

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
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Page Ref (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114, 118)	200-201	353,139,751	363,747,341
3	Construction Work in Progress (107)	200-201	4,523,790	417,877
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		357,663,541	364,165,218
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 111, 115, 119)	200-201	142,888,271	145,728,949
6	Net Utility Plant (Enter Total of line 4 less 5)		214,775,270	218,436,269
7	Nuclear Fuel (120.1-120.4, 120.6)	202-203		
8	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)			
9	Net Nuclear Fuel (Enter Total of line 7 less 8)			
10	Net Utility Plant (Enter Total of lines 6 and 9)		214,775,270	218,436,269
11	Utility Plant Adjustments (116)			
12	Gas Stored Underground-Noncurrent (117)	220	373,350	373,350
13	OTHER PROPERTY AND INVESTMENTS			
14	Nonutility Property (121)	41		
15	(Less) Accum. Prov. for Depr. and Amort. (122)	41		
16	Investments in Associated Companies (123)	29-30		
17	Investments in Subsidiary Companies (123.1)	224-225	153,272	153,272
18	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
19	Noncurrent Portion of Allowances			
20	Other Investments (124)	29-30	21,681	21,681
21	Special Funds (125-128)	16		
22	TOTAL Other Property and Investments (Total of lines 14-17, 19-21)		174,953	174,953
23	CURRENT AND ACCRUED ASSETS			
24	Cash (131)			1,244,158
25	Special Deposits (132-134)	16	662	
26	Working Funds (135)		2,000	
27	Temporary Cash Investments (136)	29-30	(59)	
28	Notes Receivable (141)	17		
29	Customer Accounts Receivable (142)		48,625,214	70,223,079
30	Other Accounts Receivable (143)	17	58,100	410,622
31	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		978,156	1,675,799
32	Notes Receivable from Associated Companies (145)	18		
33	Accounts Receivable from Assoc. Companies (146)	18	2,384,852	1,836,106
34	Fuel Stock (151)	20	654,610	613,820
35	Fuel Stock Expense Undistributed (152)	20		
36	Residuals (Elec) and Extracted Products (Gas) (153)	20		
37	Plant Materials and Operating Supplies (154)	20	2,202,171	1,207,542
38	Merchandise (155)	20		
39	Other Materials and Operating Supplies (156)	20		
40	Nuclear Materials Held for Sale (157)	20		
41	Allowances (158.1 and 158.2)	228-229		
42	(Less) Noncurrent Portion of Allowances			
43	Stores Expense Undistributed (163)	20	788	6,421
44	Gas Stored Underground - Current (164.1)	220	1,621,497	1,493,497
45	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)	220		
46	Prepayments (165)	230	8,952,960	7,487,996
47	Advances for Gas (166-167)			
48	Interest and Dividends Receivable (171)			
49	Rents Receivable (172)			
50	Accrued Utility Revenues (173)			
51	Miscellaneous Current and Accrued Assets (174)	19	57,334	22,222

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
52	Derivative Instrument Assets (175)			
53	Derivative Instrument Assets--Hedges (176)			
54	TOTAL Current and Accrued Assets (Enter Total of lines 24 thru 53)		63,581,971	82,869,664
55	DEFERRED DEBITS			
56	Unamortized Debt Expense (181)	26&27	1,481,131	1,391,609
57	Extraordinary Property Losses (182.1)	230		
58	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
59	Other Regulatory Assets (182.3)	232	57,392,476	65,631,944
60	Prelim. Survey and Investigation Charges (Electric) (183)			
61	Prelim. Sur. and Invest. Charges (Gas) (183.1, 183.2)			
62	Clearing Accounts (184)			
63	Temporary Facilities (185)			
64	Miscellaneous Deferred Debits (186)	233	1,330,124	2,630,553
65	Def. Losses from Disposition of Utility Plant (187)			
66	Research, Devel. and Demonstration Expend. (188)			
67	Unamortized Loss on Reacquired Debt (189)	24	2,234,118	2,122,468
68	Accumulated Deferred Income Taxes (190)	234-235	5,713,441	5,406,374
69	Unrecovered Purchased Gas Costs (191)			
70	TOTAL Deferred Debits (Enter Total of lines 56 thru 69)		68,151,290	77,182,949
71	TOTAL Assets and Other Debits (Enter Total of Lines 10, 11, 12, 22, 54, and 70)		347,056,834	379,037,185

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COMPARATIVE BALANCE SHEET (LIABILITIES AND CREDITS)

Line No.	Title of Account (a)	Page Ref. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	24,756,721	24,756,721
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	45		
5	Stock Liability for Conversion (203, 206)	45		
6	Premium on Capital Stock (207)	45		
7	Other Paid-In Capital (208-211)			
8	Installments Received on Capital Stock (212)	45		
9	(Less) Discount on Capital Stock (213)	46		
10	(Less) Capital Stock Expense (214)	46		
11	Retained Earnings (215, 215.1, 216)	118-119	81,351,349	65,396,878
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Recquired Capital Stock (217)	250-251		
14	Accumulated Other Comprehensive Income (219)	35a	(2,038,087)	(2,370,601)
15	TOTAL Proprietary Capital (Enter Total of lines 2 thru 14)		104,069,983	87,782,998
16	LONG-TERM DEBT			
17	Bonds (221)	22-23	69,250,000	69,250,000
18	(Less) Recquired Bonds (222)	22-23		
19	Advances from Associated Companies (223)	22-23		
20	Other Long-Term Debt (224)	22-23		
21	Unamortized Premium on Long-Term Debt (225)	26-27		
22	(Less) Unamortized Discount on Long-Term Debt-Debit (226)	26-27	26,680	23,479
23	(Less) Current Portion of Long-Term Debt			
24	TOTAL Long-Term Debt (Enter Total of lines 17 thru 23)		69,223,320	69,226,521
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)			
27	Accumulated Provision for Property Insurance (228.1)			
28	Accumulated Provision for Injuries and Damages (228.2)			
29	Accumulated Provision for Pensions and Benefits (228.3)		15,813,063	11,967,357
30	Accumulated Miscellaneous Operating Provisions (228.4)			
31	Accumulated Provision for Rate Refunds (229)			
32	Asset Retirement Obligations (230)			
33	TOTAL Other Noncurrent Liabilities (Enter Total of lines 26 thru 32)		15,813,063	11,967,357
34	CURRENT AND ACCRUED LIABILITIES			
35	Current Portion of Long Term Debt			
36	Notes Payable (231)	21		
37	Accounts Payable (232)		25,629,839	55,968,721
38	Notes Payable to Associated Companies (233)	21	7,815,000	9,875,000
39	Accounts Payable to Associated Companies (234)	21	4,632,407	3,698,393
40	Customer Deposits (235)		2,359,931	2,769,359
41	Taxes Accrued (236)	262-263	4,613,648	4,233,110
42	Interest Accrued (237)		445,741	460,498
43	Dividends Declared (238)		3,000,000	1,500,000
44	Matured Long-Term Debt (239)			
45	Matured Interest (240)			
46	Tax Collections Payable (241)		(60,049)	18,498
47	Miscellaneous Current and Accrued Liabilities (242)		8,845,980	10,308,058
48	Obligations Under Capital Leases-Current (243)			
49	Derivative Instrument Liabilities (244)			
50	Derivative Instrument Liabilities--Hedging (245)			
51	TOTAL Current and Accrued Liabilities (Enter Total of lines 35 thru 50)		57,282,497	88,831,639

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COMPARATIVE BALANCE SHEET (LIABILITIES AND CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Balance at Beginning of Year (c)	Balance at End of Year (d)
52	DEFERRED CREDITS			
53	Customer Advance for Construction (252)		347,213	788,794
54	Accumulated Deferred Investment Tax Credits (255)		2,839,721	2,851,700
55	Deferred Gains from Disposition of Utility Plant (256)			
56	Other Deferred Credits (253)	269	54,118,000	71,970,454
57	Other Regulatory Liabilities (254)	278	2,469,674	1,925,980
58	Unamortized Gain on Recquired Debt (257)	24		
59	Accumulated Deferred Income Taxes (281-283)	42-43; 274-277	40,893,363	43,691,742
60	TOTAL Deferred Credits (Enter Total of lines 53 thru 59)		100,667,971	121,228,670
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74	TOTAL Liabilities and Other Credits (Enter Total of lines 15,24,33,51,and 60)		347,056,834	379,037,185

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STATEMENT OF INCOME FOR THE YEAR

- Report amounts for accounts 412 and 413, Revenue and Expenses from Utility Plant Leased to Others, in Other Utility columns (l, k, m, o) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.
- Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.
- Report data for lines 7,9 and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1 and 407.2.
- Use page 122 for important notes regarding the statement of income or any account thereof.
- Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in a material refund to the utility with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power and gas purchases.
- Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

Line No.	Account (a)	Page Ref. (b)	TOTAL	
			Current Year (c)	Previous Year (d)
1	UTILITY OPERATING INCOME			
2	Operating Revenues (400)	300-301	295,829,051	238,943,789
3	Operating Expenses			
4	Operation Expenses (401)	320-325	265,049,318	193,021,419
5	Maintenance Expenses (402)	320-325	3,091,972	2,689,613
6	Depreciation Expense (403)	336-337	5,426,218	7,090,166
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337		
8	Amort. & Depl. of Utility Plant (404-405)	336-337		1,064
9	Amort. of Utility Plant Acq. Adj. (406)	336-337		
10	Amort. of Property Losses, Unrecovered Plant and Regulatory Study Costs (407.1)			
11	Amort. of Conversion Expenses (407.2)			
12	Regulatory Debits (407.3)			
13	(Less) Regulatory Credits (407.4)			
14	Taxes Other Than Income Taxes (408.1)	262-263	17,296,921	16,524,250
15	Income Taxes - Federal (409.1)	262-263	(1,763,216)	1,173,363
16	Income Taxes - Other (409.1)	262-263	(504,694)	275,636
17	Provision for Deferred Income Taxes (410.1)	234, 274, 277	2,051,449	5,098,226
18	(Less) Provision for Deferred Income Taxes - Cr.(411.1)	234, 274, 277	(178,325)	605,956
19	Investment Tax Credit Adj. - Net (411.4)		(34,354)	(109,447)
20	(Less) Gains from Disp. of Utility Plant (411.6)			
21	Losses from Disp. of Utility Plant (411.7)			
22	(Less) Gains from Disposition of Allowances (411.8)			
23	Losses from Disposition of Allowances (411.9)			
24	Accretion Expense (411.10)			
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		290,791,939	225,158,334
26	Net Utility Operating Income (Enter Total of line 2 less 25)		5,037,112	13,785,455
27				
28	OTHER INCOME AND DEDUCTIONS			
29	Other Income			
30	Nonutility Operating Income			
31	Revenues From Merchandising, Jobbing and Contract Work (415)			
32	(Less) Costs and Exp. of Merchandising, Jobbing & Contract Work (416)			
33	Revenues From Nonutility Operations (417)			
34	(Less) Expenses of Nonutility Operations (417.1)			
35	Nonoperating Rental Income (418)		16,595	5,845
36	Equity in Earnings of Subsidiary Companies (418.1)	119		
37	Interest and Dividend Income (419)		839,292	303,536
38	Allowance for Other Funds Used During Construction (419.1)			
39	Miscellaneous Nonoperating Income (421)			15,649
40	Gain on Disposition of Property (421.1)			1,160,083
41	TOTAL Other Income (Enter Total of lines 29 thru 40)		855,887	1,485,113
42	Other Income Deductions			
43	Loss on Disposition of Property (421.2)		1,260	
44	Miscellaneous Amortization (425)	340		
45	Miscellaneous Income Deductions (426.1-426.5)	340	63,411	92,886
46	TOTAL Other Income Deductions (Total of lines 43 thru 45)		64,671	92,886

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STATEMENT OF INCOME FOR THE YEAR (Continued)

7. If any notes appearing in the report to stockholders are applicable to this Statement of Income, such notes may be attached at page 122.
8. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
9. Explain in a footnote if the previous year's figures are different from that reported in prior reports.
10. If the columns are insufficient for reporting additional utility departments, supply the appropriate accounts titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.

Line No.	ELECTRIC UTILITY		GAS UTILITY		LEASED UTILITY	
	Current Year (e)	Previous Year (f)	Current Year (g)	Previous Year (h)	Current Year (i)	Previous Year (j)
1						
2			295,829,051	238,943,789		
3						
4			265,049,318	193,021,419		
5			3,091,972	2,689,613		
6			5,426,218	7,090,166		
7						
8				1,064		
9						
10						
11						
12						
13						
14			17,296,921	16,524,250		
15			(1,763,216)	1,173,363		
16			(504,694)	275,636		
17			2,051,449	5,098,226		
18			(178,325)	605,956		
19			(34,354)	(109,447)		
20						
21						
22						
23						
24						
25			290,791,939	225,158,334		
26			5,037,112	13,785,455		

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STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	OTHER UTILITY		OTHER UTILITY		OTHER UTILITY	
	Current Year (k)	Previous Year (l)	Current Year (m)	Previous Year (n)	Current Year (o)	Previous Year (p)
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STATEMENT OF INCOME FOR THE YEAR (Continued)

Line No.	Account (a)	Page Ref (b)	TOTAL	
			Current Year (c)	Previous Year (d)
47	Taxes Applic. to Other Income and Deductions			
48	Taxes Other Than Income Taxes (408.2)	262-263		(547)
49	Income Taxes - Federal (409.2)	262-263	277,265	472,510
50	Income Taxes - Other (409.2)	262-263	62,435	100,771
51	Provision for Deferred Inc. Taxes (410.2)	234, 274-277		
52	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 274-277		
53	Investment Tax Credit Adjustment- Net (411.5)			
54	(Less) Investment Tax Credits (420)			
55	TOTAL Taxes on Other Inc. and Deductions (Total of 47 thru 54)		339,700	572,734
56	Net Other Income and Deductions (Enter Total of lines 41,46,55)		451,516	819,493
57	Interest Charges			
58	Interest on Long-Term Debt (427)		3,312,500	3,316,167
59	Amortization of Debt Disc. and Expense (428)	26-27	130,506	130,075
60	Amortization of Loss on Reacquired Debt (428.1)	24	111,650	111,650
61	(Less) Amortization of Premium on Debt - Credit (429)	26-27		
62	(Less) Amortization of Gain on Reacquired Debt - Credit (429.1)	24		
63	Interest on Debt to Associated Companies (430)	340	26,720	14,273
64	Other Interest Expense (431)	340	261,723	314,118
65	(Less) Allowance for Borrowed Funds Used During Construction-Credit (432)			
66	Net Interest Charges (Enter total of lines 58 thru 65)		3,843,099	3,886,282
67	Income Before Extraordinary Items (Total of lines 26 & 56 less line 66)		1,645,529	10,718,665
68	Extraordinary Items			
69	Extraordinary Income (434)			
70	(Less) Extraordinary Deductions (435)			
71	Net Extraordinary Items (Enter Total of line 69 less line 70)			
72	Income Taxes - Federal and Other (409.3)	262-263		
73	Extraordinary Items After Taxes (Enter Total of line 71 less line 72)			
74	Net Income (Enter Total of lines 67 and 73)		1,645,529	10,718,665

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR

- Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
- State the purpose and amount for each reservation or appropriation of retained earnings.
- List first, Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
- Show dividends for each class and series of capital stock.
- Show separately the state and federal income tax effect of items shown in Account 439, Adjustments to Retained Earnings.
- Explain in a footnote the basis of determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- If any notes appearing in the report to stockholders are applicable to this statement, attach them at page 122.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance - Beginning of Year		81,351,349
2	Changes (Identify by prescribed retained earnings accounts)		
3	Adjustments to Retained Earnings (Account 439)		
4	Credit:		
5	Credit:		
6	Credit:		
7	Credit:		
8	Credit:		
9	TOTAL Credits to Retained Earnings (Account 439) (Enter Total of lines 4 thru 8)		
10	Debit:		
11	Debit:		
12	Debit:		
13	Debit:		
14	Debit:		
15	TOTAL Debits to Retained Earnings (Account 439) (Enter Total of lines 10 thru 14)		
16	Balance Transferred from Income (Account 433 less Account 418.1)		1,645,529
17	(Less) Appropriations of Retained Earnings (Account 436)		
18			
19			
20			
21			
22	TOTAL Appropriations of Retained Earnings (Account 436) (Enter Total of lines 18 thru 21)		
23	Dividends Declared - Preferred Stock (Account 437)		
24			
25			
26			
27			
28			
29	TOTAL Dividends Declared - Preferred Stock (Account 437) (Enter Total of lines 24 thru 28)		
30	Dividends Declared - Common Stock (Account 438)		
31	Dividends Per Share Number of Shares		
32	0.77 3,625,887	238	2,800,000
33	0.72 3,625,887	238	2,800,000
34	0.74 3,625,887	238	2,700,000
35	2.62 3,625,887	238	9,500,000
36	TOTAL Dividends Declared - Common Stock (Account 438) (Enter Total of lines 31 thru 35)		17,600,000
37	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings		
38	Balance - End of Year (Enter Total of lines 1, 9, 15, 16, 22, 29, 36 and 37)		65,396,878

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STATEMENT OF RETAINED EARNINGS FOR THE YEAR (Continued)				
Line No.	Item (A)	Contra Primary Account Affected (B)	Amount (C)	
	APPROPRIATED RETAINED EARNINGS (Account 215)			
	State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.			
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42				
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45	TOTAL Appropriated Retained Earnings (Account 215)			None
	APPROPRIATED RETAINED EARNINGS - AMORTIZATION RESERVE - FEDERAL (Account 215.1)			
	State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.			
46	TOTAL Appropriated Retained Earnings - Amortization Reserve, Federal (Account 215.1)			None
47	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Enter Total of lines 45 and 46)			None
48	TOTAL Retained Earnings (Account 215, 215.1, 216) (Enter Total of lines 38 and 47)			65,396,878
49	Balance - Beginning of Year (Debit or Credit)			None
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	Dividends Received (Debit)			
52	Other Changes (Explain)			
53	Balance - End of Year			None

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STATEMENT OF CASH FLOWS

1. If the notes to the cash flow statement in the respondent's annual stockholders report are applicable to this statement, such notes should be attached to page 122. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at the End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

Line No.	DESCRIPTION (See Instruction for Explanation of Codes) (a)	Amounts (b)
1	Net Cash Flow from Operation Activities:	
2	Net Income (Line 74(c) on page 117)	1,645,529
3	Noncash Charges (Credits) to Income:	
4	Depreciation and Depletion	5,426,218
5	Amortization of (Specify) - Limited Term Plant	
6	Deferred Income Taxes (Net)	2,229,776
7	Investment Tax Credit Adjustments (Net)	(34,354)
8	Net (Increase) Decrease in Receivables	(20,703,998)
9	Net (Increase) Decrease in Inventory	1,552,095
10	Net Increase (Decrease) in Payables and Accrued Expenses	29,117,634
11	Net (Increase) Decrease in Other Regulatory Assets	(8,239,468)
12	Net Increase (Decrease) in Other Regulatory Liabilities	(543,694)
13	(Less) Allowance for Other Funds Used During Construction	
14	(Less) Undistributed Earnings from Subsidiary Companies	
15	Other:	
16	Net Increase (Decrease) in Comprehensive Income	(332,514)
17	Net Increase (Decrease) in Noncurrent Liabilities	(3,845,706)
18	Net Increase (Decrease) in Deferred Credits and Reserves	19,261,119
19	Net (Increase) Decrease in Other Assets	1,105,765
20	Net Increase (Decrease) in Other Liabilities	(904,584)
21	Net (Increase) Decrease in Deferred Charges	(1,144,338)
22	Net Increase (Decrease) in Temporary LIFO Liquidation Credit	2,779,291
23	Net Cash Provided by (Used in) Operating Activities	
24	(Total of lines 2 thru 22)	27,368,771
25		
26	Cash Flows from Investment Activities:	
27	Construction and Acquisition of Plant (including land):	
28	Gross Additions to Utility Plant (less nuclear fuel)	(9,897,881)
29	Gross Additions to Nuclear Fuel	
30	Gross Additions to Common Utility Plant	
31	Gross Additions to Nonutility Plant	
32	(Less) Allowance for Other Funds Used During Construction	
33	Other:	
34	Other Assets	810,665
35		
36	Cash Flows for Plant (Total of lines 28 thru 35)	(9,087,216)
37		
38	Acquisition of Other Noncurrent Assets (d)	
39	Proceeds from Disposal of Noncurrent Assets (d)	
40		
41	Investments in and Advances to Associated and Subsidiary Companies	
42	Contributions and Advances from Associated and Subsidiary Companies (a)	9,875,000
43	Disposition of Investments in (and Advances to) Associated and Subsidiary Companies	
44	Peoples Energy Corporation (a)	(7,815,000)
45	Other	
46	Purchase of Investment Securities (a)	
47	Proceeds from Sales of Investment Securities (a)	

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
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STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities - Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per US of A General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

5. Codes used:
 (a) Net proceeds or payments.
 (b) Bonds, debentures and other long term debt.
 (c) Include commercial paper.
 (d) Identify separately such items as investments, fixed assets, intangibles, etc.
6. Enter on page 122 clarification and explanations.

Line No.	DESCRIPTION (See Instruction for Explanation of Codes) (a)	Amounts (b)
48	Loans Made or Purchased	
49	Collections on Loans	
50		
51	Net (Increase) Decrease in Receivables	
52	Net (Increase) Decrease in Inventory	
53	Net (Increase) Decrease in Allowances Held for Speculation	
54	Net Increase (Decrease) in Payables and Accrued Expenses	
55		
56		
57		
58	Net Cash Provided by (Used in) Investing Activities	
59	(Total of lines 36 thru 57)	(7,027,216)
60		
61	Cash Flows from Financing Activities:	
62	Proceeds from Issuance of:	
63	Long-Term Debt (b)	
64	Preferred Stock	
65	Common Stock	
66	Other: Special Trust Deposit	
67		
68	Net Increase in Short-Term Debt (c)	
69	Other:	
70		
71		
72	Cash Provided by Outside Sources (Total of lines 63 thru 71)	
73		
74	Payment for Retirement of:	
75	Long-Term Debt (b)	
76	Preferred Stock	
77	Common Stock	
78	Other: Special Trust Deposit	
79		
80	Net Decrease in Short-Term Debt (c)	
81		
82	Dividends on Preferred Stock	
83	Dividends on Common Stock	(19,100,000)
84	Net Cash Provided by (Used in) Financing Activities	
85	(Total of lines 72 thru 83)	(19,100,000)
86		
87	Net Increase (Decrease) in Cash and Cash Equivalents	
88	(Total of lines 24, 59, and 85)	1,241,555
89		
90	Cash and Cash Equivalents at Beginning of Year	2,603
91		
92	Cash and Cash Equivalents at End of Year	1,244,158

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

NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flows or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plans of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements appearing in the annual report to the stockholders relate to the respondent company, are applicable, and furnish the data required by instructions above and on pages 114-121, such notes may be attached hereto.

1. North Shore's First Mortgage Bonds Indenture contains provisions and covenants restricting the payment of cash dividends and the purchase or redemption of capital stock. At December 31, 2005, such restrictions totaled \$11,588,764 out of a total retained earnings of \$ 65,396,878.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

[Empty area for notes to financial statements]

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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
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION, AND DEPLETION

Line No.	Item (a)	Total (b)	Electric (c)
1	UTILITY PLANT		
2	In Service		
3	Plant in Service (Classified)	363,747,341	
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified		
7	Experimental Plant Unclassified		
8	TOTAL (Enter Total of lines 3 thru 7)	363,747,341	
9	Leased to Others		
10	Held for Future Use		
11	Construction Work in Progress	417,877	
12	Acquisition Adjustments		
13	TOTAL Utility Plant (Enter Total of lines 8 thru 12)	364,165,218	
14	Accum. Prov. for Depr., Amort., & Depl.	145,728,949	
15	Net Utility Plant (Enter total of line 13 less 14)	218,436,269	
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION		
17	In Service		
18	Depreciation	145,728,949	
19	Amort. and Depl. of Producing Nat. Gas Land and Land Rights		
20	Amort. of Underground Storage Land and Land Rights		
21	Amort. of Other Utility Plant (Intangible Plant and Leaseholds)		
22	TOTAL in Service (Enter Total of lines 18 thru 21)	145,728,949	
23	Leased to Others		
24	Depreciation		
25	Amortization and Depletion		
26	TOTAL Leased to Others (Enter Total of lines 24 and 25)		
27	Held for Future Use		
28	Depreciation		
29	Amortization		
30	TOTAL Held for Future Use (Enter Total of lines 28 and 29)		
31	Abandonment of Leases (Natural Gas)		
32	Amort. of Plant Acquisition Adjustment		
33	TOTAL Accumulated Provisions (Should agree with line 14 above) (Enter Total of lines 22, 26, 30, 31, and 32)	145,728,949	

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
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION, AND DEPLETION (Continued)

Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
363,747,341					3
					4
					5
					6
					7
363,747,341					8
					9
					10
417,877					11
					12
364,165,218					13
145,728,949					14
218,436,269					15
					16
					17
145,728,949					18
					19
					20
					21
145,728,949					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
145,728,949					33

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

GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)

- Report below the original cost of gas plant in service according to the prescribed accounts.
- In addition to Account 101, Gas Plant in Service (Classified), this page and the next include Account 102, Gas Plant Purchased or Sold; Account 103, Experimental Gas Plant Unclassified; and Account 106, Completed Construction Not Classified - Gas.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts.

Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)
1	1. Intangible Plant		
2	301 Organization		
3	302 Franchise and Consents		
4	303 Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant		
6	2. Production Plant		
7	Natural Gas Production and Gathering Plant		
8	325. Asset Retirement Costs for Manufactured Gas Production Plants		
9	325.1 Producing Lands		
10	325.2 Producing Leaseholds		
11	325.3 Gas Rights		
12	325.4 Rights-of-Way		
13	325.5 Other Land and Land Rights		
14	326 Gas Well Structures		
15	327 Field Compressor Station Structures		
16	328 Field Meas. and Reg. Sta. Structures		
17	329 Other Structures		
18	330 Producing Gas Wells - Well Construction		
19	331 Producing Gas Wells - Well Equipment		
20	332 Field Lines		
21	333 Field Compressor Station Equipment		
22	334 Field Meas. and Reg. Sta. Equipment		
23	335 Drilling and Cleaning Equipment		
24	336 Purification Equipment		
25	337 Other Equipment		
26	338 Unsuccessful Exploration & Devel. Costs		
27	339 Asset Retirement Costs for Natural Gas Production & Gathering Plant		
28			
29	TOTAL Production and Gathering Plant		
30	Products Extraction Plant		
31	340 Land and Land Rights		
32	341 Structures and Improvements		
33	342 Extraction and Refining Equipment		
34	343 Pipe Lines		
35	344 Extracted Products Storage Equipment		
36	345 Compressor Equipment		
37	346 Gas Meas. and Reg. Equipment		
38	347 Other Equipment		
39	348 Asset Retirement Costs for Products Extraction Plant		
40	TOTAL Products Extraction Plant		
41	TOTAL Nat. Gas Production Plant		
42	Mkt. Gas Prod. Plant (Submit Suppl. Statement)	5,425,065	8,182
43	TOTAL Nat. Gas Production Plant	5,425,065	8,182

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
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106)

Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (a) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.
7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.
8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date of such filing.

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			301	2
			302	3
			303	4
				5
				6
				7
				8
			325.1	9
			325.2	10
			325.3	11
			325.4	12
			325.5	13
			326	14
			327	15
			328	16
			329	17
			330	18
			331	19
			332	20
			333	21
			334	22
			335	23
			336	24
			337	25
			338	26
			339	27
				28
				29
				30
			340	31
			341	32
			342	33
			343	34
			344	35
			345	36
			346	37
			347	38
			348	39
				40
				41
			5,433,227	42
			6,433,227	43