

Sackett, David

From: Bob Buckles [BBuckle@NICOR.COM]
Sent: Friday, July 17, 2009 7:43 AM
To: Sackett, David
Subject: Nicor Gas SBS Election and Allocation Process
Attachments: Nicor Gas SBS Election and Allocation Process.pdf; Nicor Gas Storage Allocation Process Exhibits.pdf

David,

I appreciate your interest in Nicor Gas transportation tariffs and your patience in the receipt of the attached correspondence. In the end, I feel the materials are much more concise and more representative of Nicor Gas' annual storage election and allocation processes. Please review the materials which you may use in the manner you had requested.

The Exhibit document is unchanged from my earlier email with the exception of the addition of Exhibits A-D as identifiers for added clarity. As discussed, much of the content of the descriptive process (paragraphs 1-4) is noticeably similar to my previous email. However, paragraph 5 has been reworded to better describe conceptually how an under-subscription or over-subscription of storage capacity is effectively managed.

Please review the materials. Should you have additional questions, please feel free to contact me directly. Have an enjoyable weekend. Thank you.

*Bob Buckles | **Manager Rate Research & Administration** | Nicor Gas*
Direct: 630-388-3841 | Fax: 630-983-3810 |
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Sackett, David

From: Bob Buckles [BBuckle@NICOR.COM]
Sent: Friday, July 10, 2009 10:47 AM
To: Sackett, David
Cc: Len Gilmore
Subject: Storage Allocation Process
Attachments: MDCQMDN Letters and Related Documents.pdf

Dave,

It was a pleasure speaking with you yesterday (7/8). As discussed, attached are examples of several customer letters sent annually by Nicor Gas to our unbundled [Rates 74-77] transportation customers. Rider 25 - Firm Transportation Service customers, who do not make annual SBS and FBS elections, receive a customer letter with slightly different content.

The attachments include (i) the initial Maximum Daily Contract Quantity (MDCQ) / Maximum Daily Nomination (MDN) redetermination letter, (ii) a Revised MDCQ/MDN redetermination letter providing updated contract information and extending the deadline for customers to change their Storage Banking Service (SBS) election (this was necessary due to the timing of the rate case whereby the minimum number of guaranteed SBS days had not been determined within the range of 28 to 31 MDCQ days), (iii) our Storage Change Request form available from the Nicor website, and (iv) a sample customer letter notifying applicable transportation customers of their receipt of additional SBS capacity beginning June 1st.

In short, Nicor Gas provides our transportation customers a letter in late February that identifies the customers current SBS capacity and Firm Back-up Service (FBS) elections. This is notification is required per the tariff as noted on Sheet No. 50.1. To minimize the number of customer letters being sent, Nicor Gas also provides in the same letter, the customer's new MDCQ to be effective June 1 and their MDNs effective in each month beginning with April. Notification of the customer's June 1st MDCQ by April 1 is also a requirement of the tariff as noted on Sheet No. 47.

In the MDCQ/MDN letter we then request that customers who would like to make changes in the number of MDCQ days (or quantity of therms) of SBS capacity, notify the company prior to April 1st (Sheet No. 50.1). To make a new SBS capacity or term election, the attached Storage Change Request form can be utilized. Nicor Gas will accept changes to FBS elections up to June 1st (Sheet No. 50.1). Changes in FBS elections can be accomplished using an Amendment to [Rate 74-77 contract] Exhibit A form (not provided) which could also be used to change the customers election of SBS capacity if so desired.

After all the SBS change requests are received from Rate 74-77 transportation customers, Nicor Gas makes a determination if of the total SBS capacity allocated to transportation customers, whether SBS capacity is fully subscribed. That would be the case if everyone who had the option to make an election of 31 MDCQ days of SBS capacity, or the equivalent term quantity, asked for 31 days. Should SBS capacity for transportation customers be under-subscribed, then the additional available capacity is allocated to those customers requesting additional storage above 31 MDCQ days, in 1 MDCQ [day] increments. This process continues until all the customers requesting additional SBS capacity have either reached their requested SBS election, or the amount of unsubscribed storage is depleted. This year transportation customers requesting more than 31 MDCQ days received a maximum of 33 MDCQ days of SBS capacity or the equivalent therms.

On or before May 1st, Nicor Gas is required to inform transportation customers of their receipt of any additional SBS capacity they were awarded to be effective June 1st (Sheet No. 50.1).

If you have additional questions, please don't hesitate to contact me at 630-388-3841.

Bob Buckles | Manager Rate Research & Administration| Nicor Gas
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Storage Banking Service (SBS)
Annual Storage Election and Allocation Process

Attached are examples of Nicor Gas' customer communications sent to Transportation customers who can annually change their SBS and Firm Back-up Service (FBS) elections. Rider 25 - Firm Transportation Service customers, who do not make annual SBS and FBS elections, receive a customer letter with slightly different content.

The attachments include (Exhibit A) the initial Maximum Daily Contract Quantity (MDCQ) / Maximum Daily Nomination (MDN) redetermination letter, (Exhibit B) a special 2009 MDCQ/MDN redetermination letter providing updated contract information and extending the deadline for customers to change their Storage Banking Service (SBS) election which was only necessary in 2009 due to the timing of Nicor Gas' recent rate case. (Exhibit C) Storage Change Request form available from the Nicor website, and (Exhibit D) which is a sample customer letter notifying applicable Transportation customers of their receipt of additional SBS capacity beginning June 1st.

Nicor Gas provides its Transportation customers a letter in late February that identifies the customer's current SBS capacity and FBS elections. This notification is required per the tariff as noted on Sheet No. 50.1. To minimize the number of customer letters being sent, Nicor Gas also provides in the same letter, the customer's new MDCQ to be effective June 1 and their Maximum Daily Nominations (MDNs) effective in each month beginning with April. Notification of the customer's June 1st MDCQ by April 1 is also a requirement of the tariff as noted on Sheet No. 47.

In the MDCQ/MDN letter (Exhibit A), Nicor Gas requests that customers who would like to make a change in the number of MDCQ days (or quantity of therms) of SBS capacity, notify the company prior to April 1st (Sheet No. 50.1). The attached Storage Change Request form may be utilized to make a new SBS capacity election. Nicor Gas will accept changes to FBS elections up to June 1st (Sheet No. 50.1). Changes in FBS elections can be accomplished by completing an Amendment to Rate 74-77 contracts which could also be used to change the customer's election of SBS capacity if so desired.

After all the SBS election requests are received from Rate 74-77 Transportation customers, Nicor Gas determines if the aggregate SBS capacity requested is greater than (over-subscribed) or less than (under-subscribed) the total available capacity as established in Nicor Gas' last rate case (e.g. 31 MDCQ days of SBS capacity in Docket 08-0363). In the event the service is under-subscribed or customer requests exactly match the available capacity, Transportation customers receive 100% of their requested SBS capacity. In the event the service is over-subscribed, Transportation customers requesting less than 31 MDCQ days receive 100% of their requested capacity - then Nicor Gas determines the maximum number of days of SBS capacity that would be available to Transportation customers who have requested more than 31 MDCQ days in order to fully allocate the available capacity. Therefore, customers requesting less than 31 MDCQ days receive 100% of their requests and customers requesting more than 31 MDCQ days receive either their requested amount or the maximum number of days of capacity available for the service to be fully subscribed. This year Transportation customers requesting more than 31 MDCQ days received either their requested amount (e.g. 32 or 33 days) or a maximum of 33 MDCQ days of SBS capacity or the equivalent therms.

On or before May 1st, Nicor Gas informs Transportation customers of any additional SBS capacity which has been awarded and this capacity is available on June 1st (Sheet No. 50.1).



Nicor Gas
Gas Transportation
Customer Service Center

P.O. Box 190
Aurora, IL 60507-0190

Phone 630 983-4040
Internet www.nicor.com

002470

EXHIBIT A

February 25, 2009

Carol Stream IL

Service at:

CAROL STREAM

ACCOUNT:		
RATE 74		
	THERMS	
(1)	CURRENT	6/01/09
MDCQ	794	794
SBS CAPACITY	22,232	22,232
FBS REQUESTED	0 %	
SBS REQUESTED	28 DAYS	
(2)	MAXIMUM DAILY NOMINATION	
	(MMBTU)	
	APR	63
	MAY	53
	JUNE	39
	JULY	42
	AUG	45
	SEP	41
	OCT	45

Dear Customer:

Please review the highlighted information carefully.
It shows:

1) Annual redetermination of your Maximum Daily Contract Quantity (MDCQ) and Storage Banking Service (SBS) capacity along with current SBS and Firm Backup Service (FBS) selections. For groups, individual contract elections are listed on the detail page attached. Changes are effective with bills having ending meter readings after June 1, 2009. The MDCQ affects the volume of gas you can keep in storage and from November through March, the volumes you can transport daily (currently up to two (2) times MDCQ).

The MDCQ is based on your use during 2008. If daily meter readings were available for the entire year, the MDCQ is the greater of the highest daily use or the result of a regression analysis adjusted to a peak day. If daily readings were not available for the entire year, the MDCQ is based on a calculation using the peak billing period. If the MDCQ was within five percent of the previous year's MDCQ, no change was made.

2) Annual redetermination of monthly Maximum Daily Nomination (MDN) levels you will use for deliveries from April through October 2009. The monthly MDN levels are based on your historical usage during each month from April through October and your elected SBS capacity. From November through March, your MDN levels, or allowable deliveries, are currently two (2) times your MDCQ.

After reviewing your current SBS and FBS selections, you may wish to request a change in your service selections or request additional storage. SBS and FBS elections are due by May 1. Most contract changes are made by submitting an Amendment to Exhibit "A" or Additional Storage Request form. You will be notified of any additional SBS capacity awarded and new MDN levels by May 20, 2009.

The default SBS capacity level is currently 28 SBS days for customers who have not previously selected a lesser or greater number of SBS days or a specific SBS therm capacity. Please note that the default SBS capacity and MDN levels may be updated in late March as a result of Nicor Gas' current rate case proceeding. In that event, Nicor Gas will notify you of any changes to these amounts in early April 2009. Furthermore, any requests to change SBS and FBS selections will be accepted through May 1, 2009 to be effective June 1, 2009. All of the changes above have an important effect on how you transport and store gas. Please contact your supplier or our Gas Transportation Customer Service Center at 630-983-4040 if you have any questions.

NICOR GAS COMPANY



Nicor Gas
Gas Transportation
Customer Service Center

P.O. Box 190
Aurora, IL 60507-0190

Phone 630 983-4040
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002477

EXHIBIT B

April 6, 2009

Melrose Park IL 60160

Service at:
MELROSE PARK

ACCOUNT: RATE 74		
(1)	THERMS	
	CURRENT	6/01/09
MDCQ	1,041	847
SBS CAPACITY	29,148	26,257
FBS REQUESTED		0 %
SBS REQUESTED		31 DAYS
(2)	MAXIMUM DAILY NOMINATION	
	(MMBTU)	
	APR	34
	MAY	26
	JUNE	23
	JULY	22
	AUG	22
	SEP	23
	OCT	24

REVISED
Dear Customer:

As a result of the Illinois Commerce Commission's recent rate order, the default SBS capacity level is changing to 31 MDCQ days, effective June 1, 2009, for customers who have not previously selected a lesser or greater number of SBS days, other than the default capacity of 28 SBS days, or a specific SBS therm capacity.

Please review the highlighted information carefully. It shows:

1) Annual redetermination of your Maximum Daily Contract Quantity (MDCQ) and Storage Banking Service (SBS) capacity along with current SBS and Firm Backup Service (FBS) selections. For groups, individual contract elections are listed on the detail page attached. Changes are effective with bills having ending meter readings after June 1, 2009. The MDCQ affects the volume of gas you can keep in storage and from November through March, the volumes you can transport daily (up to two (2) times MDCQ).

The MDCQ is based on your use during 2008. If daily meter readings were available for the entire year, the MDCQ is the greater of the highest daily use or the result of a regression analysis adjusted to a peak day. If daily readings were not available for the entire year, the MDCQ is based on a calculation using the peak billing period. If the MDCQ was within five percent of the previous year's MDCQ, no change was made.

2) Annual redetermination of monthly Maximum Daily Nomination (MDN) levels for deliveries from April through October 2009. The monthly MDN levels are based on your historical usage during each month from April through October 2008 and your contracted SBS capacity. From November through March, your MDN levels, or allowable deliveries, are two (2) times your MDCQ.

After reviewing your current SBS and FBS selections, you may wish to request a change in your service selections or request additional storage. As a result of the Commission's rate order, this year's SBS and FBS elections are due by May 1 to be effective June 1, 2009. Most contract changes are made by submitting a Storage Change Request or an Amendment to Exhibit "A" form. You will be notified of any additional SBS capacity awarded and new MDN levels by May 20, 2009.

All of the changes above have an important effect on how you transport and store gas. Please contact your supplier or our Gas Transportation Customer Service Center at 630-983-4040 if you have any questions.

NICOR GAS COMPANY



Nicor Gas
Gas Transportation
Customer Service Center
P.O. Box 190
Aurora, IL 60507-0190
630 983-4040

Company Use Only
 Effective date ____/____/____
 Maximum daily Contract
 Quantity (MDCQ) _____
 Maximum Daily Nomination (MDN):
 April _____ Aug _____
 May _____ Sept _____
 June _____ Oct _____
 July _____

**Storage Change Request
 Amendment to Contract for Transportation Service
 Rates 74, 75, 76 and 77**

Group/Transport I.D. No. _____

Group Manager or Authorized Agent _____

Address _____

Except as hereby amended, all terms and conditions of the referenced contract remain in full force and effect.
 Indicate for each customer the total of (A) MDCQ days or (B) Therms requested. Fill out one column (A or B) only.

Customer Name	Service Address/Town	Account Number	Rate	MDCQ	SBS	
					A MDCQ Days	B Therms
1						
2						
3						
4						
5						

For additional accounts, use reverse side.

Company Use Only _____

For Nicor Gas

Date received _____

Accepted by _____

Official capacity _____

Date accepted _____

For the Customer

Customer's Name _____

Accepted by (please print) _____

Signature _____

Official capacity _____

Telephone () _____

Fax () _____

Date accepted _____

Customer Name	Service Address/Town	Account Number	Rate	MDCQ	SBS	
					A MDCQ Days	B Therms
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						

May 18, 2009

Account Number:

Dear Transportation Account Manager:

This year our customers requested more Storage Banking Service (SBS) capacity than is available under our tariffs. As a result of this over-subscription, the maximum amount of storage capacity awarded was 33 days times the Maximum Daily Contract Quantity (MDCQ). The tariff guarantees 31 times the MDCQ for each customer. If you requested 33 days or less, you received the full amount requested for the contract period from June 1, 2009 to June 1, 2010. If you requested more than 33 days, you will receive 33 days as your storage amount for the contract year. Your Maximum Daily Nomination (MDN) levels for June through October have been revised as follows to reflect your new storage capacity.

<u>MDN</u>	
<u>Month</u>	<u>MMBTU</u>
June	
July	
August	
September	
October	

Number of Storage Banking Service (SBS) days
SBS capacity (therms)

If you have any questions, please contact the Gas Transportation Customer Service Center at 630-983-4040.

NICOR GAS COMPANY