

ICC Docket Nos. 07-0241 and 07-0242
**The Peoples Gas Light and Coke Company's and
North Shore Gas Company's Response to
Citizens Utility Board Data Requests CUB 2.01 – 2.14
Dated: May 24, 2007**

ICC Docket 07-0241 (cons)
CUB-City Exhibit 1.04

REQUEST NO. CUB 2.14:

Have Peoples Gas, North Shore Gas, or any of their affiliates purchased weather insurance since January of 1994? If yes, please provide all Documents showing the term of the insurance, the price paid by the company(ies), and any analysis demonstrating the expected value of purchasing the insurance. Please also provide all data, and supporting Documents, in their original format, including any formulas, links, and macros intact and functional.

RESPONSE:

Weather Insurance was purchased by Peoples Energy Corporation, the parent of Peoples Gas and North Shore Gas. Two policies were purchased.

<u>Vendor</u>	<u>Policy Term</u>	<u>Strike Price</u>	<u>Annual Premium</u>	<u>Maximum Annual Payout</u>
Aegis	10/1/99 to 9/30/04	6,000	\$1,600,000	\$12,000,000
XL America	10/1/04 to 9/30/05	6,100	\$2,577,150	\$10,000,000

The policies were purchased to mitigate the risk Peoples Energy has to its revenue stream from its two wholly owned subsidiaries in periods of warmer weather. Potential payouts were triggered when the cumulative heating degree days for a particular fiscal period fell below a heating degree day value (strike) as outlined in the policy. Neither Peoples Gas nor North Shore has purchased weather insurance. As to affiliates of these companies, it is outside the scope of these proceedings.