



October 29, 2004

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street N.W.
Washington, D.C. 20549-0609

Re: File No. SR-NYSE-2004-41; Release No. 34-50298; Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change and Amendment No. 1 Thereto by the New York Stock Exchange, Inc. to Amend Section 303A of the NYSE Listed Company manual Relating to Corporate Governance

Dear Mr. Katz:

Peoples Energy Corporation writes to support the proposed amendments to the director independence standards on affiliations with a listed company's auditor. We believe they properly focus the director independence test on the specific relationships that have the potential to affect a director's independence. We concur that a narrower definition of family member should be used in the independence standards for audit committee members. We also agree with harmonizing the NYSE independence standard with the applicable NASDAQ standard.

The current NYSE independence standard casts too wide a net in its attempt to eliminate relationships that may impair an auditor's independence, especially given the consolidation of large public accounting firms. Comments critical of the standards often have suggested hypothetical relationships that would prevent a finding of independence in situations where the likelihood of any impact on the audit relationship was truly remote. In Peoples' case, the "hypothetical" is real. A highly-respected, experienced board member who has previously served as Chair of the Audit Committee and the Compensation Committee, and now is a member of both Committees, will be deemed "non-independent" on November 4 under the current rules, and remain so until December 7, 2005. Consequently, Peoples will be deprived of the services of an effective board member on key committees because an adult daughter was formerly employed by the company's independent auditor in another city as a professional, even though she had no connection whatsoever to the audit engagement. The proposed NYSE amendments correctly recognize that this should not be the desired result and limit the family member exclusion criteria to former employees of the auditor that worked on the audit engagement.

Thank you for considering our comments. Please feel free to contact me if you have any questions.

Sincerely,

Theodore R. Tetzlaff • General Counsel