

SERVICES AND TRANSFERS AGREEMENT

This Services and Transfers Agreement is made and entered into as of this 25th day of May, 2006, by and among Peoples Energy Corporation, The Peoples Gas Light and Coke Company and its subsidiaries, North Shore Gas Company and its subsidiaries and each company signing this Agreement or an amendment adding it to this Agreement and subsidiaries of each such company.

WHEREAS, the Parties are related, directly or indirectly, by Peoples Energy Corporation's ownership of more than fifty percent (50%) of the voting rights of the Parties' common stock or Peoples Energy Corporation holding more than fifty percent (50%) of the seats on the board of directors or other oversight authority;

WHEREAS, certain services and property transfers can be provided in a more cost-efficient and effective manner by one Party to another Party, rather than each Party performing these services for itself or contracting with an unrelated party;

WHEREAS, some of the Parties are currently signatories to that certain Agreement, dated July 17, 1969, approved by the Illinois Commerce Commission in Docket No. 55071 by order dated September 10, 1969, under which one or more signatories provide services to other signatories;

WHEREAS, some of the Parties are currently signatories to that certain Personal Property Transfer Agreement, dated December 22, 1975, and that certain Supplemental Agreement, dated June 21, 1976, each approved by the Illinois Commerce Commission in Docket No. 60270, under which one or more signatories transfer tangible personal property, other than natural gas; and

WHEREAS, subject to the Illinois Commerce Commission's approval, this Agreement is intended to replace the July 17, 1969 Agreement, the December 22, 1975 Personal Property Transfer Agreement, and the June 21, 1976 Supplemental Agreement;

NOW, THEREFORE, in consideration of the premises and covenants set forth below, the Parties agree as follows:

I

DEFINITIONS

As used in this Agreement, the following terms shall have the meaning set forth in this Section I, unless the context requires otherwise.

1. "Act" shall mean the Public Utilities Act (220 ILCS 5/1-101 *et seq.*).
2. "Acquiring Party" shall mean a Party who wishes to acquire a property interest in real property, personal property or Intangible Assets from a Transferring Party.
3. "Agreement" shall mean this Services and Transfers Agreement, as it may be amended from time to time.

4. "Commission" shall mean the Illinois Commerce Commission and any successor to that agency.
5. "Facilities" shall mean the items identified in Section III.1.
6. "Intangible Assets" shall mean items, other than tangible personal property or real property, for which costs have been incurred to create future economic benefits that may or may not be recorded as assets on the Transferring Party's financial statements. Intangible Assets include operational knowledge, software and intellectual property derived from internal research and development efforts.
7. "Local Furnishing Bonds" shall mean tax-exempt bonds issued pursuant to the provisions of the Internal Revenue Code of 1986, as amended, for the benefit of private companies to finance facilities for the local furnishing of gas.
8. "North Shore" shall mean North Shore Gas Company, an Illinois corporation, and any successor to that entity.
9. "Parties" shall mean all entities who have signed this Agreement and the wholly owned subsidiaries of each such entity, whether or not such subsidiaries has signed this Agreement.
10. "Party" shall mean each entity who has signed this Agreement and any wholly owned subsidiary of each such entity, whether or not such subsidiary has signed this Agreement.
11. "PEC" shall mean Peoples Energy Corporation, an Illinois corporation, and any successor to that entity.
12. "Peoples Gas" shall mean The Peoples Gas Light and Coke Company, an Illinois corporation, and any successor to that entity.
13. "Providing Party" shall mean a Party who has been requested by a Requesting Party, and who is willing and able, to furnish Facilities or provide Services or both to the Requesting Party.
14. "Requesting Party" shall mean a Party who wishes to use Facilities or receive Services or both and who has requested a Providing Party to furnish such Facilities or provide such Services or both.
15. "Services" shall mean the items identified in Section IV.1.
16. "Transferring Party" shall mean a Party who wishes to transfer a property interest in real property, personal property or Intangible Assets to an Acquiring Party.

II

PURPOSE

1. This Agreement sets forth procedures and policies to govern (a) transactions between any Party and Peoples Gas, (b) transactions between any Party and North Shore, and (c) the allocation of joint service costs.

2. This Agreement is not intended to govern transactions that do not involve Peoples Gas or North Shore or between Peoples Gas and its wholly owned subsidiaries or between North Shore and its wholly owned subsidiaries.
3. Parties may, but shall not be required to, use this Agreement for transactions that do not involve Peoples Gas, North Shore, or their respective wholly owned subsidiaries.
4. Subsidiaries for which PEC does not hold, directly or indirectly, more than fifty percent (50%) of the voting rights of the entity's common stock or more than fifty percent (50%) of the seats on the board of directors or other oversight committee are precluded from becoming Parties to this Agreement.

III

FURNISHING OF FACILITIES

1. Under the terms of this Agreement, a Requesting Party may request that a Providing Party provide for the use of Facilities fitting within the following categories:
 - a. facilities, including: office space, warehouse space, storage space, transportation, repair facilities, manufacturing and production facilities, and office furniture, fixtures and equipment;
 - b. computer equipment, including: stand alone and mainframe equipment, networks, peripheral devices, storage media and software;
 - c. communications equipment, including: audio and video equipment, radio equipment, telecommunications equipment and networks and transmission and switching capability;
 - d. vehicles, including: automobiles, trucks, vans, trailers, railcars, marine vessels, aircraft, transport equipment, material handling equipment and construction equipment; and
 - e. machinery, equipment, tools, parts and supplies.
2. Providing Party shall determine, in its sole discretion, whether to, and to what extent it shall, agree to Requesting Party's request. Providing Party may decline Requesting Party's request for any or no reason. The Providing Party shall decline the Requesting Party's request if the use of Facilities that would occur as a result of agreeing to the request would cause a failure of Peoples Gas or North Shore to comply with the federal income tax requirements for Local Furnishing Bonds.
3. If Providing Party agrees to Requesting Party's request, Providing Party, in its sole discretion, may schedule Requesting Party's use of Facilities to avoid interference with Providing Party's use or the use of another Requesting Party.
4. A Providing Party and Requesting Party may evidence their agreement with respect to the availability and furnishing of Facilities described in this Section III by entering into a written document, such as an agreement, lease or memorandum, or memorializing the agreement in electronic media. Such written

document or electronic media record shall not contain terms inconsistent with this Agreement. Section III shall not be construed to require any such written document or electronic media record.

IV

PROVISION OF SERVICES

1. Under the terms of this Agreement, a Requesting Party may request that a Providing Party provide Services fitting within the following categories:
 - a. administrative and management services, including: accounting, including bookkeeping, budgeting, forecasting, billing, and accounts receivable and accounts payable administration; financial reporting; audit; executive; finance; cash management; governmental affairs; insurance and risk management; information systems services; investment advisory services; legal; library; real estate management; record keeping; secretarial and other general office support; regulatory affairs; shareholder services; tax; treasury; corporate communications; and other administrative and management services;
 - b. personnel services, including: recruiting; training and evaluation services; payroll processing; employee benefits administration and processing; labor negotiations and management; and related services;
 - c. purchasing services, including: preparation and analysis of product specifications, requests for proposals and similar solicitations; vendor and vendor-product evaluations; purchase order processing; receipt, handling, warehousing and disbursement of purchased items; contract negotiation and administration; inventory management and disbursement; and similar services;
 - d. operational services, including: drafting and technical specification development and evaluation; consulting; engineering; environmental; construction; design; resource planning; economic and strategic analysis; research; testing; training; public and governmental relations; and other operational services; and
 - e. customer solicitation, customer support and other marketing-related services, including: customer lists and other customer-related information.
2. Providing Party shall determine, in its sole discretion, whether to, and to what extent it shall, agree to Requesting Party's request. Providing Party may decline Requesting Party's request for any or no reason. The Providing Party shall decline the Requesting Party's request if the use of Services that would occur as a result of agreeing to the request would cause a failure of Peoples Gas or North Shore to comply with the federal income tax requirements for Local Furnishing Bonds.
3. If Providing Party agrees to Requesting Party's request, Providing Party, in its sole discretion, may schedule Requesting Party's use of Services to avoid

interference with Providing Party's use of Services or the use of another Requesting Party.

4. A Party may request that another Party or Parties enter into an arrangement for the joint purchase of goods or services from third parties. If Peoples Gas or North Shore is so requested and agrees to participate in such an arrangement, it shall do so only if it reasonably expects that its costs for such goods or services would not be increased by such arrangement. If any such arrangement is established, one Party may act as agent for the other Parties to the arrangement and may administer the arrangement, including billing and collecting amounts due the vendor(s), for the other Parties.

5. A Providing Party and Requesting Party may evidence their agreement with respect to the availability and provision of Services described in this Section IV by entering into a written document, such as an agreement or memorandum, or memorializing the agreement in electronic media. Such written document or electronic media record shall not contain terms inconsistent with this Agreement. Section IV shall not be construed to require any such written document or electronic media record.

V

ASSET TRANSFERS

1. An Acquiring Party may acquire from a Transferring Party, and the Transferring Party may transfer to the Acquiring Party, real property or interests in real property. To the extent required by Section 7-101 or 7-102 of the Act, such transfer shall be subject to prior Commission approval. The Transferring Party shall not transfer any assets to the Acquiring Party if the consummation of the transfer will result in a failure of Peoples Gas or North Shore to comply with the federal income tax requirements for Local Furnishing Bonds.

2. An Acquiring Party may acquire from a Transferring Party, and the Transferring Party may transfer to the Acquiring Party, tangible personal property. To the extent required by Section 7-101 or 7-102 of the Act, such transfer shall be subject to prior Commission approval. This Section V.2 shall not apply to joint purchasing arrangements and transactions pursuant to such arrangements entered into pursuant to Section IV.4 of this Agreement.

3. An Acquiring Party may acquire from a Transferring Party, and the Transferring Party may transfer to the Acquiring Party, Intangible Assets. To the extent required by Section 7-101 or 7-102 of the Act, such transfer shall be subject to prior Commission approval.

VI

PAYMENT

1. Each Party shall maintain adequate books and records with respect to the transactions subject to this Agreement and shall record the costs to be apportioned to the other Parties in appropriate accounts in its general ledger system. Each Party shall be responsible for maintaining internal controls to

ensure the costs associated with transactions covered by this Agreement are properly and consistently allocated and billed in accordance with the terms and provisions of this Agreement.

2. Charges for the furnishing of Facilities specified in Section III, the provision of Services specified in Section IV and the transfer of assets specified in Section V shall be as determined pursuant to Section VII.
3. Except for transactions pursuant to Section V.1, each month, costs allocated between or among the Parties shall, as applicable, be transferred to or from those Parties such that the Providing Party or Transferring Party is compensated for its services by the Requesting Party or Acquiring Party in accordance with this Agreement. The Parties may shall effectuate such transfers ~~within PEC's accounting system or through the issuance of an invoice.~~
4. For the sale of real property or interests in real property specified in Section V.1, the Acquiring Party shall pay the charges to the Transferring Party upon the closing of the sale and transfer of such real property or interests in such real property. The Parties may shall effectuate such payments ~~through transfers within PEC's accounting system or through the issuance of an invoice.~~
5. When a Party is both owed and owes amounts pursuant to this Section VI, the transfers may be netted.

VII

CHARGES

1. Facilities furnished or Services provided by Peoples Gas or North Shore to a Party pursuant to Section III or IV shall be charged by the Providing Party to the Requesting Party at the pricing mechanism approved by the Commission, or, if no such pricing mechanism exists, an amount equal to or greater than the fully distributed cost, determined as provided in Section VII.6, incurred by the Providing Party in furnishing such Facility or providing such Service to the Requesting Party.
2. Facilities furnished or Services provided by a Party to Peoples Gas or North Shore pursuant to Section III or IV shall be charged by the Providing Party to the Requesting Party at the prevailing price for which the Facility is furnished or Service is provided for sale to the general public by the Providing Party, which is the price charged to non-affiliates if such transactions with non-affiliates constitute a substantial portion of such Party's total revenues from such transactions. If no such prevailing price exists, the charge shall be an amount not to exceed the fully distributed cost, determined as provided in Section VII.6, incurred in furnishing such Facility or providing such Service to the Requesting Party.
3. Transactions pursuant to Section V.1 or V.2 in which Peoples Gas is the Transferring Party and North Shore is the Acquiring Party shall be charged by the Transferring Party to the Acquiring Party at the cost on Peoples Gas' books and transactions pursuant to Section V.1 or V.2 in which North Shore is the Transferring Party and Peoples Gas is the Acquiring Party shall be charged by

the Transferring Party to the Acquiring Party at the cost on North Shore's books. All other transactions pursuant to Section V.1 or V.2 shall be charged by the Transferring Party to the Acquiring Party at the fair market value of the transferred asset, as evidenced by (i) the prevailing price for which the same or similar assets are offered for sale to the general public by the Transferring Party, or (ii) if no such prevailing price exists, the price at which non-affiliated vendors offer the same or similar assets for sale by reference to quoted market prices, independent appraisals or other objectively determinable evidence. If no such fair market value is objectively or practicably determinable, the historical cost of the asset to the Transferring Party, less all applicable valuation reserves, shall be charged.

4. Transactions between Peoples Gas or North Shore and a Party pursuant to Section V.3 shall be charged by the Transferring Party to the Acquiring Party under a mechanism to reflect the fair market value of the asset as determined by an appraisal or other fair market value study. If no such fair market value is objectively or practicably determinable, the charge shall be at the fully distributed cost, determined as provided in Section VII.6, incurred to purchase or develop the asset, adjusted to reflect imputed amortization of, if applicable, any carrying costs on the unrecorded asset.

5. Costs shall be charged to a Party in accordance with these general principles using either a direct charge or an allocation methodology. Costs of assets or services specifically attributable to a Party should be charged directly to such Party. Joint and common costs not specifically attributable to a Party should be charged to the appropriate Parties based on specific allocation methodologies.

6. Costs charged on a fully distributed cost basis shall reflect the amounts of direct labor, direct materials and direct purchased services associated with the related asset or service as provided in subsections (a) and (b). These amounts shall be increased by a portion of indirect costs to reflect labor, administrative and general and other overhead amounts as provided in subsection (c).

- a. Direct Costs. Costs incurred that are specifically attributable to a Party shall be directly charged to the appropriate account.
 - i. Direct Labor: Amounts of direct labor charged to a Party shall be based on actual direct labor, including incentive compensation plan costs. Direct labor shall be charged to a Party pursuant to the applicable following methodologies: (A) For individuals, departments or organizations that do not routinely provide services to other Parties, an employee shall report each month the number of hours incurred in performing activities for such Party. Based on the time reported each month, the regular, predetermined account distribution for the employee shall be adjusted to reflect the distribution of direct labor charges to the appropriate affiliate function. (B) For individuals, departments or organizations that provide a recurring, predictable level of services to a Party or Parties, a normal distribution of time shall be

developed at least annually to charge such Party or Parties. The distribution percentages shall be used to allocate direct labor costs with respect to each month. Significant deviations of actual activity from these predetermined percentages shall be reported and shall result in adjustments to the predetermined distribution of direct labor charges to the affiliate accounts. Overtime shall be reflected in the direct labor rates charged to a Party. For bargaining unit employees, direct labor shall be charged based on the base and overtime pay amounts under a Party's collective bargaining agreements. For non-bargaining unit employees who are compensated for overtime, direct labor shall be charged based on the base pay amounts incurred for such employees, including overtime.

- ii. Direct Materials and Purchased Services. Amounts incurred for materials or purchased services directly attributable to a Party shall be charged directly to that Party.
- b. Costs incurred that are not specifically attributable to a Party but that have joint benefit to two or more Parties shall be charged to the appropriate Parties based on specified allocation methodologies. The allocation methodologies used shall be reasonably based on cost causative measures to ensure an equitable allocation among such Parties.
- c. The direct and allocated costs apportioned to a Party or Parties shall be increased to reflect indirect labor, administrative and general and other overhead amounts. These indirect costs are not specifically identifiable or attributable to the direct costs incurred on behalf of a Party. All direct labor charges apportioned to a Party, either apportioned directly or using an allocation methodology, shall be increased by a loading factor to reflect indirect labor-driven costs. For each Party, this loading factor shall be determined annually based on forecasted indirect labor driven charges. The labor loading shall include payroll taxes; medical, dental and vision insurance costs; pension and other postretirement health care benefits costs; employee savings plans costs; training costs; other employee benefits; the employee benefits department costs; communications and computer support; and facilities costs. Facilities costs include buildings and related property, such as equipment, machinery, furniture and fixtures, and related services, such as mail delivery and library services. These indirect charges shall include an amount to reflect the cost of such assets (e.g., depreciation, operations, maintenance, utilities, insurance, and real estate taxes) and, for owned assets or assets leased under capital leases, a return equal to the rate of return on rate base most recently authorized for Peoples Gas or North Shore by the Commission.

7. All costs incurred by PEC and not directly charged to another Party pursuant to other provisions of this Agreement and all costs apportioned and billed to PEC by other Parties shall be handled in accordance with the following.

- a. Costs related to activities that jointly benefit all of the Parties shall be allocated with a corporate allocation factor. Each month, the applicable costs shall be apportioned and billed to the Parties, other than PEC, using a two factor formula methodology. Under the two factor formula methodology, determined on an annual basis, each Party wholly owned by PEC, other than non-operating subsidiaries, is allocated and billed for a portion of the total costs under this subsection (a) based on an average of such Party's gross payroll, weighted twice, and total asset amounts relative to the corresponding averages for the other wholly-owned Parties. Non-operating affiliates are those that exist solely for the purpose of enabling PEC to perform its corporate function and do not engage in the active management or oversight of any enterprise doing business with third parties. For majority-owned Parties that are not wholly owned, the two-factor formula shall consider only the proportional ownership share of such Party's gross payroll, weighted twice, and total assets.
- b. Accounts and cost centers not handled in accordance with subsection (a) shall be charged with costs that have been determined as not appropriate for apportionment by PEC to the other Parties. These costs primarily relate to PEC's diversification and divestiture activities.

VIII

LIMITATION ON LIABILITY

1. EACH PARTY AGREES THAT NO OTHER PARTY SHALL BE LIABLE TO IT FOR SPECIAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES UNDER THIS AGREEMENT.

2. Each Party acknowledges and agrees that any Facilities furnished and any Services provided by a Providing Party to a Requesting Party are so made furnished or provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY'S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

3. Except as provided in Section VIII.4, each Party acknowledges and agrees that any real property, interests in real property, tangible personal property or Intangible Assets transferred in accordance with Section V is so transferred WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A TRANSFERRING PARTY'S EMPLOYEES,

REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

4. In connection with a transfer of real property, interests in real property, tangible personal property or Intangible Assets pursuant to Article V, the Transferring Party shall be deemed to have represented and warranted to the Acquiring Party that: (i) title conveyed is good, (ii) conveyance of such title is authorized and rightful, and (iii) the title so conveyed is free and clear of all liens, claims, encumbrances or security interests of persons or entities claiming by or through the Transferring Party, except, in the case of this clause (iii), as the Acquiring Party and the Transferring Party may otherwise agree.

5. The Parties acknowledge and agree that this Agreement does not create a partnership between, or a joint venture of, a Party and any other Party. Each Party is an independent contractor and nothing contained in this Agreement shall be construed to constitute any Party as the agent of any other Party except as expressly set forth in Section IV.4.

IX

TERM

1. This Agreement shall begin on the date it is approved by the Commission and continue in effect until terminated pursuant to Section IX.2.
2. Any Party may terminate this Agreement as to it by providing no less than thirty (30) days prior written notice to the other Parties. PEC shall terminate this Agreement as to a Party upon the date that PEC ceases to have ownership of more than fifty percent (50%) of the voting rights of the Party's common stock or to hold more than fifty percent (50%) of the seats on the board of directors or other oversight committee.

X

REGULATORY REQUIREMENTS

1. Access to Records: The Commission shall have access to the books and records of Peoples Gas, North Shore and Parties who enter into transactions with Peoples Gas or North Shore pursuant to this Agreement for the purpose of reviewing and monitoring compliance with this Agreement and applicable laws and regulations.
2. Notices: Peoples Gas and North Shore shall notify the Commission each time a new Party becomes eligible to receive or provide Services and Facilities or transfer or acquire assets under this Agreement.
 - a. This notice shall be by means of a letter to the following or any successor to the following: Commission's Manager of Accounting, Manager of the Energy Department, Public Utilities Bureau Chief, the Executive Director and an informational filing in the Commission docket in which this Agreement was approved.

- b. Such notice shall include: (i) a description of the anticipated transactions between Peoples Gas or North Shore and the new Party; (ii) a revised organizational chart showing all Parties and their subsidiaries; (iii) a list of the Board of Directors and officers of the new Party; (iv) a statement of whether Peoples Gas and North Shore expect the new Party to be a Providing Party, Receiving Party Transferring Party or Acquiring Party; and (v) a statement regarding the expected quantity of transactions that Peoples Gas or North Shore expects to conduct with the new Party.
3. **Annual Internal Audits:** Each year, there shall be an internal audit of transactions involving Peoples Gas and North Shore under this Agreement for the purpose of testing compliance with the Agreement. Peoples Gas and North Shore shall submit a copy of the audit report to the Commission's Manager of the Accounting Department or any successor no later than 120 days after the end of Peoples Gas' and North Shore's fiscal year.
4. **Annual Reporting:** Each year, 90 days after the end of Peoples Gas' and North Shore's fiscal year, Peoples Gas and North Shore shall provide to the Commission's Chief Clerk and to the Commission's Manager of the Accounting Department or any successor an annual report on transactions under the Agreement for the prior fiscal year. Such annual report shall include the following: (i) a description of services and charges provided by Peoples Gas and/or North Shore to other Parties under the Agreement; (ii) a description of services and charges provided by other Parties to Peoples Gas and/or North Shore under the Agreement; (iii) Peoples Gas' and North Shore's monthly billing to and payments received from other Parties under the Agreement; (iv) the amounts of any allocated costs under the Agreement; and (v) supporting calculations for each allocation.

XI

MISCELLANEOUS

1. The provisions of this Agreement shall extend to the Parties to this Agreement and to their successors.
2. A waiver by any Party of any one or more defaults by another Party in the performance of any provisions of this Agreement shall not operate as a waiver of any future default or defaults, whether of a like or different character.
3. Each Party shall treat in confidence all information that it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority having jurisdiction. If a Party is required to disclose confidential information to such a governmental authority, such Party shall take reasonable steps to make such

disclosure confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information that (i) is or becomes available to such Party from a source other than the Party providing such information, unless such other source has imposed confidentiality restrictions, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

4. This Agreement contains the entire agreement between the Parties, and except as stated in this Agreement, there are no promises, agreements, warranties, obligations, assurances, or conditions precedent or otherwise affecting it.

5. Any change, modification, or alteration of this Agreement shall be in writing, signed by the Parties to this Agreement, and, if required under the Act, submitted to the Commission for approval.

6. Any other entity that is or may become a direct or indirect subsidiary of PEC may become a party to this Agreement by executing an agreement, which may be in the form of a letter, adopting all of the terms and conditions of this Agreement. Such agreement must be signed by PEC in order to become effective, but need not be signed by any other Party to this Agreement. Upon PEC's execution, such entity shall be deemed to be a Party and shall be included within the definition of "Party." Wholly owned subsidiaries of a Party other than PEC shall automatically become a Party without execution of an agreement. ~~Peoples Gas and North Shore shall notify the Commission each time a new Party becomes eligible to receive or provide Services and Facilities or transfer or acquire assets under this Agreement. This notice shall be by means of a letter to the Chief Clerk's office, referencing the Commission docket number in which this Agreement was approved and, if applicable, including a copy of the agreement adding the new Party and the name and business purpose of the Party and its relationship to Peoples Gas and North Shore.~~

7. No course of dealing or course of performance between the Parties shall be construed to alter the terms hereof.

8. The captions in this Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

9. The Parties agree that there is no third party beneficiary of this Agreement and that the provisions of this Agreement do not impart enforceable rights to anyone who is not a Party.

10. The captions in this Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

11. This Agreement shall be construed and enforced in accordance with 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 before the Commission or, if the

Commission lacks jurisdiction over a dispute, in a state or federal court located within Cook County in the State of Illinois.

12. Upon the effective date of this Agreement, that certain Agreement, dated July 17, 1969, approved by the Illinois Commerce Commission in Docket No. 55071, and that certain Personal Property Transfer Agreement, dated December 22, 1975, and that certain Supplemental Agreement, dated June 21, 1976, each approved by the Illinois Commerce Commission in Docket No. 60270, shall each terminate and be of no further force and effect, except as to transactions completed or in progress as of the effective date of this Agreement. The referenced agreements shall continue in force and effect as to such completed or in progress transactions until they are completed and costs allocated and charges assessed in accordance with the applicable agreement.

13. This Agreement was prepared by all Parties to this Agreement and not by any Party to the exclusion of any other.

WHEREFORE, the Parties have each caused a duly authorized representative to execute this Agreement.

The Peoples Gas Light and Coke Company

Peoples Energy Corporation

By: _____
Name: Desiree G. Rogers
Title: President

By: _____
Name: Thomas A. Nardi
Title: Executive Vice President and Chief Financial Officer

North Shore Gas Company

Peoples Energy Services Corporation

By: _____
Name: Desiree G. Rogers
Title: President

By: _____
Name: Ann M. DeBortoli
Title: Vice President

Peoples Energy Resources Company, LLC

Peoples Energy Ventures, LLC

By: _____
Name: Timothy J. Hermann
Title: Vice President

By: _____
Name: Thomas A. Nardi
Title: Executive Vice President and Chief Financial Officer
Peoples District Energy Corporation

Peoples Energy Production Company

By: _____
Name: Steven W. Nance
Title: President

By: _____
Name: Thomas A. Nardi
Title: Executive Vice President and Chief Financial Officer
Peoples NGV Corp.

By: _____
Name: Thomas A. Nardi
Title: Executive Vice President and Chief Financial Officer