

North Shore Gas Company

~~(Cancelling Second Revised Sheet No. 26)~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 23

Rider 1

Additional Charges for ~~State and Municipal Utility Taxes~~ and Customer Charge Adjustments

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

Additional Charges for State ~~Utility Taxes~~

Section 9-222 of the Public Utilities Act, ~~as amended~~, authorizes a utility to recover from certain of its customers its liabilities to the State of Illinois for the ~~Gas Revenue Tax~~tax imposed by the Gas Revenue Tax Act, ~~as amended~~, and the Gross Revenue Tax imposed by Section 2-202 of the Public Utilities Act, ~~as amended~~. 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 ~~of gas which is distributed, supplied, furnished, sold or transported to or for such customer for use or consumption and not for resale and which is includible in the measure of the Gas Revenue Tax, or 5 percent of all billings under this rate schedule which are includible in the gross receipts base of the Gas Revenue Tax, whichever is the lower amount as applied to such customer for the customer's, or 5 percent of all gross receipts, each~~ billing period, plus (2) .10 percent of all billings~~gross revenue~~ under this rate schedule ~~which are includible in the base of the Gross Revenue Tax.~~

* ~~The Rules and Regulations Relating To The Gas Revenue Tax Act, as amended, issued by the Department of Revenue of the State of Illinois, provide~~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 ~~sales of~~specified gas services to unincorporated agencies/entities of the Federal Government. Accordingly, the Additional Charge for State Utility Taxes applicable to bills issued to ~~unincorporated agencies of the Federal Government~~such entities shall be .10 percent. ~~The Gas Revenue Tax is not applicable to transactions with customers being charged the Gas Use Tax.~~

* Section 5-15 of the Gas Use Tax Law, requires a utility to collect from certain of its customers a Gas Use 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. ~~Upon written receipt of a self-assessing purchaser registration certificate, the Company will not collect the Gas Use Tax from customers who have registered with~~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 ~~as a self-assessing purchaser. Upon written receipt of a completed gas use tax exemption certificate, the Company will not collect the Gas Use Tax from customers who qualify for an exemption under the Gas Use Tax Law.~~

* Additional Charges for Municipal ~~Utility Tax~~Taxes

Section 9-221 of the Public Utilities Act, ~~as amended~~, 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, ~~as amended~~, 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 ~~Schedule of Rates~~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 ~~Utility Tax~~, and (b) any billings and billing items excluded from the base of the tax:

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130 East Randolph Drive, Chicago, Illinois 60601

~~Issued Pursuant to Public Act 89-325~~

~~2726~~

North Shore Gas Company
~~Revised Sheet No. 27)~~

~~—————(Cancelling ——— Thirteenth~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 1

Additional Charges for ~~State and Municipal Utility Taxes~~ and Customer Charge Adjustments

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

Additional Charges for Municipal ~~Utility Tax~~ 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% |

Date Issued: ~~February 23,~~ MARCH 9, 2007

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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 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

~~(Canceling Second Revised Sheet No. 28)~~

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, SSI-T, LST-T, P, SVTP-T, CFY and AGG~~

* The Gas Charge, applicable to all service classifications and to Riders FST-T, SST, SSI-T, LST-T, P, SVTP-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 ~~month following the filing month. Unless otherwise ordered by the Commission, such Gas Charge shall be placed into effect for service rendered during the effective month as indicated in the reports submitted to the Commission~~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 and Factor TS. |
| 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 <u>served under Riders FST-T, SST, SSI-T and LST-T.</u> 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. |

~~TS Transition Surcharge - A gas supply realignment cost related, per therm, recovery mechanism applied to gas delivered or estimated to be delivered to customers by the Company, including the number of therms of customer-owned gas delivered by the Company.~~

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~~North Shore Gas Company~~ ~~(Canceling Fifth Revised Sheet No. 29)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider 2~~

~~Gas Charge~~

~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

~~Section A – Applicability – continued~~

~~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 ~~SVT~~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 ~~filling month~~Filing Month, shall show determinations of the Gas Charge for the ~~effective month~~following Effective Month. A monthly report postmarked after that date but prior to the first day of the ~~effective month~~Effective Month will be submitted only if it corrects an error or errors from a timely filed report for the same ~~effective month~~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 ~~[220 ILCS 5/9-201(a)]~~.

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~~130 East Randolph Drive, Chicago, Illinois 60601~~

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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"~~Period shall mean the ~~effective month~~Effective Month or the remaining months in the ~~reconciliation year~~Reconciliation Year which includes the ~~effective month~~Effective Month.

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

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

~~"Gas used by"~~Used By the Company" shall ~~include~~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"~~Year shall mean the 12-month period ending December 31, for which actual gas costs and associated revenues are to be reconciled, ~~except:~~

~~(a)~~ (a) As provided in Section G of this rider and,

~~(b)~~ (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"~~Average Cost of gas"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~~Base Period or Reconciliation Year.

~~"Transition Costs"~~ shall mean ~~any direct billed charges imposed by pipeline suppliers under the policy of the Federal Energy Regulatory Commission (FERC) set forth at 18 CFR§ 2.104 and any charges imposed by pipelines pursuant to FERC authorization for the purpose of recovering gas supply realignment costs.~~

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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Gas Charge~~

* ~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

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~~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~~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~~Reconciliation Year.

Section D - Recoverable Gas Costs

- (a) Costs recoverable through the Gas Charge shall include the following:
- (1) ~~costs~~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~~Costs for storage services purchased;

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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 D - Recoverable Gas Costs - continued

- (3) ~~transportation~~Transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
- (4) ~~other~~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~~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~~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.

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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider 2~~

~~Gas Charge~~

* ~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

~~Section D – Recoverable Gas Costs – continued~~

(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 ~~cashout~~ cash-out sales as defined in Section C of Rider SST and Section E of Rider TB and Sections D and F-T and Section D of Rider AGG of this rate schedule shall offset ~~gas costs. Gas purchased by the Company through cashout pursuant to Section E of Rider TB, Sections G and H of Rider FST, Sections H and I of Rider SST, Sections H, I and J of Rider LST, Sections G, 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 and Sections D, F and K, 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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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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~~The difference between actual recoverable gas costs and gas cost recoveries for the months preceding the ~~filing month~~Filing Month; and
 - (3) ~~the~~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~~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~~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 ~~Transition Surcharge (TS) and the~~ Aggregation Balancing Gas Charge (ABGC) to be placed into effect for service rendered during the ~~effective month. Date Issued: April 19, 2002~~

_____ ~~Date~~ _____ Effective:
_____ ~~May 1, 2002~~ Month.

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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider 2~~

~~Gas Charge~~

* ~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

~~Section F—Determination of Gas Charge—continued~~

(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.~~

~~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.~~

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

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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, SVTP-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 ~~and TS~~.

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~~ Base Period equal to the ~~effective month~~ 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~~ 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~~ Base Period.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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 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~~ Base Period equal to the remaining months of the ~~reconciliation year~~ Reconciliation Year, including the ~~effective month~~ Effective Month.

* _____ Where: $G =$ The sum of non-commodity-related gas costs estimated for the ~~base period~~ 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.

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~~Gas Charge~~

* ~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

~~Section F—Determination of Gas Charge—continued~~

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~~ 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~~ Base Period equal to the remaining months of the ~~reconciliation year~~ Reconciliation Year including the ~~effective month~~ Effective Month.~~

~~Where: G = The sum of non-commodity-related gas costs estimated for the ~~base period~~ 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~~ Reconciliation Year.~~

~~Determination of Transition Surcharge (Factor TS):~~

~~Factor TS 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.~~

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Gas Charge

~~*~~Applicable to All Service Classifications and Riders ~~FST-I, SST, SST-I, LST-I, P, SVTP-I, CFY and AGG~~

Section F - Determination of Gas Charge - continued

~~Where: G = The sum of the Company's projected transition costs, including pipeline interest for the base period.~~

~~_____ A = The sum of transition cost 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 transition costs as ordered by the Commission.~~

~~_____ T = The estimated 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.~~

~~All costs formerly recovered through Factor TP shall be recovered through Factor TS.~~

~~**~~

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 ~~SVTCFY~~. 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~~Base Period equal to the remaining months of the ~~reconciliation year~~Reconciliation Year, including the ~~effective month~~Effective Month.

Where: G = The sum of non-commodity-related gas costs estimated for the ~~base period~~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~~Base Period plus the estimated therms delivered to customers served under Rider ~~SVTCFY~~ during the ~~base period~~Base Period.

~~***~~

~~Date Issued: April 19, 2002~~ ~~Date Effective: May 1, 2002~~

~~Asterisk (*) indicates change,
Double Asterisk (**) indicates paragraph added,
Triple Asterisk (***) indicates paragraph
moved to following page.~~

~~Issued by Desiree Rogers, Senior Vice President
130 East Randolph Drive, Chicago, Illinois 60601
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~~ILL. C. C. NO. 16~~

~~Fifth Revised Sheet No. 36~~

~~North Shore Gas Company~~

~~(Canceling Fourth Revised Sheet No. 36)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 9 of 9~~

~~Rider 2~~

~~Gas Charge~~

~~Applicable to All Service Classifications and Riders FST, SST, LST, P, SVT and AGG~~

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 ~~the Company's~~ independent public accountants and verified by ~~an~~ ana Company officer ~~of the Company~~. This statement shall show the difference between the following:

- (1) The costs recoverable through the Gas Charge during the ~~reconciliation year~~ Reconciliation Year, as adjusted by Factor A and Factor O, and
- (2) ~~the~~ The revenues arising through the application of the Gas Charge to applicable terms during the ~~reconciliation year~~ Reconciliation Year.

(b) * ~~(b)~~ Pursuant to the Commission's order in ~~docket~~ 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~~ 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.

Date Issued: ~~February 20,~~ MARCH 9, 2007

Date Effective: ~~February 21,~~ APRIL 23, 2007

Asterisk (*) indicates paragraph added.

Double Asterisk () indicates change.**

Issued by ~~Katherine A. Donofrio, Senior~~ James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601

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~~Second Revised Sheet No. 37~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 37)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~* The filing of this sheet is for the purpose of recording the fact that Rider 2 which formerly appeared, in part, on First Revised Sheet No. 37, no longer appears on this page.~~

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~~Second Revised Sheet No. 38~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 38)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Second Revised Sheet No. 39~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 39)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Second Revised Sheet No. 40~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 40)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 41~~
~~North Shore Gas Company (Cancelling First Revised Sheet No. 41)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 42~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 42)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~* The filing of this sheet is for the purpose of recording the fact that Rider 2 which formerly appeared, in part, on First Revised Sheet No. 42, no longer appears on this page.~~

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~~130 East Randolph Drive, Chicago, Illinois 60601~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 43~~
~~North Shore Gas Company (Cancelling First Revised Sheet No. 43)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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indicates change. 130 East Randolph Drive, Chicago, Illinois 60601~~

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~~ILL. C. C. NO. 16~~
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~~North Shore Gas Company (Cancelling First Revised Sheet No. 44)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 46~~
~~North Shore Gas Company~~ (Cancelling First Revised Sheet No. 46)

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 48~~
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~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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ILL. C. C. NO. 4617

~~Fifth Revised~~ Original Sheet No.

4935

North Shore Gas Company
No. 49)

~~(Cancelling Fourth Revised Sheet~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 21

Rider 3

Budget Plan of Payment

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

~~* The following "Budget Plan of Payment" is, subject to the approval of the Company, 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. At the request of any such customer, the~~ 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. ~~The Company and~~ shall advise the customer of the amount of the monthly installment to be paid ~~by the customer~~ during the budget period. ~~The budget period shall begin with any month the customer may elect, except that such period may not begin with any month earlier than that in which the request shall be made, and shall end with the date of a scheduled meter reading, to be designated by the Company for such customer. Upon advice from the Company as to the monthly installment said plan shall be put into effect with respect to said customer, and the customer shall be entitled to receive gas service under said plan so long as the customer~~ 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 ~~the~~ its due date ~~of such installment~~, 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 ~~theretofore~~ 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 ~~of estimate~~ exceeds the aggregate of the customer's actual charges ~~for gas taken by the customer~~ during ~~such~~ 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 ~~furnishing by the Company of such's~~ estimates ~~shall not be construed by the customer as~~ are not a guaranty or assurance that the total actual charges will not exceed the estimates. ~~Whenever in the Company's judgment it is deemed advisable to revise the estimate of the aggregate amount of any customer's bills for the budget period, the Company shall prepare such revised estimate and~~ 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 ~~thereof~~. Thereafter, the Company shall use said revised estimate ~~shall be used by the Company~~ 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 ~~and if.~~ 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.

~~Date Issued: DECEMBER 30, 1999~~

~~Date Effective: FEBRUARY 14, 2000~~

~~Asterisk (*) indicates change.~~

~~Issued by Katherine A. Donofrio, Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

~~North Shore Gas Company~~ ~~ILL. C. C. NO. 16~~
~~First Revised Sheet No. 50~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 2 of 2~~

~~Rider 3~~

~~Budget Plan Of Payment~~

~~Applicable To Service Classification Nos. 1 and 2~~

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; ~~an amount for service shown on a bill will be reflected in the determination on the due date of the monthly installment.~~ 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.

Date Issued: ~~NOVEMBER~~MARCH 9, ~~1995~~2007
APRIL 23, 2007

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ILL. C. C.

NO. ~~46~~17

Original Sheet No. 36

North Shore Gas Company

~~First Revised Sheet No. 51~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 1

Rider 4

Extension of Mains

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

~~In the event that, to make gas available to a customer's premises,~~ If the Company shall receive a request for extension of a gas main in a street, alley or public ~~way which~~ 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 ~~the~~ light of the prospective cost and use of the particular extension ~~and,~~ the revenues to be derived from its use and all other relevant circumstances, determine whether ~~or not~~ 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, ~~if any,~~ of the amount thereof, ~~which,~~ The amount of the main extension deposit shall not exceed the ~~estimated~~ cost of the excess extension.

~~If the~~ The Company determines in a given case that a main extension deposit shall not be required, the extension shall be made without such deposit. ~~If the Company determines that a deposit is required the Company shall make the extension requested and shall refund the deposit to the~~ 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. ~~The making of~~ Making a deposit under this ~~rule~~ rider shall not confer upon the ~~depositor~~ 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.

Date Issued: ~~NOVEMBER~~ MARCH 9, ~~1995~~ 2007
APRIL 23, 2007

Date Effective: ~~NOVEMBER 14, 1995~~

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North Shore Gas Company

~~First Revised Sheet No. 52~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of ~~4~~2

Rider 5

Gas Service Pipe

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

The Company ~~will~~shall install, at its ~~own~~ expense, except as otherwise provided in this rider, all service pipe extending from the Company's main, located adjacent to the customer's premises, ~~to a point not exceeding ten feet inside the building wall entrance, which entrance shall not be.~~ 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, or in. The service pipe shall not extend more than ten feet inside the building wall entrance. In the case of outside meters to, the inlet connection of the meter, which connection shall not be more than five feet beyond either corner of the building wall nearest to said main, but in any case not exceeding one hundred feet inside the lot line of the customer and. 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 ~~added~~ provisions:

- ~~1. In the case of new service pipe installations, the Company may at its own expense provide for installation of the building service pipe from the point of entry through the building wall to the location of the customer's meter where, from the standpoint of the Company, this proves to be more practical and economical.~~
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. When a commercial or industrial customer requires the installation of a special apparatus not regularly provided for in this rate schedule or in 83 Illinois Administrative Code Part 500, the installation shall be made at the customer's expense. For temporary service, the customer shall pay the Company's cost of installing and removing the entire service pipe. The customer shall pay for any additional construction expenses occasioned by any abnormal obstruction. If a change in the point of delivery or location of the service pipe is requested by the customer and approved by the Company, the change will be made by the Company at the customer's expense, 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 f 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. 3. When replacement or enlargement of service pipe is necessary to furnish satisfactory pressure/volume or in connection with the Company's established rehabilitation practices, the Company will~~shall replace or enlarge, ~~without charge to the customer~~at its expense, all existing

service pipe ~~extending from the Company's main to the inlet of the meter at a point not exceeding ten feet inside the building wall entrance for inside meters, and in case of outside meters to the inlet connection of the meter, except as otherwise~~ as delineated above, except as provided in 83 Illinois Administrative Code Part 500.

7. ~~4.~~ When a customer requests that a service pipe, which is to be replaced or enlarged in accordance with Company practice ~~or, be~~ relocated ~~for the customer's convenience, such customer will be required to pay the cost of any footage of the relocated service pipe which is in excess of the footage of the old service pipe being replaced.~~ 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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APRIL 23, 2007

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

ILL. C. C. NO. 17
Original Sheet No. 38

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 2

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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130 East Randolph Drive, Chicago, Illinois 60601

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~~Second Revised~~Original Sheet No. ~~5339~~

North Shore Gas Company

~~(Cancelling First Revised Sheet No. 53)~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 1

Rider 8

Heating Value of Gas Supplied

* ~~Applicable To~~ All Service Classifications and Riders 9, FST-I, SST, SST-I, LST-I, TB-I, P, SVTP-I, CFY and AGG

The therms for which the Company bills a customer ~~is billed~~ 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) ~~1000~~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 ~~each~~a month, the Company shall ~~file with~~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.

Date Issued: ~~July 31, 2002~~ MARCH 9, 2007

Date Effective: ~~September 14, 2002~~ APRIL 23, 2007

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130 East Randolph Drive, Chicago, Illinois 60601

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~~Second Revised~~Original Sheet No. ~~5440~~

North Shore Gas Company

~~(Cancelling First Revised Sheet No. 54)~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 21

Rider 9

Unauthorized Use ~~Of~~of Gas Service

Applicable ~~To~~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 ~~shall be paid for by the customer~~ 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 ~~\$.50 per therm~~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 ~~making~~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 ~~be defined as follows~~mean:

- (a) any use of gas in violation of any provision of Rider ~~10, Controlled Attachment Plan~~10 of this rate schedule in equipment having a rated input over 500 cubic feet per hour;
- (b) ~~the~~any use of gas by a customer during a period of curtailment imposed ~~upon the customer~~ by the Company pursuant to the Limitations on the Rendering of Gas Service provision ~~contained in the Terms and Conditions of Service of the Company's rate schedule,~~;
- (c) ~~the~~any use of ~~system supply~~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 ~~underin~~in Rider SST, SST-T or LST-T of this rate schedule, provided, however, on a Supply Shortage Day, ~~as defined in Riders SST and LST,~~ the additional charge shall be \$6.00 per therm, ~~and~~;
- (d) ~~the~~any use of ~~system supply~~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, ~~as defined in Riders SST and LST,~~ 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 ~~representing the~~of revenue arising from the application of the additional charge per therm set forth in this rider, ~~which,~~ This amount shall be credited in accordance with the application of Rider 22, Section D, subsection (e) of this rate schedule.

~~Date Issued: AUGUST 2, 1996~~ ~~Date Effective: OCTOBER 1, 1996~~

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130 East Randolph Drive, Chicago, Illinois 60601~~

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~~North Shore Gas Company~~ ~~ILL. C. C. NO. 16~~
~~First Revised Sheet No. 55~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 2 of 2~~

~~Rider 9~~

~~Unauthorized Use Of Gas Service~~

~~Applicable To All Service Classifications and Riders SST, LST and P~~

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.

Date Issued: ~~NOVEMBER~~MARCH 9, ~~1995~~2007 **Date Effective:** ~~NOVEMBER 14, 1995~~APRIL 23, 2007

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

~~Filed Pursuant to Order of Illinois Commerce Commission
Entered November 8, 1995 in Docket No. 95-0034~~

ILL. C. C.

NO. ~~46~~17

Original Sheet No. 41

North Shore Gas Company

~~First Revised Sheet No. 56~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider 10

Controlled Attachment Plan

Applicable ~~To~~ All Service Classifications and Riders FST-T, SST and, 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 ~~will be granted~~ in the ~~order of following~~ priority ~~set forth below~~:

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 ~~practically~~ 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 ~~granted~~ given by input groupings, in the order of ~~the~~ 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.

Date Issued: ~~NOVEMBER~~ MARCH 9, 1995 ~~2007~~

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Issued by ~~Thomas M. Patrick~~James F. Schott, Vice President
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ILL. C. C.

NO. ~~16~~17

Original Sheet No. 42

North Shore Gas Company

~~First Revised Sheet No. 57~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider 10

Controlled Attachment Plan

Applicable ~~To~~to All Service Classifications and Riders ~~FST-I, SST, SST-I, LST-I and LSTCFY~~

~~Authorization will be granted within each Category and input grouping 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.~~

Authorizations granted hereunder shall be void after ~~thirty~~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 ~~by permission~~ in writing ~~for good and sufficient reasons~~, applicants receiving authorizations under this ~~Plan~~rider shall install the gas equipment for which service has been requested within:

- (a) twelve months from the effective date thereof ~~in the case of authorizations~~ 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 ~~in the case of~~for all other ~~authorizations~~instances.

If an applicant ~~requesting gas for new construction and/or public buildings in (a) above~~ is unable to utilize ~~such gas at the time the applicant becomes eligible for authorization~~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 ~~the applicant~~it fully intends to proceed with the ~~installation of the gas equipment for which authorization is requested~~installation, then the Company may, as future gas supply conditions permit, ~~grant~~give authorization for ~~a future date to be selected by the applicant but not to exceed two years from the date the applicant would otherwise have been authorized~~up to a two-year installation extension.

Authorizations ~~granted~~given to any applicant not installing said equipment within the specified time period will become void at the end of such period, and ~~the applicant will be required to submit a new~~another application ~~if gas service is still desired~~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 ~~per cent~~percent of the Company's total annual sales as reported in the most recent Annual Report (Form 21) filed with the Commission.

~~Date Issued: NOVEMBER 9, 1995~~

~~Date Effective: NOVEMBER 14, 1995~~

~~Issued by Thomas M. Patrick, Vice President
130 East Randolph, Chicago, Illinois 60604~~

~~Filed Pursuant to Order of Illinois Commerce Commission
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~~North Shore Gas Company~~ ~~ILL. C. C. NO. 16~~
~~First Revised Sheet No. 58~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 3 of 3~~

~~Rider 10~~

~~Controlled Attachment Plan~~

~~Applicable To All Service Classifications and Riders FST, SST and LST~~

Unauthorized Attachments

The Company is authorized and required to discontinue service to any customer who connects gas consuming equipment in violation of ~~the Controlled Attachment Plan~~ this rider until ~~such time as~~ the customer disconnects the violating equipment ~~causing the violation~~.

Emergency Authorizations

During the thirty day period immediately prior to the date of any planned release of gas, an emergency authorization will be granted ~~hereunder~~ to any ~~applicant~~ requesting ~~such authorization~~ applicant, provided (a) the applicant has a request under this ~~Plan~~ rider for gas service at the time of the emergency condition, (b) the emergency ~~is the result of~~ results from equipment breakdown ~~requiring~~ that requires replacement or major repair, (c) the applicant ~~makes a written's~~ authorization request ~~for such authorization~~ 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.

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

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 3

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 ~~Plan~~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 ~~deemed~~it deems necessary ~~by the Company~~ to protect its ability to serve existing customers, provided that any such condition shall be ~~embodied~~ in a written contract ~~in writing, 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. ~~The Company shall not grant an authorization under this paragraph unless the conditions to be contained in the contract between the Company and the applicant will expire within one year after such grant.~~

Vacated Buildings

Where a building has been vacated and gas space heating equipment ~~left~~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 ~~usage for~~ space heating ~~purposes in such building~~usage.

Date Issued: ~~NOVEMBER 9, 1995~~ ~~Date Effective: NOVEMBER 14, 1995~~ MARCH 9, 2007
Date Effective: APRIL 23, 2007

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

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~~130 East Randolph, Chicago, Illinois 60601~~

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North Shore Gas Company
59)

~~(Cancelling Second Revised Sheet No.~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

*

Page 1 of 4

Rider 11

Adjustment for Incremental Costs of Environmental Activities

Applicable ~~To~~ Service Classification Nos. 4, 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 ~~beginning with service rendered on and after commencing on~~ the first day of the month following the ~~filing month~~ Filing Month. If such adjustment does not compute to at least 0.01¢ per therm, ~~then~~ the amount ~~reflected in the determination used to determine the adjustment~~ shall be retained in the ~~deferred account~~ Deferred Account hereinafter described until ~~an subsequent~~ adjustment ~~subsequently determined under this rider~~ 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 ~~an~~ the most recent monthly adjustment under this rider, ~~together along~~ with explanatory data ~~in explanation thereof~~.

Section A - Definitions

As used in this rider, the ~~following~~ 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" means~~ Filing Month shall mean the month in which an adjustment is determined by the Company and filed with the Commission. ~~"Base period" means the first 12 of the 13 months immediately preceding the filing month.~~

~~"Incremental costs" means~~ Costs shall mean (a) all costs incurred by the Company in connection with ~~environmental activities~~ 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) ~~on and after April 20, 1995, the~~ all costs of carrying charges before recovery through rates.

~~"Environmental activities" means 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.~~

~~"Manufactured gas operations" means all operations relating to the manufacture of gas, the storage, treatment, transportation and disposal of residues, and the storage of manufactured gas.~~

~~"Residues" means and includes any hazardous substance, raw material, by-product, waste product or other residue.~~

Date Issued: ~~March 1, 1999~~ MARCH 9, 2007

Date Effective: ~~March 1, 1999~~ APRIL 23, 2007

Asterisk (*) indicates change.

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

~~Issued under Special Permission of the Illinois Commerce Commission
No. R-18957 of February 26, 1999~~

ILL. C. C. ~~No~~NO. ~~1617~~

~~Fourth Revised~~Original Sheet No. ~~6045~~

North Shore Gas Company

~~(Cancelling Third Revised Sheet No. 60)~~

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

*

Page 2 of 4

Rider 11

Adjustment for Incremental Costs of Environmental Activities

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

Section A - Definitions - ~~Continued~~continued

~~"Deferred Account" means the deferred account approved by the Commission for incremental costs.~~
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" means shall mean~~ the amount, if any, arising from ~~settlements with insurance carriers or other entities~~Settlements With Insurance Carriers or Other Entities that is available to pay costs otherwise recoverable under this rider, as determined under Section F-~~of this rider.~~

* ~~"Settlements with insurance carriers or other entities" means~~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~~Incremental Costs other than amounts described in paragraph 2(b) of Section B-~~of this rider.~~

~~"Factor T" means the terms of gas delivered to customers by the Company including the number of terms of customer-owned gas delivered by the Company during the base period.~~

Section B - Deferred Account

(1) Each month this account shall be debited by the ~~incremental costs~~Incremental Costs incurred in such month.

~~(2)~~ * ~~(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~~Incremental Costs previously charged to the account, and (c) the amount of ~~incremental costs~~Incremental Costs recovered through the Settlement Fund in such month, as determined under Section F-~~of this rider.~~

~~(3)~~ Each month the account shall be debited or credited, as appropriate, with a carrying charge which shall be computed as follows:

$$\frac{(A - B) \times C \times D}{E}$$

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.

~~(3) — Beginning April 20, 1995, each month the account shall be debited or credited, as appropriate, with a carrying charge which shall be computed on the average of the opening balance and the closing balance, net of accumulated deferred income taxes, (before recording~~

~~the carrying charge) in the account at an annual rate based on the after tax cost of capital as determined in the Company's most recent rate proceeding.~~ 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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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 4

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 ~~of this account~~ shall be created for each adjustment ~~which~~ 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 ~~reflected in the determination of~~ used to determine the adjustment. Such subaccount shall be credited ~~each month~~ 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 ~~and the closing balance thereof maintained in this account for inclusion in determinations under Section C of this rider.~~ The closing balance thereof becomes part of the Deferred Account in general.

~~Date Issued: March 1, 1999~~

~~Date Effective: March 1, 1999~~

~~Asterisk (*) indicates change.~~

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~~ILL. C. C. No. 16~~
~~Fourth Revised Sheet No. 61~~
~~North Shore Gas Company~~ ~~(Cancelling Third Revised Sheet No. 61)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

Page 3 of 4

~~Rider 11~~

~~Adjustment for Incremental Costs of Environmental Activities~~

~~Applicable To Service Classification Nos. 1, 2, 3 and 5~~

Section C - Determination of Adjustment

The ~~amount~~ per therm ~~of an~~ adjustment amount under this rider shall be determined by dividing (a) the balance in the Deferred Account at the end of the ~~base period~~ Base Period less the total at the end of the ~~base period~~ Base Period of all subaccounts required by paragraph 4 of Section B ~~of this rider~~, 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 ~~adjustment so~~ computed ~~in the amount~~ 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, 30~~ and September ~~30 and December 31, 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 reflected in the determination of~~ Incremental Costs used to determine the adjustment and the amount recovered through rates. The report for the quarter ending ~~December 31~~ 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 ~~December 31~~ September 30 shall be certified by independent public accountants. ~~The fiscal year report filed for the quarter ending December 31, 2007 shall include information for the most recent five quarterly periods, from October 1, 2006 through December 31, 2007.~~ Each quarterly report shall be verified by a Company officer and include a summary of ~~incremental costs~~ Incremental Costs for the quarter and for the fiscal year through the quarter and a description of the ~~environmental activities~~ Environmental Activities in which the Company was involved during the quarter. ~~Each report shall be verified by an officer of the Company.~~

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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 4 of 4

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 ~~from the Company such~~ evidence ~~as the Commission requires~~ regarding ~~incremental costs~~ 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) ~~the~~ 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.

~~Date Issued: February 20, 2007~~ ~~Date Effective: February 21, 2007~~

~~Asterisk (*) indicates change.~~

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430 East Randolph Drive, Chicago, Illinois 60601~~

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~~North Shore Gas Company~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

Page 4 of 4

~~Rider 11~~

~~Adjustment for Incremental Costs of Environmental Activities~~

~~Applicable To Service Classification Nos. 1, 2, 3 and 5~~

~~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~~ Settlements With Insurance Carriers or Other Entities received ~~during such month~~, 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~~ 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 ~~under clause in~~ (a). Net ~~incremental costs~~ Incremental Costs for a month shall be the ~~incremental costs~~ Incremental Costs incurred in such month (exclusive of carrying charges) minus the ~~incremental costs~~ Incremental Costs recovered from insurance carriers or other entities during such month and recorded under paragraph 2(b) of Section B ~~of this rider~~, 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 ~~last~~ most recent rate proceeding.
- (4) The amount of ~~incremental costs~~ Incremental Costs recovered through the fund in a month shall be the amount of ~~incremental costs~~ 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~~ Base Period.

~~Date Issued: March 1, 1999~~ MARCH 9, 2007

~~Date Effective: March 1, 1999~~ APRIL 23, 2007

~~Changes are not indicated by an asterisk (*) because this sheet has been added in its entirety.~~

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

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~~North Shore Gas Company~~ ~~ILL. C. C. NO. 16~~
~~First Revised Sheet No. 62~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 1 of 1~~

~~Rider 14~~

~~Taxes on Use of Compressed Natural Gas~~

~~Applicable To All Service Classifications~~

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

~~Date Issued: NOVEMBER 9, 1995~~ ~~Date Effective: NOVEMBER 14, 1995~~

~~Issued by Thomas M. Patrick, Vice President
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~~ILL. C. C. NO. 16~~
~~Third Revised Sheet No. 63~~
~~North Shore Gas Company~~ ~~(Cancelling Second Revised Sheet No. 63)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~* (The filing of this sheet is for the purpose of recording the fact that Rider 15, Adjustment for Incremental Costs of the Energy Conservation Plan, which formerly appeared, in part, on Second Revised Sheet No. 63 is terminated.)~~

~~Date Issued: NOVEMBER 26, 1996~~ ~~Date Effective: JANUARY 10, 1997~~

~~Asterisk (*) indicates change. Issued by Thomas M. Patrick, Executive Vice President~~
~~130 East Randolph Drive, Chicago, Illinois 60604~~

~~ILL. C. C. NO. 16~~
~~Fourth Revised Sheet No. 64~~
~~North Shore Gas Company (Cancelling Third Revised Sheet No. 64)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~* (The filing of this sheet is for the purpose of recording the fact that Rider 15, Adjustment for Incremental Costs of the Energy Conservation Plan, which formerly appeared, in part, on Third Revised Sheet No. 64 is terminated.)~~

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indicates change. 130 East Randolph Drive, Chicago, Illinois 60601~~

~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 65~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 65)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 17 Storage Service, which formerly appeared, in part, on First Revised Sheet No. 65 is terminated.)~~

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~~Second Revised Sheet No. 66~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 66)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 17 Storage Service, which formerly appeared, in part, on First Revised Sheet No. 66 is terminated.)~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 67~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 67)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 17 Storage Service, which formerly appeared, in part, on First Revised Sheet No. 67 is terminated.)~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 68~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 68)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 19 Interruptible Storage Service, which formerly appeared, in part, on First Revised Sheet No. 68 is terminated.)~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 69~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 69)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 19 Interruptible Storage Service, which formerly appeared, in part, on First Revised Sheet No. 69 is terminated.)~~

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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 70~~
~~North Shore Gas Company (Cancelling First Revised Sheet No. 70)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~*(The filing of this sheet is for the purpose of recording the fact that Rider 19 Interruptible Storage Service, which formerly appeared, in part, on First Revised Sheet No. 70 is terminated.)~~

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~~ILL. C. C. NO. 16~~

~~Third Revised Sheet No. 71~~

~~North Shore Gas Company~~

~~(Cancelling Second Revised Sheet No. 71)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

Page 1 of 8

~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~Transportation service under this rider is available 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.~~

~~Date Issued: JANUARY 13, 1998~~

~~Date Effective: FEBRUARY 27, 1998~~

~~Asterisk (*) indicates change. Issued by Katherine A. Donofrio, Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

~~ILL. C. C. NO. 16
Third Revised Sheet No. 72
North Shore Gas Company (Cancelling Second Revised Sheet No. 72)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

Page 2 of 8

~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~Section A - Definitions - Continued~~

~~* Allowable Bank (AB) shall be the quantity determined by multiplying the customer's MDQ times the sum of 1) 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 May 1; and 2) 50% of 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 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.~~

~~Section B - Rates~~

~~The rates for service hereunder shall consist of an Administrative Charge, Standby Demand Charge, Standby Commodity Charge, Excess Bank Charge, Factor TS 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 of this rate schedule, the Company shall bill the customer for a Standby Demand Charge and Factor TS Charge as well as those charges defined in the customer's companion classification.~~

~~Date Issued: NOVEMBER 26, 1996 Date Effective: JANUARY 10, 1997~~

~~Asterisk (*) indicates change. Issued by Thomas M. Patrick, Executive Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

~~ILL. C. C. NO. 16~~
~~Third Revised Sheet No. 73~~
~~North Shore Gas Company~~ ~~(Cancelling Second Revised Sheet No. 73)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~Section B - Rates - continued~~

~~Administrative Charge~~

~~For customers with a contract which lists a single account, the monthly Administrative Charge shall be \$48.00. For customers with a contract which lists more than one account, the monthly Administrative Charge shall be the greater of \$58.00 or \$14.00 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 times 50 percent, plus the effective Transition Surcharge Per Therm as determined under Rider 2 of this rate schedule 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.~~

~~* Factor TS Charge~~

~~The monthly Factor TS Charge shall be an amount equal to (i) the number of therms of customer-owned gas delivered to the customer under this rider, multiplied by (ii) the effective Factor TS determined under Rider 2 of this rate schedule.~~

~~The Company shall credit any customer that can document, in a manner acceptable to the Company, the payment of charges imposed November 1, 1994 through February 20, 1998 by Natural Gas Pipeline Company of America (Natural) pursuant to FERC authorization for the purpose of recovering gas supply realignment costs. "A customer must present to the Company acceptable documentation no later than June 30, 1998, in order to receive credit for gas supply realignment costs." The amount of the credit shall be the lesser of the amount of such charges paid by the customer to Natural or the amount of gas supply realignment costs recovered by the Company from the customer through the Factor TS charge.~~

~~Date Issued: FEBRUARY 20, 1998~~ ~~Date Effective: FEBRUARY 20, 1998~~

~~Asterisk (*) indicates change. Issued by Katherine A. Donofrio, Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

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~~ILL. C. C. NO. 16
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North Shore Gas Company (Cancelling First Revised Sheet No. 74)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider FST~~

~~Full Standby Transportation 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 billing period 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 billing period, (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.~~

~~Date Issued: JANUARY 13, 1998~~

~~Date Effective: FEBRUARY 27, 1998~~

~~Asterisk (*) indicates change. Issued by Katherine A. Donofrio, Vice President
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~~ILL. C. C. NO. 16~~
~~Second Revised Sheet No. 75~~
~~North Shore Gas Company~~ ~~(Cancelling First Revised Sheet No. 75)~~

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~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~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, SST, LST and P to reduce or eliminate amounts of the customer's excess bank. All trades must be completed by 5 p.m. 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 - Contract with the Customer~~

~~The contract between the Company and a customer hereunder shall continue for an initial term ending on the first April 30 following the effective date thereof, and from year to year thereafter, subject to the right of either party to terminate the contract at the end of the initial term or of any such year to year extension thereof by written notice to the other given not less than 30 days prior to the date of such intended termination; provided, however, 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 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.~~

~~Date Issued: NOVEMBER 26, 1996~~ ~~Date Effective: JANUARY 10, 1997~~

~~Asterisk (*) indicates change. Issued by Thomas M. Patrick, Executive Vice President
130 East Randolph Drive, Chicago, Illinois 60604~~

~~ILL. C. C. NO. 16~~

~~Second Revised Sheet No. 76~~

~~North Shore Gas Company~~

~~(Cancelling First Revised Sheet No. 76)~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~Section G - Contract with the Customer - continued~~

~~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.~~

~~* A customer may assign its contract for the remainder of the contract term to one supplier under Rider P of this rate schedule. Upon assignment of the customer's contract to a supplier under Rider P, 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 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 contract under which it is a member of a customer group, as those terms are defined in Rider P of this rate schedule.~~

~~To the extent there is a conflict between the provisions of this rider and the provisions of Rider P with respect to a contract that has been assigned, the provisions of Rider P shall govern. To the extent there is no conflict between the provisions of this rider and the provisions of Rider P or Rider P is silent the provisions of this rider shall govern. Upon termination of the contract under Rider P the assignment of the customer's contract shall be cancelled.~~

~~Date Issued: JANUARY 13, 1998~~

~~Date Effective: FEBRUARY 27, 1998~~

~~Asterisk (*) indicates change. Issued by Katherine A. Donofrio, Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

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~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~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 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.~~

~~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.~~

~~Date Issued: NOVEMBER 9, 1995~~ ~~Date Effective: NOVEMBER 14, 1995~~

~~Issued by Thomas M. Patrick, Vice President
130 East Randolph Drive, Chicago, Illinois 60604~~

~~Filed Pursuant to Order of Illinois Commerce Commission
Entered November 8, 1995 in Docket No. 95-0031~~

~~North Shore Gas Company~~ ~~ILL. C. C. NO. 16~~
~~First Revised Sheet No. 78~~

~~RIDER TO SCHEDULE OF RATES FOR GAS SERVICE~~

~~Page 8 of 8~~

~~Rider FST~~

~~Full Standby Transportation Service~~

~~Applicable to Service Classification Nos. 2 and 3~~

~~Section H - Terms and Conditions of Service - continued~~

~~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.~~

~~Date Issued: NOVEMBER 9, 1995~~ ~~Date Effective: NOVEMBER 14, 1995~~

~~Issued by Thomas M. Patrick, Vice President
130 East Randolph Drive, Chicago, Illinois 60601~~

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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.

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

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 :

$$\frac{APB}{CUST} / 12 \times 100$$

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:

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

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.

Date Issued: March 9, 2007

Date Effective: April 23, 2007

ILL. C. C. NO. 17
Original Sheet No. 50

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 3

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.

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

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.

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

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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:

$$\frac{\text{_____}}{\text{_____}} (\text{EGCR} \times \text{UEP}) / T \times 100$$

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:

$$\frac{\text{_____}}{\text{_____}} [(\text{RA}_1 + \text{RA}_2) \times (1 + i)] / T \times 100$$

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:

$$\frac{\text{_____}}{\text{_____}} (\text{AGR} \times \text{UEP}) - \text{RGCUE}$$

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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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 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 B - Determination of Adjustment - continued

RA₂ = an amount due the Company (+RA₂) or an amount due the customer (-RA₂) as a consequence of any prior RA₁ adjustment.

RA₂ shall be represented by the following formula:

$$\frac{RA - RAR}{i}$$

Where:

RA represents RA₁ 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 RA₁ and RA₂ 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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130 East Randolph Drive, Chicago, Illinois 60601

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

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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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:

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

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:

$$\frac{[(RA_1 + RA_2) \times (1 + i)]}{T} \times 100$$

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.

RA₂ = an amount due the Company (+RA₂) or an amount due the customer (-RA₂) as a consequence of any prior RA₁ adjustment.

RA₂ shall be represented by the following formula:

$$\frac{\text{RA} - \text{RAR}}{\text{RA} - \text{RAR}}$$

Where:

RA represents RA₁ 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 RA₁ and RA₂ 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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