

**Hypothetical Example of Impact of Banking Service on Cost of Sales Gas
Transportation Customers Follow Same Pattern as Physical Injections/Withdrawals**

	<u>Cost of Gas</u>	<u>End of Month</u>	<u>Physical Withdrawal / Injection</u>	<u>Implied Sales Purchases</u>	<u>Transportation Bank</u>	<u>Transport Imbalance</u>	<u>Sales Cost</u>
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Assumed Beginning Balances		120,000			36,000		
Nov	\$ 6.00	113,473	(6,527)	(4,569)	34,042	(1,958)	\$ (27,413)
Dec	\$ 6.00	85,822	(27,651)	(19,356)	25,747	(8,295)	\$ (116,134)
Jan	\$ 6.00	54,511	(31,311)	(21,918)	16,353	(9,393)	\$ (131,506)
Feb	\$ 6.00	27,559	(26,952)	(18,866)	8,268	(8,086)	\$ (113,198)
Mar	\$ 6.00	7,221	(20,338)	(14,237)	2,166	(6,101)	\$ (85,420)
Apr	\$ 6.00	2,386	(4,835)	(3,385)	716	(1,451)	\$ (20,307)
May	\$ 5.00	20,086	17,700	12,390	6,026	5,310	\$ 61,950
Jun	\$ 5.00	39,196	19,110	13,377	11,759	5,733	\$ 66,885
Jul	\$ 5.00	58,668	19,472	13,630	17,600	5,842	\$ 68,152
Aug	\$ 5.00	77,416	18,748	13,124	23,225	5,624	\$ 65,618
Sep	\$ 5.00	99,402	21,986	15,390	29,821	6,596	\$ 76,951
Oct	\$ 5.00	115,329	15,927	11,149	34,599	4,778	\$ 55,745
Total							\$ (98,678)

- (A) Assumed gas cost in winter months is \$1.00 per MCF higher than in other months
- (B) Equal to Previous month balance plus (minus) that month injection (withdrawal)
- (C) Equal to actual operation of Nicor fields per response to IIEC 1-28
- (D) Incremental flow gas purchases made by Nicor (Column (C) less Column (F))
- (E) Assumed to be 30% of actual top gas volume every month or perfect cycling
- (F) Current month transportation bank less previous month bank
- (G) Cost of Sales gas (PGA) avoided by storage equal to Column (D) times Column (A)

**Hypothetical Example of Impact of Banking Service on Cost of Sales Gas
Transportation Customers Fail to Cycle any Gas Whatsoever**

	<u>Cost of Gas</u>	<u>End of Month</u>	<u>Physical Withdrawal / Injection</u>	<u>Impled Sales Purchases</u>	<u>Transportation Bank</u>	<u>Transport Imbalance</u>	<u>Sales Cost</u>
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Assumed Beginning Balances		120,000			36,000		
Nov	\$ 6.00	113,473	(6,527)	(6,527)	36,000	-	\$ (39,162)
Dec	\$ 6.00	85,822	(27,651)	(27,651)	36,000	-	\$ (165,906)
Jan	\$ 6.00	54,511	(31,311)	(31,311)	36,000	-	\$ (187,866)
Feb	\$ 6.00	27,559	(26,952)	(26,952)	36,000	-	\$ (161,712)
Mar	\$ 6.00	7,221	(20,338)	(20,338)	36,000	-	\$ (122,028)
Apr	\$ 6.00	2,386	(4,835)	(4,835)	36,000	-	\$ (29,010)
May	\$ 5.00	20,086	17,700	17,700	36,000	-	\$ 88,500
Jun	\$ 5.00	39,196	19,110	19,110	36,000	-	\$ 95,550
Jul	\$ 5.00	58,668	19,472	19,472	36,000	-	\$ 97,360
Aug	\$ 5.00	77,416	18,748	18,748	36,000	-	\$ 93,740
Sep	\$ 5.00	99,402	21,986	21,986	36,000	-	\$ 109,930
Oct	\$ 5.00	115,329	15,927	15,927	36,000	-	\$ 79,635
Total							\$ (140,969)

- (A) Assumed gas cost in winter months is \$1.00 per MCF higher than in other months
- (B) Equal to Previous month balance plus (minus) that month injection (withdrawal)
- (C) Equal to actual operation of Nicor fields per response to IIEC 1-28
- (D) Incremental flow gas purchases made by Nicor (Column (C) less Column (F))
- (E) Assumed to be constant
- (F) Current month transportation bank less previous month bank
- (G) Cost of Sales gas (PGA) avoided by storage equal to Column (D) times Column (A)