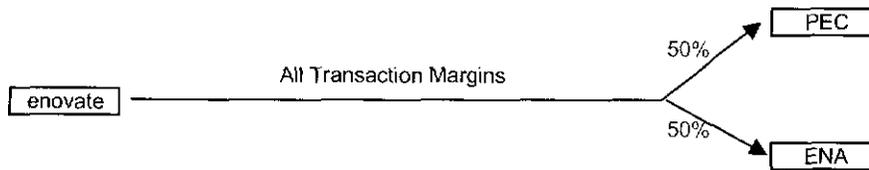


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ICC Staff Exhibit 9.00
Attachment C

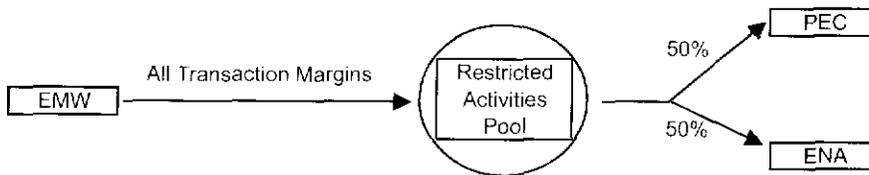
PEC/ENA Joint Venture Profit Sharing Diagram, Dep. Ex. #39

PEC/ENA Joint Venture Profit Sharing

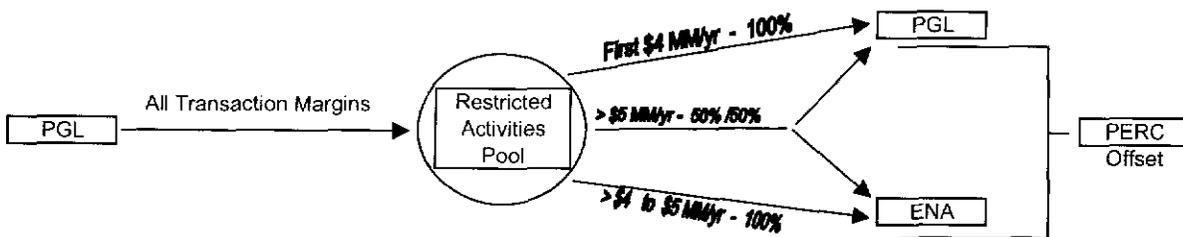
enovate Transactions



EMW Transactions



PGL "Hub" Transactions (FERC Hub & 3'rd Party Exchanges)



Notes: The NSS Agreement is one example of an agreement between EMW and a customer, and has its own defined sharing arrangement between EMW and its customer. Profits from this agreement flow as shown above for EMW.

There are various agreements between enovate and the PGL Hub. In these agreements enovate is a routine customer of the Hub. As with any Hub counterpart, each agreement is unique, so there are different sharing arrangements between enovate and the Hub based on the nuances of each deal. The sharing is negotiated based upon when financial positions are reversed, resulting in financial gains for enovate, who then shares a portion of such gains with PGL Hub.

At the end of each quarter, the Restricted Activities Pool is netted out between the partners. This pool reflects the LLC Agreement concepts regarding which activities are to be done by the partners. To the extent that one of the entities enters into such agreements outside the partnership (such as EMW or PGL Hub), the participating partner owes the other partner a portion of such profits. Based on the transactions that occur each quarter as well as the total hub margin generated year to date, one partner owes a true up to the other.

To the extent that Hub revenues exceed \$4 MM/yr, the netting of restricted activities pool dollars occurs between PERC and Enron. If the Hub generates \$6 million in a year, all of these dollars come in to PGL from the counterparts. Based upon the sharing arrangement, PERC will owe Enron \$1.5 million (Enron gets the entire fifth million; then the sixth is shared 50/50). Therefore, PGL gets all Hub dollars with PERC making any necessary adjustments out of its income.

PGL keeps all HUB money, and it is PERC's responsibility to keep Enron whole on their share. This is done via the netting. For example, let's say it is the end of the third quarter, and during that quarter the hub went from \$3.5 million to \$6 million. Let's also assume that EMW had a quarterly margin of \$4 million. Based on the flow chart, Enron owes PERC half of the \$4 million (ie. \$2 million). PGL keeps the entire \$2.5 million, but via the transfer arrangement PERC needs to keep Enron whole on \$1.5 million (\$1 million for the increment between \$4 and \$5 million, and half of all remaining increments). For the netting therefore, Enron owes PERC \$2 million, but PERC owes Enron \$1.5 million. The net is that Enron owes PERC \$0.5 million.

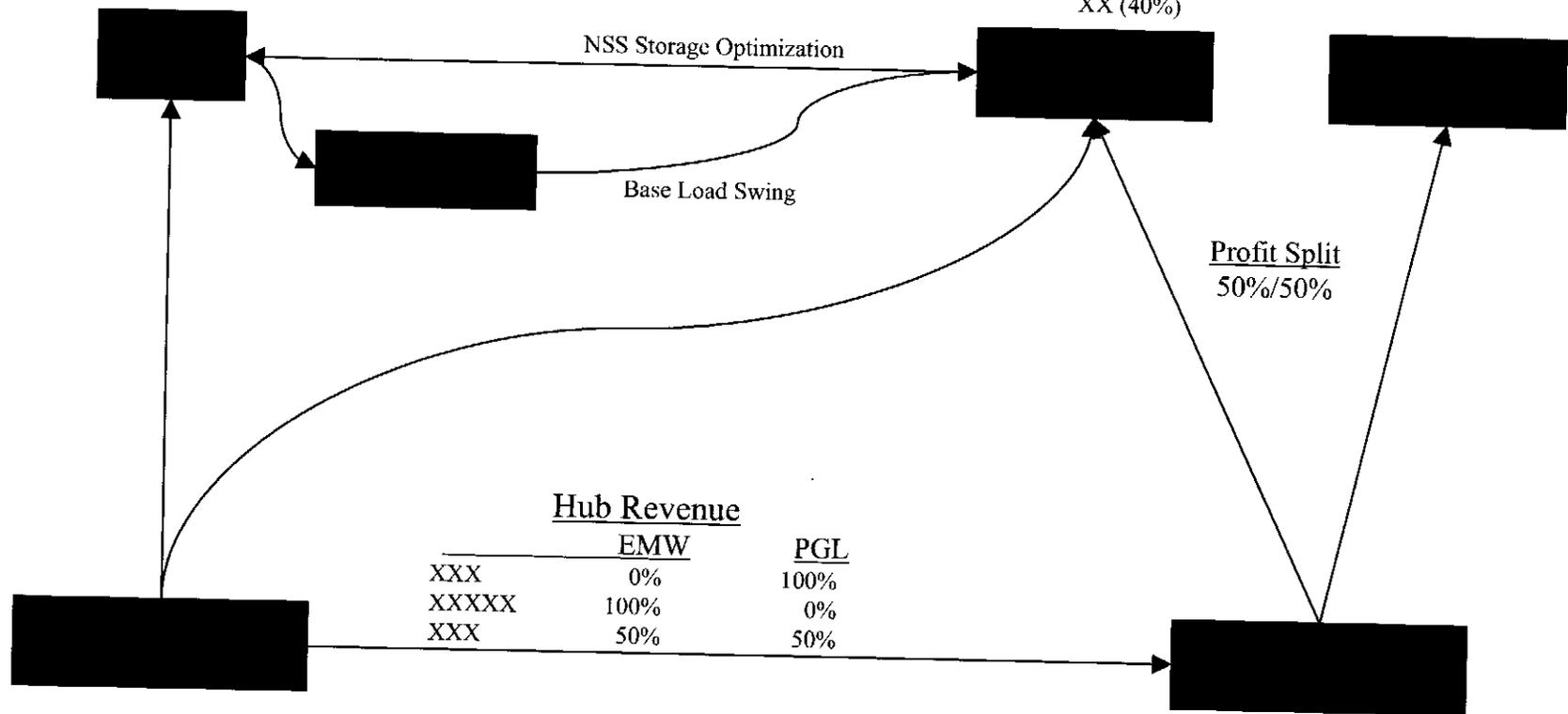
Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment D Redacted

enovate Profit Sharing Diagram, Dep. Ex. #2

enovate Profit Sharing

PGL Share
 Gross Margin - Sum (EMW Share + Carrying
 Cost + injection fuel cost +20K/ mth
 Management Fee)

EMW Share
Gross Margin
 XXX (25%)
 XXX (30%)
 XX (40%)



Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment E

Review of enovate, DR POL 15.17 and Dep. Ex. #3

The Peoples Gas Light & Coke Company
DOCKET NO. 01-0707
RESPONSE TO DATA REQUEST: POL 15.017

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RESPONSIBLE WITNESS: NONE

17. REQUEST:

Please provide a copy of the formal audit report dated on or before September 2001 to People's senior management as well as the PERC/enovate response to the audit. Please provide all supporting documents.

RESPONSE:

Respondent objects to this data request as beyond the scope of this proceeding, which is the reconciliation of Peoples Gas' recoverable gas costs and revenues for the reconciliation period. However, without waiving the foregoing objection and for your information, attached is a copy of the referenced report and response to the audit report.

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Subject: Audit Opinion – Review of enovate Operations
(Assignment #5740)

Date: October 11, 2001

To: T. Nardi

From: K. Naughton

Copy To: T. Hermann
W. Morrow
T. Patrick
Arthur Andersen LLP

Auditing issued the final report of the Review of enovate Operations Audit (Assignment #5740) on August 24, 2001. A copy of the report is attached for your reference (Attachment #1). Auditing made several recommendations in the report that will:

- Reduce PEC's financial and legal risk exposure;
- Improve daily profit and loss reporting;
- Formalize enovate's working capital needs and cash distributions; and
- Improve enovate's compliance with, and reporting related to, the Risk Management and Credit Policies.

PERC's responses (Attached #2) dated September 7, 2001, indicate that they accept and agree to implement, or attempt to implement our recommendations.

Auditing has a concern with PERC's response to the recommendation regarding the execution of a written contract for transactions between the Hub and enovate. PERC states that "other considerations may favor continuation of the existing structure without an agreement." While Auditing agrees that "other considerations" need to be considered, the failure to execute a contract leaves the Company with an additional level of risk that would not exist if the contract were complete. When an agreement is not documented, current and long-term financial risks to the Company exist. Auditing continues to recommend that the arrangement be formalized in an executed contract. However, if the Company determines that the risks associated with operating without an executed contract are acceptable, Auditing will consider the recommendation closed.

After the audit was completed, a key Enron employee that was assigned to enovate resigned. The employee's responsibilities involved the daily settlement and financial position reporting. The current proposal for replacing the departed employee includes dividing the responsibilities between an Enron employee in Houston and a PERC employee in Chicago. Auditing believes as long as the duties are performed either in enovate's Chicago Office or are split between Enron and PERC that an adequate level of internal control for segregation of duties will be maintained.

Auditing considers this audit complete and, as part of its normal procedures, will follow up on the status of the implementation of the recommendations.

Attachments

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Subject: Review of enovate (5740)

Date: August 24, 2001

To: T. Hermann
J. Hengtgen
R. Dobson

From: Auditing *JW*

Copy To: T. Patrick
W. Morrow
J. Luebbers
Arthur Andersen LLP

Background

enovate, L.L.C. (enovate), a 50/50 joint venture between Enron Corporation (Enron) and Peoples Energy Corporation (PEC), is managed by the Board of Managers (the Board) of enovate. The Board is composed of two members, one from each of the parent firms. enovate was formed as a limited liability company, created April 26, 2000. As such, PEC's liability is limited to: (1) its investment (currently \$100,000); (2) any parental guarantees (as of July 17, 2001 enovate had \$36 million outstanding in parental guarantees with the exposure divided equally between Enron and PEC); and (3) its share of enovate's revenues.

Enron is the managing member and is responsible for enovate's general management, control, and administration of operations. The front office is composed of PEC and Enron traders. The middle and back office operations use Enron's systems and staff. Two of enovate's primary purposes are marketing of Hub services and development of Mid-Stream products and services. enovate, in many aspects, is treated as a trading book on Enron's systems and therefore benefits from the maturity of Enron's management and systems expertise. Through June 30, 2001, enovate's fiscal 2001 net income totaled approximately \$19 million.

enovate commenced trading in June, 2000. In consideration of this relatively short time period, the enovate team has done an outstanding job of creating a well-organized and profitable business. We found that enovate's and Enron's staffs were extremely helpful, knowledgeable and willing to assist us during the course of the audit.

Scope and Purpose

The review of enovate, which was requested by the PEC Audit Committee, encompassed the trading and financial activity for the period January 1, 2001 through March 31, 2001. The reporting process controls were reviewed through July 31, 2001.

The purpose of the audit was to:

- Ensure whether profit allocation is accurate, timely and in compliance with the L.L.C. agreement;
- Verify adherence with policies and procedures adopted by enovate to mitigate risk within established limits;
- Review the enovate control environment to ensure established controls are effective and efficient; and
- Determine if reports created and distributed to PEC's management provide the necessary information to make informed decisions.

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The audit was conducted by a team composed of several PEC internal auditors, a PEC Trading Risk Management employee, and an external consultant who specializes in audit and review of derivative trading activity. Enron's Director of Assurance Services also provided assistance throughout the audit.

Findings and Recommendations

Profit Sharing and Reporting

1) Finding - Unwritten Agreements

Revenue sharing between PEC and Enron related to the optimization of the PGL Hub and the activities of Enron MW (EMW) are not formally documented. (EMW is an Enron subsidiary that trades on behalf of enovate.) Although the revenue sharing arrangements have been widely communicated to PEC senior management, PEC has no legal relationship to revenues generated by EMW and Enron has no legal relationship to Hub related revenues. Currently, EMW revenues are being transferred quarterly to enovate through an "annuity trade" between the two entities. Because the current profit sharing arrangement is unwritten, PEC is exposed to a higher financial risk than it would be if the agreement was formalized and agreed upon through an executed contract.

Recommendation

A written agreement that formalizes the relationships and accommodates any regulatory concerns, between PGL (the Hub), EMW, PERC, Enron and enovate, should be created and approved by all parties. This formal agreement would reduce PEC's financial risk exposure.

2) Finding - "Top Level" P&L Reporting

To ensure accurate reporting of profit and loss (P&L), several trades were traced from the trade capture systems to the daily P&L reports. During this review, it was noted that the financial impact of one particular trade had been manually excluded from a report that feeds the daily P&L reports. The daily trading and position reports that support the daily P&L are Excel spreadsheets. The P&L reports are also created in Excel. In order to manually exclude the impact of this trade, several parts of the report were modified. The trade ticket was noted as a "top level" adjustment. The term "top level" refers to manually adjusting one of the summary reports that feeds the daily P&L report.

The reason for this manual intervention was that not all of the components of the deal had been completed but were going to be finalized within the month. Therefore, rather than create an expense voucher, which would be reversed when the final components of the full trade were completed within the month, the P&L effect of this one component was taken out of the daily P&L until the final leg of the deal was completed. Even though the notation, "top level loss" indicates that the effect of the trade was taken out of the daily P&L, PEC management may not have been aware of this adjustment when they received the P&L reporting for the days in which this trade was excluded.

Corrective Action

According to enovate management, the "top leveling" process has been discontinued. Auditing strongly supports enovate's decision to discontinue the "top leveling" process.

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Finding – Cash Distribution Schedule

As reported on enovate's June 30, 2001 balance sheet, over \$14 million of cash resides in the partnership. The LLC agreement provides that cash distributions are made at the discretion of the managing members. To date, enovate has not made any cash distributions to the parent companies. According to PERC, cash is currently being retained to meet normal working capital needs in lieu of loans or capital financing from its parent companies.

Recommendation

PERC management should recommend that the Board define enovate's working capital needs. Once that occurs, the Board should establish a method of distributing funds on a periodic basis back to the partners.

) Finding – PEC Management Interface

During the course of the audit, the audit team found a lack of definition of roles and responsibilities with respect to various PEC areas and their relationship to enovate activities. The middle and back office functions at enovate have, in effect, been "outsourced" to Enron. Given this relationship, some areas at PEC do not have the same functional responsibilities as their Enron counterparts, and the roles those areas are to perform have not been defined.

Recommendation

PERC management needs to more formally define and communicate the roles and responsibilities of the PEC areas that support enovate.

Trade and Transaction Review

) Finding - Trading

Enron maintains all system data for enovate's trades. The enovate Risk Policy states that any member of the Risk Committee or parent's internal audit team is authorized to request a download or detailed list of all enovate transactions and open positions. When the audit team requested a list of trades for 3 months ending March 31, 2001, Enron did not fulfill the request for 10 days. In addition, the extract files that were provided contained incomplete data on the trades. Files lacked trade dates and trader names, which caused difficulty in determining the timing and source of the trades.

Recommendation

enovate trades are not maintained on a separate "enovate" system. enovate trade data is gathered and stored on various systems and in varying formats within Enron's transaction systems. Given that Enron is the "book of record" for enovate's trading activity, to satisfy future data requests, PERC management should request that Enron develop a method to provide reports in compliance with the "Audit Rights" clause of enovate's Risk Management Policy in a timely and complete manner.

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) Finding - Third Party Confirmations

During our review of trading activity, it was noted that confirmations were not issued for all trades. Although not required by enovate policy, it is standard practice in the industry to exchange written confirmations with counterparties to verify the terms of the trades.

Of the twenty-six trades reviewed, seventeen trades were not formally confirmed. For eleven of the unconfirmed trades, there were mitigating controls or justified reasons for not issuing a confirmation, such as the existence of a formal contract. The six remaining trades were physical exchange transactions, which had no confirmations on file.

We found that the Enron Deal Compliance group that supports the confirmation function does not formally confirm physical exchange transactions unless requested by the trader. These deals are usually complex, and do not fit an existing confirmation template. The absence of formal confirmations in physical exchange deals presents a risk that the counterparties may not resolve trade discrepancies. This risk is reduced by the fact that all telephone conversations between traders and counterparties are recorded.

Recommendation

To strengthen the controls over trading activity, enovate should develop a confirmation process for physical exchange deals to ensure adequate and accurate documentation of the physical trading activity.

Credit Risk Management

) Finding - enovate Credit Management Procedures and Reporting

Currently, enovate's traders are reviewing an Enron counterparty watch list before trading with counterparties. This watch list contains the names of counterparties that:

- are near or in excess of their global credit limits;
- are subject to credit enhancement requirements; and/or
- are not creditworthy to transact without Credit Risk Management (CRM's) or PEC's direct involvement and evaluation.

However, this list does not reflect enovate's credit limits or the available credit limits with an approved enovate counterparty.

enovate's credit policy requires that Enron's CRM prepare credit reports highlighting the exposure created from enovate's trading activities and provide this report to PEC on a weekly basis. This report should include mark-to-market, guarantees and accounts receivable exposure. This weekly credit report to PEC has not been received. Most of enovate's credit exposure is covered by parental guarantees that have been issued to third parties by the two parent companies. These parental guarantees are reported monthly to PEC's Risk Management Committee via a credit report outlining all of PEC's credit exposures. Without this report from Enron, the level of enovate's total credit exposures related to the receivables and mark-to-market risk and the impact on the parental guarantees cannot be reported. It should be noted that Enron is in the final stages of developing and issuing this report.

enovate's credit policy and risk policy and guidelines include collateral measures and actions for reporting credit violations that have exceeded enovate's limits. However, the policies do not effectively address the details of who will collect collateral, where the collateral will be housed and how it will be reported to PEC's management. In addition, enovate's CRM has established counterparty credit limits for enovate, but the policies do not describe how and when any credit violations are to be reported to PEC's management.

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Recommendations

enovate's policies and procedures should be formally strengthened to ensure enovate and the parent companies have informed, timely and complete information as required by enovate's credit policy to monitor credit risk, violations of credit limits and collateral requirements. In order to achieve these requirements, enovate should develop an approved counterparty listing for distribution to the traders. Even though an enovate counterparty list is not required by the credit policy, this list would enhance the credit process by providing enovate's traders with a necessary tool to make better decisions about which counterparties they can transact deals with and if there is enough available credit exposure remaining for that deal.

PERC management should request that Enron complete and distribute the credit exposure report for weekly issuance to PEC. This will allow PEC to include its share of enovate's guarantee, mark-to market and receivable exposures in its corporate level reporting.

enovate should develop detailed procedures for reporting and monitoring credit violations as well as develop detailed collateral policies. Enhancement of the policies should define a timely and systematic method for enovate's CRM to fulfill his responsibilities under the procedures by addressing in detail who will collect collateral, where it will be housed, and how it will be reported to PEC.

8) Finding - International Swaps and Derivative Association (ISDA) Master Agreement Between enovate and Enron

It was determined that the majority of enovate's financial transactions to-date have been processed through EnronOnline (EOL). Financial deals done on EOL carry a minimum amount of risk and are governed by the EnronOnline Electronic Trading Agreement and the General Terms and Conditions (Documents) which govern both physical and financial transactions. It is the opinion of PEC's Legal Department that if enovate is going to participate in trades with Enron, these Documents are insufficient to form a basis for trading activity. In fact, the Enron Documents reviewed by PEC's Legal Department indicate that a counterparty trading through EOL will have executed, or be in the process of negotiating, an ISDA Master Agreement with Enron shortly after engaging in any online trading activity. As such, PEC's Legal Department suggests that the prudent risk management practice would be for enovate to enter into an ISDA Master Agreement and related ISDA documents with Enron.

Recommendation

enovate and Enron should execute an ISDA Master Agreement. An ISDA would provide certain protections, such as netting provisions, collateral posting, and credit support obligations. While the risk of Enron defaulting on an enovate deal is minimal, these features, if obtained, would protect enovate should a default occur.

Market Risk Management

9) Finding - Market Risk Measurement

Market Risk for enovate is governed by a Risk Management Policy established by enovate's Board. The Board has delegated the implementation of the policy to enovate's Risk Management Committee (RMC). This committee is currently composed of two members, one from each parent firm. As with transaction processing, the risk management function has, in effect, been outsourced to Enron. Implementation of the Policy is accomplished through procedures, monitoring activities, reporting and risk measurement methodologies primarily led by Enron's Risk Management Group in Houston.

The enovate policy delegates specific oversight of risk measurement methodologies to the RMC. At the time of the audit, the enovate RMC was not able to fully meet its oversight responsibilities as required by the enovate policy due to a lack of knowledge and understanding of the quantitative methodologies for the various risk metrics as defined in the policy. The lack of specific knowledge and understanding of the risk metrics exposes PEC's management to the risk of uninformed decisions. This situation also impedes the ability of the individual risk managers to fulfill their oversight responsibilities to the respective parent boards of directors.

Recommendation

To ensure compliance with the risk management policy, both members of the RMC need to have access to the quantitative risk measurement methodologies used to manage the market risk of enovate. Compliance would include a full understanding of risk models, back testing methodologies and participation in stress testing scenarios. It is recommended that the enovate RMC research and document the quantitative underpinnings of the risk metrics used by Enron's middle office as they relate to enovate market risk exposures.

10) Finding -- Market Risk -- Stress Testing

Stress testing should be performed to determine the effect of abnormal market moves on the value of enovate's portfolio and the magnitude of events lying outside the bounds of the value-at-risk (VAR) model. Although stress testing is part of enovate's risk management procedures, it appears stress testing has not been performed.

Recommendation

To strengthen risk monitoring, it is recommended that the enovate RMC develop procedures to implement periodic stress testing on the enovate portfolios.

1) Finding - Risk Management Reporting

Trading limit usage, P&L, and "one-day VAR" along with the designated aggregations are reported as required by the Risk Management Policy in the format of the "daily position report" (DPR). The Policy does not detail procedures concerning the format, timeliness and limit violation notifications of these required reports.

For example, the Policy requires that the enovate Board be notified when the net open position of any commodity is equal to or greater than 75% of the commodity limit. During our review, numerous 75% trigger events occurred. enovate believed notification was accomplished simply by sending out the DPR with no accentuation of the trigger event.

In addition, there is no performance standard for timely distribution of the daily position report. There were numerous occurrences when the report was distributed later than trade+one day or not at all.

Recommendation

It is recommended that the RMC members develop a performance standard to include a reporting deadline and an effective notification of trigger events and limit violations that enables full compliance with the Risk Management Policy.

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Finding - Risk Management Policy Compliance

The Risk Management Policy requires that the RMC meet monthly and that quarterly reports are delivered to the Board. Compliance with this policy is not being met. Communications among the RMC members and the Board is conducted informally. Only two formal meetings of the RMC have been held since start-up. In addition, there have been no formal quarterly reports to the enovate Board.

Recommendation

enovate's RMC members should establish procedures to ensure that the enovate Board has timely and complete information to comply with the quarterly reporting provision of the policy. Further, the members of the RMC should meet monthly as required by the policy.

Other Comments and Concerns

Enron is the managing member of enovate and is enovate's largest trading partner. Enron also manages PEC's gas supply function. Additionally, Enron's subsidiary, Enron MW, has gas supply and pipeline capacity contracts with PGL. While PEC benefits from the working and contractual relationships with Enron and its various subsidiaries, management should not lose sight of the fact that Enron can have potential conflicts when managing their interests against those related to PEC and therefore should actively monitor this business relationship.

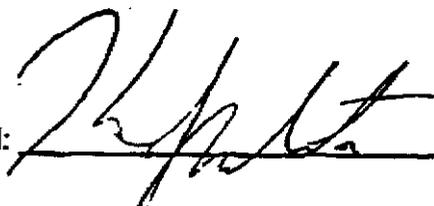
Enron's systems are used to calculate enovate's income. These systems include the trade capture systems TAGG and SITARA, the ORACLE pricing system, the UNIFY settlement system and Enron's SAP accounting system. Since these functions have been "outsourced" to Enron, PEC's management does not have access to these systems. Therefore, PEC cannot directly attest to the accuracy of the financial statements or related income. PEC must rely on Enron's internal process controls and external financial audits, as required by the LLC agreement, to provide assurance that enovate's financial statements are correct.

Conclusion

The audit found that the general management of enovate's business processes was very good, and exceeded that of many entities that had been in business for several years. Our review of enovate found the trading activity to be well monitored with adequate segregation of duties between the trading, management and support functions. The implementation of the above recommendations will improve communication as well as enhance PEC's ability to manage its risks associated with enovate. Auditing appreciates PERC's and Enron's cooperation and assistance during the audit.

Auditing requests that PERC management respond, in writing, to the recommendations by August 31, 2001, setting forth a timetable for implementation.

Report Approved: _____



Subject: PERC/enovate response to
Review of enovate (5740)

Date: September 7, 2001

To: Auditing

From: T. Hermann

Copy To: W. Morrow
J. Hengtgen
R. Dobson

Below are PERC/enovate's formal responses to the Audit Report recommendations issued August 24, 2001. Generally, PERC/enovate is satisfied that the audit found few problems and those identified, as discussed below, will be addressed as promptly as possible.

Profit Sharing and Reporting

1) Finding - Unwritten Agreements

Recommendation

A written agreement that formalizes the relationships and accommodates any regulatory concerns, between PGL (the Hub), EMW, PERC, Enron and enovate, should be created and approved by all parties. This formal agreement would reduce PEC's financial risk exposure.

Response:

The financial risk exposure is minimized by completing the appropriate transfer of revenues from EMW to enovate on short intervals. This was done annually during FY00 and quarterly during the first three quarters of FY01. The frequency of these transfers has been increased to monthly, and this will continue to be the ongoing practice. Nonetheless, PERC, Enron and enovate will renew the dialogue with regards to completing a revenue sharing contract document. A completion date of January, 2002 is targeted. It should be noted that a possible outcome is that other considerations may favor continuation of the existing structure without an agreement

2) Finding - "Top Level" P&L Reporting

Corrective Action

According to enovate management, the "top leveling" process has been discontinued. Auditing strongly supports enovate's decision to discontinue the "top leveling" process.

Response:

As noted in the corrective action, "top leveling" has ceased as a routine function. From time to time there will be a need to correct errors that may have occurred in the daily P&L. On these occasions, and for any other reasons, future top leveling, with proper approval, will have an explanation to clarify its nature as well as why it is necessary and appropriate.

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Finding – Cash Distribution Schedule

Recommendation

PERC management should recommend that the Board define enovate's working capital needs. Once that occurs, the Board should establish a method of distributing funds on a periodic basis back to the partners.

Response:

To date, the current cash surplus has been enovate's only significant source of working capital since we do not have an established method of funding cash shortfalls. PERC and Enron management personnel responsible for enovate operations will develop a working capital strategy for review and subsequent approval by enovate's Board. Discussions will start in September and target a final draft cash distribution strategy for Peoples and Enron management approval by November, 2001. Approval by enovate's Board will follow.

4) Finding – PEC Management Interface

Recommendation

PERC management needs to more formally define and communicate the roles and responsibilities of the PEC areas that support enovate.

Response:

Back room functions such as risk management and accounting have been outsourced to Enron. The respective PEC areas are responsible for ongoing monitoring of these activities for compliance with PEC policies. Legal and credit functions are shared (i.e. both Enron and PEC provide ongoing management, oversight, decision making and resources for these processes). PERC management will communicate this information, as needed, to the respective areas.

Trade and Transaction Review

5) Finding - Trading

Recommendation

enovate trades are not maintained on a separate "enovate" system. enovate trade data is gathered and stored on various systems and in varying formats within Enron's transaction systems. Given that Enron is the "book of record" for enovate's trading activity, to satisfy future data requests, PERC management should request that Enron develop a method to provide reports in compliance with the "Audit Rights" clause of enovate's Risk Management Policy in a timely and complete manner.

Response:

enovate is committed to providing reports in compliance with the Risk Management Policy, but would like input from PEC as to the design of such reports to assure that the reports are used and useful. Once the scope of work has been determined, a time line will be established to modify the transaction systems, as and possible, with a goal of being able to provide compliance reports no later than during the second quarter of FY02.

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6) Finding - Third Party Confirmations

Recommendation

To strengthen the controls over trading activity, enovate should develop a confirmation process for physical exchange deals to ensure adequate and accurate documentation of the physical trading activity.

Response:

PERC will discuss with enovate and Enron the need for formal confirmation of physical exchange deals and the ability to actually provide for such confirmations during September, 2001. Where possible, a process for providing documentation will be developed and implemented during the first quarter of FY02. Where it is determined that providing documentation is not practicable, due to deal complexity or otherwise, those limitations will be identified along with what documentation is possible and this information will be included in the deal documentation. Implementation of this will also during the first quarter of FY02

Credit Risk Management

7) Finding - enovate Credit Management Procedures and Reporting

Recommendations

enovate's policies and procedures should be formally strengthened to ensure enovate and the parent companies have informed, timely and complete information as required by enovate's credit policy to monitor credit risk, violations of credit limits and collateral requirements. In order to achieve these requirements, enovate should develop an approved counterparty listing for distribution to the traders. Even though an enovate counterparty list is not required by the credit policy, this list would enhance the credit process by providing enovate's traders with a necessary tool to make better decisions about which counterparties they can transact deals with and if there is enough available credit exposure remaining for that deal.

PERC management should request that Enron complete and distribute the credit exposure report for weekly issuance to PEC. This will allow PEC to include its share of enovate's guarantee, mark-to market and receivable exposures in its corporate level reporting.

enovate should develop detailed procedures for reporting and monitoring credit violations as well as develop detailed collateral policies. Enhancement of the policies should define a timely and systematic method for enovate's CRM to fulfill his responsibilities under the procedures by addressing in detail who will collect collateral, where it will be housed, and how it will be reported to PEC.

Response:

enovate has been periodically issuing credit exposure reports, but will begin issuing such reports weekly beginning October, 2001. enovate has made approved counterparty lists available to its traders periodically, and now updates the list immediately upon execution of a new agreement (i.e. any time there is a change). This list is maintained on a common (shared) directory for traders to view at any time. During the second quarter of FY02, Enron and PERC will explore further development of the Credit policy to include further procedures for collateral as well as procedures for reporting and monitoring credit violations.

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11) Finding - Risk Management Reporting

Recommendation

It is recommended that the RMC members develop a performance standard to include a reporting deadline and an effective notification of trigger events and limit violations that enables full compliance with the Risk Management Policy.

Response:

enovate will develop a performance standard for the timing of its daily risk management report as well as its notification process for triggering events and limit violations. These standards and processes will be developed in the first quarter of FY02.

12) Finding - Risk Management Policy Compliance

Recommendation

enovate's RMC members should establish procedures to ensure that the enovate Board has timely and complete information to comply with the quarterly reporting provision of the policy. Further, the members of the RMC should meet monthly as required by the policy.

Response:

PERC will recommend to enovate's Board and RMC that regularly scheduled meetings of the RMC should be held effective in the first quarter of FY02. Additionally, PERC will recommend to enovate that quarterly reporting should commence formally in the first quarter of FY02.

Other Comments and Concerns

Enron is the managing member of enovate and is enovate's largest trading partner. Enron also manages PEC's gas supply function. Additionally, Enron's subsidiary, Enron MW, has gas supply and pipeline capacity contracts with PGL. While PEC benefits from the working and contractual relationships with Enron and its various subsidiaries, management should not lose sight of the fact that Enron can have potential conflicts when managing their interests against those related to PEC and therefore should actively monitor this business relationship.

Enron's systems are used to calculate enovate's income. These systems include the trade capture systems TAGG and SITARA, the ORACLE pricing system, the UNIFY settlement system and Enron's SAP accounting system. Since these functions have been "outsourced" to Enron, PEC's management does not have access to these systems. Therefore, PEC cannot directly attest to the accuracy of the financial statements or related income. PEC must rely on Enron's internal process controls and external financial audits, as required by the LLC agreement, to provide assurance that enovate's financial statements are correct.

Response:

PERC actively monitors Enron's commercial activities with enovate and PERC. All of enovate's commercial activities are conducted out of an office located in Chicago, with five PERC employees working side by side with the Enron members of the enovate team. PERC's Managing Director of Midstream meets with enovate's Commercial and General Managers daily. Nonetheless, the Audit Team accurately notes that while both Enron and PEC each have potential conflicts of interest, Enron is positioned such that PEC's exposure associated with potential conflicts of interest is greater. Measured trust has been a key assumption in the development and success of enovate, and PERC recognizes the risk that is inherent to

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this trust. PERC also recognizes the particular importance of an effective audit process for enovate, and actively support the Audit Team's recommendations.

With respect to calculating enovate's income, while the functions have been outsourced, Enron has and will likely continue to provide full access to the deal initiation tickets, daily P&L statements, daily position reports, monthly accounting information, including supporting detail, and other data and information as required.

With this information in hand, PERC has the ability to audit and verify enovate's financial statements. While not the same as control of the process, this capability should provide PERC and PEC with a high level of comfort regarding accuracy and the ability to defend itself in any legal proceeding.

Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment F Redacted

Trunkline Documents, Deposition Exhibit #22
Entire Attachment F is Redacted

Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment G Redacted

"Annuities" Schedule, Deposition Exhibit #14
Redacted

Dup 14

	Annexes					PGLC	PEC
June	825421 FT-EMWMEH- PWT	NP6108.4	1-Jun-00	ANNUITY	Asset Optimization (invest from PGLC - who pays this on		
June	825421 FT-EMWMEH- PWT	NP6107.2	1-Jun-00	ANNUITY	Asset Optimization (invest from PGLC - who pays this on		
June	825421 FT-EMWMEH- PWT	NP6108.2	1-Jun-00	ANNUITY	80% of 38 Special Income - Obligation to PEC		
June	825421 FT-EMWMEH- PWT	NP6108.4	1-Jun-00	ANNUITY	80% of Asset Optimization Obligation to PEC		
June	825421 FT-EMWMEH- PWT	NP6108.8	1-Jun-00	ANNUITY	80% of "Hub Bailout" Obligation to PEC		
June	825421 FT-EMWMEH- PWT	NP6108.9	1-Jun-00	ANNUITY	80% of Annuity NP6108.8 - Goes to PEC (NBS Bailout)		
MEH	825421 FT-EMWMEH- PWT	NP6107.2	1-Jun-00	ANNUITY	80% of Wilson Revenue - Obligation to PEC		
NSS	825415 FT-EMWNS1	NP6089.2	1-Jun-00	ANNUITY	PGLC 70% of NSS; PGL of 678,886 through 82800		
NSS	825415 FT-EMWNS1	NP6089.4	1-Jun-00	ANNUITY	PEC's 12.0% of NSS PGL of 608,886 through 82800		
Trans	825424 PGLC	NP6100.1	1-Jun-00	ANNUITY	PGLC 70% of Transport PGL of 571,148 through 82000		
Trans	825424 PGLC	NP6100.2	1-Jun-00	ANNUITY	PEC 12.0% of Transport PGL of 571,148 through 82000		
					Receivable from PGLC for 3 months of Management Fee		
					Payable to PEC for 3 months of Management Fee		
					July NSS value to PGLC		
851494	FT-EMWNS1 NT1455.3 and .4		July				
	Allocate 194,182 of NSS To PGLC						
851500	FT-EMWMEH NT1455.7 and .8		July		July MEH value to PGLC		remove - accurate value
	All of the MEH Value goes to PEC; no sharing with PGLC						
851503	PEOPLE GAS NT1455.10		July		July Transport value to PGLC		
	Allocate 2,910 of TP TO PGLC						
851500	PEOPLE GAS NT1455.16 and .17		July		PEC's Share of Management Fee		
MEH	851500 PEOPLE GAS NT1455.11 and .12		July	Annuity	MEH's Share of Management Fee		
	NQ8549.1, NQ8549.2		July	Annuity	Unwind second 1/3 of Hub bailout		
	NR7685.1, NR7685.2		July	Annuity	Unwind second 1/3 of Hub bailout		
NSS	FT-EMWNS1 NX9559.1 and .2		Aug	Annuity	Aug NSS value to PGLC		
	Allocate 53,928 of NSS To PGLC						
MEH	FT-EMWMEH NX9559.5 and .6		Aug	Annuity	Aug MEH value to PGLC		remove 4,564 - accurate value
	All of the MEH Value goes to PEC; no sharing with PGLC						
TP	PEOPLE GAS NX9559.10		Aug	Annuity	Aug Transport value to PGLC		
	Allocate 3,187 of TP TO PGLC						
MEH	PEOPLE GAS NX9559.13 and .15		Aug	Annuity	MEH's Share of Management Fee		
MEH	PEOPLE GAS NX9559.16 and .17		Aug	Annuity	PEC's Share of Management Fee		
	Allocate all of the management fee to PEC						
	NT1446.1, NT1446		Aug	Annuity	PGLC Park & Loan		
	NV7128.1, NV7128		Aug	Annuity	PGLC Park & Loan		
					Balance as of 8/2000		
NSS	PEOPLE GAS Q01347.2		Sep	Annuity	NSS value to PGLC		
	Allocate 111,744 of NSS To PGLC						
MEH	PEOPLE GAS Q01347.5		Sep	Annuity	MEH value to PGLC (PEC - only; Rolling Thunder, Tidal Wave, backs out half of		
	All of the MEH Value goes to PEC; no sharing with PGLC						
TP	PEOPLE GAS Q01347.3		Sep	Annuity	Transport value to PGLC		
	Allocate 2,739 of TP TO PGLC						
MEH	PEOPLE GAS Q01347.9		Sep	Annuity	PEC's Share of Management Fee		
	Allocate all of the management fee to PEC						
	PGLC NT9364.1		Sep	Annuity	Park & Loan (PGLC)		
	PGLC NU7726.1		Sep	Annuity	Park & Loan (PGLC)		
	PGLC Q01343.1		Sep	Annuity	Rolling Thunder (PGLC)		
	PGLC Q01343.3		Sep	Annuity	Tidal Wave (PGLC)		

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	PGLC	NU1393.1	Sep	Annuity	Part & Loan (PGLC)		
	PGLC	Q21343.5	Sep	Annuity	PGL HUB - PEC only		
	PGLC	Q21347.6	Sep	Annuity	MEH's Share of Management Fee		
NSS	PEOPLE GAS	Q71457.2	Oct	Annuity	Oct NSS value to PGLC		
	Allocate \$4,429 of NSS To PGLC						
IM-Enov	PEOPLE GAS	Q71481.1	Oct	Annuity	Oct MEH value to PEC (Negative to PEC)		
	All of the MEH Value goes to PEC; no sharing with PGLC						
TP	PEOPLE GAS	Q71457.9	Oct	Annuity	Oct Transport value to PGLC		
	Allocate 2,714 of TP TO PGLC						
	All of the MEH Value goes to PEC; no sharing with PGLC						
	PEOPLE GAS	Q26213.5	Oct	Annuity	Oct Enchg for the Peoples (PGLC)		
	PEOPLE GAS	Q15270.1	Oct	Annuity	Oct Enchg for the Peoples (PGLC)		
	PEC		Oct	Annuity	Consulting Agreement		
NSS	The Peoples Gas	QD8873.1	Nov.	ANNUITY	Nov NSS value to PGLC		
	PEC		Nov.	ANNUITY			
IM-Enov	The Peoples Gas	QD5673.3	Nov.	ANNUITY	Nov MEH value to PEC		
TP	The Peoples Gas	QD8673.6	Nov.	ANNUITY	Nov Transport Value to PGLC		
	PEC		Nov.	ANNUITY			
	The Peoples Gas	Q61785.1	Nov.	ANNUITY	PGLC Share of the Indian Summer Program (done 10/26/00 - Lee F.		
	PGLC	Q11539.8	Dec	ANNUITY	Transport Book Split		
	PEC		Dec	ANNUITY	Transport Book Split		
	PGLC	Q11539.1	Dec	ANNUITY	NSS1 Value Shared		
	PEC		Dec	ANNUITY	NSS1 Value Shared		
	PGLC	Q19941.1	Dec	ANNUITY	Management Fee		
	PEC	Q11539.5	Dec	ANNUITY	EMW Earnings to PEC		
					Balance as of 12/00		
	PGLC	QP1284.1	Jan., 2001	ANNUITY	PGLC's share of NSS Program		
	PGLC	QP1284.3	Jan., 2001	ANNUITY	PGLC's share of Transport book		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of NSS Program (Jan., 2001)		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Transport Program (Jan., 2001)		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Hub Book (Jan., 2001)		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of NSS Program (Feb., 2001)		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Transport Program (Feb., 2001)		
	PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Hub Book (Feb., 2001)		
	PGLC	QU7013	Feb., 2001	ANNUITY	PGLC's share of NSS Program		
	PGLC	QU7013	Feb., 2001	ANNUITY	PGLC's share of Transport book		

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PGLC	Q1994.1	Dec	ANNUITY	Management Fee	Management Fee
PEC	Q11538.5	Dec	ANNUITY	EMW Earnings to PEC	HUB
PGLC	QP1284.1	Jan., 2001	ANNUITY	PGLC's share of NSS Program	NSS1
PGLC	QP1284.3	Jan., 2001	ANNUITY	PGLC's share of Transport book	TP
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of NSS Program (Jan., 2001)	NSS1
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Transport Program (Jan., 2001)	TP
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Hub Book (Jan., 2001)	HUB
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of NSS Program (Feb., 2001)	NSS1
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Transport Program (Feb., 2001)	TP
PEC	QU7013	Feb., 2001	ANNUITY	PEC's Share of Hub Book (Feb., 2001)	HUB
PGLC	QU7013	Feb., 2001	ANNUITY	PGLC's share of NSS Program	NSS1
PGLC	QU7013	Feb., 2001	ANNUITY	PGLC's share of Transport book	TP
PEC	V10451	Mar., 2001	ANNUITY	PEC's Share of NSS Program	NSS1
PEC	V10451	Mar., 2001	ANNUITY	PEC's Share of NSS2 Program	NSS2
PEC	V10451	Mar., 2001	ANNUITY	PEC's Share of Transport Program	TP
PEC	V10451	Mar., 2001	ANNUITY	PEC's Share of Hub Book	HUB
PGLC	QU7013	Mar., 2001	ANNUITY	PGLC's share of NSS Program	NSS1
PGLC	QU7013	Mar., 2001	ANNUITY	PGLC's share of NSS2 Program	NSS2
PGLC	QU7013	Mar., 2001	ANNUITY	PGLC's share of Transport book	TP
PGLC	QY4734.1	Mar., 2001	ANNUITY	Management Fee	Quarterly Management

GL - as of 2/2001

These are settled through UNIFY. Were removed from the balance sheet as liability in 03/2001 GL.

PGLC	NT1446.1, NT144	Aug	Annuly	PGLC Park & Loan
PGLC	NV7128.1, NV712	Aug	Annuly	PGLC Park & Loan
PGLC	NU9564.1	Sep	Annuly	Park & Loan (PGLC)
PGLC	NU3726.1	Sep	Annuly	Park & Loan (PGLC)
PGLC	NU1393.1	Sep	Annuly	Park & Loan (PGLC)
PEOPLE GAS	Q16213.5	Oct	Annuly	Oct Exchg fee due Peoples (PGLC)
PEOPLE GAS	Q15270.1	Oct	Annuly	Oct Exchg fee due Peoples (PGLC)

Total Removed

Docket No. 01-0707
ICC Staff Exhibit 9.00
Attachment H Redacted

enovate P&L, Deposition Exhibit #15
Entire Attachment H is Redacted