

ILL. C. C. NO. 17
Original Title Sheet
(Cancelling ILL. C. C. No. 16
in its entirety)

North Shore Gas Company

SCHEDULE OF RATES (ILL. C. C. NO. 17)

FOR

GAS SERVICE

IN

ILLINOIS

FILED WITH THE

ILLINOIS COMMERCE COMMISSION

Date Issued: MARCH 9, 2007

Date Effective: APRIL 23, 2007

Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601

North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

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SCHEDULE OF RATES FOR GAS SERVICE

**THIS RATE SCHEDULE APPLIES TO THE
MUNICIPALITIES AND UNINCORPORATED AREAS LISTED BELOW
AND/OR TO TERRITORIES CONTIGUOUS THERETO**

<u>Municipality or Unincorporated Area</u>	<u>County</u>	<u>Municipality or Unincorporated Area</u>	<u>County</u>
Antioch	Lake	Lincolnshire	Lake
Aptakisic	"	Lindenhurst	"
Bannockburn	"	Long Grove	"
Beach Park	"	Mettawa	"
Buffalo Grove	"	Millburn	"
Deerfield	"	Mundelein	"
Diamond Lake	"	Nimitz Village	"
Druce Lake	"	North Chicago	"
Forrestal Village	"	Northbrook	Cook
Fort Sheridan	"	Old Mill Creek	Lake
Gages Lake	"	Park City	"
Glencoe	Cook	Prairie View	"
Grayslake	Lake	Riverwoods	"
Great Lakes	"	Rondout	"
Green Oaks	"	Rosecrans	"
Gurnee	"	Round Lake Beach	"
Half Day	"	Russell	"
Halsey Village	"	Third Lake	"
Hawthorn Woods	"	Venetian Village	"
Highland Park	"	Vernon Hills	"
Highwood	"	Wadsworth	"
Indian Creek	"	Waukegan	"
Knollwood	"	Wheeling	"
Lake Bluff	"	Wildwood	"
Lake Forest	"	Winnetka	Cook
Lake Villa	"	Winthrop Harbor	Lake
Libertyville	"	Zion	"

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Service Classification No. 1N

Small Residential Non-Heating Service

The following rates are available to any customer who takes service through a single meter for one or two dwelling units only and does not utilize gas as their principal source of space heating requirements. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge and a Gas Charge. The sum of the Customer Charge and the Distribution Charge represents the charges for delivery service from the Company.

Customer Charge

The monthly Customer Charge shall be \$10.50.

Distribution Charge

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

28.700 cents including Rider UBA
33.970 cents excluding Rider UBA

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until it discontinues service pursuant to this rate schedule or notice from the customer no less than 10 days prior to the requested discontinuance date. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and shall continue until payment in full of all amounts due hereunder shall have been made for service rendered through the discontinuance date.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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Service Classification No. 1H

Small Residential Heating Service

The following rates are available to any customer who takes service through a single meter for one or two dwelling units only and utilizes gas as their principal source of space heating requirements. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge and a Gas Charge. The sum of the Customer Charge and the Distribution Charge represents the charges for delivery service from the Company.

Customer Charge

The monthly Customer Charge shall be \$16.00.

Distribution Charge

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

<u>Therms Taken in any Month</u>	<u>Including Rider UBA Per Therm Charge</u>	<u>Excluding Rider UBA Per Therm Charge</u>
For the first 50 therms	23.617 cents	24.793 cents
For all over 50 therms	6.335 cents	6.650 cents

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until it discontinues service pursuant to this rate schedule or notice from the customer no less than 10 days prior to the requested discontinuance date. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and shall continue until payment in full of all amounts due hereunder shall have been made for service rendered through the discontinuance date.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

Service Classification No. 2

General Service

The following rates are available to any customer, except those eligible for service under Service Classification No. 6 of this rate schedule, who shall make application for service hereunder. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge and a Gas Charge. The sum of the Customer Charge and the Distribution Charge represents the charges for delivery service from the Company.

Customer Charge

The Customer Charge shall be a monthly charge based on meter class as follows:

<u>Meter Class</u>	<u>Monthly Charge</u>
1 (Up to 700 cubic feet per hour)	\$17.00
2 (Over 700 cubic feet per hour)	\$60.00

Distribution Charge

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

<u>Therms Taken in any Month</u>	<u>Including Rider UBA Per Therm Charge</u>	<u>Excluding Rider UBA Per Therm Charge</u>
For the first 100 therms	23.248 cents	24.175 cents
For the next 2,900 therms	8.716 cents	9.064 cents
For all over 3,000 therms	2.769 cents	2.879 cents

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until it discontinues service pursuant to this rate schedule or notice from the customer no less than 10 days prior to the requested discontinuance date. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and shall continue until payment in full of all amounts due hereunder shall have been made for service rendered through the discontinuance date.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

Service Classification No. 3

Large Volume Demand Service

The following rates are available to any customer who shall agree in a written contract: (1) to use gas taken under this service classification only in the equipment specified in its contract with the Company, and (2) to exclusively use gas taken under this service classification in said equipment. A customer may not voluntarily discontinue and subsequently renew service under this service classification within a consecutive twelve month period.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge, a Standby Service Charge and a Gas Charge. The sum of the Customer Charge, the Demand Charge, the Distribution Charge and the Standby Service Charge represents the charges for delivery service from the Company.

Customer Charge

The monthly Customer Charge shall be \$705.00.

Demand Charge

The Demand Charge shall be a monthly charge per therm of Billing Demand, as follows:

<u>Billing Demand</u>	<u>Per Therm Charge</u>
For the first 10,000 therms	49.065 cents
For all over 10,000 therms	30.574 cents

Distribution Charge

The Distribution Charge shall be 0.262 cents per therm for all gas delivered in any month.

Standby Service Charge

The monthly Standby Service Charge shall be 11.000 cents per therm of Standby Demand.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Billing Demand

The Billing Demand shall be the customer's highest daily demand, in therms, that has occurred during the peak period months of December through February in the most recent twelve- month period.

The minimum Billing Demand shall be 60 percent of the customer's highest daily demand that has occurred during the most recent nine non-peak months.

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Service Classification No. 3

Large Volume Demand Service

Billing Demand - continued

To determine the highest daily demand, the maximum consumption during any Gas Day shall be measured by a daily demand measurement device; provided, however, that if actual data are not available from such device, the customer's daily demand in any billing period shall be the customer's metered usage in the billing period, adjusted to a 30 day equivalent basis, divided by 21.

Standby Demand

The Standby Demand shall be equal to the Billing Demand for all customers except those taking service under Rider SST or LST-T; for a customer taking service under Rider SST or LST-T, its Standby Demand shall be equal to its Selected Standby Quantity.

Maximum Contract Daily Demand

The contract between the Company and the customer shall specify an initial Maximum Contract Daily Demand (MCDD), which shall be the maximum daily number of therms the Company shall be obligated to deliver to the customer. If at any time a customer's Billing Demand exceeds the customer's MCDD, then such Billing Demand shall become the MCDD, beginning with the month in which the Billing Demand first exceeds the MCDD; provided, however, that such increase in MCDD shall not become effective if the Company determines that a sufficient supply of gas is not available to meet such increase; provided, further, that the customer must provide the Company written notification, as far in advance as practicable, if the customer expects to increase its MCDD by more than 10 percent from its existing MCDD.

Contract with the Customer

The initial term of the contract shall be for a period of one year, and the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice; provided, however, that in the event of early termination pursuant to the Terms of Service provision, all amounts due the Company shall forthwith be paid, including the Demand Charge for the unexpired portion of the remaining contract term.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until terminated under the terms of the contract or this rate schedule. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and continue until payment in full of all amounts due hereunder shall have been made.

The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the daily demand measurement device. The Company may terminate the contract hereunder if a customer does not repair malfunctioning telephone wiring or electric wiring within 30 days of notification by the Company.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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Service Classification No. 4

Contract Service to Prevent Bypass

This rate is available to any customer for whom bypass of the Company's gas distribution system is, in the judgment of the Company, economically feasible and practical.

Contract

The customer shall enter into a written contract with the Company specifying the nature of the service to be supplied, the prices to be paid, and such other terms and conditions of service as are mutually agreeable. The customer will provide to the Company an affidavit stating the customer's intent to bypass the Company's facilities absent service hereunder, and provide evidence required by the Company to verify the investment required on the customer's part in order to accomplish the intended bypass.

The contract entered into between the Company and the customer hereunder shall be submitted to the Illinois Commerce Commission for informational purposes as provided by 83 Illinois Administrative Code Part 335. Such contract shall be treated on a confidential and proprietary basis.

The maximum term of contract under this service classification shall be ten years.

Charges

The charges for service hereunder shall be the charges contained in the contract between the Company and the customer.

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Service Classification No. 5

Standby Service

Service hereunder shall be available to any customer that agrees in a written contract to use gas service in alternation with or as standby or supplement to other sources of energy under the following conditions:

- (1) A customer receiving gas service under any of the other service classifications in this rate schedule for any purpose, may also use gas service under the same service classification for the generation of emergency power requirements, provided that the maximum hourly requirements for gas service during the time of emergency power generation does not exceed the maximum hourly gas requirements during periods of normal use. The customer shall agree that a sufficient portion of the regular gas requirements will be discontinued as emergency conditions arise, so that no additional capacity in gas facilities is required by the Company to serve the emergency power requirements. All requirements for such gas standby service not qualifying hereunder shall be served under (2) below.
- (2) In all other instances a separate meter will be set for service under this service classification. The equipment to be served shall be specified in the contract between the Company and the customer.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge and a Gas Charge. The sum of the Customer Charge, the Demand Charge and the Distribution Charge represents the charges for delivery service from the Company.

Customer Charge

The monthly Customer Charge shall be \$43.00.

Demand Charge

The monthly Demand Charge shall be 10.414 cents per therm of maximum hourly gas requirements.

Distribution Charge

The Distribution Charge shall be 1.875 cents per therm for all gas delivered in any month.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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Service Classification No. 5

Standby Service

Contract with the Customer

The initial term of the contract shall be for a period of one year, and the contract shall automatically renew for one-year periods upon the expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice; provided, however, that in the event of early termination pursuant to the Terms of Service provision, all amounts due the Company shall forthwith be paid, including the Demand Charge for the unexpired portion of the remaining contract term. The terms of maximum hourly gas requirements shall be set forth in the contract.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until terminated under the terms of the contract or this rate schedule. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and continue until payment in full of all amounts due hereunder shall have been made.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may cut off gas supply on ten days' notice unless the customer cures such failure during this ten-day period. The gas supply cutoff for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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Service Classification No. 6

Contract Service for Electric Generation

This rate is available to any customer with electric generation facilities with a capacity of at least 25 Megawatts installed for the purpose of selling all or part of the electricity generated from such facilities off premises.

Contract

The customer shall enter into a written contract with the Company specifying the nature of the service to be supplied, the price to be paid, and such other terms and conditions as are mutually agreeable. The maximum term of contract under this service classification shall be ten years.

All contracts entered into hereunder shall be submitted to the Illinois Commerce Commission for informational purposes on a confidential basis as provided by 83 Illinois Administrative Code Part 335. Not less than 10 days before submitting a contract to the Illinois Commerce Commission, the Company will provide a copy of the contract to the Illinois Commerce Commission Staff for review. In addition to the contract, the Company will provide to Staff documentation that shows that revenues from service to the customer under such contract will be greater than the incremental costs to serve such customer, ensuring a positive contribution to fixed costs recovery.

This service classification shall not be available to the Company's affiliated interests, as that term is defined in Section 7-101 of the Public Utilities Act.

The Company shall not tie, as defined in state and federal antitrust laws, the provision of service under this service classification to the taking or selling of any goods or service from or to an affiliated interest of the Company.

Charges

The charges for service hereunder shall be the charges contained in the contract between the customer and the Company.

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TERMS AND CONDITIONS OF SERVICE

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Application for Service

Each customer must make an application for service. The Company may require a customer to submit a written application for service, signed by the customer. Such application shall contain the information necessary to determine the type of service required by the customer and the conditions under which the Company shall render service.

The customer shall select the service classification or rider under which it wishes to receive service. If the Company determines in its sole discretion that the customer meets the eligibility requirements of the selected service classification or rider, the Company shall render service under the same. The Company shall assist the customer in making such selection, but does not guarantee that the customer shall receive service under, and shall not be responsible to notify the customer of, the most favorable service classification or rider at all times. The Company reserves the right to change the service classification or rider under which a customer receives service if the Company determines, in its sole discretion, that the customer is not eligible for service under its existing service classification or rider.

The customer shall notify the Company of any material changes in the customer's gas requirements or in premises characteristics that affect eligibility for a service classification or rider. After the Company receives such notification, the Company shall assist the customer in determining if a change in service classification or rider is best suited to or required for the customer's changed gas requirements or premises characteristics.

Except as specifically required or provided in a service classification or rider, no customer who receives service under a particular service classification or rider hereof for a particular use or uses at the customer's premises, shall receive service for the same from the Company except under said service classification or rider.

Unless required by material changes in the customer's gas requirements or premises characteristics, not more than one change of service classification or rider shall be allowed within any twelve month period.

Right to Refuse or Discontinue Service

The Company shall have the right to refuse to initiate gas service to an applicant or to discontinue service to a customer and remove its property from the premises in accordance with the terms of 83 Illinois Administrative Code Part 280. The Company shall have the right, after mailing the customer three letters and a notice of disconnection, to discontinue service when the customer fails to allow the Company or its authorized agents to have access to its premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service.

Deposits

The Company shall bill applicants for gas service and customers under any service classification or rider for deposits in accordance with 83 Illinois Administrative Code Part 280. The Company shall use a credit scoring system as one of the methods to determine whether it shall bill a deposit to a residential service applicant. A deposit shall be billed if the credit score of the applicant is below the predetermined minimum. This may not apply if the applicant is eligible for the Low Income Home Energy Assistance Program (LIHEAP) or provides proof of identity fraud.

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Service Activation Charge

The Company shall assess a service activation charge whenever a Company employee activates service at a customer's premises. The service activation charge shall be \$18.00 when only a meter reading is taken. The service activation charge shall be \$28.00 when gas has to be turned on and a maximum of four gas appliances are relit. Each additional gas appliance being relit shall be done so at a charge of \$5.00 per appliance.

Service Reconnection Charges

When the Company has discontinued service to any customer as provided in this rate schedule or in Chapter 83 of the Illinois Administrative Code, before restoration, the Company shall collect a reconnection charge. The reconnection charge shall be \$50.00 except that (1) where service has been discontinued by removing the meter, the reconnection charge shall be \$90.00, and (2) where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, the reconnection charge shall be \$275.00. Each customer shall receive an automatic waiver for the first reconnection charge of \$50.00 in any calendar year where service has been reconnected at the meter.

For any customer whose service is discontinued at the customer's request, reinstatement of service within twelve months shall be provided at a charge of \$50.00, plus the Customer Charges applicable during the period of service discontinuance.

For any customer whose service has been discontinued because of the customer's failure to allow the Company or its authorized agents to have access to the customer's premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service, the reconnection charge shall be \$50.00, except where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, in which case the reconnection charge shall be \$275.00.

Included in any reconnection charge is the relighting of a maximum of four gas appliances per account. Any additional gas appliances to be relit shall be done so at a charge of \$5.00 per appliance. This provision and charges shall apply regardless of any automatic reconnection charge waiver.

Second Pulse Data Capability

A customer that has an installed and operational meter, meter corrector, or daily demand measurement device capable of providing a second pulse for further data collection capability may choose to have the Company enable this capability on such meter or device for a monthly charge of \$14.00; provided that, any customer who, prior to the effective date of this provision, had such capability installed and paid for the device shall not be subject to such monthly charge. Installation of such capability shall be pursuant to a written contract specifying the customer name, account(s) and term.

The initial term of the contract shall be for a period of one year, and the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of the initial term or any subsequent contract year on 30 days written notice; provided, however, that in the event of early termination, all amounts due the Company for the unexpired portion of the remaining contract term shall forthwith be paid.

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TERMS AND CONDITIONS OF SERVICE

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Controlled Attachment on the Rendering of Gas Service

All requests for firm gas service for inputs over 500 cubic feet per hour for central space heating, any type of commercial or industrial space heating or industrial processing or power generation must be made in writing. Rider 10 of this rate schedule governs the Company's obligation to render gas service for such requests.

Company Installations

Whenever the Company is required by municipal authorities to pay for permits for work necessary to serve any customer, the Company may require the customer to pay the amount of the permit fees at the time of application for gas service.

Operational Integrity

In order to maintain the safe, efficient, and cost effective operation of its system, the Company, on any Gas Day, may, but shall not be obligated to, specify the quantity of gas that it shall accept at one or more of its citygate stations. Each entity delivering gas to the Company's system is responsible for adhering to such specifications. The Company shall not invoke this Operational Integrity provision for economic reasons, and shall provide a two hour minimum notice of such specifications prior to any applicable nomination deadlines. This Operational Integrity provision shall be applied to all entities in a non-discriminatory manner. Nothing in this paragraph shall prevent the Company from unilaterally taking actions, in addition to or in lieu of specifying delivery requirements at citygate stations, as may be necessary to maintain system pressure and preserve the integrity of its system.

Limitations on the Rendering of Gas Service

In the event of a gas shortage or an interruption in the Company's gas supply for any reason, the Company shall be entitled (1) to curtail deliveries of gas to any firm commercial or industrial customer, whenever in its judgment such curtailment shall be necessary for the maintenance of gas service to the Company's residential and small commercial customers, and (2) to allocate available gas supply among some or all of its remaining firm customers, whenever in its judgment such supply shall be inadequate to provide gas service to all of those customers in addition to other customer classes.

In effecting any such curtailment or allocation of deliveries, the Company shall first curtail or discontinue the supply of gas to such customers as commonly use large quantities of gas and are not engaged in an activity essential to health or safety, and where the Company can conveniently and readily use the gas not delivered to reduce any gas supply deficiency to its other customers. The Company shall not be liable for any damage whatsoever by reason of any such curtailment or discontinuance or because of any shortness of advance notice given directing such curtailment or discontinuance. Gas service is not available for use in alternation with or as standby or supplement to other sources of energy.

Suspension or Termination of Contract in Case of Fire or Other Casualty

In the event of a fire or other casualty occurring in a customer's premises, rendering them wholly unsuitable for its business purposes, any contract between the Company and the customer for service under any service classification or rider shall, at the option of the customer, be either terminated or suspended until such time as the premises shall have been reconstructed and reoccupied by the customer for its business purposes.

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**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

TERMS AND CONDITIONS OF SERVICE

Continuous Service

The Company will endeavor to furnish a regular supply of gas to the customer, unless otherwise specified in the service classification or rider. The liability of the Company for damages arising out of service interruptions occurring in the course of furnishing service, and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the fixed charges that would otherwise be billed to the customer for the period of service during which such service interruption occurs. No other liability shall in any case attach to the Company.

Measurement of Gas Delivered by the Company

The gas delivered to a customer under each service classification and rider shall be measured by a meter or meters to be installed by, and at a location suitable to, the Company, provided by the customer upon its premises. The Company may use remote meter reading devices, which include any device that reads the meter and any device that corrects for pressure, temperature or supercompressibility; readings transmitted by such remote devices shall be considered actual meter readings within the meaning of the Public Utilities Act and 83 Illinois Administrative Code Part 280. Where the Company has installed a remote meter reading device, the volume of gas delivered to the customer may be determined on the basis of readings taken. The registration of the meter shall control in any case that discrepancies exist or the device malfunctions.

All bills for gas service, except as hereinafter provided in the paragraph entitled Unmetered Gas Lamp Consumption, shall be based upon such measurement, except that, in any case where the Company is unable to take the regular reading of the meter and in alternate months for certain customers served under Service Classification No. 1N, 1H or 2, the Company shall issue an estimated bill based upon the customer's use of service in previous billing periods and reflecting the effect of weather measured in degree days.

Unmetered Gas Lamp Consumption

For any customer having an unmetered continuous street or outdoor lighting device, the monthly consumption, for billing purposes, shall be the following:

<u>Hourly Lamp Rating in Cubic Feet</u>	<u>Therms Per Lamp</u>	
<u>From</u>	<u>But</u>	
<u>Not over</u>		
0	1.99	13.06
2.00	2.99	17.54
3.00		24.48

The consumption shall be billed at the otherwise applicable service classification.

Gas Not to Be Submetered for Sale or Resale

No gas purchased or delivered under this rate schedule shall, for the purpose of sale or resale, be submetered or remeasured by the customer. This prohibition, however, shall not apply to gas purchased or delivered for use as vehicular fuel.

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Correction for Pressure, Temperature and/or Supercompressibility

In any case where the Company, with the customer's consent, measures the gas delivered to said customer under a pressure greater than that exerted by a column of water 12 inches in height, the volume of gas registered by the gas measurement meter shall be corrected for billing purposes by a device or by the application of a proper pressure correction factor. The Company reserves the right to correct the volume of gas registered by such meter to a base temperature of 60° Fahrenheit and for supercompressibility.

Heating Value of Gas

The term "therm" means a quantity of heat at least equivalent to one hundred thousand British thermal units.

The gas to be supplied under each service classification and rider shall have a minimum average total heating value of one thousand British thermal units per cubic foot.

Except for Unmetered Gas Lamp Consumption, the therms for which the customer is billed shall be determined in accordance with Rider 8 of this rate schedule. Unless otherwise provided in this rate schedule, all quantities shall be therms.

Unaccounted For Gas Adjustment (Factor U)

The unaccounted for adjustment shall be the amount of gas unaccounted for, for the most recent 12 months ended June, as a percentage of total gas available for deliveries, expressed as a decimal.

Billing

The term "bill" means a statement of amount due for gas service that is computed on the basis of two consecutive readings of a meter or meters, or the equivalent thereof for an estimated bill.

The terms "month" and "monthly" mean the period between any two regular consecutive readings of meters that are made at approximately 30-day intervals.

The term "bimonthly" means the period between any two regular consecutive readings of meters that are made at approximately 60-day intervals.

The summation of the consumptions registered by two or more meters in a given period shall not be permitted for the purpose of applying the rates under this rate schedule in the determination of a customer's bill except with respect to (1) customers for whom consumptions had been combined under a given service classification prior to May 1, 1958, and (2) two or more meters installed in lieu of a single meter of larger capacity as a matter of convenience to the Company.

The Company shall take meter readings, as nearly as practicable, every 60 days and issue bills for service, as nearly as practicable, every 30 days under Service Classification Nos. 1N, 1H and 2 except that in the case of certain customers served under Service Classification No. 1N, 1H or 2 whose consumption is low, the Company may take meter readings and issue bills for service, as nearly as practicable, every 60 days.

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North Shore Gas Company

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Billing - continued

The Customer Charge of Service Classification Nos. 1N, 1H and 2 shall be doubled in the computation of a bimonthly bill. The Company may base bills falling between bimonthly meter readings on estimated readings. The Company shall take meter readings and issue bills to customers served under all other service classifications, as nearly as practicable, every 30 days.

If it is established that bimonthly billing or bimonthly meter reading with monthly billing has in any instance resulted in a customer paying for a bimonthly period an amount in excess of the total of the amounts the customer would have paid under monthly billing with monthly meter reading, the customer may, by written request made within three months after the due date of such bimonthly or monthly bill, have such excess credited on the next bill thereafter issued.

When the Company obtains a meter reading for a Service Classification No. 1N, 1H or 2 gas sales customer following a series of two or more consecutive estimated bills, the Company shall estimate the quantity of gas taken during the billing period ending with the meter reading. If the difference between the meter reading and the preceding estimated reading exceeds such estimate by at least the greater of ten percent or 2,000 cubic feet, the Company shall reallocate usage among the periods covered by the estimated bills; cancel each previously consecutive estimated bill in the series; reissue a bill or bills for the period based on the reallocated usage and associated rates and charges; and issue a bill based on the meter reading difference. The Company shall estimate usage and perform the reallocation using the meter reading and the customer's usage in previous billing periods and reflect the effect of weather measured in degree days.

Bills to Customers

Bills to customers shall contain the information required by 83 Illinois Administrative Code Part 500. A sample bill is set forth on Sheet Nos. 23 and 24.

Net Payment Period

The customer shall make payment of any bill issued to it within the net payment period. The net payment period shall be 21 days for residential service and 14 days for non-residential service. For a customer who purchases residential service and who qualifies under the provision Preferred Payment Date contained in 83 Illinois Administrative Code Part 280, the net payment period shall be 31 days; subject to annual confirmation by the customer of this qualification. If a customer mails a payment and it is received at the Company's offices no more than two business days after the due date, the payment is considered timely.

"Residential service" means gas service rendered for a single family house, a residential building containing not more than two dwelling units or any individually metered dwelling unit; all other gas service rendered is "non-residential." "Net payment period" means the period immediately following the postmark date of any bill through and including the due date for each as shown thereon; provided, however, (a) when the due date of any bill falls on Saturday, Sunday or a legal holiday, such net payment period shall be extended to include the first following business day, and (b) when a customer shall make on or before the due date a good faith objection to any bill issued to it, the net payment period shall be extended to include 14 days after dispute resolution. All bills scheduled for mailing shall be mailed on the date of issuance or the next business day; all bills scheduled for manual delivery shall be either delivered or mailed no later than one day after the date of issuance.

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North Shore Gas Company

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Late Payment Charge

The Company shall assess a late payment charge equal to one and one-half percent of the amount of any bill issued for service under any service classification or rider, excluding tax charges under Rider 1, if such bill is not paid within the net payment period as defined in these Terms and Conditions of Service.

The late payment charge shall not be applicable to installments under Rider 3 of this rate schedule.

For a customer taking service under Service Classification No. 1N or 1H, the Company shall waive the first applicable late payment charge in any calendar year. Such waiver shall not apply to the late payment charge applicable to amounts previously past due. As used in this paragraph, the term "amounts previously past due" shall include the amount of any bill for service that remains unpaid as of the customer's second or subsequent regular billing date after becoming past due, any late payment charge that remains unpaid as of the customer's second or subsequent regular billing date after being charged to the customer's account, and any amount outstanding under a deferred payment arrangement. For accounts billed bimonthly, the term "regular billing date" shall include the date between bimonthly bills on which bills are issued for customers in the same billing district.

Net Payment Period and Late Payment Charges for Governmental Bodies

Notwithstanding anything to the contrary in this rate schedule, the net payment period, and the application of late payment charges, applicable to bills for gas service rendered to units of the federal, state or local government shall be controlled by the Federal Prompt Payment Act, the State Prompt Payment Act, and the Local Government Prompt Payment Act, whichever is applicable.

Charge for Dishonored Checks and/or Incomplete Electronic Withdrawal

A charge of \$25.00 shall be assessed a customer who remits any negotiable instrument that is not honored and subsequently returned by a bank, savings institution or other financial institution for any reason except error of the institution.

A charge of \$25.00 shall be assessed any customer participating in the Company's Automatic Payment Plan when the electronic withdrawal from the designated account is not completed by the participating bank, savings institution or other financial institution for any reason except error of the institution.

Any customer who, within a twelve-month period, remits two checks that are dishonored or has two incomplete electronic withdrawals, or has a combination of two dishonored checks or incomplete electronic withdrawals, for any reason except error of the financial institution shall be required to make all future payments by United States currency, money order, or certified check for the following twelve months.

Charge for Payment by Wire Transfer

The Company shall permit a customer to pay any amounts due and owing by wire transfer to the account designated by the Company. A customer making payment by wire transfer shall be liable for the charge assessed the Company by the financial institution effectuating the wire transfer.

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Access to Premises

Properly authorized Company agents shall, at all reasonable times, have free access to the customer's premises for the purpose of initiating, maintaining, interrupting or discontinuing service; reading meters; inspecting metering equipment, service pipe and all other equipment relating to the Company's service; and installing, repairing or removing the Company's meters or other property and equipment.

Company's Property and Protection Thereof

Unless otherwise provided by contract between the Company and the customer, all meters and other appliances and equipment furnished by and at the expense of the Company that may at any time be upon the customer's premises shall be and remain Company property, and no one other than a Company agent is authorized to remove or disturb such property.

The Company will charge a person for damages to the Company's property, including, without limitation, pipes, meters and regulators, an amount that allows the Company to recover the actual costs determined by the time, material and overhead associated with making any and all repairs, including replacement in whole or in part, and with responding to related service interruptions, including relighting appliances, and for recouping lost margin. In determining labor costs, the time of all personnel, including supervisory personnel, shall be included.

Equipment Furnished and Maintained by Customer

All gas equipment furnished or used by the customer, including appliances, piping and venting equipment, shall be installed, operated and maintained by the customer at all times in conformity with accepted practice as determined by rules of public health and safety, law, local ordinance or rules of any properly constituted authorities.

The Company shall assume no obligation or responsibility for any claims, loss, liability or damage whatsoever resulting from or in connection with the construction, use, maintenance or operation of any such equipment installed or used by the customer for or in connection with the purchase of gas and service hereunder. The Company may use bill inserts to provide general notice to customers of safety matters, including, without limitation, safety matters related to the use of uncoated brass flexible connectors. The customer is responsible for addressing such matters, including inspecting the customer's premises for, identifying and remedying any such matters. The Company shall have no responsibility to inspect for, identify or remedy any such matters and shall have no liability or responsibility for any claims, loss, injury or damages whatsoever resulting from or in connection with matters described in such bill inserts. The envelope with such bill inserts need not be marked in any way, and sending such bill inserts shall constitute the use of reasonable care to provide notice.

Interfering Equipment

Whenever any of the customer's utilization equipment, such as compressors, furnaces, boilers or gas turbines, has characteristics that may interfere with proper metering or service to any other customer or that may adversely affect the Company's transmission or distribution system operation, the Company or the customer shall provide suitable preventative facilities and system improvement at the customer's expense and/or the Company shall purchase incremental services to accommodate the customer's service. The customer shall pay for these improvements either in one payment or in monthly installments. In addition, the customer shall pay, monthly, for any incremental services purchased by the Company necessary to provide service to that customer. The customer may agree to reduced service levels to minimize such charges. Any contract relating to charges to be billed pursuant to this provision or an agreed reduction in service level shall be submitted to the Illinois Commerce Commission for informational purposes on a confidential basis as provided by 83 Illinois Administrative Code Part 335.

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North Shore Gas Company

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Agents Can Not Modify Rate Schedule or Contracts

No agent of the Company shall have the power to amend, modify, alter or waive any of the conditions of this rate schedule or any contract entered into between the Company and a customer under any of the service classifications or riders of this rate schedule, or to bind the Company by making any promise or representation contrary to or inconsistent with the provisions of this rate schedule or any such contract.

Use of Gas as Compressed Natural Gas

A customer purchasing gas for compression and use as compressed natural gas to propel a vehicle on the public highways shall give the Company prior written notice of intent to purchase gas for that purpose. All gas delivered for such use shall be metered separately by the Company. In the event that any customer's equipment relating to compression of gas may or does interfere with service to any other customer or with metering, the Company or the customer shall, at the customer's expense, provide suitable facilities to preclude such interference.

Definition of Gas Day

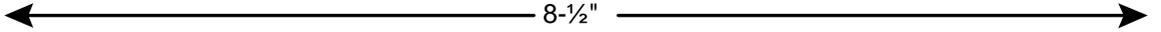
The term "Gas Day" shall mean the period beginning at 9:00 a.m. Central Time, and ending at 9:00 a.m. Central Time on the following day. When required by the context in which it is used the word "day" shall mean Gas Day. "Central Time" shall mean the prevailing time in the Central time zone.

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TERMS AND CONDITIONS OF SERVICE



Definition of Terms

Customer Classification

Rate 1N, Small Residential Non-Heating Service - Available to any residential customer with one or two dwelling units only and does not utilize gas as their principal source of space heating requirements

Rate 1H, Small Residential Heating Service - Available to any residential customer with one or two dwelling units only and utilizes gas as their principal source of space heating requirements.

Rate 2, General Service - Available to residential, commercial and industrial customers.

Usage

Types of Meter Readings:

Actual - Reading taken by the company.

Customer - Reading taken by the customer.

Estimate - Reading estimated by the company based on weather and previous usage patterns.

Pressure Correction Factor - A factor used to compute the quantity of gas when it is delivered at higher than normal pressures.

BTU Factor (British Thermal Unit) - A factor used to convert measured gas volumes into the heating value of the gas.

Therms - For billing purposes, the volume of gas used multiplied by the BTU Factor.

Charges

Customer Charge - A fixed monthly charge that recovers some of the fixed costs for providing service to customers. This charge includes charges from the State of Illinois that funds weatherization, energy assistance and renewable energy grants.

Delivery Charge - A charge that recovers costs of delivering gas to customers.

Enhanced Efficiency Program Charge - A charge filed annually with the Illinois Commerce Commission that recovers the costs related to the Company's portfolio of conservation programs

Environmental Charge - A charge, filed monthly with the Illinois Commerce Commission, that recovers costs for the treatment of residue from past manufactured gas operations.

Gas Charge - A charge, filed monthly with the Illinois Commerce Commission, that recovers the cost of gas supplies purchased for customers.

Uncollectable Balancing Adjustment - A charge filed monthly with the Illinois Commerce Commission that recovers gas cost-related uncollectible expenses

Volume Balancing Adjustment - A charge filed monthly with the Illinois Commerce Commission that stabilizes the distribution charges approved by the Commission in the Company's most recent rate proceeding

Taxes

Municipal Tax - Levied by some municipalities on current charges before taxes.

Municipal Gas Use Tax - Levied by some municipalities, on a per therm basis, on gas that is purchased from an alternative supplier and is not subject to the Municipal Tax.

Illinois Gross Revenue Tax - Mandated by the State of Illinois to fund the Illinois Commerce Commission.

Gas Revenue Tax - Mandated by the State of Illinois, either 5% of current charges before taxes or 2.4 cents per therm, whichever is lower.

State Gas Use Tax - Levied by the State of Illinois, on a per therm basis, on gas that is purchased from an alternative supplier and is not subject to the Gas Revenue Tax.

Service Charges

Service Activation Charge - For initiating gas service.

Reconnection Charge - For reconnecting gas service when it has been discontinued.

Late Payment Charge - For payments not received by the Payment Due Date. 1.5% of the unpaid balance is applied to the next bill.

Payment Options and Plans

Credit Card Payments - Call 1-866-295-0086. A transaction fee will apply.

Electronic Check Payments by Phone - Call 1-866-295-0086. A transaction fee will apply.

E-bill Payments - You may pay your bill online at northshoregasdelivery.com.

Budget Payment Plan - Divides the total bill throughout the year. Bills may still fluctuate. The Company pays interest monthly on any average daily credit balance at the annual rate set by the Illinois Commerce Commission.

Automatic Payment Plan - Deducts payments from a checking or savings account.

Credit Reporting - We report payments to credit bureaus. Bills more than 60 days past due may adversely affect your credit rating.

Financial Assistance

Share the Warmth - Provides matching heating assistance grants to eligible customers. Call the Salvation Army at 1-773-725-1100.

Low Income Home Energy Assistance Program (LIHEAP) - Provides heating assistance grants to eligible customers. Call the Community Action Partnership of Lake County at 1-847-249-4330.

Safety Warnings

Visit northshoregasdelivery.com for more safety information.

Flex Connectors - Replace any uncoated brass flexible connectors with newer stainless steel or plastic coated brass connectors to prevent possible fire, explosion and death.

Carbon Monoxide (CO) - Install a CO detector and change the batteries two times per year.

Call Before You Dig - Striking underground natural gas lines can cause gas leaks, fires and explosions. Call JULIE at 1-800-892-0123 48 hours before you dig to have lines marked.

Definición de términos

Clasificación de clientes

Tipo 1N, Servicio para pequeñas residencias sin calefacción - Disponible para cualquier cliente residencial con solo una o dos unidades de vivienda y que utilice el gas como su fuente principal de calefacción.

Tipo 1H, Servicio para pequeñas residencias con calefacción - Disponible para cualquier cliente residencial con solo una o dos unidades de vivienda y que utilice el gas como su fuente principal de calefacción.

Tipo 2, Servicio general - Disponible para clientes residenciales, comerciales e industriales.

Uso

Tipos de lectura del medidor:

Real - La lectura es realizada por la compañía.

Cliente - La lectura es realizada por el cliente.

Estimada - La lectura se determina según un estimado realizado por la compañía en base al clima y a los patrones de uso previos.

Factor de corrección de la presión - Un factor usado para calcular la cantidad de gas cuando se suministra a presiones por encima de lo normal.

Factor BTU (British Thermal Unit) - Un factor usado para convertir los volúmenes de gas medidos al valor calorífico del gas.

Termins - Para propósitos de facturación, es el volumen de gas usado multiplicado por el Factor BTU.

Cargos

Cargo al cliente - Un cargo mensual fijo que recupera parte de los costos fijos de provisión de servicio a los clientes. Este cargo incluye cargos del Estado de Illinois que financia donaciones de climatización, asistencia de energía y energía renovable.

Cargo de suministro - Un cargo que recupera costos de suministro de gas a los clientes.

Cargo del Programa de rendimiento mejorado - Un cargo que se presenta mensualmente a la Comisión de Comercio de Illinois que recupera los costos relacionados con la cartera de programas de conservación de la energía de la Empresa.

Cargo medioambiental - Un cargo, presentado mensualmente ante la Comisión de Comercio de Illinois, que recupera los costos de tratamiento de residuos generados por antiguas operaciones de fabricación de gas.

Cargo de gas - Un cargo, presentado mensualmente ante la Comisión de Comercio de Illinois, que recupera los costos de los suministros de gas comprados por los clientes.

Ajuste por gasto incoobrable - Un cargo que se presenta a la Comisión de Comercio de Illinois que recupera los gastos incoobrables relacionados con los costos de gas.

Ajuste por volumen - Un cargo que se presenta mensualmente a la Comisión de Comercio de Illinois que estabiliza el margen de distribución aprobado por la comisión durante los procedimientos de normativización de tasas más recientes de la Empresa.

Impuestos

Impuesto municipal - Recaudado por algunas municipalidades sobre los cargos actuales antes de impuestos.

Impuesto de uso de gas municipal - Recaudado por algunas municipalidades, en base a termias, sobre el gas que es comprado de un proveedor alternativo y no está sujeto al Impuesto Municipal.

Impuesto a la renta bruta de Illinois - Ordenado por el Estado de Illinois para financiar la Comisión de Comercio de Illinois.

Impuesto a la renta de gas - Ordenado por el Estado de Illinois, ya sea el 5% de los cargos actuales antes de impuestos o 2.4 centavos por termia, lo que sea menor.

Impuesto al uso de gas estatal - Recaudado por el Estado de Illinois, en base a cada termia, sobre el gas que es comprado de un proveedor alternativo y no está sujeto al impuesto a la renta de gas.

Cargos de servicio

Cargo de activación del servicio - Se cobra por iniciar el servicio de gas.

Cargo de reconexión - Por reconectar el servicio de gas cuando se ha interrumpido.

Cargo por mora - Por pagos no recibidos hasta la Fecha de Pago. El 1.5% del saldo impago se aplica a la siguiente factura.

Opciones y planes de pago

Pagos con tarjeta de crédito - Llame al 1-866-295-0086. Se deberá pagar una tarifa por transacción.

Pagos telefónicos con cheque electrónico - Llame al 1-866-295-0086. Se deberá pagar una tarifa por transacción.

Pagos E-bill - Puede pagar su factura en línea ingresando a northshoregasdelivery.com.

Plan de pago presupuestado - Divide el total de la factura a lo largo del año. Las facturas pueden fluctuar. La compañía paga intereses mensualmente sobre el saldo de crédito diario promedio a la tarifa anual fijada por la Comisión de Comercio de Illinois.

Plan de pago automático - Deduce pagos de una cuenta de cheques o de ahorros.

Informes de crédito - Reportamos sus pagos a las agencias de crédito. Las facturas que tengan mora de más de 60 días podrán afectar de manera adversa su calificación crediticia.

Asistencia financiera

Share the Warmth (Comparta el calor) - Este programa provee subsidios en cantidades equivalentes para asistencia en el pago de la calefacción a clientes que reúnan los requisitos. Llame al Salvation Army al 1-773-725-1100.

Low Income Home Energy Assistance Program (LIHEAP) - Este programa provee subsidios de asistencia para calefacción a clientes que reúnan los requisitos. Llame a la Alianza de Acción Comunitaria del condado de Lake al 1-847-249-4330.

Advertencias de seguridad

Visite northshoregasdelivery.com para obtener más información sobre seguridad.

Conectores flexibles - Reemplace todos los conectores flexibles de bronce sin recubrimiento con conectores de bronce recubiertos en plástico o acero inoxidable para evitar posibles incendios, explosiones y muertes.

Monóxido de carbono (CO) - Instale un detector de CO y cambie las baterías dos veces al año.

Llame antes de excavar - Golpear tuberías subterráneas de gas natural puede causar fugas de gas, incendios y explosiones. Llame a JULIE al 1-800-892-0123 48 horas antes de excavar para que se le señalicen las tuberías.

FORM 1604 3-06-07

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider 1

Additional Charges for Taxes and Customer Charge Adjustments

Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

Additional Charges for State Taxes

Section 9-222 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liabilities to the State of Illinois for the tax imposed by the Gas Revenue Tax Act and the Gross Revenue Tax imposed by Section 2-202 of the Public Utilities Act. Pursuant to Section 9-222, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for State Utility Taxes equal to (1) the lower of 2.4 cents per therm, or 5 percent of all gross receipts, each billing period, plus (2) .10 percent of all gross revenue under this rate schedule.

One such applicable regulation is 86 Illinois Administrative Code Part 470, which, among other exemptions, provides that the Gas Revenue Tax is not applicable to gross receipts from specified gas services to unincorporated entities of the Federal Government. Accordingly, the Additional Charge for State Utility Taxes applicable to bills issued to such entities shall be .10 percent.

Section 5-15 of the Gas Use Tax Law requires a utility to collect from certain of its customers a tax equal to 2.4 cents per therm on purchase of out-of-state gas for use or consumption in Illinois, but not for resale, if the gas is purchased in a manner that does not subject the seller of that gas to liability under the Gas Revenue Tax Act. The Gas Revenue Tax is not applicable to transactions with customers being charged the Gas Use Tax. The Company will not collect the Gas Use Tax from customers that are exempt, subject to such customer providing the Company a valid exemption certificate. The Company will not collect the Gas Use Tax from customers that are self-assessing purchasers, subject to such purchaser providing the Company a valid certificate of registration from the Illinois Department of Revenue.

Additional Charges for Municipal Taxes

Section 9-221 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liability for any municipal tax imposed under Section 8-11-2 of the Illinois Municipal Code plus 3 percent of that liability to cover the costs of accounting. Pursuant to Section 9-221, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for Municipal Utility Tax equal to the percentage shown below of all billings under this rate schedule for gas service furnished for use or consumption and not for resale within the corporate limits of each municipality listed in the following schedule, except for (a) this Additional Charge for Municipal Tax, and (b) any billings and billing items excluded from the base of the tax:

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider 1

Additional Charges for Taxes and Customer Charge Adjustments

Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

Additional Charges for Municipal Taxes - continued

<u>Municipalities Imposing Municipal Utility Tax</u>	<u>Additional Charge for Municipal Utility Tax</u>
Glencoe	5.15%
Grayslake	3.09%
Highland Park	5.15%
Highwood	5.15%
Lake Bluff	5.15%
Lake Forest	5.15%
Lincolnshire	5.15%
North Chicago	5.15%
Park City	5.15%
Riverwoods	5.15%
Waukegan	5.15%
Winnetka	5.15%
Winthrop Harbor	5.15%
Zion	5.15%

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 3

Rider 1

Additional Charges for Taxes and Customer Charge Adjustments

Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

Additional Charges for Compressed Natural Gas Use Tax

A customer receiving gas for compression and use as compressed natural gas shall reimburse the Company for all taxes payable to any governmental body on the delivery of gas to be used as compressed natural gas.

Customer Charge Adjustments

(1) Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund

Pursuant to the provisions of the Energy Assistance Act of 1989, as amended by Section 13 of the Act, the Company is required to impose a monthly Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund on each gas service account and shall increase the monthly customer charge by the following amounts:

Service Classification Nos. 1N and 1H Accounts

\$0.40 per month on each account.

All Other Accounts

\$4.00 per month on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

\$300.00 per month on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.

(2) Renewable Energy Resources and Coal Technology Development Assistance Charge

Pursuant to the provisions of Section 6-5 of the Renewable Energy, Energy Efficiency and Coal Resources Development Law of 1997, the Company is required to impose a monthly Renewable Energy Resources and Coal Technology Development Assistance Charge on each gas service account and shall increase the monthly customer charge by the following amounts:

Service Classification Nos. 1N and 1H Accounts

\$0.05 per month on each account.

All Other Accounts

\$0.50 per month on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

\$37.50 per month on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 2

Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

The Gas Charge, applicable to all service classifications and to Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG, shall be determined in accordance with the provisions of this rider.

Section A - Applicability

Each month the Company shall determine the Gas Charge to be placed into effect with service rendered on and after the first day of the following month.

A general description for each Gas Charge and its applicability shall be as follows. The monthly charge for each Gas Charge shall be determined in accordance with Section F.

Gas Charge

Factor	Description
GC	Gas Charge - The sum of Factor CGC and Factor NCGC.
CGC	Commodity Gas Charge - A commodity related, per therm, gas cost recovery mechanism applied to all Company-supplied therms delivered or estimated to be delivered.
NCGC	Non-Commodity Gas Charge - A non-commodity related, per therm, gas cost recovery mechanism applied to all Company-supplied therms delivered or estimated to be delivered.
DGC	Demand Gas Charge - A non-commodity related, per demand therm, gas cost recovery mechanism applied to the contracted backup levels of transportation customers served under Riders FST-T, SST, SST-T and LST-T. This charge is the backup level based counterpart to the NCGC. Revenues arising through the application of this charge will be credited to the Factor NCGC.
ABGC	Aggregation Balancing Gas Charge – a non-commodity related, per therm, gas cost recovery mechanism applied to all therms delivered or estimated to be delivered by the Company to customers served under Rider CFY. This charge is equivalent to the NCGC less any costs not associated with balancing or storage. Revenues arising through the application of this charge will be credited to the Factor NCGC.

A monthly report, in a format designated by the Commission postmarked by the twentieth day of the Filing Month, shall show determinations of the Gas Charge for the following Effective Month. A monthly report postmarked after that date but prior to the first day of the Effective Month will be submitted only if it corrects an error or errors from a timely filed report for the same Effective Month. Any other report postmarked after that date will be submitted only as a special permission request under the provisions of Section 9-201(a) of the Public Utilities Act.

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Rider 2

Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section B - Definitions

Base Period shall mean the Effective Month or the remaining months in the Reconciliation Year which includes the Effective Month.

Effective Month shall mean the month following the Filing Month, during which the Gas Charge will be in effect.

Filing Month shall mean the month in which the Gas Charge is determined by the Company and submitted to the Commission.

Gas Used By the Company shall mean all gas used by the Company except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements.

Reconciliation Year shall mean the 12-month period ending December 31, for which actual gas costs and associated revenues are to be reconciled.

- (a) As provided in Section G of this rider and,
- (b) For Gas Charges determined and submitted to the Commission on or before February 21, 2007, "Reconciliation year" shall mean the 12-month period ending September 30.

System Average Cost of Gas shall mean the weighted average cost per therm of gas estimated to be purchased, withdrawn from storage, and manufactured during the Base Period or Reconciliation Year.

Section C - Cost Basis

Each Gas Charge shall represent the Company's estimate of recoverable gas costs (as prescribed in Section D) to be incurred during the Base Period, with an adjustment to such costs through use of Adjustment Factors (as prescribed in Sections E, F and G). Any Gas Charge established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the Effective Month. Any Gas Charge established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the Reconciliation Year.

Section D - Recoverable Gas Costs

- (a) Costs recoverable through the Gas Charge shall include the following:
 - (1) Costs of natural gas and any solid, liquid or gaseous hydrocarbons purchased for injection into the gas stream or purchased as feedstock or fuel for the manufacture of gas, or delivered under exchange agreements;
 - (2) Costs for storage services purchased;

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Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section D - Recoverable Gas Costs - continued

- (3) Transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
 - (4) Other out-of-pocket direct non-commodity costs, related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission approved charges required by pipeline suppliers to access supplies or services described in subsections (a)(1) through (3) of this Section.
- (b) Determinations of the Gas Charge shall exclude the actual cost of gas to be used by the Company. Gas Used By the Company will be provided for by purchasing supplies separately from supplies purchased for customers.
- (c) The cost of gas estimated to be withdrawn from storage during the Base Period shall be included in the Gas Charge.
- (d) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charge if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section. This subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff.
- (e) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.
- (f) Revenues arising from cash-out sales as defined in Section C of Rider SST and Section E of Rider TB-T and Section D of Rider AGG of this rate schedule shall offset recoverable gas costs. Costs arising from cash-out purchases as defined in Section C of Rider SST and Section E of Rider TB-T, Sections I, J and K of Rider SST, Section H of Rider SST-T, Section G of Rider FST-T, Sections H and I of Rider LST-T, Sections H and I of Rider P, Sections G and H of Rider P-T and Sections D, F and L of Rider AGG of this rate schedule shall be treated as gas costs recoverable under this Section. Revenues arising from sales pursuant to Sections G and L of Rider SST, Section F of Rider P and Section G of Rider AGG of this rate schedule shall offset gas costs. Costs arising from purchases by the Company pursuant to Sections G and L of Rider SST, Section I of Rider SST-T, Section H of Rider FST-T, Section J of Rider LST-T, Sections F and J of Rider P, Section I of Rider P-T and Sections G and L of Rider AGG of this rate schedule shall be treated as gas costs recoverable under this Section.

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Rider 2

Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section E - Adjustments to Gas Costs

- (a) The Adjustment Factor (Factor A) shall be treated as an addition to or an offset against actual gas costs. This Adjustment Factor shall include the total of the following items:
 - (1) Refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;
 - (2) The difference between actual recoverable gas costs and gas cost recoveries for the months preceding the Filing Month; and
 - (3) The unamortized portion of any Adjustment Factors included in prior determinations of the Gas Charge.
- (b) If the Company determines the need to amortize the Adjustment Factor over a period longer than the Base Period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the Base Period. The associated carrying charge established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.

Section F - Determination of Gas Charge

- (a) Each month the Company shall determine under this Section the Commodity Gas Charge (CGC), Non-Commodity Gas Charge (NCGC), the Demand Gas Charge (DGC) and the Aggregation Balancing Gas Charge (ABGC) to be placed into effect for service rendered during the Effective Month.
- (b) Each type of Gas Charge shall be determined in accordance with the following formula:

$$GC = \left[\frac{G \pm A \pm O}{T} \right] \times 100$$

Where: GC = The Gas Charge for the applicable type of gas cost in cents per therm rounded to the nearest 0.01¢; any fraction of 0.01¢ shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

G = Factor G, as defined for each type of Gas Charge determined by the Company under this Section.

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Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section F - Determination of Gas Charge - continued

Where: A = Factor A, as defined for each type of Gas Charge determined by the Company under this Section.

O = Factor O, as defined for each type of Gas Charge determined by the Company under this Section including interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) from the end of the Reconciliation Year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize the additional over or under recovery, additional interest shall be charged in the same manner as that prescribed in subsection (b) of Section E.

T = Factor T, as defined for each type of Gas Charge determined by the Company under this Section.

Determination of Gas Charge (Factor GC):

Factor GC shall be the sum of Factors CGC and NCGC.

Determination of Commodity Gas Charge (Factor CGC):

Factor CGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F, and shall utilize a Base Period equal to the Effective Month.

Where: G = The sum of the commodity-related gas costs as specified in subsection (a) through subsection (f) of Section D, less commodity-related costs of gas injected into storage for the Base Period.

A = The sum of commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.

O = The amount of the over or under recovery of commodity-related gas costs as ordered by the Commission.

T = The estimated therms sold by the Company of gas associated with service to be rendered during the Base Period.

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Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section F - Determination of Gas Charge - continued

Determination of Non-Commodity Gas Charge (Factor NCGC):

Factor NCGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year, including the Effective Month.

- Where:
- G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D. Such costs shall be reduced by the total Demand Gas Charge revenue arising from the application of Factor DGC and the total Aggregation Balancing Gas Charge revenue arising from the application of Factor ABGC.
 - A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount of the over or under recovery of non-commodity-related gas costs as ordered by the Commission.
 - T = The estimated therms sold by the Company associated with service to be rendered during the Base Period.

Determination of Demand Gas Charge (Factor DGC):

Factor DGC is applicable to standby gas service as provided in Riders FST-T, SST, SST-T and LST-T. Factor DGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year including the Effective Month.

- Where:
- G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D.
 - A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount representing the over or under recovery of non-commodity-related gas costs as ordered by the Commission.
 - T = System supply design peak day requirements stated in therms multiplied by the number of remaining months in the Reconciliation Year.

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Gas Charge

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T, P, P-T, CFY and AGG

Section F - Determination of Gas Charge - continued

Determination of Aggregation Balancing Gas Charge (Factor ABGC):

Factor ABGC is applicable to all therms delivered or estimated to be delivered to customers by the Company under Rider CFY. Factor ABGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year, including the Effective Month.

- Where:
- G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D, excluding any costs that do not support the Company's storage and balancing services.
 - A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount of the over or under recovery of non-commodity-related gas costs as ordered by the Commission.
 - T = The estimated therms sold by the Company associated with service to be rendered during the Base Period plus the estimated therms delivered to customers served under Rider CFY during the Base Period.

Section G - Annual Reconciliation

- (a) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by independent public accountants and verified by a Company officer. This statement shall show the difference between the following:
 - (1) The costs recoverable through the Gas Charge during the Reconciliation Year, as adjusted by Factor A and Factor O, and
 - (2) The revenues arising through the application of the Gas Charge to applicable therms during the Reconciliation Year.
- (b) Pursuant to the Commission's order in Docket 06-0540, the reconciliation year for the period October 1, 2006 through December 31, 2006 shall be the three-month period ending December 31, 2006.
- (c) If, after hearing, the Commission finds that the Company has not shown all costs to be prudently incurred or has made errors in its reconciliation statement for such Reconciliation Year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.

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Rider 3

Budget Plan of Payment

Applicable to Service Classification Nos. 1N, 1H and 2

A budget plan of payment shall be available to any customer purchasing gas under Service Classification No. 1N, 1H or 2 whose consumption causes a substantial fluctuation in the customer's bills over an annual period. The Company shall estimate the aggregate amount of the customer's bills for gas service during a 12-month period to determine a monthly installment amount and shall advise the customer of the amount of the monthly installment to be paid during the budget period. If the customer elects to pay the installment amount in lieu of the amount otherwise due, the customer shall be deemed to have accepted the budget plan of payment, and the plan shall then become effective so long as the customer shall (1) pay each monthly installment on or before its due date, and (2) pay, on or before the due date of the last installment of the budget period, the amount of the excess of the actual charges for gas taken by the customer during the preceding budget period over the sum of the installments previously paid by the customer, if the excess is above a threshold amount determined by the Company. If the excess is less than the threshold amount, then the excess will be carried over into the next budget year.

If the aggregate of the monthly installments paid by the customer for any such budget period exceeds the aggregate of the customer's actual charges during the same period, the amount of the excess shall be credited to the customer's account, or shall be refunded to the customer upon the customer's request.

The Company's estimates are not a guaranty or assurance that the total actual charges will not exceed the estimates. The Company may, from time to time, revise the estimated amounts and revise the amount of the monthly installments. It shall advise the customer of the revised installment amount. Thereafter, the Company shall use said revised estimate as the basis for budget payments by the customer until such time as it may again be deemed advisable to revise said estimate.

Said estimates, or any revision thereof, shall apply only to the premises then occupied by the customer. If the customer vacates such premises, the plan with respect to said customer shall immediately terminate and any amounts payable by or due to the customer on account of service rendered during the period covered by the plan shall be billed to or paid to the customer.

Interest on Credit Balances

The Company will pay interest on the average daily credit balance for the account of each customer under the plan at an annual rate equal to the rate in effect pursuant to 83 Illinois Administrative Code Part 280. In determining the average daily credit balance, a debit balance will be assigned a value of zero. The interest computation will be made for each account at the end of each billing cycle or upon the issuance of a final bill; interest so computed will be credited to the account and will be shown on the bill.

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Rider 4

Extension of Mains

Applicable to Service Classification Nos. 1N, 1H, 2, 3, and 5

If the Company shall receive a request for extension of a gas main in a street, alley or public way in order to make gas available to a customer's premises, and such extension shall be in excess of the free limit for extensions as defined in 83 Illinois Administrative Code Part 500, the Company shall, in light of the prospective cost and use of the particular extension, the revenues to be derived from its use and all other relevant circumstances, determine whether to provide the main extension. If the main extension is to be provided, the Company shall determine whether a main extension deposit shall be required and any amount thereof. The amount of the main extension deposit shall not exceed the cost of the excess extension.

The Company shall refund any main extension deposit received from a customer back to it after extension completion in accordance with the provisions of 83 Illinois Administrative Code Part 500. Making a deposit under this rider shall not confer upon the customer any title or right of property in the extension.

If a customer requests the Company to install, relocate or replace a gas main or mains in addition to or in a manner other than what is required for the Company to provide service, including installations on private property such as private drives, the customer shall pay the Company's costs of installation, relocation or replacement. Such costs include, but are not limited to, labor costs, material costs, transportation costs, overheads and return. For the purposes of this rider, "return" is defined to mean the pre-tax rate of return approved by the Commission in the Company's most recent rate proceeding.

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Rider 5

Gas Service Pipe

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

The Company shall install, at its expense, except as otherwise provided in this rider, all service pipe extending from the Company's main located adjacent to the customer's premises. In the case of inside meters, the service pipe extension shall enter the premises not more than five feet beyond either corner of the building wall nearest to said main. The service pipe shall not extend more than ten feet inside the building wall entrance. In the case of outside meters, the inlet connection of the meter shall not be more than five feet beyond either corner of the building wall nearest to said main. In no case shall the service pipe extension exceed sixty feet inside the customer's lot line. If more than one main is located adjacent to the customer's premises, the Company shall select the main that it deems most suitable for the project.

For the purposes of this rider, the "Company's cost" includes, but is not limited to, labor costs, materials costs, transportation costs, overheads and return. The word "return" means the pre-tax rate of return approved by the Commission in the Company's most recent rate proceeding.

All service pipe extensions shall further be subject to the following:

1. If the service pipe extends beyond sixty feet inside the customer's lot line, the Company will install such additional length of service pipe if the Customer pays the Company's cost of installation.
2. For temporary service, the customer shall pay the Company's cost of installing and removing the entire service pipe and associated gas facilities.
3. If the installation of a special apparatus not regularly provided for in this rate schedule or in 83 Illinois Administrative Code Part 500 is required, the customer shall pay the Company's cost of installing such special apparatus.
4. The customer shall pay the Company's cost for any construction expenses resulting from any abnormal obstruction.
5. The customer shall pay the Company's cost or any change in the Company-specified point of delivery or location of the service pipe, including installations on private property such as private drives, that the customer requests and the Company approves.
6. When replacement or enlargement of service pipe is necessary to furnish satisfactory volume or in connection with the Company's established rehabilitation practices, the Company shall replace or enlarge, at its expense, all existing service pipe as delineated above, except as provided in 83 Illinois Administrative Code Part 500.
7. When a customer requests that a service pipe, which is to be replaced or enlarged in accordance with Company practice, be relocated or modified in accordance with the customer's preferred design, the customer shall pay the Company's cost of relocation or modification.

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Rider 5

Gas Service Pipe

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

8. When a customer requests that a service pipe be disconnected for building teardown, the customer shall pay the Company's costs associated with such disconnection. If such customer, within two years of disconnection, requests service at the same location and the disconnected service pipe can be used to serve the new account, the customer shall pay the Company's costs associated with the required reconnection. If the disconnected service pipe cannot be used or if the customer requests that such service pipe be relocated or modified in accordance with the customer's preferred design, the customer shall pay the Company's cost of relocation or modification.
9. If the customer's premises does not have a corner wall, the service pipe extension shall be to the front of the building.

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Rider 8

Heating Value of Gas Supplied

Applicable to All Service Classifications and Riders 9, FST-T, SST, SST-T, LST-T, TB-T, P, P-T, CFY and AGG

The therms for which the Company bills a customer shall be determined by multiplying the meter reading difference, registered by the meter or meters located on such customer's premises, by the Btu adjustment factor calculated hereunder. The term "meter reading difference" shall mean the volume of gas delivered by the Company to a customer, computed in accordance with the provisions of this rate schedule and expressed in hundreds of cubic feet of gas. The term "gas purchased, produced or transported" as used in this rider shall mean all natural gas, substitute natural gas, liquefied petroleum gases and other hydrocarbons which are purchased, produced or received by the Company and delivered to the Company's distribution system for delivery to customers.

The Btu adjustment factor shall be calculated by dividing (a) the quotient, rounded to the nearest whole Btu per cubic foot, of (i) the aggregate Btu heating value of gas purchased, produced or transported during the twelve months preceding the month of determination, divided by (ii) the aggregate number of cubic feet of gas purchased, produced or transported during the same twelve-month period adjusted to 14.65 pounds per square inch absolute pressure at a temperature of sixty degrees Fahrenheit by (b) 1,000; the Btu adjustment factor so calculated shall represent the number of therms per hundred cubic feet of gas.

On or before the 25th day of a month, the Company shall submit to the Commission a statement specifying the Btu adjustment factor to become effective with meter readings taken on and after the first day of the following month, together with data in explanation thereof. Such Btu adjustment factor shall, unless otherwise ordered by the Commission, become effective with meter readings taken on and after the first day of the following month and remain in effect until superseded by a subsequent filing pursuant to this rider.

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Rider 9

Unauthorized Use of Gas Service

Applicable to All Service Classifications and Riders SST, SST-T, LST-T, P and P-T

Except as otherwise provided in this rider, the customer shall pay for unauthorized use of gas service at the rates set forth in the service classification and in the rider under which the customer is or would be regularly served, plus an additional charge of \$0.50 per therm, except on a Supply Shortage Day, on which the additional charge delineated in (c) and (d) below shall apply. As used herein, "Supply Shortage Day" has the meaning ascribed to it in Rider SST of this rate schedule.

The provisions of this rider shall not be construed as giving the customer any right to take gas service and the Company reserves the right to disconnect service to a customer taking unauthorized use of gas service until it is satisfied that the customer will not repeat such unauthorized use.

For the purpose of this rider, unauthorized use of gas service shall mean:

- (a) any use of gas in violation of any provision of Rider 10 of this rate schedule in equipment having a rated input over 500 cubic feet per hour;
- (b) any use of gas by a customer during a period of curtailment imposed by the Company pursuant to the Limitations on the Rendering of Gas Service provision in the Terms and Conditions of Service;
- (c) any use of gas by a Rider SST, SST-T or LST-T customer that is unauthorized use of gas service under the Order of Deliveries to the Customer provision in Rider SST, SST-T or LST-T of this rate schedule, provided, however, on a Supply Shortage Day, the additional charge shall be \$6.00 per therm;
- (d) any use of gas by a Rider P or Rider P-T supplier that is unauthorized use of gas service under the Order of Deliveries to the Customer Group provision under Rider P or P-T of this rate schedule, provided, however, on a Supply Shortage Day, the additional charge shall be \$6.00 per therm.

For the purpose of this rider, the term "customer" shall include any user of gas service.

Credit Provision

Each month the Company shall determine the amount of revenue arising from the application of the additional charge per therm set forth in this rider. This amount shall be credited in accordance with the application of Rider 2, Section D, subsection (e) of this rate schedule.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider 10

Controlled Attachment Plan

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T and CFY

Written application is required for all new and increased year-round firm gas service for inputs over 500 cubic feet per hour for:

1. All central space heating; and
2. Any type of commercial or industrial space heating or industrial processing or power generation.

As gas supply conditions permit, the Company shall give authorizations in the following priority:

Category One:

All requests for:

- (i) Residential and commercial space heating for inputs over 500 cubic feet per hour;
- (ii) Industrial space heating and/or industrial processing for inputs over 500 cubic feet per hour up to and including 30,000 cubic feet per hour; and
- (iii) Industrial applications where gas is the only form of energy which can be practicably used (such as prepared atmospheres, chemical feedstock applications and fume incineration).

Category Two:

All requests for industrial applications not specified in Category One or Three.

Category Three:

All requests for industrial boiler fuel applications of more than 30,000 cubic feet per hour.

Within Categories Two and Three, authorization will be given by input groupings, in the order of smallest to largest, as follows:

Input Grouping (Rated Input of Equipment in Cubic Feet Per Hour)	
501	- 2,000
2,001	- 5,000
5,001	- 10,000
10,001	- 30,000
30,001	- 50,000
50,001	- 100,000
100,001	- 150,000
150,001	- 300,000
Over	300,000

The Company shall give authorizations on a "first-come-first-served" basis. Nothing contained herein shall prevent the Company from granting authorizations to an entire Category or input grouping of any Category as applications are received and verified where gas supply conditions permit, nor from waiving the requirement for written applications for an entire Category or input grouping of any Category where gas supply conditions permit.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider 10

Controlled Attachment Plan

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T and CFY

Authorizations granted hereunder shall be void after 30 days unless the applicant notifies the Company in writing of the applicant's intention to install within the time period provided, the gas equipment for which gas service has been requested.

Unless otherwise extended in writing, applicants receiving authorizations under this rider shall install the gas equipment for which service has been requested within:

- (a) twelve months from the effective date thereof for new construction and for existing buildings owned by any governmental body in a non-proprietary capacity ("public buildings"), or
- (b) six months from the effective date thereof for all other instances.

If an applicant in (a) above is unable to utilize gas within its respective installation timeframe, but by overt action taken (such as contractual obligations, site preparation, architectural plans and, in the case of public buildings, budget appropriations) can demonstrate that it fully intends to proceed with the gas equipment installation, then the Company may, as future gas supply conditions permit, give authorization for up to a two-year installation extension.

Authorizations given to any applicant not installing said equipment within the specified time period will become void at the end of such period, and another application will need to be submitted.

The Commission shall be provided thirty days advance notice of any change in the rate of growth or the proposed release of gas permits which have an estimated annual impact equivalent to more than one-half of one percent of the Company's total annual sales as reported in the most recent Annual Report (Form 21) filed with the Commission.

Unauthorized Attachments

The Company is authorized and required to discontinue service to any customer who connects gas consuming equipment in violation of this rider until the customer disconnects the violating equipment.

Emergency Authorizations

During the thirty-day period immediately prior to the date of any planned release of gas, an emergency authorization will be granted to any requesting applicant, provided (a) the applicant has a request under this rider for gas service at the time of the emergency condition, (b) the emergency results from equipment breakdown that requires replacement or major repair, (c) the applicant's authorization request is in writing, (d) a Company representative makes an on-site verification of the emergency condition, and (e) the applicant would be included in the ensuing planned release of gas.

A shortage of fuel on the part of the applicant does not constitute an emergency condition hereunder.

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Rider 10

Controlled Attachment Plan

Applicable to All Service Classifications and Riders FST-T, SST, SST-T, LST-T and CFY

Conditional Authorization

Where gas supply conditions would permit an authorization under this rider for a request of 30,000 cubic feet per hour or more but the Company is unable prior to the next following heating season to make changes in its distribution system as reasonably required to provide service to the applicant at temperatures below 15 degrees Fahrenheit, the Company may condition an authorization in such manner and for such period of time as it deems necessary to protect its ability to serve existing customers, provided that any such condition shall be in a written contract, of a maximum one-year term, between the Company and the applicant. The Company's obligation to render service to the applicant shall be limited by and subject to the conditions contained in such contract.

Vacated Buildings

Where a building has been vacated and gas space heating equipment has remained on the premises during the period of vacancy, an applicant for gas space heating service for such building shall be entitled to an authorization in an amount comparable to the prior space heating usage.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 11

Adjustment for Incremental Costs of Environmental Activities

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

Each month the Company shall determine an adjustment under this rider. If such adjustment computes to 0.01¢ per therm or more, it shall be billed over an annual billing cycle commencing on the first day of the month following the Filing Month. If such adjustment does not compute to at least 0.01¢ per therm, then the amount used to determine the adjustment shall be retained in the Deferred Account hereinafter described until a subsequent adjustment computes to at least 0.01¢ per therm. The charge under this rider shall be the sum of all currently effective monthly adjustments and shown on a separate line on the customer's bill.

On or before the sixth day of each month, the Company shall file with the Commission an information sheet specifying all adjustments to be effective under this rider for service rendered in the following month. Such filing shall include a statement showing the determination of the most recent monthly adjustment under this rider, along with explanatory data.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Base Period shall mean the first 12 of the 13 months immediately preceding the Filing Month.

Deferred Account shall mean the Deferred Account approved by the Commission for Incremental Costs. This account shall be debited or credited according to Section B.

Environmental Activities shall mean the investigation, testing, removal, disposal, storage, remediation or other treatment of Residues associated with Manufactured Gas Operations or with the dismantling of facilities utilized in Manufactured Gas Operations or with other operations that generated substances subject to federal, state or local environmental laws conducted at locations where Manufactured Gas Operations or the dismantling of facilities utilized in Manufactured Gas Operations were at any time conducted.

Factor T shall mean the therms of gas delivered to customers by the Company, including the number of therms of customer-owned gas delivered by the Company during the Base Period.

Filing Month shall mean the month in which an adjustment is determined by the Company and filed with the Commission.

Incremental Costs shall mean (a) all costs incurred by the Company in connection with Environmental Activities, which arise from charges, billings, assessments or other liabilities (other than expenses for wages and salaries of the Company's employees or for services rendered by a corporate affiliate of the Company) or from judgments, orders or decisions (including settlements) by a court, a governmental agency or department, or other adjudicatory or quasi-adjudicatory body, and (b) all costs of carrying charges before recovery through rates.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 11

Adjustment for Incremental Costs of Environmental Activities

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

Section A - Definitions - continued

Manufactured Gas Operations shall mean all operations relating to the manufacture of gas, the storage, treatment, transportation and disposal of Residues, and the storage of manufactured gas.

Residues shall mean and include any hazardous substance, raw material, by-product, waste product or other residue.

Settlement Fund shall mean the amount, if any, arising from Settlements With Insurance Carriers or Other Entities that is available to pay costs otherwise recoverable under this rider, as determined under Section F.

Settlements With Insurance Carriers or Other Entities shall mean amounts received by the Company from insurance carriers or other entities in settlement or satisfaction of claims by the Company for payment of Incremental Costs other than amounts described in paragraph 2(b) of Section B.

Section B - Deferred Account

- (1) Each month this account shall be debited by the Incremental Costs incurred in such month.
- (2) Each month this account shall be credited by (a) an amount equal to the revenues arising from application of adjustments under this rider to therms sold or delivered by the Company during such month, (b) amounts received from insurance carriers or other entities during such month which represent reimbursement or recovery of Incremental Costs previously charged to the account, and (c) the amount of Incremental Costs recovered through the Settlement Fund in such month, as determined under Section F.
- (3) Each month the account shall be debited or credited, as appropriate, with a carrying charge which shall be computed as follows:

$$(A - B) \times C \times D / E$$

Where:

- (A) Represents the average of the opening and closing balances before recording the carrying charge.
- (B) Represents the accumulated deferred income taxes recognized in this rider unless provided for elsewhere.
- (C) Means the annual after-tax cost of capital as determined in the Company's most recent rate proceeding.
- (D) Represents the number of days in the month.
- (E) Represents the number of days in the fiscal year.

The carrying charge shall be debited to the account if the average balance is positive and shall be credited to the account if the average balance is negative.

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North Shore Gas Company

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Rider 11

Adjustment for Incremental Costs of Environmental Activities

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

Section B - Deferred Account - continued

- (4) A subaccount shall be created for each adjustment that becomes effective under this rider and shall be maintained for the applicable annual billing cycle. The opening balance of such subaccount shall be the amount used to determine the adjustment. Such subaccount shall be credited monthly by an amount equal to the revenues arising from application of the subaccount's corresponding adjustment to therms sold or delivered by the Company during such month. After completion of the applicable annual billing cycle, such subaccount shall be terminated. The closing balance thereof becomes part of the Deferred Account in general.

Section C - Determination of Adjustment

The per therm adjustment amount under this rider shall be determined by dividing (a) the balance in the Deferred Account at the end of the Base Period less the total at the end of the Base Period of all subaccounts required by paragraph 4 of Section B, by (b) the number of therms equal to the quantity Factor T. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

Section D - Reports

The Company shall file with the Commission within 45 days after each fiscal quarter ending December 31, March 31, June 30 and September 30, a statement of activity in the Deferred Account and a statement of activity in the Settlement Fund for the quarter and for the fiscal year through the quarter; and, for each adjustment under this rider which terminated during the quarter, a statement of the difference between the amount of Incremental Costs used to determine the adjustment and the amount recovered through rates. The report for the quarter ending September 30 shall include a summary of adjustments under this rider during the fiscal year. The statement of activity in the Deferred Account and the statement of activity in the Settlement Fund for an entire fiscal year included in the report for the quarter ending September 30 shall be certified by independent public accountants. Each quarterly report shall be verified by a Company officer and include a summary of Incremental Costs for the quarter and for the fiscal year through the quarter and a description of the Environmental Activities in which the Company was involved during the quarter.

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Rider 11

Adjustment for Incremental Costs of Environmental Activities

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5

Section E - Commission Review

Upon review of the quarterly reports filed by the Company under Section D for an entire fiscal year, the Commission may require a hearing to receive evidence regarding Incremental Costs incurred from and by the Company in the fiscal year. For the fiscal year ended December 31, 2007, pursuant to the Commission's order in Docket No. 06-0540, the Commission may conduct this review for the five quarters beginning October 1, 2006 and ending December 31, 2007. Such evidence shall include testimony which demonstrates the prudence of the Company's environmental costs included in the reports based upon the following standards: (1) reasonable and appropriate business practices, (2) requirements of state and/or federal authorities, (3) the minimization of costs to ratepayers, consistent with safety, reliability, and quality assurance, and (4) be based on facts and knowledge that the Company knew or reasonably should have known at the time the costs were incurred. If, within twelve months of the end of the fiscal year, the Commission has not ordered a hearing, the Company may file a petition to initiate a hearing. If the Commission finds after hearing that any amounts were incorrectly debited or credited to the Deferred Account during the fiscal year, the Commission may by order require that the Deferred Account be adjusted by appropriate credits or debits thereto.

Section F - Settlement Fund

- (1) Each month the fund shall be increased by (a) the after-tax amount of Settlements With Insurance Carriers or Other Entities received, and (b) the after-tax amount of interest on the fund, during and for such month.
- (2) Each month the fund shall be reduced by (a) one-half of net Incremental Costs for such month, less the income tax benefit associated with such costs, or (b) the balance of the fund if smaller than the amount computed in (a). Net Incremental Costs for a month shall be the Incremental Costs incurred in such month (exclusive of carrying charges) minus the Incremental Costs recovered from insurance carriers or other entities during such month and recorded under paragraph 2(b) of Section B, and shall be no less than zero.
- (3) Interest on the fund shall be computed on the average of the opening balance and the closing balance (before the computation of interest) of the fund at an annual rate based on the after-tax costs of capital as determined in the Company's most recent rate proceeding.
- (4) The amount of Incremental Costs recovered through the fund in a month shall be the amount of Incremental Costs, before adjustment for the income tax benefit, by which the fund is reduced in such month.
- (5) The monthly filing under this rider shall include a statement of activity in the Settlement Fund for the last month of the Base Period.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider EEP

Enhanced Efficiency Program

Applicable to Service Classification Nos. 1H and 2

The EEP charge, expressed on a cents per customer basis, is a monthly charge that recovers expenses related to the Company's energy efficiency programs. The Company shall determine charges under this rider separately for each applicable service classification. The Company shall determine the Effective Component, as outlined in Section B (1), annually. With the exception of the Effective Component determined for the first Program Period after this rider goes into effect, the Company shall file the Effective Component with the Commission no later than December 31, and it shall be in effect for the 12 month period commencing the following January 1. The Company shall file the Effective Component for the first Program Period no later than 60 days after the Commission's order in Docket No. xx-xxx. The Company shall determine the Reconciliation Adjustment, as outlined in Section B (2), annually. The Company shall file the Reconciliation Adjustment with the Commission no later than March 31, and it shall be effective for the nine-month period commencing the following April 1.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Annual Program Budget (APB) shall mean that annual amount of Rider EEP expenses approved by the Commission in the Company's most recent rate proceeding.

Available Budget (AVB) shall mean the Annual Program Budget plus the Carry Over Budget.

Carry Over Budget (COB) shall mean the amount of the APB from the Previous Program Period that shall be carried into the Program Period and shall be the lower of the Carry Over Maximum or the Under Budget Amount.

Carry Over Percentage (CP) shall mean the percentage that is applied to the Annual Program Budget to determine the Carry Over Maximum. There shall be no Carry Over Percentage in the first Program Period after this rider first goes into effect. The Carry Over Percentage shall be 75% in the second Program Period, 50% in the third Program Period, 25% in the fourth Program Period and 10% in each subsequent Program Period.

Carry Over Maximum (COM) shall mean the maximum amount of the Annual Program Budget that can be carried over to a Program Period and shall be the product of the Annual Program Budget (APB) and the Carry Over Percentage (CP).

Under Budget Amount shall be AVB from the Previous Program Period less EEPE.

Customers (CUST) shall mean the average number of forecasted customers.

EEP Expenses (EEPE) shall mean the actual amount of EEP expenses accrued by the Company during the Previous Program Period.

EEP Revenues (EEPR) shall mean that amount of billed revenues arising from application of the Effective Component determined in Section B (1) during the Previous Program Period.

Previous Program Period shall mean that most recently ended Program Period for which the Reconciliation Adjustment in Section B (2) is calculated.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider EEP

Enhanced Efficiency Program

Applicable to Service Classification Nos. 1H and 2

Section A – Definitions, continued

Program Period shall mean the period of January 1 through December 31, for which the Effective Component in Section B (1) is calculated. For the first filing under this rider, the Program Period shall mean the period beginning the first day of the first calendar month after the filing is made with the Commission, through December 31.

Reconciliation Period shall mean the period of April 1 through December 31, commencing on the April 1 following the Previous Program Period, during which the Reconciliation Adjustment in Section B (2) is recovered.

Section B - Determination of Adjustment

The per customer charge amount under this rider shall be the sum of the amounts determined pursuant to subsections (1) and (2).

- (1) **Effective Component** - The charge to be billed for each month during the Program Period is represented by the following formula and shall be determined separately for each applicable service classification :

$$APB / CUST / 12 \times 100$$

Where:

APB represents APB for the Program Period
CUST represents CUST for the Program Period

- (2) **Reconciliation Adjustment** - The reconciliation adjustment is calculated annually, amortized over a nine-month period, and represented by the following formula:

$$[(COB_1 - COB_2) + [(RA_1 + RA_2) \times (1 + i)]] / CUST / 9 \times 100$$

Where:

COB₁ represents the Carry Over Budget for the Program Period
COB₂ represents the Carry Over Budget for the Previous Program Period
RA₁ represents (EEPE – EEPR) for the Previous Program Period.
RA₂ represents the reconciliation of RA₁ for the Previous Program Period, where a (+RA₂) equals an amount due the Company and a (-RA₂) equals an amount due the customer.
i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period.
CUST represents CUST for the Reconciliation Period.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider EEP

Enhanced Efficiency Program

Applicable to Service Classification Nos. 1H and 2

Section B - Determination of Adjustment, continued

The first Reconciliation Adjustment shall be calculated for the Program Period ending December 31, 2008, and the first Reconciliation Period shall be the nine-month period commencing April 1, 2009.

If an adjustment computes to 0.01¢ or more, any fraction of 0.01¢ in the computed adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

Section C - Reports

The Company shall file annually with the Commission, no later than December 31 a report showing the determination of the Effective Component to be in effect during the Program Period. The first such filing shall be no later than 60 days after the Commission's order in Docket No. xx-xxxx. Commencing in 2009, the Company shall also file annually with the Commission, no later than March 31, an EEP statement of activity, including program descriptions, for the Previous Program Period and a report showing the determination of the Reconciliation Adjustment to be in effect during the Reconciliation Period.

Section D – Modification or Termination of Program

Should the State of Illinois, or other governing body, require the Company or its customers to fund energy efficiency programs as part of a statewide initiative or as part of any other such initiative imposed on all or some Illinois utilities or customers ("new initiative"), the Company will continue to fund the programs established at the level for which the Commission has approved cost recovery pursuant to this rider, less all amounts required to be contributed to the new initiative. In any year in which the funding required by the new initiative equals or exceeds the amount that the Company would fund under this rider, the Effective Component shall be zero.

Section E - Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider UBA

Uncollectible Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5 and Riders SST, SST-T, LST-T, P and P-T

The Uncollectible Balancing Adjustment (UBA), expressed on a cents per therm basis, recovers gas cost-related uncollectible expenses. The UBA will be applied monthly to Company-owned therms delivered to customers and recover uncollectible expenses associated with the gas charge revenues arising from charges in Riders 2, SST, SST-T, LST-T, P and P-T of this rate schedule. For sales customers, Rider UBA shall be applied to all distribution therms. For transportation customers and suppliers, Rider UBA shall apply to all therms subject to the Standby Commodity Charge and all therms taken as Authorized Overtake gas or Unauthorized Use of Gas pursuant to Riders SST, SST-T, LST-T, P and P-T.

Each month the Company shall determine adjustments under this rider. The Effective Component, as outlined in Section B (1), shall be filed with the Commission on a monthly basis and be in effect for the following month. The Reconciliation Adjustment and each of its two components, RA₁ and RA₂, as outlined in Section B (2), shall be filed with the Commission annually no later than February 28 (February 29 in a leap year) and amortized for the ten-month period commencing the following March 1. The Company may shorten or lengthen the amortization period for RA₁ and RA₂ pursuant to the terms in Section B of this rider.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Actual Gas Charge Revenues (AGR) shall mean those actual revenues arising from applicable charges in Riders 2, SST, SST-T, LST-T, P and P-T of this rate schedule.

Effective Month shall mean the month for which the Effective Component in Section B (1) is calculated, and shall be the month after the Filing Month.

Estimated Gas Charge Revenues (EGCR) shall mean estimated revenues arising from Rider 2 of this rate schedule and revenues arising from the application of the Standby Commodity Charge pursuant to Riders SST, SST-T, LST-T, P and P-T of this rate schedule.

Factor T (T) shall mean the number of therms of Company-supplied gas delivered to customers by the Company for the specified period.

Filing Month shall mean the month in which an adjustment is determined by the Company and submitted to the Commission.

Fiscal Year shall mean the Fiscal Year of the Company that ended as of the most recent December 31.

Previous Reconciliation Period shall mean the ten-month reconciliation period that ended as of the most recent Fiscal Year.

Recovered Gas Charge Uncollectible Expenses (RGCUE) shall mean the total sum of dollar amounts of uncollectible expense that were billed for each applicable Service Classification and Rider.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider UBA

Uncollectible Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5 and Riders SST, SST-T, LST-T, P and P-T

Section A - Definitions - continued

Uncollectible Expense Percentage (UEP) shall mean the percentage of total operating revenues that is equal to the annual uncollectible expense loss ratio, as determined by the Commission in the Company's most recent rate proceeding.

Upcoming Reconciliation Period shall mean the ten-month period commencing on March 1 following the Fiscal Year.

Section B - Determination of Adjustment

The per therm adjustment amount under this rider shall be the sum of the amounts determined pursuant to subsections (1) and (2).

- (1) **Effective Component** - The adjustment to be billed for the Effective Month is represented by the following formula:

$$(EGCR \times UEP) / T \times 100$$

Where:

EGCR represents the Estimated Gas Charge Revenues for the Effective Month.
UEP represents the Uncollectible Expense Percentage.
T represents the forecast Factor T for the Effective Month.

- (2) **Reconciliation Adjustment** – The reconciliation adjustment is calculated annually, amortized over a ten-month period, and represented by the following formula:

$$[(RA_1 + RA_2) \times (1 + i)] / T \times 100$$

Where:

RA₁ = an amount due the Company (+RA₁) or an amount due the customer (-RA₁) arising from the reconciliation of Estimated Gas Charge Revenues and Actual Gas Charge Revenues plus revenues arising from application of the Effective Component in subsection B (1) above.

RA₁ shall be represented by the following formula:

$$(AGR \times UEP) - RGCUE$$

Where:

AGR represents the Actual Gas Charge Revenues for the Fiscal Year.
UEP represents the Uncollectible Expense Percentage.
RGCUE represents the Recovered Gas Charge Uncollectible Expenses for the Fiscal Year.

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Rider UBA

Uncollectible Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H, 2, 3 and 5 and Riders SST, SST-T, LST-T, P and P-T

Section B - Determination of Adjustment - continued

RA_2 = an amount due the Company (+ RA_2) or an amount due the customer (- RA_2) as a consequence of any prior RA_1 adjustment.

RA_2 shall be represented by the following formula:

$$RA - RAR$$

Where:

RA represents RA_1 for the Previous Reconciliation Period.

RAR represents actual revenues arising from the application of RA for each month during the Previous Reconciliation Period.

i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period.

T represents the forecast Factor T for the Upcoming Reconciliation Period.

The Effective Component and the Reconciliation Adjustment shall each be separately determined. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

If the Company determines that RA will more nearly be refunded or recovered at the end of any month up to 11 months, the amortization period may be shortened or lengthened accordingly upon the Company giving 15 days' notice to the Commission of the change in the amortization period.

Section C - Reports

The Company shall file with the Commission on or before the last day of each Filing Month an information sheet that specifies the adjustment to be effective under this rider for the Effective Month.

The Company shall file with the Commission annually, no later than February 28 (February 29 in a leap year), a statement of the Reconciliation Adjustment components RA_1 and RA_2 to be applicable for the Upcoming Reconciliation Period.

Section D - Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider. The UBA shall be determined in accordance with the provisions of this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 4

Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H and 2

The Volume Balancing Adjustment (VBA), expressed on a cents per therm basis, stabilizes the distribution margin approved by the Commission in the Company's most recent rate proceeding.

Each month the Company shall determine adjustments under this rider. A separate adjustment shall be calculated for each applicable Service Classification. The Effective Component, as outlined in Section B (1), shall be filed with the Commission on a monthly basis and be in effect for the following month. The Reconciliation Adjustment and each of its two components, RA₁ and RA₂, as outlined in Section B (2), shall be calculated and filed with the Commission annually no later than February 28 (February 29 in a leap year) and amortized for the ten-month period commencing the following March 1. The Company may shorten or lengthen the amortization period for RA₁ and RA₂ pursuant to the terms in Section B of this rider.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Actual Margin (AM) shall mean that dollar amount of monthly delivery charge revenues, excluding customer charge revenues and revenues arising from adjustments under this rider, which were billed for each applicable Service Classification for the specified period.

Actual Customers (AC) shall mean the number of customers in each applicable Service Classification for the specified period.

Effective Month shall mean the month for which the Effective Component in Section B (1) is calculated, and shall be the month after the Filing Month.

Factor T (T) shall mean the number of therms of gas delivered to customers by the Company, including the number of therms of customer-owned or supplier-owned gas delivered by the Company, for the specified period.

Filing Month shall mean the month in which an adjustment is determined by the Company and submitted to the Commission.

Fiscal Year shall mean the Fiscal Year of the Company that ended as of the most recent December 31.

Previous Reconciliation Period shall mean the ten-month reconciliation period that ended as of the most recent Fiscal Year.

Rate Case Customers (RCC) shall mean the number of customers that underlie the rates approved by the Commission in the Company's most recent rate proceeding for each applicable Service Classification.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H and 2

Section A - Definitions - continued

Rate Case Margin (RCM) shall mean that dollar amount of delivery charge revenues, excluding customer charge revenues, approved by the Commission in the Company's most recent rate proceeding for each applicable Service Classification.

Reconciliation Month shall mean the second month prior to the Effective Month.

Upcoming Reconciliation Period shall mean the ten-month period commencing on March 1 following the Fiscal Year.

Section B - Determination of Adjustment

There shall be a separate per therm adjustment amount determined under this rider for each applicable Service Classification and such amount shall be the sum of the amounts determined pursuant to subsections (1) and (2).

- (1) **Effective Component** – The adjustment, determined for each Service Classification, to be billed for the Effective Month is represented by the following formula:

$$[(RCM / RCC) - (AM / AC)] \times RCC / T \times 100$$

Where:

- RCM represents the Rate Case Margin for the Reconciliation Month.
RCC represents the number of Rate Case Customers for the Reconciliation Month.
AM represents the Actual Margin for the Reconciliation Month.
AC represents the number of Actual Customers for the Reconciliation Month.
T represents the forecast Factor T for the Effective Month.

- (2) **Reconciliation Adjustment** – The reconciliation adjustment determined for each Service Classification, is calculated annually, amortized over a ten-month period, and represented by the following formula:

$$[(RA_1 + RA_2) \times (1 + i)] / T \times 100$$

Where:

- RA₁ = an amount due the Company (+RA₁) or an amount due the customer (-RA₁) arising from the reconciliation of Rate Case Margin revenues and Actual Margin revenues plus revenues arising from application of the Effective Component in subsection B (1) above.

RA₁ shall be represented by the following formula:

$$RCM - (AM / AC \times RCC) - VBAR$$

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Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H and 2

Section B - Determination of Adjustment - continued

Where:

- RCM represents the Rate Case Margin for the Fiscal Year.
- AM represents the Actual Margin for the Fiscal Year.
- AC represents the average number of Actual Customers for the Fiscal Year.
- RCC represents the average number of Rate Case Customers for the Fiscal Year.
- VBAR represents the sum of the actual monthly revenues arising from the application of the Effective Component in Section B (1) for the Fiscal Year.

$RA_2 =$ an amount due the Company (+ RA_2) or an amount due the customer (- RA_2) as a consequence of any prior RA_1 adjustment.

RA_2 shall be represented by the following formula:

$$RA - RAR$$

Where:

- RA represents RA_1 for the Previous Reconciliation Period.
- RAR represents actual revenues arising from the application of RA for each month during the Previous Reconciliation Period.
- i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period.
- T represents the forecast Factor T for the Upcoming Reconciliation Period.

The Effective Component and the Reconciliation Adjustment shall each be separately determined. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

If the Company determines that RA will more nearly be refunded or recovered at the end of any month up to 11 months, the amortization period may be shortened or lengthened accordingly upon the Company giving 15 days' notice to the Commission of the change in the amortization period.

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Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1N, 1H and 2

Section C - Reports

The Company shall file with the Commission on or before the last day of each Filing Month an information sheet that specifies the adjustments to be effective under this rider for the Effective Month.

The Company shall file with the Commission annually, no later than February 28 (February 29 in a leap year), a statement of the Reconciliation Adjustment components RA_1 and RA_2 to be applicable for the Upcoming Reconciliation Period.

Section D - Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Transportation service under this rider is available on and after August 1, 2008, to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering;
- (2) is a customer under Service Classification No. 2, 3 or 5 at said single point of metering;
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable receipt point on the Company's system for service under said contract; and
- (4) elects to contract for any level of standby service.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Allowable Bank (AB) shall mean the maximum quantity of gas that the customer can retain in storage at any time, determined by the following formula:

$$\text{For Service Classification Nos. 2 and 5: } AB = [\text{BRD} + (\text{GCD} \times \text{DF} \times \text{SSP})] \times \text{MDQ}$$

$$\text{For Service Classification No. 3: } AB = [(\text{BRD} \times \text{SSP}) + (\text{GCD} \times \text{DF} \times \text{SSP})] \times \text{MDQ}$$

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term, unless revised by the Company to reflect a change in any one of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Base Rate Daily Injection (BRDI) shall mean the maximum daily injection quantity attributable to the Company's Base Rate Storage in any given month.

Base Rate Daily Injection Percentage (BRDIP) shall mean the Base Rate maximum daily injection percentage in any given month determined by the formula:

$$\text{BRDIP} = \text{BRDI} / \text{DPD}$$

Base Rate Daily Withdrawal (BRDW) shall mean the maximum daily withdrawal quantity attributable to the Company's Base Rate Storage in any given month.

Base Rate Daily Withdrawal Percentage (BRDWP) shall mean the Base Rate daily withdrawal percentage in any given month determined by the formula:

$$\text{BRDWP} = \text{BRDW} / \text{DPD}$$

Base Rate Days (BRD) shall mean the number of days of AB provided for in the Company's base rates as approved by the Commission in the Company's most recent rate proceeding.

Base Rate Storage shall mean the storage for which the Company recovers costs through its base rates.

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section A - Definitions - continued

Companion Classification shall mean the Service Classification No. 2, 3 or 5 under which the customer purchases gas service at said single point of metering.

Company-owned Gas shall mean any gas delivered to the customer that has not been delivered to the Company by the customer's supplier on its behalf or withdrawn from their AB.

Critical Day shall mean a day which may be declared prior to the day by the Company whenever any of the following five conditions occurs or is anticipated to occur:

- (1) When the Company experiences failure of transmission, distribution or gas storage facilities;
- (2) When transmission system pressures or other unusual conditions jeopardize the safe operation of the Company's system;
- (3) When the Company's transmission, storage, and supply resources are being used at or near their maximum rated deliverability;
- (4) When any of the Company's transporters or suppliers call the equivalent of a Critical Day; and
- (5) When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of its system.

Notice of a Critical Day will be posted on the Company's electronic bulletin board no less than two hours prior to the Company's nomination deadline for Rider SST deliveries. The Company will designate each Critical Day as a Supply Surplus Day or a Supply Shortage Day.

Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the customer on any day which is in excess of the customer's SSQ, unless Authorized Overtake has been made available.

Design Peak Day Demand (DPD) shall mean the Company's forecast of total system demand for a January weekday having an average temperature of minus 20 degrees Fahrenheit as measured by the National Weather Service at O'Hare International Airport.

Diversity Factor (DF) shall mean the constant value that has been approved by the Commission in the Company's most recent rate proceeding for the applicable service classification.

Gas Charge Daily Injection (GCDI) shall mean the maximum daily injection quantity attributable to the Company's Gas Charge Storage services in any given month.

Gas Charge Daily Injection Percentage (GCDIP) shall mean the Gas Charge maximum daily injection percentage in any given month determined by the formula:

$$\text{GCDIP} = \text{GCDI} / \text{DPD}$$

Gas Charge Daily Withdrawal (GCDW) shall mean the maximum daily withdrawal quantity attributable to the Company's Gas Charge Storage services in any given month.

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section A - Definitions - continued

Gas Charge Daily Withdrawal Percentage (GCDWP) shall mean the Gas Charge maximum daily withdrawal percentage in any given month determined by the formula:

$$\text{GCDWP} = \text{GCDW} / \text{DPD}$$

Gas Charge Days (GCD) shall mean the number of days of AB provided for in the Company's gas charge rates as shown on an information sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

Gas Charge Storage shall mean storage services for which the Company recovers costs through Rider 2 of this rate schedule.

Imbalance Account (IA) shall mean the account in which customer-owned gas delivered to the Company in excess of the summation of (i) the customer's daily requirements and (ii) AB (as limited by MDIQ) is accounted for.

Maximum Daily Injection Percentage (MDIP) shall mean, in relationship to the MDQ, the maximum percentage of gas that the customer can deliver to the Company's system in excess of the customer's requirements, on a given day, determined by the formula:

$$\text{For Service Classification Nos. 2 and 5:} \quad \text{MDIP} = \text{BRDIP} + (\text{GCDIP} \times \text{DF} \times \text{SSP})$$

$$\text{For Service Classification No. 3:} \quad \text{MDIP} = (\text{BRDIP} + (\text{GCDIP} \times \text{DF})) \times \text{SSP}$$

Maximum Daily Injection Quantity (MDIQ) shall mean the maximum quantity of customer-owned gas that the customer can deliver in excess of its requirements on any day that is accounted for as an injection in the AB and determined, for each month, by the formula:

$$\text{MDIQ} = \text{MDIP} \times \text{MDQ}$$

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract and shall be the maximum quantity of customer-owned gas that a customer may deliver on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

Maximum Daily Withdrawal Percentage (MDWP) shall mean, in relationship to the MDQ, the maximum percentage of gas that the customer can withdraw from the Company's system on a given day when the customer's deliveries are less than its requirements, determined by the formula:

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section A - Definitions - continued

For Service Classification Nos. 2 and 5: $MDWP = BRDWP + (GCDWP \times DF \times SSP)$

For Service Classification No. 3: $MDWP = (BRDWP + (GCDWP \times DF)) \times SSP$

Maximum Daily Withdrawal Quantity (MDWQ) shall mean the maximum quantity of gas that the customer can receive to meet its requirements on any day that is accounted for as a withdrawal from the AB and determined, for each month, by the formula:

$$MDWQ = MDWP \times MDQ.$$

Monthly Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the customer in excess of the quantity that it is authorized to receive in the month less the sum of the month's Daily Unauthorized Use.

Non-Critical Day shall mean any day that is not a Critical Day.

Receipt Point shall mean that point of connection where the Company agrees to receive customer-owned gas for service under this rider.

Selected Standby Percentage (SSP) shall mean the percentage, which may not be a fraction, selected by the customer, which shall be a minimum of 0% and a maximum of 100%. The customer's SSP shall be stated in and remain effective during the term of the contract; provided, however, that a customer may revise its SSP if it wishes to transfer its contract to a different supplier's pool. Requests for an increased SSP shall require an application for new service for the increase under Rider 10 of this rate schedule, unless the Company has waived the requirement pursuant to Rider 10.

Selected Standby Quantity (SSQ) shall mean the product obtained by multiplying the customer's SSP by the customer's MDQ. This is the maximum quantity of gas for which the Company shall make up any deficiency in customer-owned gas to meet the customer's requirements. The maximum quantity that can be delivered to the customer in any month under the Companion Classification shall be the customer's SSQ multiplied by the number of days in the month.

Supply Shortage Day shall mean a Critical Day when the Company anticipates requirements in excess of supply.

Supply Surplus Day shall mean a Critical Day when the Company anticipates supply in excess of requirements.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain at the time of delivery into its system, representing the customer's proportionate share of Unaccounted for Gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Unauthorized Use of Gas shall mean the sum of Daily Unauthorized Use plus Monthly Unauthorized Use.

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, a Cash-out Charge, a Daily Demand Measurement Device Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Standby Commodity Charge, a Standby Demand Charge and an Unauthorized Use Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a Customer Group as defined under Rider P of this rate schedule, the Company shall bill a Daily Demand Measurement Device Charge and a Standby Demand Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$21.00 per account for each account listed on a contract.

Cash-out Charge

The monthly Cash-out Charge shall be applied to any remaining imbalance calculated in accordance with Section I of this rider and be based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

Daily Demand Measurement Device Charge

A Daily Demand Measurement Device shall be required for each meter at which service is taken under this rider. For each such device installed by the Company to meet this requirement, the monthly charge shall be \$34.00. Charges billed under this provision shall begin with the bill for the first full month following installation, and shall not apply for a device installed as an incident of service under the customer's Companion Classification.

Imbalance Account Charge

The daily Imbalance Account Charge shall be \$.10 per therm of customer-owned gas in the IA each Non-Critical Day. On a Supply Shortage Day, the Imbalance Account Charge shall be zero. On a Supply Surplus Day, the Imbalance Account Charge shall be \$6.00 per therm.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Standby Commodity Charge

The monthly Standby Commodity Charge shall be determined according to the following formula:
$$CGC + (NCGC \times (1 - DF))$$

Each of the effective per therm factors CGC (Commodity Gas Charge) and NCGC (Non-Commodity Gas Charge) shall have the meanings and determinations ascribed to them in Rider 2 of this rate schedule. This charge shall be multiplied by the therms delivered to the customer under the Companion Classification in the month.

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Applicable to Service Classification Nos. 2, 3 and 5

Section B - Rates - continued

Standby Demand Charge

The monthly Standby Demand Charge shall be determined according to the following formula:
 $DGC \times DF \times SSQ$

The effective per therm factor DGC (Demand Gas Charge) shall have the meaning and determination ascribed to it in Rider 2 of this rate schedule.

Unauthorized Use Charge

The Monthly Unauthorized Use Charge shall be the applicable charges under Rider 9 of this rate schedule multiplied by the applicable quantities of Unauthorized Use of Gas during the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any and all taxes which the Company shall be required to pay or be obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law to recover shall be billed to the customer on a monthly basis.

Section C - Cash-Out

Each month the customer's Monthly Imbalance shall be cashed out on a tiered basis pursuant to the following schedule:

<u>Monthly Imbalance</u>	<u>Overage (Company pays Customer)</u>	<u>Underage (Customer pays Company)</u>
0% to 5%	100% times AMIP	100% times AMIP
> than 5% to 10%	90% times AMIP	110% times AMIP
> than 10% to 15%	80% times AMIP	120% times AMIP
> than 15% to 20%	70% times AMIP	130% times AMIP
Greater than 20%	60% times AMIP	140% times AMIP

The Monthly Imbalance will be cashed out based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

The Average Monthly Index Price (AMIP) for a month shall be the arithmetic average of the daily prices published for that month in "Gas Daily" under the headings Citygates, Chicago city-gates, Midpoint (average price in the Common range), or any successor to that index. On any day that the index is unavailable, the Company shall compute the AMIP using the remaining days. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

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Applicable to Service Classification Nos. 2, 3 and 5

Section C - Cash-Out - continued

The monthly Cash-out Charge shall be the sum of each tier's Monthly Imbalance multiplied by the corresponding price.

Section D - Authorized Overtake

Authorized Overtake gas shall be any Company-owned Gas made available to the customer pursuant to authorization under this provision. The Company shall notify customers of the availability of Authorized Overtake gas by notice posted on its electronic bulletin board or by a telephone message available to all customers and suppliers. Authorized Overtake gas delivered to the customer under this provision shall be paid for by the customer under the Companion Classification.

Section E - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited as follows (i) AB up to the MDIQ, and (ii) IA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section F - Order of Deliveries to the Customer

For billing purposes, gas delivered to the customer in any day at the point of metering for this rider shall be in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current day;
- (2) any quantity of customer-owned gas available for withdrawal from the customer's IA;
- (3) any quantity of customer-owned gas available for withdrawal from the customer's AB, up to the customer's effective MDWQ;
- (4) the quantity of gas delivered under the Companion Classification, up to the customer's effective SSQ;
- (5) Authorized Overtake; and
- (6) Unauthorized Use.

For this Section, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

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Section G - Inventory / Allowable Bank

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for as AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the AB must be no less than 85% of the AB. To the extent that the customer's inventory is less than 85%, the customer shall purchase the deficient quantity from the Company at 110% of the AMIP determined for November.

On March 31, the amount of gas accounted for in the AB must be no greater than 24% of the AB. To the extent that the customer's inventory exceeds 24%, the Company shall purchase the excess quantity at 90% of the AMIP determined for March.

On any day, the portion of the customer's deliveries of customer-owned gas to be accounted for in the AB shall not exceed the MDIQ.

On any day, the portion of the customer's receipts of customer-owned gas to be accounted for as reductions in the AB shall not exceed the MDWQ.

A customer's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's AB balance at the beginning of the month or (ii) 1/3 of the customer's AB.

Section H - Imbalance Trading and Daily Reallocations

The customer shall have the right to trade amounts accounted for as AB or IA to customers or suppliers receiving service under Riders SST and P of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence.

All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with minimum or maximum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of daily imbalance charges.

In addition to imbalance trading, each day a customer with more than one Rider SST contract may reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section I - Disposition of Imbalance Account Amounts

At the end of the month, the amount in the customer's IA shall first be injected into the AB up to the maximum AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of this rider. Amounts credited to the IA each day shall be assessed an Imbalance Account Charge.

Section J - Contract with the Customer

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall then be paid, including the Standby Demand Charge for the unexpired portion of the remaining contractual term.

Upon contract termination, the customer shall trade or cash-out any gas remaining in the AB at 100 percent of the AMIP as defined under Section C of this rider. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within sixty days of such discontinuance. A customer who terminates service hereunder and subsequently requests service under any service classification in excess of the SSQ effective on the termination date shall be required to apply for new service under Rider 10 of this rate schedule unless the Company has waived the requirement pursuant to Rider 10.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract.

The customer, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

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Section J - Contract with the Customer - continued

A customer, except a customer receiving service pursuant to Section L of this rider, may transfer management of its contract to one supplier under Rider P of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P contract under which it is a member of a Customer Group, as defined in Rider P of this rate schedule.

The provisions of Rider P shall govern when there is a conflict between the provisions of this rider and that of Rider P with respect to a transferred contract. The provisions of this rider shall govern when either Rider P is silent or there is no conflict between the provisions of this rider and that of Rider P. Upon termination of the contract under Rider P the transfer of the customer's contract shall be cancelled.

Section K - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a customer does not deliver customer-owned gas to the Company for any 30-day period, the Company may terminate the contract.

The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the device. The Company may terminate the contract hereunder if a customer does not repair malfunctioning telephone wiring or electric wiring within 30 days of notification by the Company. Equipment installed by the Company shall remain its property, regardless of the customer's payment of charges hereunder.

In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of customer-owned gas to the customer and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section C of this rider plus \$1.50 per therm.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section K - Terms and Conditions of Service - continued

The customer shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any customer-owned gas that does not conform to the contractual gas quality specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when it believes that the customers' or the suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

Section L - Transition

Any customer that has not yet had a Daily Demand Measurement Device installed may receive service under this rider subject to this Transition provision. This Transition provision shall apply to the customer's service until the first day of the next month following the installation of the Daily Demand Measurement Device (Transition Period). For customers having a contract covering more than one account, the Transition Period shall end upon the first day of the next month following the completed installation of Daily Demand Measurement Devices for all specified accounts.

Service under this Transition provision shall be available upon execution of a contract. If a Daily Demand Measurement Device has not been installed due to any customer failure, including failure to install telephone wiring, after 3 months, the contract shall be terminated and the customer shall be re-billed under this rider assuming 100% standby service for the period that Rider SST service was taken under this Transition provision. If the contract is terminated due to such failure, the customer may not subsequently renew service under this rider within a twelve-month period. If the customer elects not to receive service under this rider before installation of a Daily Demand Measurement Device, the customer shall be re-billed under this rider assuming 100% standby service for the period that Rider SST service was taken under this Transition provision.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2, 3 and 5

Section L - Transition - continued

If a Daily Demand Measurement Device has not been installed by November 1 of any year for any customer who has contracted for service under this rider, the customer may, in writing, select an interim SSP in excess of that contractually specified. This interim selection shall be effective from said November 1 until the end of the Transition Period, at which time the originally specified SSP shall become effective.

Notwithstanding any other provision in this rider, billing during the Transition Period for a customer subject to this Transition provision shall be based upon monthly rather than daily data. The daily limitations set forth in Section G of this rider shall be applied on a monthly basis.

For the months of November through March, a customer subject to this Transition provision must have, at the beginning of each month, a minimum balance of gas in the customer's AB (Minimum AB Balance) calculated by the formula $[1-SSP] \times .75 \times AB$, with the factors SSP and AB having the contractually-specific values. If the balance in the customer's AB is less than the Minimum AB Balance required at the beginning of any month, the customer shall purchase from the Company, under their Companion Classification, an amount of gas equal to the difference between the quantity of customer-owned gas in the AB and the Minimum AB Balance. Any purchased gas hereunder shall be priced at 110% of either AMIP or the applicable GC determined under Rider 2 of this rate schedule, whichever is greater. Such quantity shall be deemed to have been purchased on the last day of the month prior to that in which the required Minimum AB Balance does not exist. The Minimum AB Balance is in place of the inventory requirements set forth in Section G of this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Rider SST

Pooling service under this rider is available on and after August 1, 2008, to all suppliers who deliver gas to the Company for transportation to a Rider SST customer and execute a written contract for service hereunder.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Companion Classification shall mean the Service Classification No. 2, 3 or 5 under which the customer purchases gas service.

Company-owned Gas shall mean any gas taken by the Pool that has not been delivered to the Company by the Pool's supplier on its behalf or withdrawn from its AB.

Customer Group shall mean the group of Rider SST customers with the same Selected Standby Percentage, as that term is defined in Rider SST, that contract with the Company to be in a supplier's Pool. Each Customer Group shall consist of like standby contracts from defined Service Classification groupings and shall be limited to 200 accounts, or may consist of a single contract up to 200 accounts, unless a larger number is approved by the Company. There are two defined Service Classification groupings as follows: (1) customers taking service under one or more of Service Classification Nos. 2 and 5; and (2) customers taking service under Service Classification No. 3.

Critical Day shall have the meaning ascribed to it in Rider SST.

Diversity Factor (DF) shall have the meaning ascribed to it in Rider SST.

Non-Critical Day shall have the meaning ascribed to it in Rider SST.

Pool shall mean the Customer Group that the supplier establishes under its Pooling contract with the Company.

Pool Allowable Bank (AB) shall mean the sum of the Allowable Banks of customers in the Customer Group, as determined under Rider SST.

Pool Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool on any day which is in excess of the Pool's SSQ, unless Authorized Overtake has been made available.

Pool Imbalance Account (IA) shall mean the account in which supplier-owned gas delivered to the Company in excess of the summation of (i) the Customer Group's daily requirements and (ii) Pool AB (as limited by MDIQ) is accounted for.

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Rider P

Pooling Service

Applicable to Rider SST

Section A - Definitions - continued

Pool Maximum Daily Injection Quantity (PMDIQ) shall mean the sum of the MDIQs of customers in the Customer Group, as determined under Rider SST.

Pool Maximum Daily Withdrawal Quantity (PMDWQ) shall mean the sum of the MDWQs of customers in the Customer Group, as determined under Rider SST.

Pool Maximum Daily Quantity (MDQ) shall mean the sum of the MDQs of customers in the Customer Group, as determined under Rider SST and shall be the maximum quantity of supplier-owned gas that a supplier may deliver on any day.

Pool Monthly Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool in excess of the quantity it is authorized to receive in the month less the sum of the month's daily unauthorized use.

Pool Selected Standby Quantity (SSQ) shall mean the sum of the SSQs of customers in the Customer Group, as determined under Rider SST. The maximum monthly quantity of gas that can be delivered to the Pool under the Companion Classifications shall be the Pool SSQ multiplied by the number of days in the month.

Pool Unaccounted for Gas shall mean the quantity of supplier-owned gas the Company shall retain, at the time of delivery into its system, representing the Pool's proportionate share of Unaccounted for Gas. Such quantity shall equal the number of therms delivered by the supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Pool Unauthorized Use of Gas shall mean, for a Customer Group, the sum of daily unauthorized use plus monthly unauthorized use.

Pooling Service shall mean a service that allows suppliers to deliver gas to the Company, on an aggregated basis, for one or more Rider SST contracts that comprise the membership of the supplier's Pool.

Receipt Point shall mean that point of connection where the Company agrees to receive supplier-owned gas for service under this rider.

Section B - Rates

The rates for service hereunder shall consist of a Cash-out Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Pooling Charge, a Standby Commodity Charge, and an Unauthorized Use Charge.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Rider SST

Section B - Rates - continued

Cash-out Charge

The monthly Cash-out Charge shall be applied to any remaining imbalance calculated in accordance with Section H of this rider and be based on the percentage of that imbalance compared to the total deliveries to the Pool during the month.

Imbalance Account Charge

The daily Imbalance Account Charge for Rider SST Pools shall be \$.10 per therm of gas in the Pool IA each Non-Critical Day. On a Supply Shortage Day, the Imbalance Account Charge shall be zero. On a Supply Surplus Day, the Imbalance Account Charge shall be \$6.00 per therm.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5 per imbalance trade transaction in the month.

Pooling Charge

The monthly Pooling Charge shall be \$200 per month and \$13 per account in the Customer Group.

Standby Commodity Charge

The monthly Standby Commodity Charge shall be determined according to the following formula:

$$CGC + (NCGC \times (1 - DF))$$

Each of the effective per therm factors CGC (Commodity Gas Charge) and NCGC (Non-Commodity Gas Charge) shall have the meanings and determinations ascribed to them in Rider 2 of this rate schedule. This charge shall be multiplied by the therms delivered to the Customer Group under the Companion Classification in the month.

Unauthorized Use Charge

The monthly Unauthorized Use Charge shall be the applicable charge under Rider 9 of this rate schedule multiplied by the applicable quantities of Pool Unauthorized Use of Gas during the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the supplier shall reimburse the Company for any and all taxes which the Company shall be required to pay or obligated to collect from the supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law to recover shall be billed to the supplier on a monthly basis.

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Rider P

Pooling Service

Applicable to Rider SST

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned Gas made available to the supplier pursuant to authorization under this provision. The Company shall notify suppliers of the availability of Authorized Overtake by notice posted on its electronic bulletin board or by a telephone message available to all customers and suppliers. Authorized Overtake gas delivered to the Customer Group under this provision shall be paid for by the supplier under the Companion Classification.

Section D - Order of Deliveries to the Company

On any day in which supplier-owned gas delivered to the Company exceeds the Customer Group's metered gas deliveries from the Company, the difference between such deliveries shall be determined pursuant to Section E of Rider SST of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned gas. For the purposes of this paragraph, the quantity of supplier-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section E - Order of Deliveries to the Customer Group

For billing purposes, gas delivered to the Customer Group in any day at the points of metering for this rider shall be in the order determined pursuant to Section F of Rider SST of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned and Company-owned Gas delivered to the Customer Group.

For this Section, the quantity of supplier-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section F - Inventory / Allowable Bank

In no event shall the quantity of gas accounted for in the Pool AB be negative or supplier-owned gas deliveries be accounted for as Pool AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the Pool AB must be no less than 85% of the Pool AB. To the extent that the supplier's inventory is less than 85%, the supplier shall purchase the deficient quantity from the Company at 110% of the AMIP determined for November.

On March 31, the amount of gas accounted for in the Pool AB must be no greater than 24% of the Pool AB. To the extent that the supplier's inventory exceeds 24%, the Company shall purchase the excess quantity at 90% of the AMIP determined for March.

On any day, the portion of the supplier's deliveries of supplier-owned gas to be accounted for in the Pool AB shall not exceed the PMDIQ.

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Rider P

Pooling Service

Applicable to Rider SST

Section F - Inventory / Allowable Bank - continued

On any day, the portion of the Customer Group's receipts of supplier-owned gas to be accounted for as reductions in the Pool AB shall not exceed the PMDWQ.

A Pool's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the Pool AB balance at the beginning of the month or (ii) 1/3 of the customer's AB.

Section G - Imbalance Trading and Daily Reallocations

The supplier shall have the right to trade amounts accounted for as AB or IA with customers or suppliers receiving service under Riders SST and P of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence. All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with minimum or maximum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of daily imbalance charges.

In addition to imbalance trading, each day a supplier with more than one Pool contract may notify the Company that it wishes to re-allocate the supplier-owned gas that it nominated for delivery among its contracts. The supplier may not increase or decrease the confirmed quantity of supplier-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

Section H - Disposition of Imbalance Account Amounts

At the end of the month, the net amount in the Pool's IA shall first be injected into the Pool's AB up to the maximum Pool AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of Rider SST of this rate schedule. Amounts credited to the Pool's IA each day shall be assessed an Imbalance Account Charge.

Section I - Contract with the Supplier

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, the supplier shall trade or cash-out any gas remaining in the Pool's AB at 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule.

The supplier must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parental guaranty, based upon the Company's determination of qualifications, for an amount equivalent to three months' service under this rider.

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Rider P

Pooling Service

Applicable to Rider SST

The contract between the Company and the supplier shall provide for:

- (1) the measurement of supplier-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any supplier hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the supplier shall nominate daily delivery quantities of supplier-owned gas to the Company. The supplier shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all supplier-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

The supplier, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Such contracts shall include each contract between the supplier and each member of the Customer Group authorizing the supplier to act as its agent, each member's Rider SST contract, and the transfer of contract showing that each customer transferred to the supplier management of its Rider SST contract.

Section J - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a supplier does not deliver supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

In the event there is a Company gas supply interruption or curtailment, all supplier-owned gas delivered to the Company will be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources. The Company shall be able to interrupt deliveries of supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule plus \$1.50 per therm.

The Company reserves the right to limit the daily and monthly volumes of supplier-owned gas delivered for the suppliers' Customer Groups when it believes that the deliveries are excessive in relation to the Customer Groups' gas requirements and may cause an adverse effect on system operations.

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Rider P

Pooling Service

Applicable to Rider SST

Section J - Terms and Conditions of Service - continued

The supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder.

The Company shall not be obligated to accept delivery of any supplier-owned gas that does not conform to the contractual quality specifications.

If the supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of supplier-owned gas into the Company's system until the supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the supplier from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider CFY

Choices For Yousm Transportation Service

Applicable to Service Classification Nos. 1N, 1H, 2 and 5

Transportation service under this rider is available to any customer who meets the following criteria:

- (1) satisfies each of the qualifications set forth in Section B of this rider;
- (2) is a customer under Service Classification No. 1N, 1H, 2 or 5 at a single point of metering; and
- (3) contracts with a CFY Supplier.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

Companion Classification shall mean Service Classification No. 1N, 1H, 2 or 5.

Maximum Daily Quantity (MDQ) shall mean the quantity, calculated by the Company, equal to the customer's highest metered gas requirements in the billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21.

The Company shall recalculate the customer's MDQ each March. The customer's MDQ shall remain in effect for the one year period commencing April 1, unless revised by the Company based on evidence of changed usage or as required in connection with a Transfer of Service, as defined in Section D of this rider.

Pool shall have the meaning ascribed to it in Rider AGG.

CFY Supplier shall mean any supplier who executes a written contract with the Company for service under Rider AGG.

Section B - Customer Qualifications

To take service under this rider, a customer must:

- (1) have an actual meter read within a period acceptable to the Company;
- (2) enter into a contract with a CFY Supplier;
- (3) be a member of a Pool; and
- (4) provide the Company regular access to the meter.

Section C - Rates

The rates for service hereunder shall consist of an Aggregation Balancing Charge as well as those charges defined in the customer's Companion Classification, excluding the Gas Charge.

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Rider CFY

Choices For Yousm Transportation Service

Applicable to Service Classification Nos. 1N, 1H, 2 and 5

Section C - Rates - continued

Aggregation Balancing Charge

The monthly Aggregation Balancing Charge shall be an amount equal to (i) all therms delivered to the customer under this rider, multiplied by (ii) the effective Aggregation Balancing Gas Charge (ABGC) determined under Rider 2 of this rate schedule.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes that the Company shall be required to pay or obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law to recover shall be billed to the customer on a monthly basis.

Section D - Terms and Conditions of Service

Service shall be provided hereunder whenever and to the extent that CFY Supplier-owned gas has been delivered for the customer to the Company's system in accordance with Rider AGG.

The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

Except as noted, this rider is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service, which are applicable to this rider.

Initiation of Service

For a customer receiving service under this rider, the effective date of service shall be the first day of the customer's Billing Cycle after the customer's enrollment under this rider has been acknowledged by the Company.

Termination of Service

Customers may elect to terminate service under this rider. However, a customer may not terminate and subsequently renew service under this rider within a twelve month period if service is not renewed under this rider within sixty days of such termination.

A customer electing to terminate service under this rider must contact their elected CFY Supplier. The effective date of termination shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier.

The Company may terminate service to the customer due to non-payment of Company charges or non-compliance with the provisions of this rider.

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Rider CFY

Choices For Yousm Transportation Service

Applicable to Service Classification Nos. 1N, 1H, 2 and 5

Section D - Terms and Conditions of Service - continued

Termination for non-payment of Company charges shall be in accordance with 83 Illinois Administrative Code Part 280. Except for non-payment of Company charges, if the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may terminate all service under this rider 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due in accordance with the terms of this rider.

The CFY Supplier may terminate service to the customer subject to contractual provisions between the parties and must also provide fifteen days written notice to the customer. The effective termination date shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier. In the event of a CFY Supplier-initiated termination, the customer may return to retail service under the Companion Classification. The customer has the option of contracting with a different CFY Supplier, subject to the provisions described in Changing CFY Suppliers and Termination of Service of this rider.

Transfer of Service

A customer who requests that service be terminated at the current premises in conjunction with the initiation of service at a different premises within the Company's service territory may remain on this rider, provided that service at the different premises meets the requirements of Section B of this rider and subject to the provisions described in Termination of Service of this rider.

Changing CFY Suppliers

Customers may change CFY Suppliers no more than once each Billing Cycle. It is the customer's responsibility to coordinate any required contractual arrangements with the CFY Supplier.

Bills to Customer

Customers shall receive a bill from the Company for charges defined in Section C; provided, if the customer is receiving third party billing, the Company shall send such bills or billing information to the customer's CFY Supplier. The bill from the Company shall contain the information required by 83 Illinois Administrative Code Part 500 and be issued on a monthly or bimonthly basis.

The customer shall be billed by the Company and remit payments to the Company for the CFY Supplier's charges if the CFY Supplier, acting as agent for the customer, has: (a) entered into an agreement with the Company for such billing services, and (b) informed the Company that this customer is to receive such service.

Third-Party Billing

Customers receiving service under this rider may designate their CFY Supplier as the bill recipient for bills rendered by the Company.

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Available to CFY Suppliers who execute a written contract for service hereunder.

Section A - Definitions

As used in this rider, the terms below are defined to mean:

Adjusted Monthly Storage Activity (Adjusted MSA) shall mean, for each month, the month's Monthly Storage Activity (MSA) adjusted for the previous months' Storage Carryover.

Aggregation Service shall mean a service provided by the Company that allows CFY Suppliers to deliver gas to the Company, on an aggregated basis, for the Rider CFY customers that comprise the membership of the CFY Supplier's Pool.

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

Carry Forward Account shall mean the account in which the Company tabulates carry forward activity pursuant to Section H.

Carry Forward Quantity shall mean the Pool MDQ determined prior to the first day of each month multiplied by four.

CFY Supplier shall have the meaning ascribed to it in Rider CFY.

Critical Day shall have the meaning ascribed to it in Rider SST. Each such Critical Day shall, as described in Rider SST, be designated a Supply Shortage Day or a Supply Surplus Day.

Customer of Record shall mean the person whose name appears on the Company's records as having agreed to pay for utility service at the premises for which service under Rider CFY shall be provided. Person shall be defined as in 83 Illinois Administrative Code Part 280.

Daily Imbalance-Overage shall mean the number of therms by which the CFY Supplier's actual deliveries to the Company on any day are greater than the RDDQ, as adjusted for the applicable tolerance described in Section E of this rider.

Daily Imbalance-Underage shall mean the number of therms by which the CFY Supplier's actual deliveries to the Company on any day are less than the RDDQ, as adjusted for the applicable tolerance described in Section E of this rider.

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Section A - Definitions - continued

Daily Index, Common High shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Common Low shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (low price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Midpoint shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Midpoint (average price in the Common range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

First of Month (FOM) shall mean the index price published in "Gas Daily Price Guide" under the headings: Market Center Spot Gas Prices (per MMBtu); Index; Upper Midwest; Chicago city-gates; and in effect at the Chicago city-gate for the first of the current month, or any successor to that index. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Gas Charge shall mean the cents per therm amount set forth as the Gas Charge applicable for a specified month in the Company's monthly filing pursuant to Rider 2 of this rate schedule.

Heating Degree Days (HDD) shall mean the amount, expressed in degrees (Fahrenheit), calculated as 65° minus the average of the day's high and low temperatures as reported at O'Hare International Airport. The minimum HDD value for any day will be zero.

Injection Period shall mean the period from April 1 through October 31.

Monthly Adjusted Deliveries shall mean the sum of the CFY Supplier's actual daily deliveries to the Company in the month, adjusted for daily deliveries outside the applicable tolerances described in Section E of this rider and adjusted for carry forward activity pursuant to Section H of this rider.

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Section A - Definitions - continued

Monthly Average Normal Heating Degree Days shall mean, for each day during a month, the number of Heating Degree Days for the month under normal weather conditions based on data from O'Hare International Airport, divided by the number of days in the month.

Monthly Cash-out Quantity shall mean the difference between the Monthly Adjusted Deliveries and the Pool's consumption, adjusted for the applicable MSA during the calendar month as determined by the Company.

Monthly Storage Activity (MSA) - For each month in the Withdrawal Period, MSA shall be a quantity determined by multiplying the Pool MSQ by the monthly percentage established by the Company. The sum of the monthly percentages for the Withdrawal Period shall total 100 percent.

For each month in the Injection Period, MSA shall be a quantity determined by multiplying the Pool MSQ by the monthly percentage established by the Company. The sum of the monthly percentages for the Injection Period shall total 100 percent.

MSA shall always be rounded to the nearest whole therm value.

Monthly System Coefficient shall mean the monthly value, which determines in aggregate the amount by which all Pools' RDDQs are adjusted each day during the Withdrawal Period to account for any deviations from the Monthly Average Normal Heating Degree Days.

Non-Critical Day shall have the meaning ascribed to it in Rider SST.

Pool shall mean the group of Rider CFY customers that the CFY Supplier establishes under its contract with the Company.

Pool Coefficient shall mean the value used to determine the amount by which a Pool's RDDQ is adjusted each day during the Withdrawal Period to account for any deviations from the Monthly Average Normal Heating Degree Days. It is calculated by multiplying the Monthly System Coefficient by the Pool MDQ Percentage.

Pool Maximum Daily Quantity (Pool MDQ) shall mean the sum of the MDQs, as determined under Rider CFY, of customers in the Pool. The Pool MDQ shall be recalculated each month to reflect additions and deletions of customers.

Pool Maximum Storage Quantity (Pool MSQ) shall mean the Pool MDQ determined prior to the first day of each month during the Injection Period multiplied by the number of days of bank provided in the Company's base rates and through the Company's gas charge rates, as shown on the information sheet filed with the Commission on the most recent April 1 of each year, reduced by the Carry Forward Quantity. The Pool MSQ shall remain constant during the Withdrawal Period and shall equal the total injected amount during the prior Injection Period.

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Section A - Definitions - continued

Pool MDQ Percentage shall mean the Pool Maximum Daily Quantity at the beginning of the Withdrawal Period divided by the System MDQ.

Pool Unaccounted for Gas shall mean the quantity of CFY Supplier-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the Pool's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the CFY Supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service.

Required Daily Delivery Quantity (RDDQ) shall mean the quantity of gas, determined as described in Section E of this rider, that the CFY Supplier is required to deliver to the Company each day.

Required Monthly Delivery Quantity (RMDQ) shall mean, for each month, the quantity of gas equal to the sum of the RDDQs for each day in such month.

Storage Carryover for each month shall mean the quantity of gas withdrawn from storage greater than (surplus) or less than (deficit) the month's Adjusted MSA.

System Maximum Daily Quantity (System MDQ) shall mean the maximum daily quantity that all customers within the Company's system require on a peak day.

Withdrawal Period shall mean the period from November 1 through March 31.

Section B - Supplier Qualifications

A CFY Supplier must:

- (1) complete the application process, as described in Section C of this rider;
- (2) enter into a written contract with the Company; and
- (3) warrant that it has obtained agreement with each Customer of Record in the Pool.

Section C - Application Process

Applicants must complete the application process before enrolling customers. A complete application shall include the Application Charge described in Section D of this rider and the following documentation:

- (1) credit report; and
- (2) signed marketer application.

Applicants must also provide the following documents that are required for Company informational purposes and to determine the form of adequate assurances of payment that the CFY Supplier may provide:

- (1) latest financial statements;
- (2) current Annual Report, if applicable;

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Section C - Application Process - continued

- (3) latest 10K or 10Q, if applicable;
- (4) name, address, and telephone number of three utility references;
- (5) organizational structure of parent corporation and affiliate companies;
- (6) disclosure of current or pending operation under bankruptcy or insolvency laws; and
- (7) disclosure of current or pending legal proceedings related to providing gas transportation service to residential, commercial, or industrial customers.

Applicants who are not currently operating a pool under Rider P or under either Rider P or Rider AGG of The Peoples Gas Light and Coke Company's Schedule of Rates for Gas Service shall be required to include documentation demonstrating business experience as a supplier to residential, commercial, or industrial customers.

Standard credit factors shall be used to evaluate the eligibility of suppliers.

Section D - Rates

The rates for service hereunder shall consist of an Aggregation Charge, an Application Charge, a Cash-out Charge, LDC Billing Option Charges if applicable, an Under-delivery Charge, and an Over-delivery Charge.

Aggregation Charge

The monthly Aggregation Charge shall be \$200 per Pool plus \$1.40 per customer in such Pool.

Application Charge

The Application Charge shall be \$2,000 per applicant. Payment is due with the application. The Application Charge shall be refunded in full if the applicant does not meet the qualifications described in Sections B (1) and B (2) of this rider.

Cash-out Charge

The monthly Cash-out Charge shall be the Pool's Monthly Cash-out Quantity multiplied by 100% of the AMIP as defined in Section C of Rider SST or Section E of Rider TB-T. In addition, the Cash-out Charge shall include a charge of \$1.00 for each therm by which the CFY Supplier's actual daily deliveries to the Company in the month, adjusted for daily deliveries outside the applicable tolerances described in Section E, are greater or less than the RMDQ by 5 percent.

LDC Billing Option Charges

The monthly LDC Billing Option charges applicable to CFY Suppliers purchasing this optional billing service from the Company shall be: (a) \$0.50 per bill issued by the Company; (b) \$0.02 per line in excess of five lines of charges up to a total of two additional lines; and (c) \$0.01 per message line up to a total of five lines.

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Section D - Rates - continued

Under-delivery Charge

The Under-delivery Charge payable by the CFY Supplier to the Company is based on daily data and shall be the sum of the applicable Under-delivery Imbalance Charge, cashed-out on the basis shown below, and the Critical Day Charge, if applicable, applied to the Daily Imbalance-Underage. The Imbalance Level shall be determined as the percentage of the Daily Imbalance-Underage, adjusted to include deliveries within the applicable tolerance per Section E, compared with the RDDQ.

Non-Critical Days

The **Under-delivery Imbalance Charge** shall be determined for Non-Critical Days as follows:

Imbalance Level	Under-delivery Charge
0% to 10%	No Charge
Greater than 10%	110% of the Daily Index, Common High

Critical Supply Shortage Days

The **Under-delivery Imbalance Charge** for Critical Supply Shortage Days, per therm of Daily Imbalance-Underage, shall be 100% of the higher of the Daily Index, Midpoint or the Gas Charge.

The **Critical Day Charge** for Critical Supply Shortage Days shall be \$6.00 per therm of Daily Imbalance-Underage.

Critical Supply Surplus Days

The **Under-delivery Imbalance Charge** for Critical Supply Surplus Days, per therm of Daily Imbalance-Underage, shall be 100% of the Daily Index, Common High.

Over-delivery Charge

The **Over-delivery Charge** is based on daily data and shall be the net from offsetting the amount owed to the CFY Supplier by the Company for the applicable Over-delivery Imbalance Charge, cashed-out on the basis shown below, with the amount that the CFY Supplier owes the Company for the Critical Day Charge, if applicable, applied to the Daily Imbalance-Overage. The Imbalance Level shall be determined as the percentage of the Daily Imbalance-Overage, adjusted to include deliveries within the applicable tolerance per Section E, compared with the RDDQ.

Non-Critical Days

The **Over-delivery Imbalance Charge** shall be determined for Non-Critical Days as follows:

Imbalance Level	Over-delivery Charge
0% to 10%	No Charge
greater than 10%	90% of Daily Index, Common Low

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Section D - Rates - continued

Critical Supply Shortage Days

The **Over-delivery Imbalance Charge** for Critical Supply Shortage Days, per therm of Daily Imbalance-Overage, shall be 100% of the Daily Index, Common Low.

Critical Supply Surplus Days

The **Over-delivery Imbalance Charge** for Critical Supply Surplus Days, per therm of Daily Imbalance-Overage, shall be 100% of the lower of the Daily Index, Midpoint or the Gas Charge.

The **Critical Day Charge** for Critical Supply Surplus Days shall be \$6.00 per therm of Daily Imbalance-Overage.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the CFY Supplier shall reimburse the Company for any taxes that the Company shall be required to pay or obligated to collect from the CFY Supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law to recover shall be billed to the CFY Supplier on a monthly basis.

Section E - Delivery Determination

The Company shall inform the CFY Suppliers of the RDDQ for each day no later than 8:30 a.m. Central Time on the business day prior to the day of flow. If the Company has, for any reason, not posted on its electronic bulletin board or otherwise notified the CFY Suppliers of the RDDQ on or before 8:45 a.m. Central Time on any business day, the CFY Supplier shall deliver a gas quantity equal to the previously forecasted RDDQ for such day.

The RDDQ shall be calculated using the Company's estimation procedure. This procedure incorporates the unique heating and non-heating factors for each customer in the Pool, actual weather forecasts, an adjustment for Pool Unaccounted for Gas, the applicable MSA divided by the number of days in the month, an adjustment based on the Pool Coefficient to provide weather sensitivity as described in Section I, an adjustment to meet the Storage Carryover requirement in Section I, and an adjustment to meet the carry forward requirements in Section H.

The factors used to derive the RDDQ shall be provided to the CFY Suppliers. On each Non-Critical Day, the CFY Supplier shall deliver a gas quantity within the range defined by the RDDQ, plus or minus 10 percent of the RDDQ (rounded to the nearest dekatherm). On each Critical Supply Surplus Day and on each Critical Supply Shortage Day, the CFY Supplier shall deliver a gas quantity equal to the RDDQ. At the end of each month, the Monthly Adjusted Deliveries shall be within plus or minus 5 percent of the RMDQ (rounded to the nearest dekatherm).

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Section F - Contract with the CFY Supplier

The initial term of the contract shall end on the first March 31 following the effective date thereof, and automatically renew annually thereafter. The Company or the CFY Supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall be paid and the customer shall cash-out at 100 percent of the AMIP as defined under Section C of Rider SST or Section E of Rider TB-T, the Pool MSQ, adjusted for the cumulative MSA at the time of termination, any gas accounted for in the Carry Forward Account and, pursuant to Section D, Cash-out Charge, the Monthly Cash-out Quantity. CFY Suppliers must provide adequate assurances of payment. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parental guarantee, based upon the Company's determination of qualifications. The amounts shall be determined by November 1 annually, based on the customers served by the CFY Supplier and a rate of \$2.00 per therm of Pool MDQ. The Company may revise the amounts from time to time if the Pool MDQ changes significantly.

The contract between the Company and the CFY Supplier shall provide for:

- (1) the measurement of CFY Supplier-owned gas delivered to the Company and minimum gas quality specifications;
- (2) the rate or rates of delivery and associated pressure of gas transported for any CFY Supplier hereunder;
- (3) the procedure by which the CFY Supplier shall nominate gas to the Company; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

Section G - Maximum Storage Quantity

The amount of gas to be injected or withdrawn from storage shall be determined by the Company and included in the determination of RDDQs. The injected amounts shall be consistent with the Company's storage activity plan and the estimated requirements of the CFY Supplier's Pool. The withdrawal amounts shall be consistent with the Company's storage activity plan and Section I.

The Pool MSQ shall be determined on a monthly basis during the Injection Period based on the customer list and other data provided electronically to the Company by the CFY Suppliers on or before the date on which the Company notifies the CFY Suppliers of the Pool MSQ. The Company shall notify CFY Suppliers of the Pool MSQ, and the daily delivery requirements for the Pool MSQ, on or around the twentieth (20th) day of each month prior to gas flow.

At the end of each month during the period May through September, the Company will calculate the CFY Supplier's Pool MSQ based on the Pool's customers at that time. The Company will calculate the appropriate month end storage balance for that Pool as if the CFY Supplier had been injecting gas for those customers during the entire Injection Period. That amount will be subtracted from the actual month end storage balance to determine the difference.

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Section G - Maximum Storage Quantity - continued

For negative differences (less inventory than the current Pool of customers should have), the CFY supplier will purchase gas from the Company at the FOM price of the following month and the storage account will be increased by those volumes.

For positive differences (more inventory than the current Pool of customers should have) the CFY Supplier will sell gas to the Company at the FOM price of the following month and the storage account will be decreased by those volumes.

Section H - Carry Forward

CFY Suppliers shall be required to deliver each month, as part of the RDDQ, an amount of gas sufficient to maintain a balance in the Carry Forward Account equal to 50% of the Carry Forward Quantity.

Each month an amount equal to the lesser of the Monthly Cash-out Quantity or 50% of the Carry Forward Quantity may be carried forward to the second month following the month in which such Monthly Cash-out Quantity occurred. The carried forward amount shall not be subject to the Cash-out Charge determined by the AMIP. Such amount shall increase or decrease, as applicable, the balance in the Carry Forward Account.

Section I - RDDQ Weather Adjustment

In determining the storage component of the RDDQ calculation during the Withdrawal Period, actual storage withdrawals shall deviate from the Adjusted MSA on a daily basis as forecast HDDs deviate from Monthly Average Normal Heating Degree Days. For each Pool, the amount of the deviation will be determined by multiplying the Pool Coefficient by the difference between the forecast HDDs and the month's Monthly Average Normal Heating Degree Days.

At the end of each month during the Withdrawal Period, a Storage Carryover will be calculated by taking the difference between the actual gas withdrawn from the Pool's storage account in the month and the month's Adjusted MSA. An Adjusted MSA for the remaining withdrawal months will be calculated by pro-rating the current month's Storage Carryover over each remaining month during the Withdrawal Period based on the percent of each month's MSA of Pool MSQ.

Any surplus in a Pool's storage account at the end of the Withdrawal Period shall be used to reduce ratably each day's RDDQ storage component throughout the Injection Period and adjusting the RDDQ accordingly during that period. If the surplus is greater than the Pool MSQ, the amount of storage in excess of the Pool MSQ shall be cashed out at the end of the Injection Period.

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Section J - Standards of Conduct

CFY Suppliers shall adhere to the following Standards of Conduct:

- (a) render all bills to customers in clear and understandable language;
- (b) on all bills rendered to customers, include the telephone number of the CFY Supplier's customer information center and the Company's emergency telephone number and include statements that the Company should be notified in the event of an emergency or suspected gas leak;
- (c) for all bills issued that include the Company's charges, separately identify the CFY Supplier's charges and the Company's charges;
- (d) provide a toll free telephone exchange or local telephone exchange number for customers to contact the CFY Supplier;
- (e) include a statement on all bills rendered to customers indicating that service was rendered pursuant to the Company's Choices For Yousm program;
- (f) promptly notify any current or past customers of any billing adjustment for cancels and rebills;
- (g) establish customer complaint procedures and respond to complaints promptly;
- (h) ensure that customers are given adequate notice (15 days) of termination of commodity service from the CFY Supplier prior to any applicable contract termination or at least 15 days notice in the event of non-payment of CFY Supplier services for more than 45 days;
- (i) refrain from direct marketing to the customers on the Company's "Do Not Contact" list;
- (j) adhere to any applicable truth in advertising laws;
- (k) refrain from telemarketing to the Company's customers between the hours of 9:00 PM and 8:00 AM Central Clock Time;
- (l) provide to each customer added to or deleted from a Pool it manages, a letter of explanation sent through the United States mail;
- (m) include, as a minimum, the following information for a voice recorded customer contract: name of CFY Supplier, authorization of CFY Supplier as agent, pricing of gas, other charges, contract termination charges (if any), customer name and account number;

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Applicable to Rider CFY

Section J - Standards of Conduct - continued

- (n) file with the Illinois Commerce Commission and provide to the Company a copy of bill formats, standard customer contract and customer complaint and resolution procedures, and provide a CFY Supplier contact and telephone number prior to commencing participation in the Choices For Yousm program, and on an ongoing basis as warranted by changes in any of the above; and
- (o) provide each Service Classification No. 1N or 1H customer the opportunity to rescind its agreement without penalty within three business days of initial acceptance of the agreement.

Failure to comply with the Standards of Conduct is a basis for removal as a participating CFY Supplier under Rider AGG. Any party alleging improper enforcement of the Standards of Conduct may file a complaint with the Illinois Commerce Commission pursuant to Section 10-108 of the Illinois Public Utilities Act.

Section K - Customer Information

The CFY Supplier shall electronically submit to the Company, in a manner determined by the Company, a listing of each customer, identified by the account number, to be included in a Pool. The CFY Supplier shall warrant that it has obtained sole agent authorization from each customer and shall agree to provide access to agency or other agreements to the Company for auditing purposes. The CFY Supplier may contract with a customer by any lawful means, including telephone solicitation and the internet.

Section L - Terms of Service

Service shall be provided hereunder whenever and to the extent that CFY Supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a supplier does not deliver supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

In the event there is a Company gas supply interruption or curtailment, all CFY Supplier-owned gas delivered to the Company shall be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of CFY Supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of CFY Supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST or Section E of Rider TB-T of this rate schedule plus \$1.50 per therm.

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Section L - Terms of Service - continued

The CFY Supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any CFY Supplier-owned gas that does not conform to the contractual quality specifications.

If the CFY Supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of CFY Supplier-owned gas into the Company's system until the CFY Supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the CFY Supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the CFY Supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of the contract hereunder.

Upon termination of service, the CFY Supplier's Pool MSQ, adjusted for the cumulative MSA at the time of termination and any gas accounted for in the Carry Forward Account, shall be cashed out at an amount equal to the current month's AMIP. The CFY Supplier shall also cash-out the Monthly Cash-out Quantity pursuant to Section D of this rider.

The Company may terminate service to a Rider CFY customer in accordance with Rider CFY and 83 Illinois Administrative Code Part 280. The Company shall notify the CFY Supplier of the effective termination date, and subsequent RDDQs shall exclude said customer's consumption.

CFY Suppliers may terminate service to a Rider CFY customer subject to contractual provisions between the parties. The Company shall be notified of all customers terminated from a CFY Supplier's Pool(s) via the electronic data transmission method described in Section K. The effective termination date shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier. Subsequent RDDQs shall exclude said customer's consumption.

This rider is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Service under this rider, pursuant to which CFY Suppliers shall issue bills to CFY Billing Customers that include the Company Charges, is available to a CFY Supplier who:

- (1) satisfies each of the qualifications set forth in Section B of this rider;
- (2) is a CFY Supplier under Rider AGG of this rate schedule;
- (3) provides the performance assurances set forth in Section G of this rider; and
- (4) contracts with the Company.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Business Day shall mean those days on which the Company is open for the conduct of business with the public.

CFY Billing Customer shall mean a CFY Customer receiving billing service from a CFY Supplier pursuant to this rider.

CFY Customer shall mean a customer of the Company taking service pursuant to Rider CFY.

CFY Supplier shall mean a marketer or broker providing service to CFY Customers pursuant to Rider AGG.

Companion Classification shall mean the service classification under which the CFY Customer takes service from the Company and such Companion Classification shall be Service Classification No. 1N, 1H, 2 or 5.

Company Charges shall mean the charges due and owing the Company for services pursuant to this rate schedule provided by the Company to the CFY Billing Customer that the Company assesses while services are being provided by the CFY Supplier.

Consumption Data shall mean the gas volume consumed by the CFY Billing Customer and used in the determination of Company Charges.

EFT shall mean electronic funds transfer in immediately available funds.

Pool shall mean the group of CFY Customers that the CFY Supplier establishes under its Rider AGG contract with the Company.

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Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Section B - CFY Supplier Qualifications

Before commencing service hereunder, a CFY Supplier shall comply with the following prerequisites. Such CFY Supplier shall have, and demonstrate through the successful completion of the Company's testing program:

- (1) the ability to electronically accept billing information for each of the CFY Billing Customers, and electronically accept from and transmit to the Company on a timely basis billing information and payment transaction information on a per customer basis for each of the CFY Billing Customers;
- (2) the ability to accept from CFY Billing Customers and electronically transmit by EFT to the Company payments of Company Charges for the CFY Billing Customers; and
- (3) the ability to issue bills for each of the CFY Billing Customers pursuant to the conditions hereunder.

The ability to accept and transmit information electronically shall be subject to a testing program developed by the Company. Such testing program shall specify:

- (1) the responsibilities of the CFY Supplier and the Company during testing;
- (2) the infrastructure required for testing and production;
- (3) hardware, software and other technical requirements that are required for the testing and ongoing interchange of data between the CFY Supplier and the Company;
- (4) a schedule, including target dates, by which certain testing phases shall be completed;
- (5) samples of reports and screens that shall be produced during testing. The Company shall provide CFY Suppliers all testing life cycles and files;
- (6) a problem resolution process for obstacles encountered during testing; and
- (7) the final approval process by which a successful test shall be documented and communicated from the Company to the CFY Supplier.

Section C - Company Obligations

The Company shall:

- (1) electronically submit the Company Charges, Consumption Data and other pertinent billing information to the CFY Supplier for each CFY Billing Customer no later than three (3) Business Days after the same for such CFY Billing Customers are determined for the applicable billing period;
- (2) determine the Companion Classification charges and other billing information submitted to the CFY Supplier taking service hereunder;
- (3) electronically accept from the CFY Supplier billing information and payment transaction information on a per customer basis for each CFY Billing Customer; and
- (4) accept from the CFY Supplier payments by EFT for the Company Charges received by the CFY Supplier from the CFY Billing Customers.

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**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 5

Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Section D - CFY Supplier Obligations

The CFY Supplier shall:

- (1) identify CFY Customers pursuant to Section F of this rider for whom the CFY Supplier wishes to provide billing service under this rider and, for each, identify a default billing mechanism if such CFY Customer is or becomes ineligible to receive service under this rider;
- (2) issue bills to CFY Billing Customers that include the Company Charges;
- (3) identify the Company with the Company's trade name as the distribution services provider on each bill the CFY Supplier issues to the CFY Billing Customers;
- (4) list in the format required by 83 Illinois Administrative Code Section 500.330 the Company Charges, Consumption Data and other information provided by the Company on each bill the CFY Supplier issues to the CFY Billing Customers;
- (5) provide the Company a copy of a bill format that complies with Section D(4) each time the CFY Supplier's bill format is revised, but in no event less than annually on or before April 1;
- (6) electronically transmit to the Company payment transaction information for each of the CFY Billing Customers on the Business Day of the CFY Supplier's receipt of such payment;
- (7) remit by EFT payments due to the Company from each of the CFY Billing Customers by either (i) the payment due date established pursuant to the Terms and Conditions of Service of this rate schedule and 83 Illinois Administrative Code Part 280 ("payment option (i)"), or (ii) one Business Day after the CFY Supplier's receipt of payment from each such CFY Billing Customer ("payment option (ii)"); and
- (8) each year, on or before April 1, select one of the available payment options to apply to all CFY Billing Customers; if the CFY Supplier selects payment option (i) the CFY Supplier shall pay to the Company all Company Charges submitted pursuant to Section C(1) regardless of whether payments are actually received by the CFY Supplier from the CFY Billing Customers; if the CFY Supplier selects payment option (ii) and the CFY Supplier receives a payment from a CFY Billing Customer for less than all amounts due and owing, the CFY Supplier shall apply such partial payment as follows: (a) past due Company Charges, (b) current Company Charges, (c) past due CFY Supplier charges, and (d) current CFY Supplier charges.

For purposes of this Section D(8), the date of the Company's bill shall be the date on which the Company electronically submits billing information to the CFY Supplier pursuant to Section C(1) of this rider.

Late payment charges shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule for untimely remittances.

Section E - Trade Names, Trademarks and Service Marks

A CFY Supplier taking service under this rider is hereby licensed to reproduce on its bills to each CFY Billing Customer, without charge, the trade names, trademarks and service marks of the Company that are included in or with the billing materials submitted by the Company to the CFY Supplier for that customer.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 4 of 5

Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Section E - Trade Names, Trademarks and Service Marks - continued

No CFY Supplier shall by reason of this license obtain any right, title, or interest in, or continuing right to use, any such trade name or mark. This license grants only the specific and limited rights expressly stated herein and the Company reserves all other rights. The license may be terminated upon notice to a CFY Supplier.

Section F - Terms and Conditions of Service

A CFY Supplier may provide billing of the Company Charges for only those CFY Customers (a) for which the CFY Supplier is providing gas supply services, and (b) who have no arrearages with the Company, except if such arrearages are the subject of a complaint pursuant to 83 Illinois Administrative Code Part 280. A CFY Supplier may elect to provide billing under this rider for all or some of such CFY Customers. A CFY Billing Customer that is receiving Rider SBO service can be removed from this rider and changed to their default billing mechanism pursuant to Section D(1) if the customer has Company Charge arrearages that are at least 60 days past due.

The CFY Supplier shall electronically submit to the Company, in a manner determined by the Company, a listing of each CFY Customer to be designated as a CFY Billing Customer. Such listing shall include each CFY Customer's account number and may be included in the CFY Supplier's electronic submission designating the CFY Customer as a member of the CFY Supplier's Pool. The CFY Supplier shall warrant that it has obtained billing agent authorization from each CFY Customer and shall agree to provide access to agency or other agreements to the Company for auditing purposes. Service under this rider for eligible CFY Customers shall be effective on their next estimated or actual meter reading date.

If the CFY Supplier terminates its contract under this rider, terminates billing service under this rider to any CFY Billing Customer or terminates gas supply service to any CFY Billing Customer, the CFY Supplier shall submit electronic notification to the Company of the same for each such affected CFY Billing Customer. The termination of service under this rider for such CFY Billing Customers shall be effective on their next estimated or actual meter reading date. If the CFY Supplier terminates its service contract under this rider, it shall not be eligible to resume service for one (1) year from the date of termination. If the CFY Supplier terminates service under this rider or gas supply service, to any CFY Billing Customer, it shall not be eligible to provide service under this rider for such customer for one year from the termination date.

The CFY Supplier agrees that the Company has the right to draw on the performance assurances provided pursuant to Section G of this rider if Company Charges are not timely remitted. Payment for Company Charges billed shall not be considered remitted by the CFY Billing Customer until payment is received by the Company from the CFY Supplier pursuant to Sections D(6) and D(7) of this rider.

Nothing in this rider shall affect the Company's right to terminate service to a customer pursuant to Rider CFY or in accordance with 83 Illinois Administrative Code Part 280.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Section G - Contract with the CFY Supplier

The initial term of the contract shall end on the first March 31 following the effective date thereof, and automatically renew annually thereafter. The CFY Supplier can terminate the contract at the end of any contract year on 60 days written notice. Upon contract termination, all amounts due the Company shall then be paid.

CFY Suppliers must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parent guaranty, based upon Company's determination of qualifications. The amount of the assurances shall be 15% of the Company's good faith estimate of the amounts for which the Company expects the CFY Supplier to be liable to the Company during a twelve-month period of time and shall be determined annually, by November 1 each year. The Company shall base its good faith estimate on (i) the CFY Billing Customers served by the CFY Supplier pursuant to this rider, (ii) the rates in such CFY Billing Customers' Companion Classification(s), excluding the Gas Charge, plus taxes and surcharges, and (iii) the load profile of an average customer under such Companion Classification(s) assuming normal weather.

If the CFY Supplier shall fail to comply with or perform any of the conditions or obligations under this rider and the contract between the CFY Supplier and the Company, the Company may: (i) after verbal and written notice, suspend service under this rider until the CFY Supplier cures such failure; or (ii) terminate service ten days after providing written notice, unless during this ten-day period the CFY Supplier shall cure such failure. The suspension or termination of service for any such cause shall not release the CFY Supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of this rider and the CFY Supplier's contract hereunder.

The Company shall not be liable for any act, omission, promise, or representation of any CFY Supplier that takes service under this rider. A CFY Supplier is not an agent of the Company and shall have no authority to amend, modify, alter or waive any of the conditions of any contract or agreement entered into between the Company and a customer under any service classification or rider of this rate schedule or to bind the Company by making any promise or representation contrary to or inconsistent with the provisions of any such contract, agreement, service classification or rider.

This rider is subject to the applicable Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 6

Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Transportation service under this rider is available from the effective date through July 31, 2008 to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering,
- (2) is a customer under Service Classification No. 2 or 3 at said single point of metering, and
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at said single point of metering.

Maximum Daily Quantity (MDQ) shall be the quantity, in therms, agreed to by the Company and the customer, but in no case less than: (1) the customer's metered gas requirements in the billing period with the customer's highest requirements during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21; or (2) for customers with a daily demand measurement device installed on the customer's premises, the highest daily demand recorded for the customer during the most recent December through February period. The customer's MDQ shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company, in its sole judgment, based on evidence of changed usage.

Gas Bank Account (GBA) shall be the account in which customer-owned gas delivered to the Company in excess of the customer's requirements shall be held by the Company until taken by the customer. The customer's GBA shall consist of the summation of the customer's Allowable Bank and Excess Bank.

Allowable Bank (AB) shall be the quantity determined by the following formula:

$$AB = [BD + (GCD \times .5 \times SSP)] \times MDQ$$

Where BD = the number of days of bank provided for in the Company's base rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

GCD = the number of days of bank provided for in the Company's gas charge rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 6

Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Section A - Definitions - continued

Excess Bank shall be the quantity of customer-owned gas in the customer's GBA that exceeds AB.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, Standby Demand Charge, Standby Commodity Charge, Excess Bank Charge and an Imbalance Trade Charge as well as those charges defined in the customer's companion classification.

For a customer that is a member of a customer group as defined under Rider P-T of this rate schedule, the Company shall bill the customer for a Standby Demand Charge as well as those charges defined in the customer's companion classification.

Administrative Charge

The monthly Administrative Charge shall be \$21.00 times the number of accounts listed in the contract.

Standby Demand Charge

The monthly Standby Demand Charge shall be the effective Demand Gas Charge Per Therm as determined under Rider 2 of this rate schedule times 50 percent, multiplied by the customer's MDQ in therms.

Standby Commodity Charge

The monthly Standby Commodity Charge shall be the sum of the effective Commodity Gas Charge Per Therm, plus the effective Non-Commodity Gas Charge Per Therm as determined under Rider 2 of this rate schedule times 50 percent, multiplied by the therms of gas delivered to the customer under the companion classification in the month.

Excess Bank Charge

The monthly Excess Bank Charge shall be \$.10 per therm of customer-owned gas in the customer's Excess Bank at the end of the month.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 6

Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Section B - Rates - continued

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5 per imbalance trade transaction in the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or obligated to collect from the customer in respect of service hereunder. The Company will bill the customer monthly for any such taxes, and for any costs which the Company is specifically authorized by law to recover from the customer incident to such taxes.

Section C - Order of Deliveries to the Company

In any month in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the customer's GBA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section D - Order of Deliveries to the Customer

For billing purposes, gas taken by the customer in any month at the point of metering for this rider shall be deemed to be taken in the following order: (1) the quantity of customer-owned gas delivered to the Company's system in the current month, (2) any quantity of customer-owned gas available for withdrawal from the customer's GBA, (3) the quantity of gas delivered under the companion classification. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section E - Limitation on GBA Withdrawals

A customer's monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of: (i) the customer's GBA balance at the beginning of the month, or (ii) the sum of the customer's Excess Bank at the beginning of the month plus 1/3 of the customer's AB.

Section F - Imbalance Trading

The customer shall have the right to trade amounts accounted for as GBA to customers or suppliers receiving service under Riders FST-T, SST-T, LST-T and P-T to reduce or eliminate amounts of the customer's excess bank. All trades must be completed by 5:00 p.m. Central Time on the 5th working day following the posting of month end meter readings. The result of a trade cannot put an additional customer or supplier in a position of, or increase amounts subject to, monthly unauthorized use, excess bank or cash-out.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 4 of 6

Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Section G - Contract with the Customer

The contract between the Company and a customer hereunder shall continue for a term ending on July 31, 2008; provided, however, that the customer may terminate the contract on April 30, 2008, by giving the Company thirty (30) days' prior written notice; provided, further, that in the event of termination, all amounts due the Company shall forthwith be paid, including the Standby Demand Charge for the unexpired portion of the remaining term of the contract. Upon termination of the contract, the customer shall trade or cash-out at 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule any gas remaining in the GBA. A customer may not voluntarily discontinue and subsequently renew service under this rider within a period of 12 consecutive months at the same premises.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas.
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered.
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system.

The customer will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time.

If additional facilities are required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder, the customer shall reimburse the Company for all costs thereof prior to the initiation of service hereunder.

If a customer who transfers to this Rider FST-T from the Company's Rider FST in effect prior to the effective date of this Rider FST-T had assigned its contract to a supplier prior to such effective date, such assignment shall remain effective and service shall continue in accordance with the following provisions of this Rider FST-T and Rider P-T. Pursuant to such assignment of the customer's contract to a supplier under Rider P-T, the customer's GBA will be transferred to the supplier's GBA. No assignment permitted under this paragraph shall relieve the assignor of its liabilities and obligations to the Company under the contract. The customer agrees that it is liable for its pro rata share of amounts due or to become due under the Rider P-T contract under which it is a member of a customer group. The customer's pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P-T contract under which it is a member of a customer group, as those terms are defined in Rider P-T of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 5 of 6

Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Section G - Contract with the Customer - continued

To the extent there is a conflict between the provisions of this rider and the provisions of Rider P-T with respect to a contract that has been assigned, the provisions of Rider P-T shall govern. To the extent there is no conflict between the provisions of this rider and the provisions of Rider P-T or Rider P-T is silent the provisions of this rider shall govern. Upon termination of the contract under Rider P-T the assignment of the customer's contract shall be cancelled.

Section H - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for the customer to the Company's system in accordance with the contract between the customer and the Company hereunder.

In the event there is an interruption or curtailment of the Company's gas supply, all customer-owned gas delivered to the Company will be made available to the customer, except that the Company may interrupt deliveries of customer-owned gas to the customer for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. For the purpose of this paragraph, system capacity will include storage capacity from all sources. Notwithstanding the foregoing, in the event there is an interruption or curtailment of the Company's gas supply which, in the Company's sole judgment, would have the effect of impairing or interfering with an activity essential to the health or safety of the community the Company shall be entitled to interrupt deliveries of customer-owned gas to the customer and use such gas to serve sales customers. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule plus \$1.50 per therm.

In the event of an interruption or curtailment of deliveries of customer-owned gas to the Company, the Company will make up any deficiency in such supply. Such standby service will be made available to the customer under the companion classification, to the same extent it would be available to the customer absent service under this rider.

The delivery of customer-owned gas by the customer to the Company's system shall be at the customer's expense and shall be delivered to Company facilities in accordance with the contract between the Company and the customer.

The Company will not be obligated to accept delivery of any customer-owned gas which does not conform to the quality specifications in the contract between the Company and the customer.

The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider FST-T

Full Standby Transportation - Transition Service

Applicable to Service Classification Nos. 2 and 3

Section H - Terms and Conditions of Service - continued

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account to the Company when, in the Company's sole judgment, the customer's deliveries are excessive in relation to the customer's gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations on the customer's part to be complied with or performed under the contract between the customer and the Company, the Company may: (i) after verbal notice to the customer, confirmed in writing, suspend receipt of customer-owned gas into the Company's system until the customer shall make good such failure; or (ii) terminate all service 10 days after providing written notice of the Company's intention to terminate service, unless within such 10 days the customer shall make good such failure. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due in accordance with the terms of the customer's contract with the Company.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 9

Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Transportation service under this rider is available from the effective date through July 31, 2008 to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering,
- (2) is a customer under Service Classification No. 2 at said single point of metering,
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract, and
- (4) elects, pursuant to the terms of this rider, to contract for any level of standby service that is less than 100 percent of the customer's gas requirements.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Companion Classification shall mean Service Classification No. 2 under which the customer purchases gas service at said single point of metering.

Maximum Daily Quantity (MDQ) shall be the quantity, in therms, agreed to by the Company and the customer, but in no case less than the customer's highest daily demand recorded for the customer during the most recent December through February period by the daily demand measurement device installed on the customer's premises; provided, however, that until acceptable actual data are available from the daily demand measurement device, the customer's MDQ can be no less than the customer's metered gas requirements in the billing period with the customer's highest requirements during the most recent December through February period, adjusted to a 30 day equivalent basis divided by 21. The customer's MDQ shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company, in its sole judgment, based on evidence of changed usage.

Selected Standby Percentage (SSP) shall be the percentage selected by the customer; provided however, that the SSP must be less than 100 percent. The customer's SSP shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract. A customer who requests an increased SSP shall be required to apply for new service for the increase under Rider 10 of this rate schedule.

Selected Standby Quantity (SSQ) shall be the product obtained by multiplying the customer's SSP by the customer's MDQ. This is the quantity in therms, for which the Company shall make up any deficiency in daily deliveries of customer-owned gas to the Company.

Gas Bank Account (GBA) shall be the account in which customer-owned gas delivered to the Company in excess of the customer's daily requirements shall be held by the Company until taken by the customer. The customer's GBA shall consist of the summation of the customer's Allowable Bank and Excess Bank.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 9

Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section A - Definitions - continued

Allowable Bank (AB) shall be the quantity determined by the following formula:

$$AB = [BD + (GCD \times .5 \times SSP)] \times MDQ$$

Where BD = the number of days of bank provided for in the Company's base rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

GCD = the number of days of bank provided for in the Company's gas charge rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company to reflect a change in the customer's MDQ.

Excess Bank shall be the quantity of customer-owned gas in the customer's GBA that exceeds AB.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Critical Day shall be a day which may be declared prior to the day by the Company whenever any of the following five conditions occurs or is anticipated to occur:

- (1) When the Company experiences failure of transmission, distribution, gas storage or gas manufacturing facilities;
- (2) When transmission system pressures or other unusual conditions jeopardize the operation of the Company's system;
- (3) When the Company's transmission, storage, and supply resources are being used at or near their maximum rated deliverability;
- (4) When any of the Company's transporters or suppliers call the equivalent of a Critical Day; and
- (5) When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of the Company's system.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section A - Definitions - continued

Notice of a Critical Day will be posted on the Company's Bulletin Board no less than two hours prior to the Company's nomination deadline for Rider SST-T deliveries.

The Company will designate each Critical Day as a Supply Surplus Day or Supply Shortage Day.

Supply Surplus Day shall be a Critical Day when the Company anticipates supply in excess of requirements.

Supply Shortage Day shall be a Critical Day when the Company anticipates requirements in excess of supply.

Unauthorized Use of Gas shall be the sum of daily unauthorized use plus monthly unauthorized use.

Daily Unauthorized Use shall be that quantity of Company-owned gas delivered to the customer on any day which is in excess of the customer's SSQ.

Monthly Unauthorized Use shall be that quantity of Company-owned gas delivered to the customer in the month less the sum of the month's daily unauthorized use.

Company-owned Gas shall mean, for the purposes of determining unauthorized use of gas, any quantity of gas taken by the customer that the customer is not contractually entitled to take.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, Standby Demand Charge, Standby Commodity Charge, Excess Bank Charge, Imbalance Trade Charge, Daily Demand Measurement Device Charge and Unauthorized Use Charge as well as those charges defined in the customer's companion classification.

For a customer that is a member of a customer group as defined under Rider P-T of this rate schedule, the Company shall bill the customer for a Standby Demand Charge and Daily Demand Measurement Device Charge as well as those charges defined in the customer's companion classification.

Administrative Charge

The monthly Administrative Charge shall be \$21.00 times the number of accounts listed in the contract.

Standby Demand Charge

The monthly Standby Demand Charge shall be the effective Demand Gas Charge Per Therm as determined under Rider 2 of this rate schedule times 50 percent, multiplied by the customer's SSQ in therms.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section B - Rates - continued

Standby Commodity Charge

The monthly Standby Commodity Charge shall be the sum of the effective Commodity Gas Charge Per Therm, plus the effective Non-Commodity Gas Charge Per Therm as determined under Rider 2 of this rate schedule, times 50 percent. This charge shall be multiplied by the therms of gas delivered to the customer under the companion classification in the month. The maximum quantity of gas that can be delivered to the customer under the companion classification in a month shall be the customer's SSQ multiplied by the number of days in the month.

Excess Bank Charge

The monthly Excess Bank Charge shall be \$.10 per therm of customer-owned gas in the customer's Excess Bank at the end of any month.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5 per imbalance trade transaction in the month.

Daily Demand Measurement Device Charge

A daily demand measurement device shall be required for each meter at which service is taken under this rider. For each such device installed by the Company to meet this requirement, the monthly charge shall be as follows:

<u>Device Type</u>	<u>Monthly Charge</u>
1. (Single meter without correcting devices)	\$34.00
2. (Single meter with correcting devices)	\$34.00
3. (Two meters without correcting devices)	\$68.00

Billing of a charge applicable under this provision shall begin with the bill for the first full month following installation of the device.

The customer shall be responsible for providing and installing telephone wiring and, if required, electric wiring from the source of power to the device. Equipment installed by the Company pursuant to this provision shall remain the property of the Company, notwithstanding the customer's payment of charges hereunder.

Unauthorized Use Charge

The monthly unauthorized use charge shall be the applicable charge under Rider 9 of this rate schedule multiplied by the quantity of unauthorized use of gas in the month subject to each such applicable charge.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 5 of 9

Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section B - Rates - continued

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or obligated to collect from the customer in respect of service hereunder. The Company will bill the customer monthly for any such taxes, and for any costs which the Company is specifically authorized by law to recover from the customer incident to such taxes.

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned Gas made available to the customer pursuant to authorization under this provision. It shall not be available to customers taking service under Rider TB. The Company shall notify customers of the availability of Authorized Overtake gas by notice posted on its electronic bulletin board or by a telephone message available to all customers and suppliers. Authorized Overtake gas delivered to the customer under this provision shall be paid for by the customer under the Companion Classification.

Section D - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the customer's GBA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section E - Order of Deliveries to the Customer

For billing purposes, gas taken by the customer in any day at the point of metering for this rider shall be deemed to be taken in the following order: (1) the quantity of customer-owned gas delivered to the Company's system in the current day, (2) any quantity of customer-owned gas available for withdrawal from the customer's GBA, (3) the quantity of gas delivered under the companion classification, up to the customer's SSQ, (4) Authorized Overtake, and (5) Unauthorized Use. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section F - Limitations on GBA Withdrawals and Injections

A customer's daily withdrawals from the GBA on any Supply Shortage Day shall be limited to the lesser of (i) the customer's GBA balance at the beginning of the day or (ii) the quantity of gas determined by $[\text{BD}/(\text{BD} + \text{GCD}) + (\text{GCD}/(\text{BD} + \text{GCD})) \times \text{SSP}] \times \text{MDQ}$. A customer's daily injections into the GBA on a Supply Surplus Day shall be limited to SSQ.

A customer's monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's GBA balance at the beginning of the month or (ii) the sum of the customer's Excess Bank at the beginning of the month plus 1/3 of the customer's AB.

Section G - Imbalance Trading

The customer shall have the right to trade amounts accounted for as GBA to customers or suppliers receiving service under Riders FST-T, SST-T, LST-T and P-T to reduce or eliminate amounts of the customer's unauthorized use or excess bank. All trades must be completed by 5:00 p.m. Central Time on the 5th working day following the posting of month end meter readings. The result of a trade cannot put an additional customer or supplier in a position of, or increase amounts subject to, monthly unauthorized use, excess bank or cash-out.

Section H - Contract with the Customer

The contract between the Company and a customer hereunder shall continue for a term ending July 31, 2008; provided, however, that the customer may terminate the contract on April 30, 2008, by giving the Company thirty (30) days' prior written notice; provided, further, that in the event of termination, all amounts due the Company shall forthwith be paid, including the Standby Demand Charge for the unexpired portion of the remaining term of the contract. Upon termination of the contract, the customer shall trade or cash-out at 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule any gas remaining in the GBA. A customer may not voluntarily discontinue and subsequently renew service under this rider within a period of 12 consecutive months at the same premises. A customer who terminates service hereunder and subsequently requests service under any service classification in excess of the customer's SSQ in effect on the date of such termination shall be required to apply for new service under Rider 10 of this rate schedule.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered; and
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system.

The customer will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section H - Contract with the Customer - continued

If additional facilities are required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder, the customer shall reimburse the Company for all costs thereof prior to the initiation of service hereunder.

The Company will allow a customer to combine Rider SST-T and LST-T contracts if the customer agrees to abide by the Rider LST-T provisions regarding AB and IA. A customer may not assign such a combined contract to a supplier under Rider P-T of this rate schedule.

If a customer who transfers to this Rider SST-T from the Company's Rider SST in effect prior to the effective date of this Rider SST-T had assigned its contract to a supplier prior to such effective date, such assignment shall remain effective and service shall continue in accordance with the following provisions of this Rider SST-T and Rider P-T. Pursuant to such assignment of the customer's contract to a supplier under Rider P-T, the customer's GBA will be transferred to the supplier's GBA. No assignment permitted under this paragraph shall relieve the assignor of its liabilities and obligations to the Company under the contract. A customer initiating service under this Rider SST-T shall not be eligible to assign its contract to a supplier.

The customer agrees that it is liable for its pro rata share of amounts due or to become due under the Rider P-T contract under which it is a member of a customer group. The customer's pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P-T contract under which it is a member of a customer group, as those terms are defined in Rider P-T of this rate schedule.

To the extent there is a conflict between the provisions of this rider and the provisions of Rider P-T with respect to a contract that has been assigned, the provisions of Rider P-T shall govern. To the extent there is no conflict between the provisions of this rider and the provisions of Rider P-T or Rider P-T is silent the provisions of this rider shall govern. Upon termination of the contract under Rider P-T the assignment of the customer's contract shall be cancelled.

Section I - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for the customer to the Company's system in accordance with the contract entered into between the customer and the Company hereunder.

In the event there is an interruption or curtailment of the Company's gas supply, all customer-owned gas delivered to the Company will be made available to the customer, except that the Company may interrupt deliveries of customer-owned gas to the customer for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. For the purpose of this paragraph, system capacity will include storage capacity from all sources.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section I - Terms and Conditions of Service - continued

Notwithstanding the foregoing, in the event there is an interruption or curtailment of the Company's gas supply which, in the Company's sole judgment, would have the effect of impairing or interfering with an activity essential to the health or safety of the community, the Company shall be entitled to interrupt deliveries of customer-owned gas to the customer and use such gas to serve sales customers. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule plus \$1.50 per therm.

The delivery of customer-owned gas by the customer to the Company's system shall be at the customer's expense and shall be delivered to Company facilities in accordance with the contract entered into between the Company and the customer.

The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when, in the Company's sole judgment, the customer's deliveries are excessive in relation to the customer's gas requirements and may cause an adverse effect on system operations.

The Company will not be obligated to accept delivery of any customer-owned gas which does not conform to the quality specifications in the contract between the Company and the customer hereunder.

If the customer shall fail to comply with or perform any of the conditions or obligations on the customer's part to be complied with or performed under the contract between the customer and the Company, the Company may: (i) after verbal notice to the customer, confirmed in writing, suspend receipt of customer-owned gas into the Company's system until the customer shall make good such failure; or (ii) terminate all service 10 days after providing written notice of the Company's intention to terminate service, unless within such 10 days the customer shall make good such failure. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due in accordance with terms of the customer's contract with the Company.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider SST-T

Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 2

Section J - Transition

Any customer desiring to receive service under this rider who has not yet had a daily demand measurement device installed may receive service under this rider subject to the terms and conditions of this rider as modified by this Transition provision. This Transition provision shall apply to the customer's Rider SST-T service until the first day of the next calendar month following the month in which the daily demand measurement device is installed (Transition Period); provided, however, that for customers having a contract covering more than one account, the Transition Period shall cease upon the first day of the next calendar month following the month in which installation of daily demand measurement devices is completed for all accounts subject to the contract as of the date of execution.

Service under this Transition provision shall be available upon execution of a Rider SST-T contract. If 6 months after execution of a Rider SST-T contract a daily demand measurement device has not been installed due to the customer failing to meet its responsibilities under this rider, the contract with the customer shall be terminated and the customer shall be re-billed under Rider FST-T for the period during which Rider SST-T service was taken under this Transition provision. If the contract is terminated due to such failure, the customer may not subsequently renew service under this rider within a period of 12 months at the same premises. If, at any time before the installation of a daily demand measurement device is completed, the customer elects not to receive service under this rider, the customer shall be re-billed under Rider FST-T for the period during which Rider SST-T service was taken under this Transition provision.

If a daily demand measurement device has not been installed by November 1 of any year for any customer who has contracted for service under this rider prior to such date, the customer may, by written notification, select an interim SSP in excess of the SSP originally specified in the customer's contract, with such interim selection to be effective from said November 1 until the end of the customer's Transition Period, at which time the SSP originally specified in the contract again shall become effective.

Notwithstanding any other provision in this rider, billing during the Transition Period for a customer subject to this Transition provision shall be based upon monthly rather than daily data.

For the months of November through March, a customer subject to this Transition provision must have, at the beginning of each month, a minimum balance of therms in the customer's GBA (Minimum Storage Balance) calculated by the formula $[1-SSP] \times .75 \times AB$, with the factors SSP and AB having the values specified in the customer's contract. If the balance in the customer's GBA is less than the Minimum Storage Balance required at the beginning of any month, the Company shall make available and the customer shall purchase a quantity of gas representing the difference between the quantity of customer-owned gas in the GBA and the Minimum Storage Balance, to be purchased under the customer's companion classification. Such quantity shall be deemed to have been purchased on the last day of the month prior to the month in which the required Minimum Storage Balance does not exist.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 8

Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Transportation service under this rider is available from the effective date through July 31, 2008 to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering,
- (2) is a customer under Service Classification No. 3 at said single point of metering,
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract, and
- (4) elects, pursuant to the terms of this rider, to contract for any level of standby service that is less than 100 percent of the customer's gas requirements.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Companion Classification shall mean the Service Classification No. 3 under which the customer purchases gas service at said single point of metering.

Maximum Daily Quantity (MDQ) shall be the quantity, in therms, agreed to by the Company and the customer, but in no case less than the customer's highest daily demand recorded for the customer during the most recent December through February period by the daily demand measurement device installed on the customer's premises; provided, however, that until acceptable actual data are available from the daily demand measurement device, the customer's MDQ can be no less than the customer's metered gas requirements in the billing period with the customer's highest requirements during the most recent December through February period, adjusted to a 30 day equivalent basis divided by 21. The customer's MDQ shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company, in its sole judgment, based on evidence of changed usage.

Selected Standby Percentage (SSP) shall be the percentage selected by the customer; provided however, that the SSP must be less than 100 percent. The customer's SSP shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract. A customer who requests an increased SSP shall be required to apply for new service for the increase under Rider 10 of this rate schedule.

Selected Standby Quantity (SSQ) shall be the product obtained by multiplying the customer's SSP by the customer's MDQ. This is the quantity in therms, for which the Company shall make up any deficiency in daily deliveries of customer-owned gas to the Company.

Allowable Bank (AB) shall be the quantity determined by the following formula:

$$AB = [(BD \times SSP) + (GCD \times .5 \times SSP)] \times MDQ$$

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section A - Definitions - continued

Where BD = the number of days of bank provided for in the Company's base rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

GCD = the number of days of bank provided for in the Company's gas charge rates as shown on the information sheet filed with the Commission on March 1 of each year to be effective for a one-year period commencing on the following May 1.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company, to reflect a change in the customer's MDQ.

Imbalance Account (IA) shall be the account in which customer-owned gas delivered to the Company in excess of the summation of the (i) customer's daily requirements and (ii) AB shall be accounted for by the Company.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Critical Day shall be a day which may be declared prior to the day by the Company whenever any of the following five conditions occurs or is anticipated to occur:

- (1) When the Company experiences failure of transmission, distribution, gas storage or gas manufacturing facilities;
- (2) When transmission system pressures or other unusual conditions jeopardize the operation of the Company's system;
- (3) When the Company's transmission, storage, and supply resources are being used at or near their maximum rated deliverability;
- (4) When any of the Company's transporters or suppliers call the equivalent of a Critical Day; and
- (5) When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of the Company's system.

Notice of a Critical Day will be posted on the Company's Bulletin Board no less than two hours prior to the Company's nomination deadline for Rider LST-T deliveries.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation – Transition Service

Applicable to Service Classification No. 3

Section A - Definitions - continued

The Company will designate each Critical Day as a Supply Surplus Day or a Supply Shortage Day.

Supply Surplus Day shall be a Critical Day when the Company anticipates supply in excess of requirements.

Supply Shortage Day shall be a Critical Day when the Company anticipates requirements in excess of supply.

Unauthorized Use of Gas shall be the sum of daily unauthorized use plus monthly unauthorized use.

Daily Unauthorized Use shall be that quantity of Company-owned gas delivered to the customer on any day which is in excess of the customer's SSQ.

Monthly Unauthorized Use shall be that quantity of Company-owned gas delivered to the customer in the month less the sum of the month's daily unauthorized use.

Company-owned Gas shall mean, for the purposes of determining unauthorized use of gas, any quantity of gas taken by the customer that the customer is not contractually entitled to take.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, Standby Demand Charge, Standby Commodity Charge, Excess Bank Charge, Imbalance Trade Charge, and Unauthorized Use Charge as well as those charges defined in the customer's companion classification.

For a customer that is a member of a customer group as defined under Rider P-T of this rate schedule, the Company shall bill a Standby Demand Charge as well as those charges defined in the customer's companion classification.

Administrative Charge

The monthly Administrative Charge shall be \$21.00 times the number of accounts listed in the contract.

Standby Demand Charge

The monthly Standby Demand Charge shall be the effective Demand Gas Charge Per Therm as determined under Rider 2 of this rate schedule times 50 percent, multiplied by the customer's SSQ in therms.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section B - Rates - continued

Standby Commodity Charge

The monthly Standby Commodity Charge shall be the sum of the effective Commodity Gas Charge Per Therm, plus the effective Non-Commodity Gas Charge Per Therm as determined under Rider 2 of this rate schedule, times 50 percent. This charge shall be multiplied by the therms of gas delivered to the customer under the companion classification in the month. The maximum quantity of gas that can be delivered to the customer under the companion classification in a month shall be the customer's SSQ multiplied by the number of days in the month.

Excess Bank Charge

The Excess Bank Charge shall be \$.10 per therm of customer-owned gas credited to the IA each day, except amounts credited to the IA on a Critical Day. On a Supply Shortage Day, amounts deemed credited to the IA shall be assessed no charge. On a Supply Surplus Day, amounts deemed credited to the IA shall be assessed the Non-Critical Day Unauthorized Use Charge as defined in Rider 9.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5 per imbalance trade transaction in the month.

Unauthorized Use Charge

The monthly unauthorized use charge shall be the applicable charge under Rider 9 of this rate schedule multiplied by the quantity of unauthorized use of gas in the month subject to each such applicable charge.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or obligated to collect from the customer in respect of service hereunder. The Company will bill the customer monthly for any such taxes, and for any costs which the Company is specifically authorized by law to recover from the customer incident to such taxes.

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned Gas made available to the customer pursuant to authorization under this provision. It shall not be available to customers taking service under Rider TB. The Company shall notify customers of the availability of Authorized Overtake gas by notice posted on its electronic bulletin board or by a telephone message available to all customers and suppliers. Authorized Overtake gas delivered to the customer under this provision shall be paid for by the customer under the Companion Classification.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section D - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the customer's AB and then shall be credited to IA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section E - Order of Deliveries to the Customer

For billing purposes, gas taken by the customer in any day at the point of metering for this rider shall be deemed to be taken in the following order: (1) the quantity of customer-owned gas delivered to the Company's system in the current day, (2) any quantity of customer-owned gas available for withdrawal from the customer's AB, (3) the quantity of gas delivered under the companion classification, up to the customer's SSQ, (4) Authorized Overtake, and (5) Unauthorized Use. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section F - Limitations on AB Withdrawals and Injections

A customer's daily withdrawals from the AB on any Supply Shortage Day shall be limited to the lesser of (i) the customer's AB balance at the beginning of the day or (ii) the customer's SSQ. A customer's daily injections into the AB on a Supply Surplus Day shall be limited to SSQ.

A customer's monthly withdrawals from the AB, during the period November 1 through March 31, are limited to the lesser of: (i) the customer's AB balance at the beginning of the month or (ii) 1/3 of the customer's AB.

Section G - Imbalance Trading

The customer shall have the right to trade amounts accounted for as IA to customers or suppliers receiving service under Riders FST-T, SST-T, LST-T and P-T to reduce or eliminate amounts of the customer's IA. All trades must be completed by 5:00 p.m Central Time on the 5th working day following the posting of month end meter readings. The result of a trade cannot put an additional customer or supplier in a position of, or increase amounts subject to, monthly unauthorized use, excess bank or cash-out.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section H - Disposition of Imbalance Account Amounts

At the end of the month, the amount in the customer's IA shall first be injected into the AB. Any remaining imbalance shall be traded or cashed-out under Section E of Rider TB-T of this rate schedule. Amounts deemed credited to the IA each day shall be assessed an Excess Bank Charge.

Section I - Contract with the Customer

The contract between the Company and a customer hereunder shall continue for a term ending July 31, 2008; provided, however, that the customer may terminate the contract on April 30, 2008, by giving the Company thirty (30) days' prior written notice; provided, further, that in the event of termination, all amounts due the Company shall forthwith be paid, including the Standby Demand Charge for the unexpired portion of the remaining term of the contract. Upon termination of the contract, the customer shall trade or cash-out at 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule any gas remaining in the AB. A customer may not voluntarily discontinue and subsequently renew service under this rider within a period of 12 consecutive months at the same premises. A customer who terminates service hereunder and subsequently requests service under any service classification in excess of the customer's SSQ in effect on the date of such termination shall be required to apply for new service under Rider 10 of this rate schedule.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered; and
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system.

The customer will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time.

If additional facilities are required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder, the customer shall reimburse the Company for all costs thereof prior to the initiation of service hereunder.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section I - Contract with the Customer - continued

The Company will allow a customer to combine Rider SST-T and Rider LST-T contracts if the customer agrees to abide by the Rider LST-T provisions regarding AB and IA. A customer may not assign such a combined contract to a supplier under Rider P-T of this rate schedule.

If a customer who transfers to this Rider LST-T from the Company's Rider LST in effect prior to the effective date of this Rider LST-T had assigned its contract to a supplier prior to such effective date, such assignment shall remain effective and service shall continue in accordance with the following provisions of this Rider LST-T and Rider P-T. Pursuant to such assignment of the customer's contract to a supplier under Rider P-T, the customer's AB will be transferred to the supplier's AB. No assignment permitted under this paragraph shall relieve the assignor of its liabilities and obligations to the Company under the contract. The customer agrees that it is liable for its pro rata share of amounts due or to become due under the Rider P-T contract under which it is a member of a customer group. The customer's pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P-T contract under which it is a member of a customer group, as those terms are defined in Rider P-T of this rate schedule. A customer initiating service under this Rider LST-T shall not be eligible to assign its contract to a supplier.

To the extent there is a conflict between the provisions of this rider and the provisions of Rider P-T with respect to a contract that has been assigned, the provisions of Rider P-T shall govern. To the extent there is no conflict between the provisions of this rider and the provisions of Rider P-T or Rider P-T is silent, the provisions of this rider shall govern. Upon termination of the contract under Rider P-T the assignment of the customer's contract shall be cancelled.

Section J - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for the customer to the Company's system in accordance with the contract between the customer and the Company hereunder.

A customer that selects an SSP of zero must contract for critical day balancing service under Rider TB-T of this rate schedule.

In the event there is an interruption or curtailment of the Company's gas supply, all customer-owned gas delivered to the Company will be made available to the customer, except that the Company may interrupt deliveries of customer-owned gas to the customer for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. For the purpose of this paragraph, system capacity will include storage capacity from all sources.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 8 of 8

Rider LST-T

Large Volume Selected Standby Transportation - Transition Service

Applicable to Service Classification No. 3

Section J - Terms and Conditions of Service - continued

Notwithstanding the foregoing, in the event there is an interruption or curtailment of the Company's gas supply which, in the Company's sole judgment, would have the effect of impairing or interfering with an activity essential to the health or safety of the community the Company shall be entitled to interrupt deliveries of customer-owned gas to the customer and use such gas to serve sales customers. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule plus \$1.50 per therm.

The delivery of customer-owned gas by the customer to the Company's system shall be at the customer's expense and shall be delivered to Company facilities in accordance with the contract between the Company and the customer.

The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

The Company will not be obligated to accept delivery of any customer-owned gas which does not conform to the quality specifications in the contract between the Company and the customer.

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when, in the Company's sole judgment, the customer's deliveries are excessive in relation to the customer's gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations on the customer's part to be complied with or performed under the contract between the customer and the Company, the Company may: (i) after verbal notice to the customer, confirmed in writing, suspend receipt of customer-owned gas into the Company's system until the customer shall make good such failure; or (ii) terminate all service 10 days after providing written notice of the Company's intention to terminate service unless within such 10 days the customer shall make good such failure. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due in accordance with terms of the customer's contract with the Company.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 5

Rider TB-T

Transportation Balancing - Transition Service

Applicable to Rider LST-T and Rider P-T

Transportation Balancing Service under this rider is available from the effective date through July 31, 2008, to any customer who:

- (1) is a Rider LST-T customer with a Selected Standby Percentage (SSP) of 0 percent or Rider LST-T Pool as defined under Rider P-T with a Selected Standby Quantity of 0 therms, and
- (2) executes a written Rider TB-T contract.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Daily Imbalance shall be the difference between the customer's delivery to the Company's system as adjusted for storage activity and the customer's metered gas deliveries from the Company on any day.

Monthly Imbalance shall be the sum of the customer's Daily Imbalances.

Critical Day shall have the meaning ascribed to it in Rider LST-T.

Critical Day Balancing Quantity (CDBQ) shall be the Daily Imbalance amount which the Company will on a Critical Day deliver to the customer or absorb for the customer.

Non-Critical Day Balancing Quantity (NDBQ) shall be the Daily Imbalance amount beyond the customer's CDBQ which the Company will on a Non-Critical Day deliver to the customer or absorb for the customer.

Daily Storage Quantity (DSQ) shall be the maximum volume of gas the Company is obligated to inject into or withdraw from a customer's storage account for receipt from or delivery to the customer on any day and shall be equal to the customer's CDBQ.

Maximum Allowable Capacity (MAC) shall be the maximum volume of gas that the customer may have in storage on any day. The MAC shall be determined by multiplying the number of days of DSQ determined annually under Section D of this rider by the customer's DSQ.

Excess Daily Balance shall be on Non-Critical Days the customer's Daily Imbalance less the sum of its DSQ, its NDBQ and its CDBQ and on Critical Days the customer's Daily Imbalance less the sum of its DSQ and its CDBQ.

Excess Monthly Balance is the sum of the absolute value of Excess Daily Balances in the month.

Base Rate Balancing Costs are the costs the Company incurs to balance its system on a daily basis which are recovered through the Company's Base Rates.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider TB-T

Transportation Balancing - Transition Service

Applicable to Rider LST-T and Rider P-T

Section A - Definitions - continued

Gas Charge Balancing Costs are the costs the Company incurs to balance its system on a daily basis which are recovered through the Company's Gas Charge.

Non-Critical Day Diversity Factor is the sum of the absolute daily differences between deliveries and consumption for the Rider LST-T customers with a SSP of 0 percent as measured over the most recent December through February period as a group divided by the sum of the individual absolute daily differences between deliveries and consumption for the Rider LST-T customers with a SSP of 0 percent as measured over the most recent December through February period.

Critical Day Diversity Factor is the sum of the absolute difference between deliveries and consumption for the Rider LST-T customers with a SSP of 0 percent on the Company's peak day in the most recent December through February period as a group divided by the sum of the individual absolute differences between deliveries and consumption for the Rider LST-T customers with a SSP of 0 percent on the Company's peak day in the most recent December through February period.

Section B - Customer Selections

The customer shall be required to select a NDBQ; provided however that the ratio of the customer's NDBQ to the customer's MDQ shall not be greater than 50 percent. The customer's NDBQ shall be a daily quantity stated in the contract between the Company and the customer and shall remain in effect during the term of said contract.

The customer shall be required to select a CDBQ; provided however that the ratio of the customer's CDBQ to the customer's MDQ shall not be greater than 50 percent. The customer's CDBQ shall be a daily quantity stated in the contract between the Company and the customer and shall remain in effect during the term of said contract.

The customer may select a DSQ. The customer's DSQ shall be a daily quantity equal to the customer's CDBQ stated in the contract between the Company and the customer and shall remain in effect during the term of said contract.

Section C - Rates

The rates for service hereunder shall consist of a Base Rate Non-Critical Day Balancing Charge, a Gas Charge Non-Critical Day Balancing Charge, a Base Rate Critical Day Balancing Charge, a Gas Charge Critical Day Balancing Charge, a Base Rate Daily Storage Charge, a Gas Charge Daily Storage Charge, a Cash-out Charge and a Daily Scheduling Charge.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider TB-T

Transportation Balancing - Transition Service

Applicable to Rider LST-T and Rider P-T

Section C - Rates - continued

Non-Critical Day Balancing Charge

The monthly non-critical day balancing charge shall be the Base Rate Non-Critical Day Balancing Charge Per Therm and the Gas Charge Non-Critical Day Balancing Charge Per Therm as determined under Section D of this rider multiplied by the customer's NDBQ.

Critical Day Balancing Charge

The monthly critical day balancing charge shall be the Base Rate Critical Day Balancing Charge Per Therm and the Gas Charge Critical Day Balancing Charge Per Therm as determined under Section D of this rider multiplied by the customer's CDBQ.

Daily Storage Charge

The monthly storage charge shall be the Base Rate Daily Storage Charge Per Therm and the Gas Charge Daily Storage Charge Per Therm as determined under Section D of this rider multiplied by the customer's DSQ.

Cash-out Charge

The monthly cash-out charge shall be the charge determined under Section E of this rider.

Daily Scheduling Charge

On each Supply Shortage Day during the month, the Daily Scheduling Charge shall be \$6.00 per therm of underage Excess Daily Balance and no charge per therm of overage Excess Daily Balance. On each Supply Surplus Day during the month, there shall be no charge per therm of underage Excess Daily Balance and \$6.00 per therm of overage Excess Daily Balance. On each Non-Critical Day during the month, there shall be \$.50 per therm of Excess Daily Balance.

Section D - Charge Determination

The Base Rate and Gas Charge Non-Critical Day Balancing Charges Per Therm and the Base Rate and Gas Charge Critical Day Balancing Charges Per Therm will be determined annually by the Company based on its Base Rate and Gas Charge Balancing Costs projected for the next year.

75% of the Base Rate Balancing Costs expressed as a cost per peak day therm will be multiplied by the Non-Critical Day Diversity Factor to determine the Base Rate Non-Critical Day Balancing Charge Per Therm. 75% of the Gas Charge Balancing Costs expressed as a cost per peak day therm will be multiplied by the Non-Critical Day Diversity Factor to determine the Gas Charge Non-Critical Day Balancing Charge Per Therm.

75% of the Base Rate Balancing Costs expressed as a cost per peak day therm will be multiplied by the Critical Day Diversity Factor to determine the Base Rate Critical Day Balancing Charge Per Therm. 75% of the Gas Charge Balancing Costs expressed as a cost per peak day therm will be multiplied by the Critical Day Diversity Factor to determine the Gas Charge Critical Day Balancing Charge Per Therm.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider TB-T

Transportation Balancing - Transition Service

Applicable to Rider LST-T and Rider P-T

Section D - Charge Determination - continued

25% of the Base Rate Balancing Costs expressed as a cost per peak day therm will be multiplied by the Critical Day Diversity Factor to determine the Base Rate Daily Storage Charge Per Therm. 25% of the Gas Charge Balancing Costs expressed as a cost per peak day therm will be multiplied by the Critical Day Diversity Factor to determine the Gas Charge Daily Storage Charge Per Therm. The maximum number of days of DSQ will be determined based on the comparable relationship in the Company's storage services supporting service under this rider.

These charges and the maximum number of days of DSQ will be shown on an information sheet filed with the Commission on March 1 of each year to be effective on the following May 1 and for one year thereafter.

Section E - Cash-Out

Each month the customer's Monthly Imbalance shall be cashed out on a tiered basis pursuant to the following schedule:

<u>Monthly Imbalance</u>	<u>Overage (Company pays Customer)</u>	<u>Underage (Customer pays Company)</u>
0% to 5%	100% times AMIP	100% times AMIP
Greater than 5% to 10%	90% times AMIP	110% times AMIP
Greater than 10% to 15%	80% times AMIP	120% times AMIP
Greater than 15% to 20%	70% times AMIP	130% times AMIP
Greater than 20%	60% times AMIP	140% times AMIP

The Monthly Imbalance will be cashed out based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

The Average Monthly Index Price (AMIP) shall be the arithmetic average of the Weekly Index Prices (WIP). The WIP for any week shall be the arithmetic average of the Natural Gas Intelligence Gas Price Index Non-Utility End-User Citygate prices for the Midwest and the Natural Gas Week Delivered to Utility Spot Price Midwest Region. If in any week one of the indices is not published, the remaining price index shall be used.

The monthly cash-out charge shall be the sum of each tier's Monthly Imbalance multiplied by the corresponding price.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider TB-T

Transportation Balancing - Transition Service

Applicable to Rider LST-T and Rider P-T

Section F - Order of Deliveries to the Company

Notwithstanding any provision in Rider LST-T or Rider P-T, on any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be a positive Daily Imbalance. On a Non-Critical Day this imbalance will be accounted for using the customer's (1) DSQ, (2) CDBQ, (3) NDBQ and (4) Excess Daily Balance. On a Critical Day this imbalance will be accounted for using the customer's (1) DSQ, (2) CDBQ and (3) Excess Daily Balance.

Section G - Order of Deliveries to the Customer

Notwithstanding any provision in Rider LST-T or Rider P-T, for billing purposes, gas taken by the customer at the point of metering for this rider shall be deemed to be taken in the following order: (1) the quantity of customer-owned or supplier-owned gas delivered to the Company's system in the current day and (2) a negative Daily Imbalance. On a Non-Critical Day this imbalance will be accounted for using the customer's (1) DSQ, (2) CDBQ, (3) NDBQ and (4) Excess Daily Balance. On a Critical Day this imbalance will be accounted for using the customer's (1) DSQ, (2) CDBQ and (3) Excess Daily Balance.

Section H - Restrictions on DSQ

A customer's daily withdrawals from the storage account shall be limited to the lesser of (i) the storage account balance at the beginning of the day or (ii) the customer's DSQ. A customer's daily injections into the storage account shall be limited to DSQ. On any day the sum of the amounts accounted for as DSQ and CDBQ shall not exceed the customer's CDBQ.

Section I - Contract with the Customer

The contract between the Company and a customer shall continue for a term ending July 31, 2008; provided, however, that the customer may terminate the contract on April 30, 2008, by giving the Company thirty (30) days' prior written notice; and that is coincident with the term of the customer's Rider LST-T contract or the supplier's Rider P-T contract with the Company.

Section J - Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 6

Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Available from the effective date through July 31, 2008, to all suppliers (marketers and brokers) who deliver gas to the Company for transportation to a Rider FST-T, Rider SST-T or Rider LST-T customer and execute a written contract for service hereunder.

Section A - Definitions

As used in this rider, the following terms are defined to mean:

Pooling Service shall be a service provided by the Company that allows suppliers to deliver gas to the Company, on an aggregated basis, for one or more Rider FST-T, Rider SST-T or Rider LST-T contracts that comprise the membership of the supplier's pool.

Pool shall be the customer group that the supplier establishes under its Pooling contract with the Company.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the Rider FST-T, SST-T or LST-T customer purchases gas service.

Customer Group shall be the group of Rider FST-T, the group of Rider SST-T customers with the same Selected Standby Percentage, as that term is defined in Rider SST-T or the group of Rider LST-T customers with the same Selected Standby Percentage as that term is defined in Rider LST-T, that contract with the Company to be in a supplier's pool. Each customer group shall consist of like standby contracts and shall be limited to 150 accounts. Notwithstanding the foregoing sentence, a customer group may consist of a single contract with any number of accounts.

Pool Maximum Daily Quantity (MDQ) shall be the sum of the MDQs, as determined under Rider FST-T, Rider SST-T or Rider LST-T of customers in the customer group.

Pool Selected Standby Quantity (SSQ) shall be the sum of the SSQs, as determined under Rider SST-T or Rider LST-T of customers in the customer group.

Pool Gas Bank Account (GBA) shall be, for a Rider FST-T or Rider SST-T Pool, the account in which supplier-owned gas delivered to the Company in excess of the pool's daily requirements shall be held by the Company until taken by the pool.

Pool Allowable Bank (AB) shall be the sum of the Allowable Banks, as determined under Rider FST-T, Rider SST-T or Rider LST-T of customers in the customer group.

Pool Excess Bank shall be, for a Rider FST-T or Rider SST-T Pool, the quantity of gas in the pool GBA that exceeds the pool AB.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 6

Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Section A - Definitions - continued

Pool Imbalance Account shall be the account for Rider LST-T Pools in which supplier-owned gas delivered to the Company in excess of the summation of (i) the Pool's daily requirements and (ii) the Pool AB shall be accounted for by the Company.

Pool Unaccounted for Gas shall mean the quantity of supplier-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the pool's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Pool Unauthorized Use of Gas for a customer group comprised of Rider SST-T or Rider LST-T customers shall be the sum of daily unauthorized use plus monthly unauthorized use.

Pool Daily Unauthorized Use shall be that quantity of Company-owned gas delivered to the pool on any day which is in excess of the pool's SSQ.

Pool Monthly Unauthorized Use shall be that quantity of Company-owned gas delivered to the pool in the month less the sum of the month's daily unauthorized use.

Company-owned Gas shall mean, for the purposes of determining unauthorized use of gas, any quantity of gas taken by the pool that the pool is not contractually entitled to take.

Section B - Rates

The rates for service hereunder shall consist of a Pooling Charge, Standby Commodity Charge, Excess Bank Charge, Imbalance Trade Charge, and Unauthorized Use Charge.

Pooling Charge

The monthly Pooling Charge shall be \$200 per month and \$13 per account in the customer group.

Standby Commodity Charge

The monthly Standby Commodity Charge shall be the sum of the effective Commodity Gas Charge Per Therm, plus the effective Non-Commodity Gas Charge Per Therm as determined under Rider 2 of this rate schedule, times 50 percent. This charge shall be multiplied by the therms of Company-owned gas delivered to the pool in the month. The maximum quantity of gas that can be delivered to the pool under the companion classifications in a month shall be the pool SSQ multiplied by the number of days in the month.

Excess Bank Charge

The Excess Bank Charge for Riders FST-T and SST-T pools shall be \$.10 per therm of gas in the Pool Excess Bank at the end of the month.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 6

Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Section B - Rates - continued

For Rider LST-T pools, the Excess Bank Charge shall be \$.10 per therm of supplier-owned gas credited to the IA each day, except amounts credited to the IA on a Critical Day. On a Supply Shortage Day, amounts deemed credited to the IA shall be assessed no charge. On a Supply Surplus Day, amounts deemed credited to the IA shall be assessed the Non-Critical Day Unauthorized Use Charge as defined in Rider 9 of this rate schedule.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5 per imbalance trade transaction in the month.

Unauthorized Use Charge

The monthly Unauthorized Use Charge shall be the charge under Rider 9 of this rate schedule multiplied by the quantity of pool unauthorized use of gas in the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the supplier shall reimburse the Company for any taxes which the Company shall be required to pay or obligated to collect from the supplier in respect of service hereunder. The Company will bill the supplier monthly for any such taxes, and for any costs which the Company is specifically authorized by law to recover from the supplier incident to such taxes.

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned Gas made available to the supplier pursuant to authorization under this provision. It shall not be available to suppliers taking service under Rider TB. The Company shall notify suppliers of the availability of Authorized Overtake gas by notice posted on its electronic bulletin board or by a telephone message available to all customers and suppliers. Authorized Overtake gas delivered to the Customer Group under this provision shall be paid for by the supplier under the Companion Classification.

Section D - Order of Deliveries to the Company

On any day in which supplier-owned gas delivered to the Company exceeds the customer group's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the pool GBA or AB and finally for Rider LST-T Pools, shall be credited to the Pool IA. The quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Section E - Order of Deliveries to the Customer Group

For billing purposes, gas taken by the customer group in any day at the points of metering for this rider shall be deemed to be taken in the following order: (1) the quantity of supplier-owned gas delivered to the Company's system in the current day, (2) the quantity of supplier-owned gas available for withdrawal from the pool GBA or AB, (3) the quantity of gas delivered under the companion classification, up to the pool SSQ, (4) Overtake, and (5) Unauthorized Use. For the purposes of this paragraph, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

Section F - Imbalance Trading

The supplier shall have the right to trade amounts accounted for as GBA or IA to customers or suppliers receiving service under Riders FST-T, SST-T, LST-T and P-T to reduce or eliminate the supplier's unauthorized use, excess bank or IA. All trades must be completed by 5:00 p.m. Central Time on the 5th working day following the posting of month end meter readings. The result of a trade cannot put an additional customer or supplier in a position of, or increase amounts subject to, monthly unauthorized use, excess bank or cash-out.

Section G - Disposition of Imbalance Account Amounts

At the end of the month, the net amount in the pool's IA shall first be injected into the Pool's AB. Any remaining imbalance shall be traded or cashed-out at 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule. Amounts deemed credited to the Pool's IA each day excepting amounts credited to the Pool's IA on a Critical Day shall be assessed an Excess Bank Charge.

Section H - Contract with the Supplier

The contract between the Company and a supplier hereunder shall continue for a term ending July 31, 2008; provided, however, that the customer may terminate the contract on April 30, 2008, by giving the Company thirty (30) days' prior written notice.. Upon termination of the contract, the supplier shall trade or cash-out at 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule any gas remaining in the Pool's GBA or AB.

The supplier must provide adequate assurances of payment to the Company. Such assurances may include prior payment of an amount equivalent to one month of service under this rider or an irrevocable standby letter of credit drawn on a bank acceptable to the Company.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 5 of 6

Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Section H - Contract with the Supplier - continued

The contract between the Company and the supplier shall provide for:

- (1) the measurement of supplier-owned gas delivered to the Company and shall establish minimum quality specifications for such gas,
- (2) the rate or rates of delivery of gas transported for any supplier hereunder and the pressure at which such gas is to be delivered, and
- (3) the procedure by which the supplier shall nominate daily delivery quantities of supplier-owned gas to the Company. The supplier shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all supplier-owned gas delivered to the Company's system.

The supplier will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Such contracts shall include each contract between the supplier and each member of the customer group authorizing the supplier to act as agent for each such member respecting matters under this rider and the member's contract with the Company under Rider FST-T, Rider SST-T or Rider LST-T and the assignment of contract showing the supplier to be the assignee of each member of the customer group's Rider FST-T, Rider SST-T or Rider LST-T contract.

Section I - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that supplier-owned gas has been delivered for the supplier to the Company's system in accordance with the contract between the supplier and the Company hereunder.

A supplier with a Pool SSQ of zero must contract for critical day balancing service under Rider TB-T of this rate schedule.

In the event there is an interruption or curtailment of the Company's gas supply, all supplier-owned gas delivered to the Company will be made available to the pool, except that the Company may interrupt deliveries of supplier-owned gas to the pool for reasons of limitation of system capacity to the same extent that service to the pool would be interrupted or curtailed absent service under this rider. For the purpose of this paragraph, system capacity will include storage capacity from all sources. Notwithstanding the foregoing, in the event there is an interruption or curtailment of the Company's gas supply which, in the Company's sole judgment, would have the effect of impairing or interfering with an activity essential to the health or safety of the community, the Company shall be entitled to interrupt deliveries of supplier-owned gas to the pool and use such gas to serve sales customers. The sole compensation per therm for such an interruption and use of supplier-owned gas shall be 100 percent of the AMIP as defined under Section E of Rider TB-T of this rate schedule plus \$1.50 per therm.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P-T

Pooling - Transition Service

Applicable to Riders FST-T, SST-T and LST-T

Section I - Terms and Conditions of Service - continued

The Company reserves the right to limit the daily and monthly volumes of supplier-owned gas delivered for the customer group when, in the Company's sole judgment, the supplier's deliveries are excessive in relation to the customer group's gas requirements and may cause an adverse effect on system operations.

In the event of an interruption or curtailment of deliveries of supplier-owned gas supply to the Company, the Company will make up any deficiency in such supply. Such standby service will be made available to the customer group under the companion classifications, to the same extent it would be available to the customer group absent service under this rider.

The delivery of supplier-owned gas by the supplier to the Company's system shall be at the supplier's expense and shall be delivered to Company facilities in accordance with the contract between the Company and the supplier.

The Company will not be obligated to accept delivery of any supplier-owned gas which does not conform to the quality specifications in the contract between the Company and the supplier hereunder.

If the supplier shall fail to comply with or perform any of the conditions or obligations on the supplier's part to be complied with or performed under the contract between the supplier and the Company, the Company may: (i) after verbal notice to the supplier, confirmed in writing, suspend receipt of supplier-owned gas into the Company's system until the supplier shall make good such failure; or (ii) terminate service under said contract 10 days after providing written notice of the Company's intention to terminate service, unless within such 10 days the supplier shall make good such failure. The suspension or termination of service for any such cause shall not release the supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of the supplier's contract with the Company.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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