

**Northern Illinois Gas Company**  
**d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas  
Original Sheet No. 64.1

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**Rider 8**  
**Adjustments for Municipal, Local Governmental Unit and State Utility Taxes**

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(Continued From Sheet No. 64)

- \* The additional charge currently applicable in each municipality or local governmental unit which has levied a municipal gas use tax based on a charge per unit of energy is shown on the Information Sheet supplemental to this Rider.
  
- \* **State Utility Tax, Gas Use Tax and State Utility Fund Tax Charge.**  
Where the Company pays a state tax based on a percentage of gross receipts or a charge per unit of energy, including any amounts resulting from audit adjustments, imposed by the State under the provisions of "The Gas Revenue Tax Act," as heretofore and hereafter amended, the additional charge applicable shall equal the amount pursuant to the provisions of Section 9-222 of "The Public Utilities Act," as heretofore and hereafter amended. The amount of such additional charge is the lower of 5.00 percent or 2.4 cents per therm.

As provided by the "Gas Use Tax Law", and imposed by the State, the Company shall collect the Gas Use Tax from Customers receiving service under the Company's transportation service rates and riders at the rate of 2.4 cents per therm. Upon receipt of proper notification, the Company shall not collect the Gas Use Tax for gas used by customers meeting one of the following criteria:

(Continued On Sheet No. 64.5)

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Issued by – Gerald P. O'Connor  
Senior Vice President  
Post Office Box 190  
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**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas  
~~10th~~ 11th Revised Sheet No. 75.1  
(Canceling ~~10th~~ 8th Revised Sheet  
No. 75.1, Effective April 11,  
~~2006~~ November 22, 2005)

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**Rider 15  
Customer Select**

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**Applicable to Rates 1, 4, and 5**

**Availability.**

Service under this rider is available to all Customers who enter into an agency contract with an approved Supplier as specified under Rider 16, Supplier Aggregation Service. Municipal accounts receiving franchise gas or accounts with multiple meters will not be eligible for service under this rider.

Service under this Rider shall begin with the first bill with a beginning reading date at least 14 calendar days from the date the Company receives notification of the Customer's enrollment in the program. Customer must have an actual meter reading date within an acceptable time period, determined solely by the Company.

**\* Charges.**

The rates for service hereunder shall be those of the Customer's companion rate, excluding Factor GC of Rider 6, Gas Supply Cost. In place of Factor GC, ~~effective November 1, 2005,~~ the Customer shall be charged a Gas Supply Charge (GSC) which shall be the sum of the following: (1) Transportation Service Adjustment (TSA); (2) Storage Service Cost Recovery (SSCR); and (3) Customer Select Balancing Charge (CSBC) multiplied by the Customer's total use in the billing period, each such component as determined in Rider 6, Gas Supply Cost. Additionally, the Customer shall receive a Transportation Service Credit (TSC) consisting of the sum of: (1) a ~~1.270.58~~ cent per therm credit for the Company's uncollectible gas expense, and (2) a ~~0.620.44~~ cent per therm storage withdrawal adjustment credit, and (3) 0.37 cent per therm credit for gas in storage, multiplied by the Customer's total use in the billing period. In the event that the Customer's Supplier does not provide the Company the required firm supply affidavit by November 1 of each year, as required under Rider 16 - Supplier Aggregation Service, the Company shall charge the Customer the Company's Non Commodity Gas Cost (NCGC), as filed from time to time as part of Rider 6, Gas Supply Cost, in place of the CSBC, from November 1 through March 31.

**Company/Supplier/Customer Contracts.**

The Customer's Supplier shall warrant that it has obtained agreement with the Customer specifying the Supplier as the sole agent for the Customer under this program. The Company, in turn, will notify the Supplier as to the Customer's beginning date of enrollment into the program. In the event that a Customer contracts with more than one Supplier during a billing period, the Company will accept the first notification it receives from a Supplier as a valid contract by the Customer. The Company and Supplier shall notify each Customer of enrollment in the program. Customers shall be served under this Rider until they or their Supplier notifies the Company to terminate their participation.

**Changing Suppliers.**

A Customer may change its Supplier no more than once every billing period. A change of Supplier will become effective with the first bill with a beginning reading date of at least 14 calendars days from the date the Company receives notification of the requested change. It is the Customer's responsibility to coordinate any required contractual arrangements with Suppliers.

**\* Termination of Service.**

Customers that change service locations within the Company's service territory will continue to receive service under Customer Select unless the Company is otherwise instructed by the Customer or their Supplier.

(Continued On Sheet No. 75.2)

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**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

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**Rider 15  
Customer Select**

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(Continued From Sheet No. 75.1)

\* Customer may terminate their participation in the Customer Select program at any time by notifying either the Company or their Supplier. Upon receipt of the notice to terminate, Customers shall be terminated from the program effective with the next billing period. A Supplier may refuse to continue serving a Customer subject to providing notice to the Customer and the Company. Customers that are 45 days or more in arrears for payment of services rendered by the Supplier, may be prospectively returned to Nicor Gas sales service at the Supplier's request. In the event that the Customer returns to sales service for any reason other than non-payment to the Supplier, the Customer shall have 12045 days from the time of termination to select another Supplier or the Customer will be placed on sales service for a period of not less than twelve months starting from the date of such termination. A Customer returned to sales service by Supplier because of non-payment will be placed on sales service for a period of not less than twelve months starting from the date of such termination.

± **Billing and Payment.**

Unless notified by the Customer or the Customer's agent, the Company shall issue its bill for transportation service under this rider directly to the Customer on the Company's normal billing schedule. The Customer, or the Customer's agent, may direct the Company to issue its bill to the Customer's agent.

Monies received by the Company from third-parties, such as the Low Income Home Energy Assistance Program, for the benefit of the Customer, if agreed to by the contributing third-party, shall first be used to pay any Company past due amounts and then any past due amounts owed the Supplier. Any remaining funds will then be applied to current amounts owed the Company and then current amounts owed the Supplier. The Company shall hold any remaining amounts.

In the event the Company has to cancel and rebill a Customer, the Customer shall be notified by its current or previous Supplier of any changes to amounts owed to the Supplier for the Supplier's services, including any refunds owed by the Supplier to the Customer.

**General.**

Except as specified herein, all other provisions of the Customer's rate shall apply. The Schedule of which this rider is a part includes certain Terms and Conditions. Service hereunder is subject to those Terms and Conditions, including any changes authorized by the Commission subsequent to the initial effective date of this rider.

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Post Office Box 190  
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**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

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**Rider 16  
Supplier Aggregation Service**

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**Applicable to Rider 15**

**\* Availability.**

Service under this rider is available to any approved Supplier representing a group of Customer accounts being served under Rider 15, Customer Select. Suppliers shall enter into a Supplier Aggregation Agreement with the Company to transport gas from an interconnection between the Company and a pipeline to a Customer and the following requirements shall also apply:

- (a) the Supplier shall contract for transportation of direct purchases from the delivery point of the seller to an existing pipeline interconnection with the Company's facilities as approved by the Company, which interconnection, in the sole judgment of the Company, is capable of receiving the Supplier's gas without impairment of anticipated deliveries of any gas supplies to be purchased by the Company for general use; and
- (b) the final pipeline transporter of such gas shall agree to provide daily delivery data for such gas to the Company; and
- (c) satisfactory evidence of Supplier's applicable purchase arrangements with seller(s) and intrastate or interstate transporters shall consist of an affidavit submitted to the Company; and
- (d) all such arrangements shall have been approved by each regulatory agency having jurisdiction over such matters, to the satisfaction of the Company.

**\* Charges.**

There will be a one-time application charge of \$2,000 per Supplier at the time of submitting a completed Supplier Aggregation Agreement.

Monthly charges for each Group shall be the sum of (a) through (hi).

- (a) Group Charge  
\$200.00 per month. A Supplier may form a Group with any number of Customers included.
- (b) ~~Account Charge  
\$0.59 per Customer account included in the Group as of the end of the month.~~
- (be) Group Additions  
~~\$10.00 per each Customer account added to a Group. There is no charge for adding a sales or transportation Customer to a Group if the Customer is taking service for the first time under Rider 15, Customer Select Program.~~

For Transportation Customers that are removed from a previously non-Customer Select Group, the fee for Group Changes as specified in Terms and Conditions of this Tariff, Sheet No. 52, shall also apply. Any gas remaining in storage as of the Customer's beginning date for Customer Select, shall be valued at the price reported in Natural Gas Week, or a similar publication if Natural Gas Week is not available, for Chicago area spot gas times 0.90. The price used will be the most current published price prior to the Customer's beginning date for Customer Select.

(Continued On Sheet No. 75.4)

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**Rider 16  
Supplier Aggregation Service**

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(Continued From Sheet No. 75.3)

**\*(cd) Storage Purchase In Place/Cash-Out**

In the event that Supplier's On-system Storage Capacity level increases significantly in any given injection month due to changes in the Supplier's customers annual volumes, Supplier may purchase from Nicor storage inventory gas at then current first of the month price index published in Inside F.E.R.C.'s Gas Market Report for Chicago City Gate to enable the Supplier to meet its minimum On-system Storage inventory levels as set forth below. Corresponding, in the event that Supplier's On-system Storage Capacity level decreases significantly in any given injection month due to changes in the Supplier's customers annual volumes, Supplier may sell to Nicor storage inventory gas at then current first of the month price index published in Inside F.E.R.C.'s Gas Market Report for Chicago City Gate to enable the Supplier not to exceed its maximum On-system Storage Capacity level. In any case, upon reasonable notification, Nicor, at its sole discretion, may require a Supplier to purchase or sell storage inventory gas under the same price guidelines as outlined in this paragraph to meet prescribed On-system Storage inventory levels as set forth below.

**(de) Critical Day Non-Performance Charge**

For each therm of delivery on a Critical Day less than the greater of the two amounts specified under Daily Delivery Range, the Company will sell gas to the Group and the charge shall be the sum of \$6.00 per therm plus the higher of: (a) the Rider 6 Gas Supply Cost; or (b) the Market Price as defined in the Terms and Conditions applicable to this rider.

**(ef) Operational Flow Order Non-Performance Charge**

On any day where the Company has imposed an Operational Flow Order, each therm of underdelivery of the Daily Delivery Range will be sold to the Group and the charge will be 200% of the high price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance. In the event that Gas Daily is unavailable, then a reported Chicago citygate price of another similar publication, as determined in the Company's sole discretion, shall be used.

On any day where the Company has imposed an Operational Flow Order, each therm of overdelivery of the Daily Delivery Range will be purchased from the Group and the payment will be 50% of the low price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance.

**\*(fg) Daily Delivery Non-Performance Charge**

For each therm of underdelivery below the Daily Delivery Range, as defined below, on any day other than a Critical Day or when an Operational Flow Order has been issued, the Company will sell gas to the Group and the charge shall be 110% of the high price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance. In the event that Gas Daily is unavailable, then a reported Chicago citygate price of another similar publication, as determined in the Company's sole discretion, shall be used.

(Continued On Sheet No. 75.5)

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**Rider 16  
Supplier Aggregation Service**

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(Continued From Sheet No. 75.4)

For each therm of overdelivery above the Daily Delivery Range on any day other than a Critical Day or when an Operational Flow Order has been issued, the Company will purchase gas from the Group and the payment shall be 90% of the low price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance.

**\*(gh) Month End Delivery Non-Performance Charge**

For the winter period, for each calendar month where total deliveries by the Supplier for a Group varies by more than plus five percent from the Group's total estimated daily use for the month, the Company will charge the Supplier, based on the variance, a Non-Performance charge of \$1.00 for each therm exceeding the plus five percent. For the summer period, for each calendar month where total deliveries by the Supplier for a Group varies by more than minus five percent from the Group's total estimated daily use for the month, the Company will charge the Supplier, based on the variance, a Non-Performance charge of \$1.00 for each therm less than the minus five percent.

**\*(hi) Gas Supply Charge**

Prior to November 1, 2005, the Gas Supply Charge shall be the sum of the following: (1) Storage Service Cost Recovery (SSCR); and (2) the Aggregator Balancing Service Charge (ABSC) multiplied by the Group's total use in the calendar month, each such component as determined in Rider 6, Gas Supply Cost.

\* Revenues and costs arising from items (cd) through (hi) shall be included in Rider 6, Gas Supply Cost.

**\* Storage Capacity.**

Each Group shall be assigned storage capacity at the rate of ~~28~~<sup>26</sup> times ~~(28 times as of the first June 1 after the Effective Date of this tariff)~~ the Group's MDCQ, which will be the basis for measuring inventory on November 1 and storage injections during the summer through the end of the first April following the Effective Date of this tariff. Additionally, operational balancing storage capacity of six (6) times the Group's MDCQ will be filled to three (3) times the Group's MDCQ through the end of the first April following the Effective Date of this tariff. Effective as of the first May 1 following the Effective Date of this tariff, the assigned storage capacity of 28 times the Group's MDCQ and the additional six (6) times the Group's MDCQ of operational balancing storage capacity will be cycled annually. A combined total storage capacity of 34 times the Group's MDCQ will then be used as the basis for calculating monthly storage inventory target levels and the daily storage injection capacity. Such commodity and storage capacity will be held to balance deliveries, use and storage for the Group.

**\* Daily Storage Withdrawal Capacity.**

During the winter period, defined as November 1 through April 30, a Supplier may withdraw up to 1.6 percent times the Group's storage inventory as of November 1 on any day that is not a Critical Day or an OFO Shortage Day. If, at the end of any calendar month, the Supplier's storage inventory is less than forty (40) percent of the Supplier's inventory as of the preceding November 1, then the Supplier's Daily Withdrawal Capacity will be reduced from 1.6 percent to 1.2 percent. If, at the end of any calendar month, the Supplier's inventory is less than 25 percent of the Supplier's inventory as of the preceding November 1, the Supplier's Daily Withdrawal Capacity will be further reduced to 0.9 percent.

(Continued On Sheet No. 75.6)

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**Rider 16  
Supplier Aggregation Service**

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(Continued From Sheet 75.5)

**Daily Storage Injection Capacity.**

During the summer period, defined as May 1 through October 31, a Supplier may nominate on any day that is not an OFO Surplus Day up to 0.8 percent of the storage capacity assigned to the Group to be injected into storage.

**\* Storage Inventory Target Levels.**

Suppliers will meet the following storage inventory target levels at the end of each calendar month:

January	35% to 60% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>
February	15% to 35% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>
March	0% to 35% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>
April <sup>1</sup>	0% to 35% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>
May	15% to 100% of the storage capacity
June	15% to 100% of the storage capacity
July	45% to 100% of the storage capacity
August	45% to 100% of the storage capacity
September	45% to 100% of the storage capacity
October	95% to 100% of the storage capacity
November	55% to 100% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>
December	55% to 75% of the <del>preceding November 1 inventory</del> <u>storage capacity</u>

<sup>1</sup>For the first April following the Effective Date of this tariff, the target level will be 0% to 35% of the preceding November 1 inventory.

**Estimated Daily Use.**

Before the first of each month, the Company shall provide to the Supplier, for each of the Supplier's Groups, the estimated daily use of gas as a function of heating degree days. During the calendar month, on the business day before each gas day, the Company shall notify each Supplier by 8:30 A.M. of the estimated daily use for the next five gas days, based on the most recent forecast of heating degree days available to the Company.

**\* Daily Delivery Range.**

For the winter period, the Supplier's daily delivery range will be a maximum of the estimated daily use of the Group plus 10 percent and a minimum of the estimated daily use of the Group less 10 percent less the Group's daily storage withdrawal capacity. At the end of the month, a Supplier's total deliveries, adjusted for unaccounted for gas, must be within the range of the total estimated daily use of the Group for the month plus 5 percent and the total of the daily minimum level for the month.

For the summer period, the Supplier's daily delivery range will be a maximum of 110 percent of the estimated daily use of the Group plus the Group's daily storage injection capacity and a minimum of the estimated daily use of the Group less 10 percent. At the end of the month, a Supplier's total deliveries, adjusted for unaccounted for gas, must be within the range of the total of the daily maximum level for the month and the total estimated daily use of the Group for the month less 5 percent.

On a day when the Company has issued an Operational Flow Order, the Daily Delivery Range may be adjusted to address the Company's operational concerns. On a Critical Day, the Supplier shall deliver the greater of 1) the Supplier's firm supply requirements as estimated on October 1, or 2) 34 percent of the Group's current MDCQ.

(Continued On Sheet No 75.7)

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**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 79.1

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**Rider 26  
Uncollectible Expense Adjustment**

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(Continued From Sheet No. 79)

**Section B – Determination of Adjustments.**

- a) Annually, the Company shall determine under this section the TUEA and the SUEA to be placed into effect for bills issued during the applicable Effective Period.
- b) The TUEA and the SUEA for an Effective Period shall be determined, respectively, in accordance with the following formulas:

- (i) If, for the calendar year immediately preceding such Effective Period, the absolute value of (AUE – RCUE) is less or equal to five (5) percent of RCUE, then TUEA and SUEA for the Effective Period shall be determined pursuant to the following formulas and shall be charges to customers if TUEA and SUEA are positive numbers and credits to customers if TUEA and SUEA are negative numbers:

$$\text{TUEA} = \text{ARA} / \text{T} \times 100$$

and

$$\text{SUEA} = (\text{ARA} / \text{T} + \text{SARA} / \text{ST}) \times 100$$

- (ii) If, for the calendar year immediately preceding such Effective Period, the value of (AUE – RCUE) is a positive number greater than five (5) percent of RCUE, then TUEA and SUEA for the Effective Period shall be determined pursuant to the following formulas and shall be charges to customers if TUEA and SUEA are positive numbers and credits to customers if TUEA and SUEA are negative numbers:

$$\text{TUEA} = [(.31 \times (\text{AUE} - (1.05 \times \text{RCUE})) + \text{ARA}] / (\text{T}) \times 100$$

and

$$\text{SUEA} = \text{TUEA} + [(.69 \times (\text{AUE} - (1.05 \times \text{RCUE})) + \text{SARA}] / (\text{ST}) \times 100$$

- (iii) If, for the calendar year immediately preceding such Effective Period, the value of (AUE – RCUE) is a negative number with an absolute value greater than five (5) percent of RCUE, then TUEA and SUEA for the Effective Period shall be determined pursuant to the following formulas and shall be credits to customers if TUEA and SUEA are positive numbers and charges to customers if TUEA and SUEA are negative numbers:

$$\text{TUEA} = [((.31) \times ((0.95 \times \text{RCUE}) - \text{AUE})) + \text{ARA}] / (\text{T}) \times 100$$

and

$$\text{SUEA} = \text{TUEA} + [((.69) \times ((0.95 \times \text{RCUE}) - \text{AUE})) + \text{SARA}] / (\text{ST}) \times 100$$

Where:

AUE = The actual uncollectible expense in Account 904 for the calendar year immediately preceding the Effective Period. Uncollectible expense in Account 904 is calculated based upon a number of factors including historical information, such as actual gross charge-offs and recoveries as a percentage of applicable revenues and amount of changes in past due accounts receivable, the current economic environment, monitoring of these factors throughout the year by the Company, and conformance with Generally Accepted Accounting Principles.

(Continued On Sheet No. 79.2)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 79.3

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**Rider 26  
Uncollectible Expense Adjustment**

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(Continued From Sheet No. 79.2)

**Section B – Determination of Adjustments.** (continued)

- RCUE = The amount of Uncollectible Expense included in Account 904 as approved by the Commission in the Company's most recent rate case.
- T = The Company's forecasted deliveries for the Effective Period to customers subject to this rider.
- ST = The Company's forecasted deliveries for the Effective Period to customers subject to this rider who receive sales service from the Company.

The TUEA and the SUEA shall be in cents per therm be rounded to the nearest 0.01 cents; any fraction of 0.01 cents shall be dropped if less than 0.005 cents; or, if 0.005 cents or more, shall be rounded up to the next full 0.01 cents.

As applicable, the TUEA and the SUEA, as determined above for an Effective Period, shall be applied to the amount of gas delivered by the Company to a customer to which this rider applies to determine the amount of charge or credit to such customer on each such bill.

**Section C – Annual Reconciliation.**

After each Effective Period On or before March 31, the Company shall file a petition with the Chief Clerk to initiate the annual docketed reconciliation process. The petition shall be supported by testimony as to the prudence and reasonableness of the costs charged under Rider UEA. Further, the petition shall include a reconciliation which that will compare actual cost recovery under this Rider with the costs to be recovered under this Rider during such Effective Period. Supporting invoices and any additional supporting documentation or workpapers affecting the information presented in the Company's reconciliation shall be provided to the Commission's Accounting Staff at the time of this filing of the reconciliation, petition and testimony. The reconciliation amount will be adjusted for interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) from the end of such Effective Period to the beginning of the following Effective Period.

**Section D – Commission Review.**

Upon review of the annual petition, testimony, and reconciliation report filed by the Company under Section C, the Commission may, by order, require a hearing to receive from the Company such evidence as the Commission requires regarding any aspect of determining the charges under this rider. If the Commission finds, after hearing, that any amounts were not prudent or reasonable, or were incorrectly debited or credited to this rider during that year, the Commission may by order require that the rider be adjusted by appropriate credits or debits thereto. Any adjustments so ordered shall be reflected in the TUEA and SUEA through Factor Q over a succeeding Effective Period.

**Section E – Annual Internal Audit.**

The Company shall submit an annual internal audit report to the Manager of the Commission's Accounting Department on or before March 20 of each year. The audit shall include at least the following tests: 1) test that costs recovered through Rider UEA are not recovered through other approved tariffs; 2) test customer bills that all Rider UEA Adjustments are being properly billed to customers in the correct time periods; 3) test that Rider UEA revenues are properly stated; and 4) test that actual costs being identified and recorded properly to be reflected in the calculation of the rates and reconciliation. The Company shall make the workpapers of such audit reports available to the Commission Staff.

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
1st Revised Sheet No. 80

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**Rider 27  
Company Use Adjustment**

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**Applicable to all Rates Except Rates 17, 19 and 21**

**Applicability.**

This rider is applicable to all customers except those customers served under contract service rates, Rates 17, 19, and 21. The purpose of this rider is to recover or refund the difference between the actual cost incurred by the Company in a calendar year to purchase a specified quantity of gas for certain operational uses as compared to the cost included in the computation of the Company's base rates in its most recent rate case for the purchase of gas for those operational uses.

The price of natural gas to be used in determining the applicable charges or credits for an Effective Period (as that term is defined below) shall be determined by dividing (i) the total costs that are classified for the immediately preceding calendar year as Company Use expenses in Illinois Commerce Commission Account 819 - Compressor Station Fuel and Power, Account 823824 - Other Expenses, and that portion of Account 932 related to gas costs for Company facilities by (ii) the actual amount of gas purchased for Company Use, in therms, in that calendar year.

The natural gas price as determined above shall then be multiplied by the amount of Company Use gas, in therms, used in the computation of base rates in the Company's most recent rate case. The difference between this dollar amount and the dollar amount used in the computation of base rates in the Company's most recent rate case shall be recovered from, or refunded to, customers through the application of this rider.

On or before the 20th day of March of each year, the Company shall file with the Commission an information sheet specifying the charges or credits to be effective for service rendered during the period of April 1 through December 31 of such year. Such filing shall include a statement showing the determination of such charges and credits under Section B, (including the reconciliation under Section C), and such determination shall be accompanied by data in explanation thereof.

**Section A - Definitions.**

As used in this rider, the terms below shall have the following meaning:

**Company Use** - Gas used by the Company in operations, the costs of which are recorded in Account 819 and in Account 823824 of the Commission's Uniform System of Accounts, and that portion of gas used by the Company for operations of facilities owned or leased by the Company, the costs of which are recorded in Account 932 of the Commission's Uniform System of Accounts.

**Company Use Adjustment – Sales Customers (SCUA)** - For an Effective Period, the per therm charge or credit during such Effective Period to all customers subject to this rider who receive sales service from the Company, determined pursuant to Section B.

**Company Use Adjustment – Transportation Customers (TCUA)** - For an Effective Period, the per therm charge or credit during such Effective Period to all customers subject to this rider who do not receive sales service from the Company, determined pursuant to Section B.

**Effective Period** – A period of time from April 1 of a calendar year through December 31 of such year.

**SCUA Intended Amount** – For an Effective Period, the amount that the Company would have charged or credited to customers under this rider who receive sales service from the Company for the portion of SCUA that does not include TCUA had the actual deliveries to such customers during such Effective Period equaled the forecasted deliveries to such customers for such Effective Period that were used in the computation of SCUA under Section B of this rider.

(Continued On Sheet No. 80.1)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 80.1

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**Rider 27  
Company Use Adjustment**

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(Continued From Sheet No. 80)

**Section A – Definitions. (continued)**

**TCUA Intended Amount** – For an Effective Period, the amount that the Company would have charged or credited to customers under this rider for TCUA (including the portion of TCUA that is recovered as a part of SCUA) had the actual deliveries (excluding deliveries under Rates 17, 19 and 21) during such Effective Period equaled the forecasted deliveries (excluding deliveries under Rates 17, 19 and 21) for such Effective Period that were used in the computation of TCUA under Section B of this rider.

**Section B – Determination of Adjustments.**

- a) Annually, the Company shall determine under this section the SCUA and the TCUA to be placed into effect for bills issued during the applicable Effective Period.
- b) The TCUA and the SCUA for an Effective Period shall be determined, respectively, in accordance with the following formulas:

$$\text{TCUA} = [((\text{ACUC}/\text{ACUT} \times \text{RCCUT}) - \text{RCCUC}) + \text{ARA}] / (\text{T}) \times 100$$

and

$$\text{SCUA} = \text{TCUA} + [(((\text{ACUC}/\text{ACUT} \times \text{RCTSCT}) - \text{RCTSCC}) + \text{SARA}) / (\text{ST}) \times 100]$$

Where:

ACUC = The actual cost of Company Use for the previous calendar year.

ACUT = The actual amount of Company Use, measured in therms, purchased in the previous calendar year.

RCCUT = ~~The lesser of (i) the amount of Company Use that would be included in Account 819 and Account 932, measured in therms, and that is used in the computation of base rates in the Company's most recent rate case, or (ii) ACUT.~~

RCCUC = The cost of Company Use that would be recorded in Account 819 and Account 932 and that is used in the computation of base rates in the Company's most recent rate case.

ARA = The annual reconciliation adjustment determined pursuant to Section C below for the difference between (x) the TCUA Intended Amount for the immediately preceding Effective Period and (y) the amount actually charged or credited to customers under this rider during such immediately preceding Effective Period for TCUA (including the portion of TCUA that is recovered as a part of SCUA). ARA shall be a positive amount in the formulas specified above if either (A) Company Use expense actually charged to customers during the immediately preceding Effective Period under this rider for TCUA (including the portion of TCUA that is recovered as a part of SCUA) was less than the TCUA Intended Amount for such immediately preceding Effective Period, or (B) Company Use expense actually credited to customers during the immediately preceding Effective Period pursuant to this rider for TCUA (including the portion of TCUA that is recovered as a part of SCUA) was greater than the TCUA Intended Amount for such Effective Period.

(Continued On Sheet No. 80.2)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 80.2

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**Rider 27  
Company Use Adjustment**

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(Continued From Sheet No. 80.1)

**Section B – Determination of Adjustments. (continued)**

ARA (cont.) ARA shall be a negative amount in the formula specified above if either (A) Company Use expense actually charged to customers during the immediately preceding Effective Period pursuant to this rider for TCUA (including the portion of TCUA that is recovered as a part of SCUA) was greater than the TCUA Intended Amount for such immediately preceding Effective Period, or (B) Company Use expense actually credited to customers during the immediately preceding Effective Period for TCUA (including the portion of TCUA that is recovered as a part of SCUA) was less than the TCUA Intended Amount for such Effective Period.

T = The forecasted deliveries (excluding deliveries under Rates 17, 19 and 21) for the Effective Period.

RCTSCT = ~~The lesser of (i) The amount of Company Use that would be included in Account 823824, measured in therms, and that is used in the computation of base rates in the Company's most recent rate case, or (ii) ACUT.~~

RCTSCC = The cost of Company Use that would be recorded in Account ~~823824~~ and that is used in the computation of base rates in the Company's most recent rate case.

SARA = The annual reconciliation adjustment determined pursuant to Section C below for the difference between (x) the SCUA Intended Amount for the immediately preceding Effective Period and (y) the amount actually charged or credited to customers under this rider who received sale service from the Company during such immediately preceding Effective Period for the portion of SCUA that does not include TCUA. SARA shall be a positive amount in the formula specified above if either (A) the expense actually charged to sales customers pursuant to this rider for the portion of SCUA that does not include TCUA during the immediately preceding Effective Period was less than the SCUA Intended Amount for such immediately preceding Effective Period, or (B) the expense actually credited to sales customers pursuant to this rider for the portion of SCUA that does not include TCUA during the immediately preceding Effective Period was greater than the SCUA Intended Amount for such immediately preceding Effective Period. SARA shall be a negative amount in the formula specified above if either (A) the expense actually charged to sales customers pursuant to this rider for the portion of SCUA that does not include TCUA during the immediately preceding Effective Period was greater than the SCUA Intended Amount for such immediately preceding Effective Period, or (B) the expense actually charged to sales customers pursuant to this rider for the portion of SCUA that does not include TCUA during the immediately preceding Effective Period was less than the SCUA Intended Amount for such Effective Period.

(Continued On Sheet No. 80.3)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 80.3

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**Rider 27  
Company Use Adjustment**

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(Continued From Sheet No. 80.2)

**Section B – Determination of Adjustments.** (continued)

ST = The forecasted deliveries for the Effective Period to customers subject to this rider who receive sales service from the Company.

The TCUA and SCUA shall be measured in cents per therm rounded to the nearest 0.01 cents; any fraction of 0.01 cents shall be dropped if less than 0.005 cents; or, if 0.005 cents or more, shall be rounded up to the next full 0.01 cents. If the TCUA and the SCUA for an Effective Period are positive numbers, then they shall represent charges to customers for that Effective Period. If the TCUA and the SCUA for an Effective Period are negative numbers, then they shall represent credits to customers for that Effective Period.

As applicable, the TCUA or the SCUA, as determined above for an Effective Period, shall be applied to the amount of gas delivered by the Company to a customer during each billing period ending during such Effective Period to determine the amount of charge or credit to such customer on each such bill.

**Section C – Annual Reconciliation.**

After each Effective Period on or before March 31, the Company shall file a petition with the Chief Clerk to initiate the annual docketed reconciliation process. The petition shall be supported by testimony as to the prudence and reasonableness of the costs charged under Rider CUA. Further, the petition shall include a reconciliation which that will compare actual cost recovery under this Rider with the costs that were intended to be recovered under this Rider during such Effective Period. Supporting invoices and any additional supporting documentation or workpapers affecting the information presented in the Company's reconciliation shall be provided to the Commission's Accounting Staff at the time of this filing of the reconciliation, petition and testimony. The reconciliation amount will be adjusted for interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) from the end of such Effective Period to the beginning of the following Effective Period.

**Section D – Commission Review.**

Upon review of the annual petition, testimony, and report reconciliation filed by the Company under Section C, the Commission may, ~~by order,~~ require a hearing to receive from the Company such evidence as the Commission requires regarding any aspect of determining the charges and credits under this Rider. If the Commission finds, after hearing, that any amounts were not prudent or reasonable, or were incorrectly debited or credited to this rider during an Effective Period, the Commission may by order require that the rider be adjusted by appropriate credits or debits thereto. Any adjustments so ordered shall be reflected in the TCUA and SCUA ~~through Factor O charges or credits~~ over a succeeding Effective Period.

**Section E – Annual Internal Audit.**

The Company shall submit an annual internal audit report to the Manager of the Commission's Accounting Department on or before March 20 of each year. The audit shall include at least the following tests: 1) test that costs recovered through Rider CUA are not recovered through other approved tariffs; 2) test customer bills that all Rider CUA Adjustments are being properly billed to customers in the correct time periods; 3) test that Rider CUA revenues are properly stated; and 4) test that actual costs being identified and recorded properly to be reflected in the calculation of the rates and reconciliation. The Company shall make the workpapers of such audit reports available to the Commission Staff.

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 81.1

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**Rider 28  
Volume Balancing Adjustment**

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(Continued From Sheet No. 81)

**Section A – Definitions. – continued**

**Previous Reconciliation Period** shall mean the nineteen-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.

**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 nine-month period commencing on April 1 following the Fiscal Year.

**Section B – Determination of Adjustment.**

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

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

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

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.

PFC represents the percentage of the Company's costs that are fixed as determined and authorized by the Commission in the Company's most recent rate proceeding.

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

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

Where:

RA<sub>1</sub> = an amount due to the Company (+RA<sub>1</sub>) or an amount due the customer (-RA<sub>1</sub>) 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.

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(Continued On Sheet No. 81.2)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 81.2

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**Rider 28  
Volume Balancing Adjustment**

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(Continued From Sheet No. 81.1)

**Section B – Determination of Adjustment.** - continued.

RA<sub>1</sub> shall be represented by the following formula:

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

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.
- O represents the Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation established in Section C.
- PFC represents the percentage of the Company's costs that are fixed as determined and authorized by the Commission in the Company's most recent rate proceeding.

RA<sub>2</sub> = an amount due the Company (+RA<sub>2</sub>) or an amount due the customer (-RA<sub>2</sub>) as a consequence of any prior RA<sub>1</sub> adjustment.

RA<sub>2</sub> shall be represented by the following formula:

$$RA - RAR$$

Where:

- RA represents RA<sub>1</sub> and O 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. Administrative 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 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 eleven (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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(Continued On Sheet No. 81.3)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 81.3

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**Rider 28  
Volume Balancing Adjustment**

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(Continued From Sheet No. 81.282.2)

**Section C – Reports and Reconciliations.**

The Company shall file with the Commission on or before the twentieth (20th) 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 any corrections from a timely filed information sheet on or before the last day of the Filing Month. Any other filing after that date will be accepted only if submitted as a special permission request under the provisions of Section 9-201(a) of the Public Utilities Act [220 ILCS 5/9-201(a)].

The Company shall file with the Commission annually, no later than March 31, a statement of the Reconciliation Adjustment components RA<sub>1</sub> and RA<sub>2</sub> to be applicable for the Upcoming Reconciliation Period. As part of this filing, the Company shall provide the annual earned rate of return for the most recent Fiscal Year and an analysis of the impact of VBA revenues collected during the most recent Fiscal Year on that reported earned return. At this same time, the Company shall also file a petition with the Commission seeking initiation of a docketed annual reconciliation process. The petition shall be supported by testimony as to the accuracy of the reconciliation statement. Supporting invoices and any additional supporting documentation or workpapers affecting the information presented in the Company's reconciliation shall be provided to the Commission's Accounting Staff at the time of the filing of the reconciliation statement, petition and testimony. The ordered adjustment from such proceeding (Factor O) shall be reflected in the Reconciliation Adjustment over a succeeding 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. ~~At this same time, the Company shall also file a petition with the Commission seeking initiation of an annual reconciliation to determine the accuracy of the statement. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.~~

**Section E – Audit.**

~~The Company shall file annually with the Manager of the Accounting Department of the Commission's Financial Analysis Division, no later than August 1, an internal audit report that determines whether or not the VBA and information provided in Section C have been calculated in accordance with this rider. The Company shall annually conduct an internal audit of the operation of the Rider. The internal audit shall include at least the following tests: 1) test that the Actual Margin per customer for each applicable Service Classification that exceeds or falls short of any previously established Rate Case Margin per customer is being correctly reflected in the calculations; 2) test that costs recovered through Rider VBA are not being collected through other approved tariffs; 3) test that Rider VBA adjustments are being properly billed to customers; 4) test that Rider VBA revenues are being recorded in appropriate accounts; and 5) test that Rider VBA charges or credits are being identified and recorded properly for calculating rates and reconciliation. The above list of test does not limit the scope of the audit.~~

The Company shall submit the audit report to the Manager of the Accounting Department of the Commission's Financial Analysis Division no later than August 1 each year, beginning in 2010. Such report shall be verified by an officer of the Company.

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
1st Revised Sheet No. 82

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**Rider 29  
Energy Efficiency Plan**

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**Applicable to Rates 1, 4 and 74**

**Availability.**

The Energy Efficiency Plan (EEP) charge, expressed on a cents per customer basis, is a monthly charge that recovers expenses related to the Company's Energy Efficiency Plan. The Company shall determine two separate charges under this rider for residential (Rate 1) and non-residential (Rates 4 and 74) Service Classifications. 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 Plan Period after this rider goes into effect, the Company shall file the Effective Component with the Commission no later than December 13<sup>1</sup>, 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 Plan Period no later than sixty (60) days after the Commission's order in Docket No. 08-0363XXXX. 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 April 30, and it shall be effective for the eight-month period commencing the following May 1.

This rider shall operate on a pilot basis for a four-year period pursuant to the Commission's order in Docket No. 08-0363XXXX. The final Reconciliation Adjustment determined under this rider shall be filed with the Commission by April 30, 2013, unless the rider is implemented on a permanent basis upon the Commission's approval in a general rate proceeding.

**Section A – Definitions.**

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

**Annual Plan Budget (APB)** shall mean that annual amount of Rider EEP expenses which shall not exceed \$13 million or some lesser amount approved by the Commission in the Company's most recent rate proceeding. The APB shall be allocated 70% to Rate 1, Residential Service, 30% to the non-residential Service Classifications (Rates 4 and 74).

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

**Carry Over Budget (COB)** shall mean the amount of the APB from the Previous Plan Period that shall be carried into the Plan 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 Plan Budget to determine the Carry Over Maximum. There shall be no Carry Over Percentage in the first Plan Period after this rider goes into effect. The Carry Over Percentage shall be 75% in the second Plan Period, 50% in the third Plan Period, 25% in the fourth Plan Period and 10% in each subsequent ~~Program~~ Plan Period.

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

**Conservation Stabilization Adjustment (CSA)** shall mean the annual dollar value of forgone utility volumetric distribution revenues associated with the deemed natural gas therm volumes of energy reductions resulting from energy programs funded by this Energy Efficiency Plan. The dollar value of the CSA shall be computed based upon the sum of the deemed total annual therm reductions, for each utility rate classification, multiplied by the last volumetric rate step charge of each applicable utility rate classification.

(Continued On Sheet No. 82.1)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 82.1

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**Rider 29  
Energy Efficiency Plan**

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(Continued From Sheet No. 82)

**Section A – Definitions, - continued**

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

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

**Energy Efficiency Plan (EEP)** shall mean Nicor Gas' plan to recover costs from applicable service classifications to fund energy efficiency programs approved by the independent Advisory Board established in 08-XXXX

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

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

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

**Plan 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 the rider, the Plan 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 May 1 through December 31, commencing on the May 1 following the Previous Plan Period, during which the Reconciliation Adjustment in Section B (2) is recovered.

**Section B – Determination of Adjustment**

The EEP 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 Plan Period is represented by the following formula and shall be determined separately for each applicable service classification:

$$(APB + CSA) / CUST / \underline{MONTHS} + 2 \times 100$$

Where:

APB represents APB for the Plan Period  
CSA represents CSA for the Plan Period  
CUST represents CUST for the Plan Period  
MONTHS represents the number of months in the Plan Period

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(Continued On Sheet No. 82.2)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 82.2

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**Rider 29  
Energy Efficiency Plan**

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(Continued From Sheet No. 82.1)

**Section B – Determination of Adjustment. – continued**

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

$$[(COB_1 - COB_2) + [(RA_1 + RA_2 \pm O) \times (1 + i)]] / CUST / 8 \times 100,$$

Where:

- COB<sub>1</sub> represents the Carry Over Budget for the Plan Period.  
COB<sub>2</sub> represents the Carry Over Budget for the Previous Plan Period.  
RA<sub>1</sub> represents (EEPE – EEPR) for the Previous Plan Period.  
RA<sub>2</sub> represents the reconciliation of (RA<sub>1</sub>(filed prior year) - RA<sub>1</sub>(billed prior year)) for the Previous Plan Period, where a (+RA<sub>2</sub>) equals an amount due the Company and a (-RA<sub>2</sub>) equals an amount due the customer.  
i represents the interest rate established by the Commission under 83 Ill. Administrative 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.  
O represents the Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation established in Section C.

The first Reconciliation Adjustment shall be calculated for the Plan Period ending December 31, 2009 and the first Reconciliation Period shall be the eight-month period commencing May 1, ~~2010~~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 and Reconciliations.**

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 Plan Period. The first such filing shall be no later than sixty (60) days after the Commission's order in Docket 08-0363XXXX. Commencing in 2010, the Company shall also file annually with the Commission, no later than April 30, an EEP statement of activity, including program descriptions, for the Previous Plan Period and a report showing the determination of the Reconciliation Adjustment to be in effect during the Reconciliation Period. At the same time, the Company shall also file a petition with the Commission seeking initiation of an annual reconciliation to determine the accuracy of the statement. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.

**Section D – Modification or Termination of the Energy Efficiency Plan.**

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 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.

(Continued On Sheet No. 82.3)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 82.3

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**Rider 29  
Energy Efficiency Plan**

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(Continued From Sheet No. 82.2)

**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.

**Section F – Audit.**

The Company shall file annually with the Manager of the Accounting Department of the Commission's Financial Analysis Division, no later than August 1, an internal audit report that determines whether or not the EEP and information provided in Section C have been calculated in accordance with this Tariff. The Company shall annually conduct an internal audit of the operation of the Rider. The internal audit shall include at least the following tests: 1) test that costs being recovered through Rider EEP are not being recovered through other approved tariffs; 2) test that Rider EEP adjustments are being properly billed to customers; 3) test that Rider EEP revenues are being recorded in appropriate accounts; 4) test that Rider EEP charges or credits are being identified and recorded properly for calculating rates and reconciliation; and 5) test that the costs associated with the Company's responsibility as Fiscal Agent of the EEP are being identified and recorded in appropriate accounts. The above list of test does not limit the scope of the audit.

The Company shall submit the audit report to the Manager of the Accounting Department of the Commission's Financial Analysis Division no later than August 1 each year, beginning in 2010. Such report shall be verified by an officer of the Company.

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 83.2

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**Rider 30  
Qualifying Infrastructure Plant**

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(Continued From Sheet No. 83.1)

**Section E – Qualifying Infrastructure Plant Costs.**

QIP costs shall include the pre-tax return on QIP and the depreciation expense applicable to QIP.

- 1) The pre-tax return is calculated using a weighted cost of debt and weighted cost of equity determined in the Company's last rate case. The weighted cost of equity is multiplied by the gross revenue conversion factor used in the Company's last rate case. The product is then added to the weighted cost of debt to obtain the pre-tax return. The pre-tax return is calculated using the following formula:

$$PTR = ((WCCE + WCPE) \times GRCF) + WCD$$

Where:

GRCF = Gross Revenue Conversion Factor, calculated as follows:-  
GRCF = 1 divided by ((1 - then effective Illinois Income Tax Rate) multiplied by (1 - then effective Federal Income Tax Rate))

PTR = Pre-tax return.

WCCE = Weighted cost of common equity from the Company's last rate case.

WCPE = Weighted cost of preferred equity from the Company's last rate case.

WCD = Weighted cost of debt from the Company's last rate case.

- 2) Depreciation expense shall be calculated as depreciation expense on QIP less depreciation expense on the plant being replaced by applying the Company's approved depreciation rate to each category of QIP. The depreciation expense on the plant being replaced shall be calculated by applying the Company's approved depreciation rate to the original cost of the plant.

**Section F – Determination of the Qualifying Infrastructure Plant Charge Percentage and Qualifying Infrastructure Plant Charges.**

- a) The QIP charge percentage shall be expressed as a percentage carried to two decimal places. The QIP charge percentage for an Effective Period shall be applied to the QIP base rate revenues attributable to a customer for the period covered by each bill issued to such customer during such Effective Period to determine the QIP charge to be billed to such customer for such each billing period.

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(Continued On Sheet No. 83.3)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
Original Sheet No. 83.4

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**Rider 30  
Qualifying Infrastructure Plant**

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(Continued From Sheet No. 83.3)

**Section G – Annual Reconciliation.**

After each Effective Period On or before March 31, the Company shall file a petition with the Chief Clerk to initiate the annual docketed reconciliation process. The petition shall be supported by testimony as to the prudence and reasonableness of the costs charged under Rider QIP. Further, the petition shall make include a reconciliation which that will compare actual cost recovery under this rider with the costs that were intended to be recovered under this rider during such Effective Period. Supporting invoices and any additional supporting documentation or workpapers affecting the information presented in the Company's reconciliation shall be provided to the Commission's Accounting Staff at the time of this filing of the reconciliation, petition and testimony. The reconciliation amount will be adjusted for interest at the short term interest rate as determined by the Commission.

**Section H – Commission Review.**

Upon review of the petition, testimony, and ~~report~~ reconciliation filed by the Company under Section G, the Commission may, by order, require a hearing to receive from the Company such evidence as the Commission requires regarding any aspect of determining the charges under this rider. If the Commission finds, after hearing, that any amounts were not prudent or reasonable, or were incorrectly debited or credited to the rider during that Effective Period, the Commission may by order require that the rider be adjusted by appropriate credits or debits thereto. Any adjustments so ordered shall be reflected in the QIP charges through Factor O over a succeeding Effective Period.

**Section I – Annual Internal Audit.**

The Company shall submit an annual internal audit report to the Manager of the Commission's Accounting Department on or before March 20 of each year. The audit shall include at least the following tests: 1) test that costs recovered through Rider QIP are not recovered through other approved tariffs; 2) test customer bills that all Rider QIP Adjustments are being properly billed to customers in the correct time periods; 3) test that Rider QIP revenues are properly stated; and 4) test that actual costs being identified and recorded properly to be reflected in the calculation of the rates and reconciliation. The Company shall make the workpapers of such audit reports available to the Commission Staff.

## **MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding ("MOU") has been reached by Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") and Interstate Gas Supply of Illinois, Inc. and Dominion Retail, Inc. (collectively, "Customer Select Gas Suppliers") as of September 23, 2008.

### **Preliminary Statement**

Nicor Gas and Customer Select Gas Suppliers (collectively, the "Parties") have held discussions and exchanged information related to the proposed tariffs for natural gas service filed by Nicor Gas on April 29, 2008, and currently set for hearing before the Illinois Commerce Commission (the "Commission" or "ICC") in Docket 08-0363. (The Parties hereinafter refer to this Docket and any appeals and remands thereof as the "Rate Case"). These discussions have led to a mutual understanding between the Parties as described herein, and the development of a framework for achieving and implementing a result that the Parties believe to be a reasonable and equitable approach to their respective concerns and interests, and that will affirmatively benefit the consumers of natural gas in the Nicor Gas service area and be in the public interest.

Accordingly, the Parties desire to: (i) memorialize their mutual understanding; and (ii) set forth a coordinated procedure for developing and making the formal filings with the ICC that are required to implement their understanding. Thus, the Parties, intending to be legally bound and acknowledging the benefit to be derived from the mutual promises contained herein, agree as follows:

#### **1. Treatment of Revenue Requirement for Gas in Storage**

Nicor Gas has carefully considered Customer Select Gas Suppliers' request that Nicor Gas provide a per therm credit for the amount of gas in storage included in base rates to Customer Select customers through the Transportation Service Credit ("TSC"). In view of that discussion and of Nicor Gas' own analysis, Nicor Gas agrees and will propose in the Rate Case that Customer Select customers should receive a credit for gas in storage as part of the TSC, utilizing the methodology found in IGS 2.25, attached to this MOU as Exhibit A.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) a tariff in the form as attached to this MOU as Exhibit B, ("Rider 15, Sheet 75.1"). In Rider 15, Sheet No. 75.1, Nicor Gas will add a provision giving all Customer Select customers a per therm credit for gas in storage. Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit B and supporting its adoption, and requesting the Commission to place Rider 15, Sheet 75.1 into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit B. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting its adoption, and requesting the Commission to place Rider 15, Sheet 75.1 as proposed herein, into effect contemporaneously with the other tariffs at issue in the Rate Case.

## **2. Access to Additional Storage Capacity During Winter Months for Customer Additions**

Nicor Gas has carefully considered Customer Select Gas Suppliers' request that Nicor Gas offer Customer Select suppliers access to additional storage capacity during winter months to reflect all customer additions. In view of that discussion and of Nicor Gas' own analysis, Nicor Gas agrees and will propose in the Rate Case to calculate the Suppliers' end-of-month Storage Inventory Target Levels during the winter as a percentage of month-end storage capacity which shall be calculated as the product of the Customer Select supplier's Group's month-end MDCQ times 34 days (not a percentage of the preceding November 1 inventory). Nicor Gas further agrees that the current percentages will remain in effect and that the current Storage Purchase in Place/Cash-Out provision will remain in effect.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) a tariff in the form as attached to this MOU as Exhibit C, ("Rider 16, Sheet No. 75.6"). Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit C and supporting its adoption, and requesting the Commission to place Rider 16, Sheet No. 75.6 into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit C. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting its adoption, and requesting the Commission to place Rider 16, Sheet No. 75.6 as proposed herein, into effect contemporaneously with the other tariffs at issue in the Rate Case.

## **3. Operational Balancing Requirements**

Nicor Gas has carefully considered Customer Select Gas Suppliers' request that Nicor Gas offer all Customer Select suppliers additional access to storage capacity held for operational balancing. In view of that discussion and of Nicor Gas' own analysis, Nicor Gas agrees and will propose in the Rate Case to allow Suppliers to cycle the additional operational balancing storage capacity of 6 times the Customer Select supplier's Group's MDCQ effective as of the first May following the effective date of the tariff unless ordered to do otherwise by the ICC. Nicor Gas further agrees that the combined storage capacity of 34 times the group's MDCQ will be the basis for measuring inventory on November 1 and storage injections during the summer unless ordered to otherwise by the ICC.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) and support in the Rate Case a tariff in the form as attached to this MOU as Exhibit D, ("Rider 16, Sheet No. 75.5"). Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit D and supporting its adoption, and requesting the Commission to place Rider 16, Sheet No. 75.5 into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit D. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting its adoption, and requesting the Commission to place Rider 16, Sheet No. 75.5 as proposed herein, into effect contemporaneously with the other tariffs at issue in the Rate Case.

#### **4. Account Charge**

Nicor Gas has carefully considered the Customer Select monthly account charge ("Account Charge") and, pursuant to this MOU, agrees the Account Charge will be included in base rates of all eligible customers (Rates 1, 4 and 5), unless ordered to otherwise by the ICC.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) a tariff(s) in the form as attached to this MOU as Exhibit E, ("Rider 16, Sheet No. 75.3"). Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit E and supporting its adoption and a reallocation of the costs associated with the Account Charge to be included in base rates of all eligible customers (Rates 1,4 and 5), and requesting the Commission to place Rider 16, Sheet No. 75.3 into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit E, and are aware the elimination of the Account Charge will result in the reallocation of the costs associated with the Account Charge and will support its reallocation. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting adoption of Exhibit E of this MOU, and requesting the Commission to place Rider 16, Sheet No. 75.3 as proposed herein, into effect contemporaneously with the other tariffs at issue in the Rate Case.

#### **5. Group Addition Fee**

Pursuant to this MOU, Nicor Gas agrees that it will not charge a \$10.00 Group Addition Fee as it relates to switching from one supplier to another, unless ordered otherwise by the ICC.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) a tariff in the form of Rider 16, Sheet No. 75.3 attached to this MOU as Exhibit E. Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit E and supporting its adoption, and requesting the Commission to place such rates into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit E. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting its adoption, and requesting the Commission to place Rider 16, Sheet 75.3 as proposed herein into effect contemporaneously with the other tariffs at issue in the Rate Case.

#### **6. Number of Days to Select a New Supplier**

Pursuant to this MOU, the Parties agree that the number of days a customer has to select a new Customer Select supplier after returning to Nicor Gas from another Customer Select supplier shall be extended from 45 days to 120 days, unless ordered otherwise by the ICC.

In furtherance of these agreements, Nicor Gas agrees to file (separately and/or as an exhibit to testimony) a tariff in the form as attached to this MOU as Exhibit F, ("Rider 15, Sheet No. 75.2"). Nicor Gas further states that it intends to, and agrees that it will, file rebuttal testimony attaching the tariff attached to this MOU as Exhibit F and supporting its adoption, and requesting the Commission to place such rates into effect contemporaneously with the other tariffs at issue in the Rate Case. In furtherance of these agreements, Customer Select Gas

Suppliers agree to support in the Rate Case a tariff in the form as attached to this MOU as Exhibit F. Customer Select Gas Suppliers further state that they intend to, and agree that they will, file rebuttal testimony supporting its adoption, and requesting the Commission to place Rider 15, Sheet No. 75.2 as proposed herein, into effect contemporaneously with the other tariffs at issue in the Rate Case.

**7. Mailing List**

Pursuant to this MOU, Nicor Gas agrees that it will make available to all Customer Select suppliers a residential customer mailing list which will include customer names and addresses, but not phone numbers. The list shall be updated quarterly, shall be available at no cost to suppliers and will exclude those customers on the Nicor Gas "Do Not Contact List."

**8. Miscellaneous**

A. The Customer Select Gas Suppliers agree generally that, for purposes of this Rate Case, they shall each support this MOU and advocate for the proposed tariff changes set forth herein. Further, the Customer Select Gas Suppliers will, for purposes of this Rate Case, not support, and may at their sole discretion advocate against, any other proposed change to any tariff, rate, charge and terms and conditions of service proposed by any other party to the Rate Case other than those proposed by Nicor Gas. Further, Customer Select Gas Suppliers agree that this MOU represents a resolution of all issues between the Parties for purposes of this Rate Case. To eliminate the need for Nicor Gas to provide rebuttal testimony to those substantive portions contained within the Customer Select Gas Suppliers' direct testimony that are not addressed within this MOU, Customer Select Gas Suppliers agree to submit rebuttal testimony in this Rate Case confirming that they have reached a comprehensive compromise with Nicor Gas concerning all issues raised by the Customer Select Gas Suppliers in this Rate Case and indicating that, as a result of this comprehensive compromise, they are no longer advocating positions that are inconsistent with, in addition to or outside the scope of this MOU including positions advocated in the direct testimony of the Customer Select Suppliers that are not addressed within this MOU.

B. Nicor Gas agrees and commits that upon completion of this Rate Case, to meet with interested stakeholders to commence an ongoing dialogue regarding Customer Select issues generally in an effort to improve the Customer Select program.

C. Each of the Parties' agreements herein are made pursuant to this MOU and shall be implemented unless ordered to do otherwise by the ICC or unless express ICC authorization is required to implement any such agreement and such express ICC authorization is not obtained in this Rate Case.

D. The Parties agree to meet with Staff as promptly as reasonably possible after the execution of this MOU to inform Staff of its terms and to jointly advocate for Staff's support of or non-objection to the points of agreement set forth in this MOU.

**9. Public Interest**

The Parties agree that the fulfillment of the terms and conditions of this MOU, in their totality, will be in the public interest and that the public will affirmatively benefit and be inconvenienced as a result of the approval by the ICC of the agreements referred to herein.

**10. Term**

The obligations created by this MOU apply, and are intended by the Parties to apply, to the conduct of the Parties in the Rate Case and nothing herein is intended to limit the action or the discretion of the Parties with respect to any rate or business practice once the Rate Case has concluded, with the exception of the agreements and commitments set forth in paragraph 8.B of this MOU.

**11. Other Terms**

**A. No Admissions**

This MOU (including its exhibits) is entered to facilitate the implementation of various matters so as to avoid the time, expense, and uncertainty of litigation. This MOU and the attached exhibits (including any drafts thereof and any correspondences, other communications or discussions related thereto) shall not constitute, and they shall not be construed or interpreted to constitute, an admission of any kind by any Party with respect to any legal or factual issue in any of the proceedings, appeals or issues being addressed under this MOU (or the attached exhibits) or with respect to any other proceeding or dispute. This MOU and the attached exhibits (including any drafts thereof and any correspondences, other communications or discussions related thereto) shall not be offered or entered into evidence by any Party in any proceeding before the ICC or any other administrative agency or in any court, except in connection with the proceedings related to the performance, implementation, or enforcement of this MOU. The matters memorialized in this MOU shall be construed as an indivisible whole.

**B. No Precedential Value**

This MOU and the attached exhibits (including any drafts thereof and any correspondence, other communications, or discussions related thereto) shall not have any precedential value in proceedings that address the rates or tariffs of Nicor Gas or any other utility.

**C. Amendment**

No amendment or waiver of any provision of this MOU, nor consent to depart from the terms thereof, shall be effective unless the same shall be in writing and signed by all of the Parties, and then such amendment or waiver shall be effective only in the specific instance and for the specific purpose for which given.

**D. Section Numbers, Headings, and Exhibit Titles**

Section numbers, headings and Exhibit titles in this MOU are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this MOU. This MOU (including the Exhibits) was negotiated by the Parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this MOU to be construed or interpreted against any Party shall not apply to any construction or interpretation of this MOU or the attached Exhibits.

**E. Signatures in Counterparts**

This MOU may be signed in several counterparts, each of which will be an original and all of which constitute one and the same instrument.

F. Effectiveness of this Section

This Section 11 shall become effective upon the execution of this MOU and shall remain effective notwithstanding any failure of the remaining provisions of this MOU to become effective.

IN WITNESS WHEREOF, NORTHERN ILLINOIS GAS COMPANY D/B/A NICOR GAS COMPANY and CUSTOMER SELECT GAS SUPPLIERS, through their respective representatives, each of whom is fully authorized to bind each respective Party, have executed this Memorandum of Understanding effective on the date indicated above.

NORTHERN ILLINOIS GAS COMPANY  
D/B/A NICOR GAS COMPANY

BY: *Gerald P. Carl*  
TITLE: *SVP - Finance & St. Planning*

CUSTOMER SELECT GAS SUPPLIERS

INTERSTATE GAS SUPPLY OF ILLINOIS,  
INC.

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

DOMINION RETAIL, INC.

BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_

**Exhibit A**

**Northern Illinois Gas Company d/b/a Nicor Gas Company  
Response to: Interstate Gas Supply of Illinois  
Ill.C.C. Docket No. 08-0363  
IGS Second Set of Data Requests**

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- IGS 2.25 Q. Please identify, by customer class, how much based upon 2009 test year, would a typical customer in each class pay for working capital cost for gas in storage:
- a. As part of a per unit fee (monthly, annually)?
  - b. As a part of a flat fee (monthly, annually)?
  - c. In total?

- IGS 2.25 A. See response to IGS 2.26 for a proper description of the categories of gas in storage and how their costs are reflected in calculation of the revenue requirement. Customers served under Rates 1 and 4 have gas in storage allocated to them within the embedded cost of service study. Assuming the question refers to recovering this cost by either a per unit charge or a per month charge, the following would apply:

**Per Unit Fee**

Rate 1, \$8,191,950 divided by 2,149,518,000 therms (see Exhibit 14.7, page 1 of 1) or \$0.0038 per therm.

Rate 4, \$2,901,050 divided by 819,679,000 therms (see Exhibit 14.7, page 1 of 1) or \$0.0035 per therm.

**Per Month Fee**

Rate 1, \$8,191,950 divided by 24,065,833 bills (see Exhibit 14.7, page 1 of 1) or \$0.34 per bill.

Rate 4, \$2,901,050 divided by 2,242,863 bills (see Exhibit 14.7, page 1 of 1) or \$1.29 per bill.

**Total Costs on unit or bill charge**

Rate 1 and 4, \$11,093,000 divided by 2,969,197,000 therms or \$0.0037 per therm.

Rate 1 and 4, \$11,093,000 divided by 26,308,696 bills or \$0.42 per bill.

*Witness:* Robert R. Mudra

**Exhibit B**

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas  
10th Revised Sheet No. 75.1  
(Canceling 8th Revised Sheet  
No. 75.1, Effective November 22,  
2005)

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**Rider 15  
Customer Select**

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**Applicable to Rates 1, 4, and 5**

**Availability.**

Service under this rider is available to all Customers who enter into an agency contract with an approved Supplier as specified under Rider 16, Supplier Aggregation Service. Municipal accounts receiving franchise gas or accounts with multiple meters will not be eligible for service under this rider.

Service under this Rider shall begin with the first bill with a beginning reading date at least 14 calendar days from the date the Company receives notification of the Customer's enrollment in the program. Customer must have an actual meter reading date within an acceptable time period, determined solely by the Company.

**\* Charges.**

The rates for service hereunder shall be those of the Customer's companion rate, excluding Factor GC of Rider 6, Gas Supply Cost. In place of Factor GC, effective November 1, 2005, the Customer shall be charged a Gas Supply Charge (GSC) which shall be the sum of the following: (1) Transportation Service Adjustment (TSA); (2) Storage Service Cost Recovery (SSCR); and (3) Customer Select Balancing Charge (CSBC) multiplied by the Customer's total use in the billing period, each such component as determined in Rider 6, Gas Supply Cost. Additionally, the Customer shall receive a Transportation Service Credit (TSC) consisting of the sum of: (1) a 1.270.58 cent per therm credit for the Company's uncollectible gas expense, and (2) a 0.620.44 cent per therm storage withdrawal adjustment credit, and (3) a 0.XX cent per therm credit for gas in storage multiplied by the Customer's total use in the billing period. In the event that the Customer's Supplier does not provide the Company the required firm supply affidavit by November 1 of each year, as required under Rider 16 - Supplier Aggregation Service, the Company shall charge the Customer the Company's Non Commodity Gas Cost (NCGC), as filed from time to time as part of Rider 6, Gas Supply Cost, in place of the CSBC, from November 1 through March 31.

**Company/Supplier/Customer Contracts.**

The Customer's Supplier shall warrant that it has obtained agreement with the Customer specifying the Supplier as the sole agent for the Customer under this program. The Company, in turn, will notify the Supplier as to the Customer's beginning date of enrollment into the program. In the event that a Customer contracts with more than one Supplier during a billing period, the Company will accept the first notification it receives from a Supplier as a valid contract by the Customer. The Company and Supplier shall notify each Customer of enrollment in the program. Customers shall be served under this Rider until they or their Supplier notifies the Company to terminate their participation.

**Changing Suppliers.**

A Customer may change its Supplier no more than once every billing period. A change of Supplier will become effective with the first bill with a beginning reading date of at least 14 calendars days from the date the Company receives notification of the requested change. It is the Customer's responsibility to coordinate any required contractual arrangements with Suppliers.

**\*\* Termination of Service.**

Customers that change service locations within the Company's service territory will continue to receive service under Customer Select unless the Company is otherwise instructed by the Customer or their Supplier.

(Continued On Sheet No. 75.2)

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
6th Revised Sheet No. 75.2  
(Canceling 4th Sheet No. 75.2,  
Effective January 18, 2002)

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**Rider 15  
Customer Select**

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(Continued From Sheet No. 75.1)

Customer may terminate their participation in the Customer Select program at any time by notifying either the Company or their Supplier. Upon receipt of the notice to terminate, Customers shall be terminated from the program effective with the next billing period. A Supplier may refuse to continue serving a Customer subject to providing notice to the Customer and the Company. Customers that are 45 days or more in arrears for payment of services rendered by the Supplier, may be prospectively returned to Nicor Gas sales service at the Supplier's request. In the event that the Customer returns to sales service for any reason other than non-payment to the Supplier, the Customer shall have 45 ~~120~~ days from the time of termination to select another Supplier or the Customer will be placed on sales service for a period of not less than twelve months starting from the date of such termination. A Customer returned to sales service by Supplier because of non-payment will be placed on sales service for a period of not less than twelve months starting from the date of such termination.

\* **Billing and Payment.**

Unless notified by the Customer or the Customer's agent, the Company shall issue its bill for transportation service under this rider directly to the Customer on the Company's normal billing schedule. The Customer, or the Customer's agent, may direct the Company to issue its bill to the Customer's agent.

Monies received by the Company from third-parties, such as the Low Income Home Energy Assistance Program, for the benefit of the Customer, if agreed to by the contributing third-party, shall first be used to pay any Company past due amounts and then any past due amounts owed the Supplier. Any remaining funds will then be applied to current amounts owed the Company and then current amounts owed the Supplier. The Company shall hold any remaining amounts.

In the event the Company has to cancel and rebill a Customer, the Customer shall be notified by its current or previous Supplier of any changes to amounts owed to the Supplier for the Supplier's services, including any refunds owed by the Supplier to the Customer.

**General.**

Except as specified herein, all other provisions of the Customer's rate shall apply. The Schedule of which this rider is a part includes certain Terms and Conditions. Service hereunder is subject to those Terms and Conditions, including any changes authorized by the Commission subsequent to the initial effective date of this rider.

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Filed with the Illinois Commerce Commission on September 30, 2005  
Issued pursuant to Order of the Illinois Commerce Commission entered  
September 20, 2005 and as amended September 28, 2005 in Docket No. 04-0779  
Items in which there are changes are preceded by an asterisk (\*)

Effective November 22, 2005  
Issued by – Gerald P. O'Connor  
Vice President  
Post Office Box 190  
Aurora, Illinois 60507

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas  
8th Revised Sheet No. 75.6  
(Canceling 7th Revised Sheet  
No. 75.6, Effective November 22,  
2005)

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**Rider 16  
Supplier Aggregation Service**

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(Continued From Sheet 75.5)

**Daily Storage Injection Capacity.**

During the summer period, defined as May 1 through October 31, a Supplier may nominate on any day that is not an OFO Surplus Day up to 0.8 percent of the storage capacity assigned to the Group to be injected into storage.

**Storage Inventory Target Levels.**

Suppliers will meet the following storage inventory target levels at the end of each calendar month:

January	35% to 60% of the preceding November 1 inventory storage capacity
February	15% to 35% of the preceding November 1 inventory storage capacity
March	0% to 35% of the preceding November 1 inventory storage capacity
April <sup>1</sup>	0% to 35% of the preceding November 1 inventory storage capacity
May	15% to 100% of the storage capacity
June	15% to 100% of the storage capacity
July	45% to 100% of the storage capacity
August	45% to 100% of the storage capacity
September	45% to 100% of the storage capacity
October	95% to 100% of the storage capacity
November	55% to 100% of the preceding November 1 inventory storage capacity
December	55% to 75% of the preceding November 1 inventory storage capacity

<sup>1</sup>For the first April following the Effective Date of this tariff, the target level will be 0% to 35% of the preceding November 1 inventory.

**Estimated Daily Use.**

Before the first of each month, the Company shall provide to the Supplier, for each of the Supplier's Groups, the estimated daily use of gas as a function of heating degree days. During the calendar month, on the business day before each gas day, the Company shall notify each Supplier by 8:30 A.M. of the estimated daily use for the next five gas days, based on the most recent forecast of heating degree days available to the Company.

**Daily Delivery Range.**

For the winter period, the Supplier's daily delivery range will be a maximum of the estimated daily use of the Group plus 10 percent and a minimum of the estimated daily use of the Group less 10 percent less the Group's daily storage withdrawal capacity. At the end of the month, a Supplier's total deliveries, adjusted for unaccounted for gas, must be within the range of the total estimated daily use of the Group for the month plus 5 percent and the total of the daily minimum level for the month.

For the summer period, the Supplier's daily delivery range will be a maximum of 110 percent of the estimated daily use of the Group plus the Group's daily storage injection capacity and a minimum of the estimated daily use of the Group less 10 percent. At the end of the month, a Supplier's total deliveries, adjusted for unaccounted for gas, must be within the range of the total of the daily maximum level for the month and the total estimated daily use of the Group for the month less 5 percent.

On a day when the Company has issued an Operational Flow Order, the Daily Delivery Range may be adjusted to address the Company's operational concerns. On a Critical Day, the Supplier shall deliver the greater of 1) the Supplier's firm supply requirements as estimated on October 1, or 2) 34 percent of the Group's current MDCQ.

(Continued On Sheet No 75.7)

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Filed with the Illinois Commerce Commission on April 4, 2006  
Issued pursuant to Order on Rehearing by the Illinois Commerce Commission  
entered March 28, 2006 in Docket No. 04-0779  
Items in which there are changes are preceded by an asterisk (\*)

Effective April 11, 2006  
Issued by - Gerald P. O'Connor  
Vice President  
Post Office Box 190  
Aurora, Illinois 60507

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas

7th Revised Sheet No. 75.5

(Canceling 5th Revised Sheet

No.75.5, Effective January 18, 2002)

**Rider 16  
Supplier Aggregation Service**

(Continued From Sheet No. 75.4)

**\* (g) Daily Delivery Non-Performance Charge**

For each therm of underdelivery below the Daily Delivery Range, as defined below, on any day other than a Critical Day or when an Operational Flow Order has been issued, the Company will sell gas to the Group and the charge shall be 110% of the high price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance. In the event that Gas Daily is unavailable, then a reported Chicago citygate price of another similar publication, as determined in the Company's sole discretion, shall be used.

For each therm of overdelivery above the Daily Delivery Range on any day other than a Critical Day or when an Operational Flow Order has been issued, the Company will purchase gas from the Group and the payment shall be 90% of the low price of gas as reported for Chicago citygate deliveries by Gas Daily for each day of Non-Performance.

**\* (h) Month End Delivery Non-Performance Charge**

For the winter period, for each calendar month where total deliveries by the Supplier for a Group varies by more than plus five percent from the Group's total estimated daily use for the month, the Company will charge the Supplier, based on the variance, a Non-Performance charge of \$1.00 for each therm exceeding the plus five percent. For the summer period, for each calendar month where total deliveries by the Supplier for a Group varies by more than minus five percent from the Group's total estimated daily use for the month, the Company will charge the Supplier, based on the variance, a Non-Performance charge of \$1.00 for each therm less than the minus five percent.

**\* (i) Gas Supply Charge**

Prior to November 1, 2005, the Gas Supply Charge shall be the sum of the following: (1) Storage Service Cost Recovery (SSCR); and (2) the Aggregator Balancing Service Charge (ABSC) multiplied by the Group's total use in the calendar month, each such component as determined in Rider 6, Gas Supply Cost.

Revenues and costs arising from items (d) through (i) shall be included in Rider 6, Gas Supply Cost.

**\* Storage Capacity.**

~~Each Group shall be assigned storage capacity at the rate of 26 times (28 times as of the first June 1 after the Effective Date of this tariff) the Group's MDCQ, which will be the basis for measuring inventory on November 1 and storage injections during the summer through the end of the first April following the Effective Date of this tariff. Additionally, operational balancing storage capacity of six (6) times the Group's MDCQ will be filled to three (3) times the Group's MDCQ through the end of the first April following the Effective Date of this tariff. Effective as of the first May 1 following the Effective Date of this tariff, the assigned storage capacity of 28 times the Group's MDCQ and of the additional six (6) times the Group's MDCQ of operational balancing storage capacity will be cycled annually. A and the combined storage capacity of 34.4 times the Group's MDCQ will then be used as the basis for calculating monthly storage inventory target levels and the daily storage injection capacity measuring inventory on November 1 and storage injections during the summer. Such commodity and storage capacity will be held to balance deliveries, use and storage for the Group.~~

**\* Daily Storage Withdrawal Capacity.**

During the winter period, defined as November 1 through April 30, a Supplier may withdraw up to 1.6 percent times the Group's storage inventory as of November 1 on any day that is not a Critical Day or an OFO Shortage Day. If, at the end of any calendar month, the Supplier's storage inventory is less than forty (40) percent of the Supplier's inventory as of the preceding November 1, then the Supplier's Daily Withdrawal Capacity will be reduced from 1.6 percent to 1.2 percent. If, at the end of any calendar month, the Supplier's inventory is less than 25 percent of the Supplier's inventory as of the preceding November 1, the Supplier's Daily Withdrawal Capacity will be further reduced to 0.9 percent.

(Continued On Sheet No. 75.6)

Filed with the Illinois Commerce Commission on September 30, 2005  
Issued pursuant to Order of the Illinois Commerce Commission entered  
September 20, 2005 and as amended September 28, 2005 in Docket No. 04-0779  
Items in which there are changes are preceded by an asterisk (\*)

Effective November 22, 2005  
Issued by – Gerald P. O'Connor  
Vice President  
Post Office Box 190  
Aurora, Illinois 60507

DRAFT

**Exhibit E**

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas  
8th Revised Sheet No. 75.3  
(Canceling 6th Revised Sheet  
No.75.3, Effective January 18, 2002)

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**Rider 16  
Supplier Aggregation Service**

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**Applicable to Rider 15**

**\* Availability.**

Service under this rider is available to any approved Supplier representing a group of Customer accounts being served under Rider 15, Customer Select. Suppliers shall enter into a Supplier Aggregation Agreement with the Company to transport gas from an interconnection between the Company and a pipeline to a Customer and the following requirements shall also apply:

- (a) the Supplier shall contract for transportation of direct purchases from the delivery point of the seller to an existing pipeline interconnection with the Company's facilities as approved by the Company, which interconnection, in the sole judgment of the Company, is capable of receiving the Supplier's gas without impairment of anticipated deliveries of any gas supplies to be purchased by the Company for general use; and
- (b) the final pipeline transporter of such gas shall agree to provide daily delivery data for such gas to the Company; and
- (c) satisfactory evidence of Supplier's applicable purchase arrangements with seller(s) and intrastate or interstate transporters shall consist of an affidavit submitted to the Company; and
- (d) all such arrangements shall have been approved by each regulatory agency having jurisdiction over such matters, to the satisfaction of the Company.

**\* Charges.**

There will be a one-time application charge of \$2,000 per Supplier at the time of submitting a completed Supplier Aggregation Agreement.

Monthly charges for each Group shall be the sum of (a) through (i).

- (a) Group Charge  
\$200.00 per month. A Supplier may form a Group with any number of Customers included.
- (b) Account Charge  
~~\$0.59 per Customer account included in the Group as of the end of the month.~~
- (c) Group Additions  
~~\$10.00 per each Customer account added to a Group. There is no charge for adding a sales or transportation Customer to a Group if the Customer is taking service for the first time under Rider 15, Customer Select Program.~~

For Transportation Customers that are removed from a previously non-Customer Select Group, the fee for Group Changes as specified in Terms and Conditions of this Tariff, Sheet No. 52, shall also apply. Any gas remaining in storage as of the Customer's beginning date for Customer Select, shall be valued at the price reported in Natural Gas Week, or a similar publication if Natural Gas Week is not available, for Chicago area spot gas times 0.90. The price used will be the most current published price prior to the Customer's beginning date for Customer Select.

(Continued On Sheet No. 75.4)

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**Northern Illinois Gas Company  
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 – Gas  
6th Revised Sheet No.75.2  
(Canceling 4th Sheet No.75.2,  
Effective January 18, 2002)

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**Rider 15  
Customer Select**

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(Continued From Sheet No. 75.1)

Customer may terminate their participation in the Customer Select program at any time by notifying either the Company or their Supplier. Upon receipt of the notice to terminate, Customers shall be terminated from the program effective with the next billing period. A Supplier may refuse to continue serving a Customer subject to providing notice to the Customer and the Company. Customers that are 45 days or more in arrears for payment of services rendered by the Supplier, may be prospectively returned to Nicor Gas sales service at the Supplier's request. In the event that the Customer returns to sales service for any reason other than non-payment to the Supplier, the Customer shall have ~~45~~120 days from the time of termination to select another Supplier or the Customer will be placed on sales service for a period of not less than twelve months starting from the date of such termination. A Customer returned to sales service by Supplier because of non-payment will be placed on sales service for a period of not less than twelve months starting from the date of such termination.

\* **Billing and Payment.**

Unless notified by the Customer or the Customer's agent, the Company shall issue its bill for transportation service under this rider directly to the Customer on the Company's normal billing schedule. The Customer, or the Customer's agent, may direct the Company to issue its bill to the Customer's agent.

Monies received by the Company from third-parties, such as the Low Income Home Energy Assistance Program, for the benefit of the Customer, if agreed to by the contributing third-party, shall first be used to pay any Company past due amounts and then any past due amounts owed the Supplier. Any remaining funds will then be applied to current amounts owed the Company and then current amounts owed the Supplier. The Company shall hold any remaining amounts.

In the event the Company has to cancel and rebill a Customer, the Customer shall be notified by its current or previous Supplier of any changes to amounts owed to the Supplier for the Supplier's services, including any refunds owed by the Supplier to the Customer.

**General.**

Except as specified herein, all other provisions of the Customer's rate shall apply. The Schedule of which this rider is a part includes certain Terms and Conditions. Service hereunder is subject to those Terms and Conditions, including any changes authorized by the Commission subsequent to the initial effective date of this rider.

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Northern Illinois Gas Company )  
 d/b/a Nicor Gas Company )  
 ) Docket No. 08-0363  
 Proposed general increase in rates, and )  
 revisions to other terms and conditions )  
 of service )

AFFIDAVIT

I, Robert R. Mudra, under oath, hereby swear to the following:

1. I am the Director of Rates and Financial Analysis for Nicor Gas Company;
2. I prepared prefiled Rebuttal Testimony on behalf of Northern Illinois Gas Company, d/b/a Nicor Gas Company, submitted as Nicor Gas Ex. 29.0, including Exhibit 29.1 through 29.2, and filed on September 25, 2008;
3. On October 15, 2008, an Errata to my Rebuttal Testimony was filed to correct errors in the rebuttal testimony, which were discovered after September 25, 2008;
4. I have personal knowledge of all the facts in my Rebuttal Testimony, and the answers set forth in my Rebuttal Testimony are to the best of my knowledge, true and correct;  
and
5. If asked those same questions today, my answers would be the same.

*Robert R. Mudra*

Robert R. Mudra

Subscribed and sworn to before me  
this 10<sup>th</sup> day of October, 2008.

Notary Public *Joan B. Baltusis*

