

Name of Respondent	This Report is:	Date of Report	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission	(Mo, Da, Yr)	Dec. 31, 2005

INVESTMENTS (Accounts 123, 124, 136)

- Report below investments in Accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
- Provide a subheading for each account and list thereunder the information called for:
 - Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, Other Investments), state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
 - Investment Advances - Report separately for each person or company the amounts of loans or investment advances which are properly includable in Account 123. Advances subject to current repayment should be included in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account. Each note should be listed giving date of issuance, maturity date and specifying whether the note is a renewal. Designate any advances due from officers, directors, stockholders, or employees. Exclude amounts reported on page 229.

Line No.	Description of Investment (a)	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (b)	Purchases or Additions During Year (c)
1			
2	<u>Account 123 - Investment in Associated Companies</u>	None	
3			
4	<u>Account 124 - Other Investments</u>		
5	Deferred Compensation and Supplemental Benefit Trust Plan	21,681	
6			
7	<u>Account 136 - Temporary Cash Investments</u>		
8	Commercial Paper and Other Short Term Investments	(59) (1)	918,996,092
9			
10			
11			
12			
13		21,622	918,996,092
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			

(1) Outstanding A/P Accrual from Conversion written off during calendar year 2005.

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

INVESTMENTS (Accounts 123, 124, 136) (Continued)

3. For any securities, notes or accounts that were pledged designate with an asterisk such securities, notes or accounts and in a footnote state the name of pledgee and purpose of the pledge.
4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization and case or docket number.
5. Report in column (g) interest and dividend revenues from investments including such revenues from securities disposed of during the year.
6. In column (h) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includable in column (g).

Sales or Other Dispositions During Year (d)	Principal Amount or No. of Shares at End of Year (e)	Book Cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference) (f)	Revenues for Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
		None			1
					2
					3
					4
		21,681			5
					6
918,996,033		-	625,682		7
					8
					9
					10
					11
					12
918,996,033		21,681	625,682	-	13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27

Name of Respondent	This Report is:	Date of Report	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission	(Mo, Da, Yr)	Dec. 31, 2005

PARTICULARS CONCERNING CERTAIN OTHER INCOME ACCOUNTS

1. Report in this schedule the revenues and expenses with respect to: Revenues from Nonutility Operations (Account 417), Expenses of Nonutility Operations (Account 417.1), Nonoperating Rental Income (Account 418), Equity in Earnings of Subsidiary Companies (Account 418.1), Interest and Dividend Income (Account 419), Allowances for Other Funds Used During Construction (Account 419.1), Miscellaneous Nonoperating Income (Account 421), and Gain on Disposition of Property (Account 421.1).
2. Give the basis of any important segregation of income and expense between utility and nonutility operations.
3. Minor items may be grouped by classes; show number of items.

Line No.	Item (a)	Amount (b)
1	<u>Account 417 - Revenues from Nonutility Operations</u>	None
2		
3	<u>Account 417.1 - Expenses of Nonutility Operations</u>	None
4		
5	<u>Account 418 - Nonoperating Rental Income</u>	16,595
6		
7		
8		
9	<u>Account 418.1 - Equity in Earnings of Subsidiary Companies</u>	None
10		
11	<u>Account 419 - Interest and Dividend Income</u>	
12	Commercial Paper and Other Short-term Investments	625,682
13	Imputed Interest on Amounts Recoverable from Customers	13,404
14	Carrying Charges Related to Investigation & Removal of Manufactured Gas Residues	170,165
15	Intercompany Interest Income	30,037
16	Other (1 item)	4
17		
18		839,292
19		
20		
21	<u>Account 419.1 - Allowance for Other Funds Used During Construction</u>	None
22		
23	<u>Account 421 - Miscellaneous Nonoperating Income</u>	None
24		
25	<u>Account 421.1 - Gain on Disposition of Property</u>	None
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
--	---	--------------------------------	---------------------------------

EMPLOYEE DATA

- 1 The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.
- 2 If the respondent's payrolls for the reported period include any special construction forces, include such employees as part-time and temporary employees and show the number of such special construction employees so included.
- 3 The number of employees assignable to each department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to each department from joint functions.
- 4 If respondent furnishes two or more kinds of utility service, general officer, executives and other employees not assignable to any particular department are to be reported in column h. No employee is to be included more than once.

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	Total (i)
Number of employees as of 12/31/05									196
Total regular full-time employees									196
Total Employees									196

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission		Dec. 31, 2005

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$50,000 for utilities with operating revenues of \$25,000,000 or less and more than \$250,000 for utilities with operating revenues of \$25,000,000, including payments for legislative services, except those which should be reported in Account 426.4 Expenditures for Certain Civic, Political and Related Activities.
 - (a) Name and address of person or organization rendering services.
 - (b) Description of services received during year and project or case to which services relate.
 - (c) Basis of charges.
 - (d) Total charges for the year, detailing utility department and account charged.
2. For any services which are of a continuing nature, give the date and term of contract and date of Commission authorization, if contract received Commission approval.
3. Designate with an asterisk associated companies.

Line No.	Item (a)	Amount (b)
1	See Supplemental Sheet.	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		

NORTH SHORE GAS COMPANY
 ANNUAL REPORT TO THE ILLINOIS COMMERCE COMMISSION - 2005
 CHARGES FOR OUTSIDE PROFESSIONAL AND
 OTHER CONSULTATIVE SERVICES

Description of Service (1)	Account Charged	Amount (2)
Other:		
WCP Non-Qualified Settlement Trust 1500 Ardmore Blvd Pittsburgh, PA 15221-4468	182.3	\$ 2,900,000
General :		
* The Peoples Gas Light and Coke Company 130 East Randolph Drive Chicago, Illinois 60601	Various	6,706,007 (3)
* Peoples Energy Corporation 130 East Randolph Drive Chicago, Illinois 60601	Various	<u>9,137,348 (3)</u>
	TOTAL	<u>\$ 18,743,355</u>

Notes: (1) All charges apply to the gas utility.

(2) Basis of charges: Fees and Expenses.

(3) Services are rendered in accordance with an Intercompany service agreement dated July 17, 1969, which became effective August 1, 1969; a supplemental agreement thereto dated March 15, 1974, which became effective August 1, 1973; a second supplemental agreement dated March 14, 1980, which became effective March 1, 1980; a third supplemental agreement dated and effective on December 30, 1992; a fourth supplemental agreement dated January 28, 1994 which became effective October 1, 1993; a fifth supplemental agreement dated August 15, 1994, which became effective July 21, 1994; a sixth supplemental agreement dated September 3, 1996, which became effective September 1, 1996; and a seventh supplemental agreement dated December 1, 1997, which became effective June 27, 1997 between Respondent and its associated companies pursuant to the authority of the Commission in its order entered on September 10, 1969, and supplemental order entered on November 13, 1974, in Docket No. 55071. Billings for services rendered by associated companies are designed to make the company rendering the services whole for all costs and expenses relating to the performance of said services.

This page was left blank intentionally.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
NORTH SHORE GAS COMPANY			Dec. 31, 2005

COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

None

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

1. Report in columns (b) (c) (d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges," report the accounts affected and the related amounts in a footnote.

STATEMENT OF OTHER COMPREHENSIVE INCOME AND HEDGING ACTIVITIES

Line No.	Item (a)	Unrealized Gain & Losses on Available for Sale Securities (b)	Minimum Pension Liability Adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year		(2,059,094)		
2	Preceding Year Reclassification from Account 219 to Net Income				
3	Preceding Year Changes In Fair Value		210,965		
4	Total (lines 2 and 3)		210,965		
5	Balance of Account 219 at End of Preceding Year/Beginning of Current Year		(1,848,129)		
6	Current Year Reclassification from Account 219 to Net Income				
7	Current Year Changes in Fair Value		(355,301)		
8	Total (lines 6 and 7)		(355,301)		
9	Balance of Account 219 at End of Current Year		(2,203,430)		

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

STATEMENT OF OTHER COMPREHENSIVE INCOME AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges (Interest Rate Swap) (f)	Other Cash Flow Hedges (insert category) (g)	Totals for Each Category of Items Recorded in Account 219 (h)	Net Income (carried forward from Page 117, Line 74) (i)	Total Comprehensive Income (j)
1	(212,753)		(2,271,847)		
2					
3	22,795		233,760		
4	22,795		233,760	10,718,665	10,952,425
5	(189,958)		(2,038,087)		
6					
7	22,787		(332,514)		
8	22,787		(332,514)	1,645,529	1,313,015
9	(167,171)		(2,370,601)		

This page was left blank intentionally.

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, Nonutility Property. These items are separate and distinct from those allowed to be grouped under instruction No.5.
5. Minor items (5% of the Balance at the End of the Year, for Account 121) may be grouped.
6. Natural gas companies which have oil property should report such property by State, classified as to (a) oil lands and land rights,(b) oil wells, and (c) other oil property. Gasoline plants and other plants for the recovery of products from natural gas are classifiable as gas plant and should be reported as such and not shown as Nonutility Property.

Line No.	Description and Location (a)	Balance at Beginning of Year (b)	Purchases, Sales, Transfers, etc. (c)	Balance at End of Year (d)
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15		None		None

ACCUMULATED PROVISION FOR DEPRECIATION & AMORTIZATION OF NONUTILITY PROPERTY (Account 122)

Report below the information called for concerning depreciation and amortization of nonutility property

1	Balance, Beginning of Year	None
2	Accruals for Year, Charged to	
3	(417) Revenues from Nonutility Operations	
4	(418) Nonoperating Rental Income	
5	Other Accounts (Specify):	
6		
7	TOTAL Accruals for Year (Enter Total of lines 3 thru 6)	None
8	Net Charges for Plant Retired	
9	Book Cost of Plant Retired	
10	Cost of Removal	
11	Salvage (Credit)	
12	TOTAL Net Charges (Enter Total of lines 9 thru 11)	None
13	Other Debit or Credit Items (Describe):	
14	Credit: Depreciation Expense	
15	Balance, End of Year (Enter Total of lines 1,7,12, and 14)	None

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited To Account 410.1 (c)	Amounts Credited To Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16	Other (Specify)			
17	TOTAL (Acct 281) (Total of lines 8, 15 and 16)	None		
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

Notes

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited To Account 410.2 (e)	Amounts Credited To Account 411.2 (f)	Debits		Credits			
		Account No. (g)	Amount (h)	Account No. (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
							9
							10
							11
							12
							13
							14
							15
							16
						None	17
							18
							19
							20
							21

Notes (Continued)

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE (1)

- | | |
|--|--|
| <p>1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and, (f) whether the overhead is directly or indirectly assigned.</p> | <p>2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instruction 3 (17) of the U.S. of A.</p> <p>3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.</p> |
|--|--|

Notes:

- (1) See page 44 Supplemental Sheets - For general description of construction overhead procedure.
- (2) An allowance for funds used during construction (AFUDC) was not recorded during the calendar year 2005.

COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES

For line 1 (5), column (d) below, enter the rate granted in the last rate proceeding. If such is not available, use the average rate earned during the preceding three years.

1. Components of Formula (Derived from actual book balances and actual cost rates):

(1) Average Short-Term Debt	S		
(2) Short-Term Interest			s
(3) Long-Term Debt	D		d
(4) Preferred Stock	P		p
(5) Common Equity	C		c
(6) Total Capitalization			
(7) Average Construction Work in Progress Balance	W		

(see note 2)

2. Gross Rate for Borrowed Funds $[s(S/W)+d(D/(D+P+C))](1-S/W)]$ (see note 2)

3. Rate for Other Funds $[1-S/W] [p(P/(D+P+C))+c(C/(D+P+C))]$ (see note 2)

4. Weighted Average Rate Actually Used for the Year: (see note 2)
 a. Rate for Borrowed Funds
 b. Rate for Other Funds

NORTH SHORE GAS COMPANY

ANNUAL REPORT TO THE ILLINOIS COMMERCE COMMISSION – 2005

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

Distribution Department Expenses and Service Department Expenses

Distribution and Service Department Expenses consist of salaries and expenses of supervisory, engineering and clerical personnel involved in supervising, directing and controlling the activities of shop employees engaged in the construction and retirement of mains and service pipes and the installation and removal of customers' meters and house regulators. The amount included in these accounts represents a portion of the total salaries and expenses of such individuals based on periodic time studies of the activities of the respective shop forces. Distribution Department Expenses are allocated to individual construction and retirement projects for mains and service pipes in direct proportion to the amount of direct shop labor charged from daily time tickets to all such projects. Service Department Expenses are allocated to individual construction and retirement projects for meter and house regulator installations in direct proportion to the amount of direct shop labor charged from daily time tickets to all such projects.

Engineering Expenses

Engineering Expenses include salaries & expenses of engineers, draftsmen, & related supervisory & clerical staff. Except for extraordinary projects, such expenses are allocated to each construction project, based on the ratio of each project's direct charges to the total direct charges for all construction projects. Expenses of extraordinary projects are charged to specific projects, based on staff time sheets.

Employees' Welfare Expenses

The amount of Employees' Welfare Expense capitalization is determined by applying to the total of such expenses as may benefit construction, a percentage equal to the relationship which construction labor paid on Respondent's own payroll bears to Respondent's total payroll. The amount allocated to each construction project is in the ratio that Respondent labor charged to each such project bears to Respondent labor charged to all construction projects.

NORTH SHORE GAS COMPANY

ANNUAL REPORT TO THE ILLINOIS COMMERCE COMMISSION – 2005

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

- Continued -

Self-Constructed Property Costs

Respondent capitalizes those indirect and overhead costs related to self-constructed assets which the Tax Reform Act of 1986 requires to be capitalized for tax return purposes. Included are applicable cost elements of space rental, utilities, insurance, real estate taxes, depreciation, computer expense and other general and administrative costs. The amount allocated to individual construction projects is based on the relationship that Respondent's direct distribution department labor charges to each such project bear to distribution department labor charges to all construction projects.

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION,
PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK
(Accounts 202 and 205, 203 and 206, 207, 212)

For Utilities with gas and electric operations who file this page in FERC Form 1, this page is optional. Please note on page, "See FERC Form 1."

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For Account 202, Common Stock Subscribed, and Account 205, Preferred Stock Subscribed, show the subscription price and the balance due on each class at the end of the year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, Common Stock Liability for Conversion, or Account 206, Preferred Stock Liability for Conversion, at the end of the year.
4. For Premium on Account 207, Capital Stock, designate with an asterisk any amounts representing the excess of consideration received over stated values of stocks without par value.

Line No.	Name of Account and Description of Item (a)	Number of Shares (b)	Amount (c)
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46	TOTAL		None

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2005	Year of Report Dec. 31, 2005
---	--	---	---------------------------------

DISCOUNT ON CAPITAL STOCK (Account 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off during the year and specify the amount charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	None

CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock.
2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13	TOTAL	None

The Next Page is 101

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2005	Year of Report Dec. 31, 2005
---	--	---	---------------------------------

GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Thomas A. Nardi, Executive Vice President and Chief Financial Officer
130 E. Randolph Drive
Chicago, IL 60601

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date

Illinois
October 7, 1963

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

None

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Natural Gas

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) Yes.... Enter the date when such independent accountant was initially engaged:

(2) No

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

CONTROL OVER RESPONDENT

1. If any corporation, business trust or similar organization or combination of such organizations jointly held control over the respondent at end of year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.
2. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed provided the fiscal years for both the 10-K report and this report are compatible.

As of December 31, 2005, Peoples Energy Corporation owned all of the outstanding common stock of respondent.

Name of Respondent	This Report is:	Date of Report	Year of Report
NORTH SHORE GAS COMPANY	(1) X An Original (2) A Resubmission	(Mo, Da, Yr)	Dec. 31, 2005

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars.
2. If control was by other means than a direct holding of voting rights, state in footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interest, state the fact in a footnote and name the other interests.
4. If the above required information is available from the SEC 10-K Report Form filing, a specific reference to the report form (i.e. year and company title) may be listed in column (a) provided the fiscal years for both the 10-K report and this report are compatible.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)
North Shore Exploration Company	Lease acquisitions, exploration and development of natural gas supplies	100

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is \$150,000 or more. An "executive officer" or a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.
2. If a change was made during the year in the incumbent of any position, show name of the previous incumbent, and date the change in incumbency was made.
3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

Title (A)	Name of Officer (B)	Salary (C)
<p>This data is included in filed copies only</p>		

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) Dec. 31, 2005	Year of Report Dec. 31, 2005
---	--	---	---------------------------------

DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a) abbreviated titles of the directors who are officers of the respondent.
2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by double asterisk. (1)

Name (and Title) of Director (a)	Principal Business Address (b)	No. of Directors' Meetings During Yr. (c)	Fees During Yr. (d)
William E. Morrow Vice Chairman	130 E. Randolph Drive Chicago, IL 60601	7	None
Thomas A. Nardi Executive Vice President and Chief Financial Officer	130 E. Randolph Drive Chicago, IL 60601	7	None
Thomas M. Patrick Chairman of the Board and Chief Executive Officer	130 E. Randolph Drive Chicago, IL 60601	7	None
Desiree Rogers President	130 E. Randolph Drive Chicago, IL 60601	7	None

Note:
(1) Respondent does not have an executive committee.

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	--	--------------------------------	---------------------------------

SECURITY HOLDERS AND VOTING POWERS

- (A) Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes which each would have had the right to cast on that date if a meeting were then in order. If any such holder held in trust, give in a footnote the known particulars of trust (whether voting trust, etc.), duration of trust, and principal holders of beneficiary interests in the trust. If the stock book was not closed or a list of stockholders was not compiled within one year prior to the end of the year, or if since the previous compilation of a list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders. (B) Give also the name and indicate the voting powers resulting from ownership of securities of the respondent of each officer and director not included in the list of 10 largest security holders.
- If any security other than stock carries voting rights, explain in a supplemental statement the circumstances whereby such security became vested with voting rights and give other important particulars (details) concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.
- If any class or issue of security has any special privileges in the election of directors, trustees or managers, or in the determination of corporate action by any method, explain briefly in a footnote.
- Furnish particulars (details) concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets so entitled to be purchased by any officer, director, associated company, or any of the ten largest security holders. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a pro rata basis.

1. Give date of the latest closing of the stock book prior to end of year, and state the purpose of such closing: Respondent does not close its stock book.	2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy: Total: 3,625,887 By proxy: 3,625,887	3. Give the date and place of such meeting: 130 E. Randolph Drive Chicago, Illinois 60601 March 31, 2005
--	---	---

		VOTING SECURITIES	
		Number of votes as of (date): December 31, 2005	
4	TOTAL votes of all voting securities	3,625,887	3,625,887
5	TOTAL number of security holders	1	1
6	TOTAL votes of security holders listed below	3,625,887	3,625,887
7	Peoples Energy Corporation	3,625,887	3,625,887
8	130 E. Randolph Dr., Chicago, IL 60601		
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

SECURITY HOLDERS AND VOTING POWERS (continued)

Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					
56					
57					
58					
59					
60					
61					
62					
63					
64					
65					
66					
67					
68					
69					
70					
71					
72					
73					
74					
75					
76					
77					
78					
79					
80					
81					

Name of Respondent NORTH SHORE GAS COMPANY	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 2005
---	---	--------------------------------	---------------------------------

IMPORTANT CHANGES DURING THE YEAR

Hereunder give particulars concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry must be answered. However, if the word "none" states the fact it may be used in answering any inquiry, or if information is given elsewhere in the report which answers any inquiry, reference to such other schedule will be sufficient.

1. Changes in, and additions to franchise rights, stating from whom acquired.
2. Acquisition of other companies, reorganization, merger, or consolidation with other companies; giving names of companies involved, particulars concerning the transactions, and reference to Commission authorization, if any.
3. Purchase or sale of operating units or systems such as generating plants, transmission lines, etc.; specifying items, parties, dates, and also reference to Commission authorization, if any.
4. Important leaseholds acquired, given, assigned, or surrendered; giving effective dates, length of terms, names of parties, rents, Commission authorization, if any, and other conditions.
5. Important extensions of system; giving location, new territory covered by distribution system, and dates of beginning operations.
6. Obligations incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue, and giving Commission authorization, if any.
7. Changes in Articles of Incorporation or amendments to charter.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on page 106, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increases or decreases in annual revenues due to important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by instructions 1 to 11 above, such notes may be attached to this page.

1. None
2. None
3. None
4. None
5. None
6. None
7. None
8. None
9. None
10. None
11. None
12. Not Applicable

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year of Report
NORTH SHORE GAS COMPANY	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Dec. 31, 2005

IMPORTANT CHANGES DURING THE YEAR (Continued)

Empty space for reporting important changes during the year.