



Nicor Gas
1844 Ferry Road
Naperville, IL 60563-9600

Mailing Address:
P.O. Box 190
Aurora, IL 60507-0190

Phone 630 983-8676
Internet www.nicor.com

April 13, 2010

Exhibit BOB 2.2
Page 1

Ms. Elizabeth A. Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

Dear Ms. Rolando:

As required by the Commission's Order in Docket No. 09-0544, enclosed are the calculations of Northern Illinois Gas Company's d/b/a Nicor Gas Company Annual Reconciliation Balance for the reconciliation period ended December 31, 2009. The detailed statements included as pages 6 through 7 set forth, for each month of 2009, the recoverable gas costs and revenues recorded under the various Gas Supply Cost charges. Also included is the report of Deloitte & Touche LLP, independent public accountants, and an Affidavit of an officer of the Company.

These statements have been prepared in accordance with the Commission's Amendatory Order of October 3, 1995, in Docket No. 94-0403, Uniform Purchased Gas Adjustment clause(s) (83 Illinois Administrative Code Part 525) and in compliance with certain changes to Rider 6 as ordered by the Commission in Docket No. 04-0779.

As shown on Page 3 of the enclosure, the net reconciliation balance to be refunded is \$5,150,823.

The Company will provide written testimony and exhibits based upon the schedule established in Docket No. 09-0544.

A copy of this filing is being sent to Mr. John Hendrickson, Manager Rate Department, and Ms. Mary Selvaggio, Manager Accounting Department, of the Commission in Springfield. An additional copy of this filing is also enclosed for your convenience in acknowledging its receipt.

Sincerely,

A handwritten signature in black ink that reads "Robert R. Mudra".

Robert R. Mudra, CFA
Assistant Vice President Finance and Rates

Enclosures

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern Illinois Gas Company
Naperville, Illinois

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial statements of Northern Illinois Gas Company ("the Company") for the year ended December 31, 2009, and have issued our report thereon dated February 24, 2010. We have also audited the accompanying statement, Reconciliation Balance for the Year Ended December 31, 2009, (the "Statement") of the Company. This Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit of the Statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as it relates to the Statement as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting as it relates to the Statement. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with Section G of Rider 6 of the Company's rate schedule in effect and on file with the Illinois Commerce Commission and is not intended to be a complete presentation of financial statements in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Statement referred to above presents fairly, in all material respects, the information set forth therein of the Company for the year ended December 31, 2009, in accordance with Section G of Rider 6 of the Company's rate schedule as filed with the Illinois Commerce Commission.

This report is intended solely for the information and use of the Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 9, 2010

NORTHERN ILLINOIS GAS COMPANY
d/b/a NICOR GAS COMPANY

RECONCILIATION BALANCE FOR THE YEAR ENDED
DECEMBER 31, 2009

Commodity Related Reconciliation (See Page 6 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$ 1,234,136,767
Recoverable Commodity Related Costs (Note 3)	<u>1,231,539,622</u>
Balance to be Refunded under Section E	\$ 2,597,145

Non-Commodity Related Reconciliation (See Page 7 for detail)

Revenues Recorded Under Non-Commodity Related Charges (Notes 4)	\$ 98,203,285
Recoverable Non-Commodity Related Costs (Note 5)	<u>95,649,607</u>
Balance to be Refunded under Section E	\$ 2,553,678

Total Reconciliation

Revenues Recorded	\$ 1,332,340,052
Recoverable Costs	<u>1,327,189,229</u>
Total Balance to be Refunded	\$ 5,150,823

Notes:**1. Basis of Presentation**

Nicor Gas (the “Company”) maintains its financial books and records in accordance with accounting standards generally accepted in the United States of America. These statements have been prepared from the financial books and records of the Company in accordance with the annual reconciliation provision of Section G of Rider 6 – Gas Supply Cost, of the Company’s rate schedule in effect and on file with the Illinois Commerce Commission.

2. Revenues Recorded Under Commodity Related Charges

Revenue arising: (1) through application of the Commodity Gas Cost charge (CGC) component of the Gas Cost charge (GC) to therms sold; (2) from estimated unbilled service; (3) under the Unauthorized Use Charge provisions of Rate 74 (General Transportation Service), Rate 75 (Seasonal Use Transportation Service), Rate 76 (Large General Transportation Service), Rate 77 (Large Volume Transportation Service), Rate 17 (Contract Service), Rate 19 (Contract Service for Electric Generation) and Rider 13 (Supplier Transportation Service), exclusive of gas costs; (4) under the Excess Storage Charge provisions of Rate 74, Rate 75, Rate 76, Rate 77, Rate 17, Rate 19 and Riders 25 (Firm Transportation Service) and 13; (5) through application of a credit or charge for Hub revenues for “sales” customers and through application of the Transportation Service Adjustment (TSA) applied to customer-owned therms delivered under Rate 74, Rate 75, Rate 76, Rate 77, Rate 17, Rate 19 and Riders 15 (Customer Select) and 25; and (6) exclusive of Standard Rider 5 revenue and interest.

3. Recoverable Commodity Related Costs

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2009).

4. Revenues Recorded Under Non-Commodity Related Charges

Revenue arising: (1) through application of the Non-Commodity Gas Cost charge (NCGC) component of the Gas Cost charge (GC) to therms sold; (2) through application of the Demand Gas Cost charge (DGC) to Firm Backup Service levels of customers; (3) through application of the CSBC (Customer Select Balancing Charge) to customer-owned therms delivered under Rider 15, Customer Select, and billed to customers; (4) from estimated unbilled service; and (5) exclusive of interest.

Application of the Non-Commodity Gas Cost charge (NCGC) and Demand Gas Cost charge (DGC) is pursuant to the Commission’s Orders in Docket Nos. 88-0277 and 95-0219. The NCGC is applicable at the full calculated level to therms sold by the Company, and Authorized and Unauthorized Use therms sold to Rate 74, Rate 75, Rate 76, Rate 77 and Rider 13. The DGC is applicable to forty-seven percent (fifty-three percent prior to April 3, 2009) of Maximum Daily Contract Quantity (MDCQ) for Rate 6, Rate 7, and Rider 25, and to the elected level of Firm Backup Service (FBS) for Rate 74, Rate 75, Rate 76, and Rate 77.

5. Recoverable Non-Commodity Related Charges

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2009).

6. **Use of Estimates**

The preparation of the Reconciliation Balance Statement requires management to make estimates that affect the reported amounts. Accounting estimates requiring significant management judgment involve the volume of gas delivered to customers and lost in the operation of the system and amounts due to or from suppliers under operator balancing agreements. The Company routinely estimates these amounts during its normal closing process. As part of the Company's process for preparing the Reconciliation Balance Statement, the Company reviews these estimates, and if material, reflects any changes from its original estimates in the Reconciliation Balance Statements. Immaterial differences are reflected in the Reconciliation Balance Statement for the subsequent year.

7. **Year-end Adjustments**

After the 2009 year-end financial close process had been completed, management discovered an inaccuracy in the reporting of the number of therms delivered to sales customers. The impact of this inaccuracy is an understatement of approximately \$1.0 million in gas costs and a corresponding understatement of approximately \$0.9 million in recorded revenues which are not reflected in the Reconciliation Balance, Exhibit BOB-2.2 pages 6 and 7. Similar to the Company's use of estimates during its year-end financial close process, the Company has continued its practice of adjusting for immaterial differences in its Reconciliation Balance statements in the subsequent year.

NORTHERN ILLINOIS GAS COMPANY
d/b/a NICOR GAS COMPANY
COMMODITY RELATED RECONCILIATION BALANCE
STATEMENT OF REVENUES AND RECOVERABLE COSTS
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2009

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2009 TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES													
COMMODITY GAS CHARGE (CGC)	\$342,839,580	\$204,452,034	\$107,505,356	\$75,700,814	\$37,044,470	\$26,407,497	\$22,878,099	\$20,044,079	\$17,196,309	\$61,987,296	\$96,634,511	\$211,442,842	\$1,224,132,887
EXCESS STORAGE CHARGES	(50,243)	109,976	176,826	101,384	108,631	153,177	153,740	32,262	178,028	154,747	920,876	20,151	2,059,555
CHICAGO HUB	587,181	576,626	786,393	694,497	617,881	566,546	549,992	672,325	554,350	746,420	670,080	656,413	7,678,704
RIDER 5 REVENUES	(65,987)	(45,412)	(33,558)	(22,050)	(9,984)	(6,859)	0	0	0	0	0	0	(183,850)
INTEREST ON REFUNDS	31,295	9,056	18,770	24,208	45,038	34,272	62,935	49,335	47,590	47,053	41,737	38,182	449,471
TOTAL	\$343,341,826	\$205,102,280	\$108,453,787	\$76,498,853	\$37,806,036	\$27,154,633	\$23,644,766	\$20,798,001	\$17,976,277	\$62,935,516	\$98,267,204	\$212,157,588	\$1,234,136,767
RECOVERABLE COMMODITY													
RELATED COSTS													
FIRM SUPPLY	\$199,291,954	\$85,369,880	\$62,714,228	\$39,384,519	\$70,725,654	\$65,386,914	\$76,073,785	\$79,048,804	\$75,217,245	\$134,186,608	\$69,518,711	\$152,552,565	\$1,109,470,867
SPOT GAS PURCHASES	8,529,624	9,283,326	21,639,962	24,377,633	12,473,234	20,048,608	10,585,492	12,576,803	19,810,071	54,078,592	9,882,825	22,309,029	225,595,199
OFF-SYSTEM SUPPLY SALES	(44,086,596)	(74,176,792)	(77,352,613)	(18,648,950)	(17,286,374)	(9,306,065)	(9,488,991)	(5,179,130)	(12,505,978)	(11,967,544)	(35,222,414)	(49,944,246)	(365,165,693)
INVENTORY ACTIVITY	135,407,964	141,138,860	116,634,611	(21,387,019)	(43,024,467)	(78,262,371)	(76,198,922)	(89,130,116)	(79,164,891)	(103,028,671)	51,264,501	114,820,841	69,070,320
NET (GAIN)/LOSS FROM HEDGING	19,876,081	18,128,492	11,356,534	18,776,983	31,562,404	27,507,948	24,208,914	27,795,220	30,532,922	24,526,968	7,636,312	8,198,671	250,107,449
PURCHASED STORAGE SERVICE	12,287	9,039	1,105,856	11,290	13,564	0	0	0	136	173	9,323	(46,707)	1,114,961
RECOVERY FROM HITS BY CONTRACTOR	0	0	(58,779)	0	0	(91,208)	0	0	(70,933)	0	0	(18,990)	(239,910)
AUTHORIZED OVER-RUN CHARGES	25,182	47,928	26,611	0	0	0	0	0	0	0	0	0	99,721
AMORTIZATION OF PREVIOUS YEARS RB	(17,170,740)	(18,858,389)	(22,484,163)	0	0	0	0	0	0	0	0	0	(58,513,292)
TOTAL	\$301,885,756	\$160,942,344	\$113,582,247	\$42,514,456	\$54,464,015	\$25,283,826	\$25,180,278	\$25,111,581	\$33,818,572	\$97,796,126	\$103,089,258	\$247,871,163	\$1,231,539,622
COMMODITY RELATED													
OVER / (UNDER) COLLECTION													
	\$41,456,070	\$44,159,936	(\$5,128,460)	\$33,984,397	(\$16,657,979)	\$1,870,807	(\$1,535,512)	(\$4,313,580)	(\$15,842,295)	(\$34,860,610)	(\$4,822,054)	(\$35,713,575)	\$2,597,145

NORTHERN ILLINOIS GAS COMPANY
d/b/a NICOR GAS COMPANY
NON-COMMODITY RELATED RECONCILIATION BALANCE
STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS
FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2009

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2009 TOTAL
REVENUES RECORDED UNDER													
<u>NON-COMMODITY RELATED CHARGES</u>													
DGC AND NCGC	\$24,517,773	\$14,693,120	\$9,948,669	\$6,358,223	\$3,066,141	\$2,112,536	\$1,855,253	\$1,880,127	\$2,006,983	\$5,373,939	\$5,848,374	\$11,712,963	\$89,374,101
CUSTOMER SELECT BALANCING CHARGE	2,058,854	1,380,857	949,751	621,003	273,128	200,274	179,958	181,426	194,442	593,915	716,920	1,478,656	8,829,184
SUBTOTAL	\$26,576,627	\$16,073,977	\$10,898,420	\$6,979,226	\$3,339,269	\$2,312,810	\$2,035,211	\$2,061,553	\$2,201,425	\$5,967,854	\$6,565,294	\$13,191,619	\$98,203,285
RECOVERABLE NON-COMMODITY RELATED COSTS													
FIRM SUPPLY	\$9,524,025	\$9,455,882	\$8,647,974	\$6,704,543	\$6,713,888	\$6,519,222	\$6,280,791	\$6,012,327	\$6,139,768	\$6,161,070	\$8,887,220	\$8,609,013	\$89,655,723
OTHER CREDITS	(3,013,376)	(2,640,707)	(3,904,020)	(2,397,463)	(849,138)	(597,444)	(598,661)	(461,268)	(406,473)	(437,995)	(307,482)	(655,490)	(16,269,517)
PURCHASED STORAGE SERVICE	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	40,151,580
AMORTIZATION OF PREVIOUS YEARS RB	(27,206,974)	9,318,795	0	0	0	0	0	0	0	0	0	0	(17,888,179)
TOTAL	(\$17,350,360)	\$19,479,935	\$8,089,919	\$7,653,045	\$9,210,715	\$9,267,743	\$9,028,095	\$8,897,024	\$9,079,260	\$9,069,040	\$11,925,703	\$11,299,488	\$95,649,607
NON-COMMODITY RELATED OVER / (UNDER) COLLECTION	\$43,926,987	(\$3,405,958)	\$2,808,501	(\$673,819)	(\$5,871,446)	(\$6,954,933)	(\$6,992,884)	(\$6,835,471)	(\$6,877,835)	(\$3,101,186)	(\$5,360,409)	\$1,892,131	\$2,553,678

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 09-0544
PGA Reconciliation for the Year Ended December 31, 2009**

Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/08 per 2008 Reconciliation	\$ (22,484,163)
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/08 per 2008 Reconciliation	(36,029,129)
3	Factor O Collected/(Refunded) during 2008	<u>0</u>
4	Balance to be Collected/(Refunded) during 2009 from prior periods (sum of lines 1 thru 3)	<u>\$ (58,513,292)</u>
5	2009 Gas Costs	\$ 1,287,993,359
6	2009 PGA Revenues	(1,231,627,741)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>(449,471)</u>
10	2009 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 55,916,147</u>
11	Under/(Over) Recovery Balance at 12/31/09 (line 4 + line 10)	\$ (2,597,145)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/09	(2,597,145)
13	Unamortized Balance at 12/31/09 (per filing truing up actual for December 2009)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ 0</u>

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 09-0544
PGA Reconciliation for the Year Ended December 31, 2009**

Non-Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/08 per 2008 Reconciliation	\$ 0
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/08 per 2008 Reconciliation	(17,888,179)
3	Factor O Collected/(Refunded) during 2008	<u>0</u>
4	Balance to be Collected/(Refunded) during 2009 from prior periods (sum of lines 1 through 3)	<u>\$ (17,888,179)</u>
5	2009 Gas Costs	\$ 104,708,602
6	2009 PGA Revenues	(89,374,101)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2009 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 15,334,501</u>
11	Under/(Over) Recovery Balance at 12/31/09 (line 4 + line 10)	\$ (2,553,678)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/09	(2,553,678)
13	Unamortized Balance at 12/31/09 (per filing truing up actual for December 2009)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ 0</u>

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE)

VERIFICATION

Gerald P. O'Connor, being first duly sworn, states that he is Senior Vice President Finance and Strategic Planning of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.



Gerald P. O'Connor
Senior Vice President Finance and Strategic Planning

SUBSCRIBED AND SWORN TO,

Before me this 9th day
of April, 2010.



Notary Public



My commission expires:

3/31/13