

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

NORTH SHORE GAS COMPANY	:	
	:	
Proposed General Increase In Rates For Gas Service.	:	No. 07-0241
	:	and
THE PEOPLES GAS LIGHT AND COKE COMPANY	:	No. 07-0242
	:	Consol.
	:	
Proposed General Increase In Rates For Gas Service.	:	

**PROPOSED STIPULATION OF NORTH SHORE GAS COMPANY,
THE PEOPLES GAS LIGHT AND COKE COMPANY, THE
CITIZENS UTILITY BOARD AND THE CITY OF CHICAGO**

The Peoples Gas Light and Coke Company (“Peoples Gas”), North Shore Gas Company (“North Shore”), the Citizens Utility Board (“CUB”), and the City of Chicago (the “City”) (collectively, the “Parties”), by their respective counsel, hereby respectfully request that the Administrative Law Judges, for the reasons stated on the record in this proceeding on September 17, 2007, approve the following stipulation:

1. In the Rebuttal Testimony of Linda Kallas (North Shore/Peoples Gas Ex. LK-2.0), Ms. Kallas disagreed with Illinois Attorney General-City-CUB witness David Efron’s proposal to deduct Peoples Gas’ and North Shore’s accrued other post-employment benefits (“OPEB”) liabilities from plant in service in determining the Utilities’ rate bases. Ms. Kallas’ position was based, in part, on her belief that the Illinois Commerce Commission (the “Commission”) did not deduct the accrued OPEB liability from Commonwealth Edison Company’s plant in service in the determination of that utility’s rate base in its Order in Docket No. 05-0597.

3. On cross-examination, Ms. Kallas was shown certain documents relating to the Commission's Order in Docket No. 05-0597. Although the documents Ms. Kallas reviewed during cross-examination were not definitive, Ms. Kallas stated that she could no longer be certain of the interpretation of the Commission's Order in Docket No. 05-0597 included in her Rebuttal Testimony.

3. Rather than have the record contain information that might be inaccurate, the Parties agree that the Rebuttal Testimony of Linda Kallas (North Shore / Peoples Gas Ex. LK-2.0) as admitted into evidence on September 10, 2007, is amended by Peoples Gas and North Shore withdrawing the text beginning with the words "Mr. Effron" on line 264 and concluding with the word "Moreover" on line 272 thereof. That withdrawn text shall not be considered part of the evidence in the record in this proceeding. The resulting revised Rebuttal Testimony of Linda Kallas (North Shore / Peoples Gas Ex. LK-2.0 Rev.) is attached hereto, is admitted into evidence, and shall remain part of the evidence in the record except for that text.

4. The Parties also agree that because the September 10, 2007, cross-examination conducted by CUB and the City of Ms. Kallas related solely to the above-referenced text that is being withdrawn, that cross-examination also shall not be considered part of the evidence in the record. That cross-examination begins in the transcript for September 10, 2007, on page 149, line 11, and concludes on page 167, line 4. For the convenience of the Administrative Law Judges, a copy of that transcript is attached hereto.

THEREFORE, Peoples Gas, North Shore, CUB, and the City respectfully request that the Administrative Law Judges approve this Proposed Stipulation.

Dated: September 18, 2007

THE PEOPLES GAS LIGHT AND COKE COMPANY
AND NORTH SHORE GAS COMPANY

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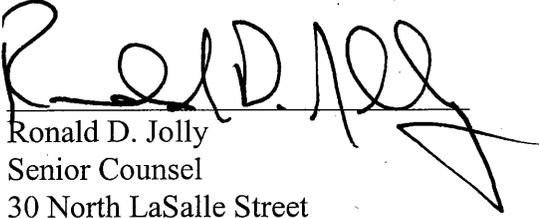
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A handwritten signature in black ink, appearing to read "Ronald D. Jolly", written over a horizontal line. The signature is stylized and includes a large, sweeping flourish at the end.

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