Nicor Gas
Estimated Provision for Uncollectibles
2005

(dollars in thousands)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
(a) Total Revenue	$ 427,039	$ 339,206	$ 291,168	$ 173,546	$ 102,297	$ 72,825	$ 72,389	$ 71,438	$ 71,274	$ 127,721	$ 240,910	$345,214	$ 2,335,027
Provision Rate	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Total provision for uncollectible expense	$ 5,552	$ 4,410	$ 3,785	$ 2,256	$ 1,330	$ 947	$ 941	$ 929	$ 927	$ 1,660	$ 3,132	$ 4,488	$ 30,355

NOTES:
(a) Per Forecasting, as of 5/24/04

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Minimum Sample Size with 95% Confidence Level

	5% Margin of Error	2.5% Margin of Error	Current Sample	Sample Deficit
Simple Random Sampling of Strata				
Residential Non-Heating (RNH)	1047	2733		
Residential Heating (RH)	53	209		
Commercial & Industrial (C&I)	214	785		
Combined	261	1034		
Simple Random Sample of Population (from Eric Novak)	62	244		
Stratified Simple Random Sample				
Proportional Sampling	75	296		
Allocation to RNH	5	21	68	none
Allocation to RH	63	250	68	-182
Allocation to C&I	7	25	68	none
Optimal Allocation	75	300		
Allocation to RNH	5	21.0	68	none
Allocation to RH	60	241.0	68	-173
Allocation to C&I	10	38.0	68	none

Ratio Estimates based on Simple and Stratified Sampling

(Results based on existing sample and highest strata allocations)

	Commodity to Charge-off Ratio (%)	Margin of Error
Simple Random Sample of Population (n = 75)	66.3%	4.5%
Stratified Simple Random Sample		
Proportional Sampling (n = 81)	66.6%	4.7%
Optimal Allocation (n = 85)	66.6%	4.4%

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		Stratified Simple Random		Simple Random
Sampling Parameters		**Proportional**	**Optimal**	
Population Size	Nh	83,885	83,885	83,885
Sampled set	nh	81	85	75
Sampled frequency (fh=nh/Nh)	fh	0.00097	0.00101	0.00089
95% Confidence Level	z			1.96
Summary Sample Stats				
Total Gross Charge-Off (GCO)	sum x(i)	41,484.58	44,520.97	39,373.10
Total Commodity (C)	sum y(i)	27,635.84	29,653.81	26,098.37
Sample mean GCO	xbar = (sum x(i))/n	512.2	523.8	525.0
Sample mean C	ybar = (sum y(i))/n	341.2	348.9	348.0
Sample mean GCO squared	xbar^2	262,303.1	274,341.4	275,598.4
Sample mean C squared	ybar^2	116,406.0	121,709.1	121,088.9
"sum squared errors GCO"	sum (x(i) -xbar)^2	17,957,224.61	21,895,302.12	19,005,790.52
"sum squared errors C"	sum (y(i) -ybar)^2	10,157,024.90	11,678,927.13	9,901,103.43
"sum squared cross-errors"	sum (x(i) -xbar)*(y(i) -ybar)	13,276,655.29	15,723,339.88	13,498,499.55
Sample variance GCO	sx^2 =[sum(x(i) -xbar)^2]/(n-1)	224,465	260,658	256,835
Sample variance C	sy^2=[sum(y(i) -ybar)^2]/(n-1)	126,963	139,035	133,799
Sample covariance GCO,C	sxy = [sum (x(i) -xbar)*(y(i) -ybar)]/(n-1)	165,958	187,183	182,412
Sample standard Dev C	sqrt(sx^2)	474	511	507
Sample standard Dev GCO	sqrt(sy^2)	356	373	366
Sample correlation coeff GCO,C	rho = sxy/(sqrt(sx^2)*sqrt(sy^2))	0.983	0.98	0.98
Finite pop correction (fpc)	fpc = (N-n)/N = 1-f	0.9990	0.9990	0.9991
Variance of mean GCO	sigmaxbar^2 = (1-f)*(sx^2)/n	2,769	3,063	3,421
Variance of mean C	sigmaybar^2 = (1-f)*(sy^2)/n	1,566	1,634	1,782
Covariance of means GCO,C	sigmaxybar = (1-f)*sxy)/n	2,047	2,200	2,430
Correlation coeff of means GCO,C	rhoxybar = (1-f)*rho/n	0.983	0.983	0.984
Relative Variance GCO	Vx^2 = sigmaxbar^2/xbar^2	0.01055	0.01117	0.01241
Relative Variance C	Vy^2 = sigmaybar^2/ybar^2	0.01345	0.01343	0.01472
ratio	r = (sum y(i))/(sum x(i))	66.62%	66.61%	66.28%
sigma r ^2 (variance of r)	sigmar^2 = (r^2)(Vx^2+Vy^2-2*rhoxy*Vx*Vy)	**0.0002569**	**0.0002280**	**0.0002330**
rel-var of r	Vybar/xbar = sigmar^2/r^2	**0.0005789**	**0.0005140**	**0.0005303**
rel-var of r (unadjusted for mean)	Vy/x = (sigmar^2/r^2)*(n/(1-f))	**0.0469**	**0.0437**	**0.0398**
Implied margin of error	epsilon(imp) = z*((Vy/x*(1-f)/n)^0.5)	4.72%	4.44%	4.51% (less than 5%)

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