

PES EX 5



June 30, 2005

ZEA, LAWRENCE D.
838 SALEM LN
CARPENTERSVILLE, IL 60110

OFFICIAL FILE
I.C.C. DOCKET NO. 06-0350
PES Exhibit No. 5
Witness _____
Date 7/12/06 Reporter JW

Re: Utility Account Number: 0017018361

Dear Valued Customer:

Peoples Energy Services would like to thank you for your continued business. As you may know, it is time for us to renew your energy agreement. We are committed to aggressively developing products that will help you manage your future natural gas costs. Normally, we would offer you the option of a fixed price product that protects your natural gas costs through the term of the agreement. However, we feel that the current natural gas prices are not favorable for you to lock into a fixed price.

Therefore, we offer the variable price of Index* + \$0.06 per therm for your upcoming term. This product allows you to take advantage of purchasing gas at variable prices* for the next 12 months. As always, you have the option to lock in a fixed price at any time.

You will continue to be responsible for (a) on a cost pass-through basis, the applicable utility charges which are currently: (i) for customers of The Peoples Gas Light and Coke Company or North Shore Gas Company, the per customer component of the aggregation charge and the aggregation balancing gas charge OR (ii) for customers of Northern Illinois Gas Company, the aggregator balancing service charge, the storage service cost recovery charge and the account charge; plus (b) a monthly administrative fee of \$2.95. All other terms of our existing agreement will remain the same.

YOUR CONTRACT WILL AUTOMATICALLY RENEW FOR A ONE-YEAR PERIOD IF YOU DO NOT RESPOND TO THIS LETTER. IF YOU DO NOT RESPOND BY JULY 22ND, YOUR EFFECTIVE PRICE STARTING SEPTEMBER 2005, WILL BE THE VARIABLE PRICE OF INDEX* + \$0.06/THERM. IF YOU DECIDE THAT YOU DO NOT WISH TO CONTINUE WITH PEOPLES ENERGY SERVICES, YOU MUST NOTIFY US IN WRITING, BY MAIL OR FAX, OF YOUR DECISION BY JULY 22, 2005.

Peoples Energy Services is proud to be your natural gas supplier. If you have any questions about this offer or the term of your agreement, please contact us at 1-888-698-1728.

Sincerely,

Esther Kang
Director, Marketing and Customer Communications

* The variable price is the price published in Natural Gas Intelligence, Weekly Gas Price Index, first of the month issue, Midwest Chicago citygate posting, converted to a price per therm or any successor index ("Index") + \$.06 per therm of gas you use.

Peoples Energy Services is not the same company as Peoples Gas or North Shore Gas. The rates of non-utility gas suppliers like Peoples Energy Services are not regulated by the Illinois Commerce Commission. You do not need to buy products or services from Peoples Energy Services in order to receive the same quality service from Peoples Gas or North Shore Gas.