

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

NORTHERN ILLINOIS GAS COMPANY)
d/b/a NICOR GAS COMPANY)
) Docket No. 10-0096
Application pursuant to Section 9-201 and)
Section 19-140 of the Illinois Public Utilities)
Act for consent to and approval of Rider 31,)
On-Bill Financing Program and related)
changes to Nicor Gas’ tariffs, and approval)
of the Energy Efficiency On-Bill Financing)
Program.)

**BRIEF ON EXCEPTIONS
OF NICOR GAS COMPANY**

Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas” or “Company”) respectfully submits its Brief on Exceptions to the Administrative Law Judge’s (“ALJ”) Proposed Order (“PO”), pursuant to Section 200.830 of the Rules of Practice of the Illinois Commerce Commission (the “Commission”), 83 Ill. Adm. Code 200.830, and in accordance with the ALJ’s ruling dated April 16, 2010.

This Brief on Exceptions seeks to clarify Nicor Gas’ position with regards to the allocation and recovery of costs from its residential and commercial customers. As the PO states, Nicor Gas proposes to allocate costs to the residential and commercial customer classes in the first year of the program based on the total number of eligible customers. PO at 24. The costs would be recovered from all eligible customers through the future energy efficiency program rider, which is contemplated under Section 8-104 of the Public Utilities Act (“Act”). 220 ILCS 5/8-104.

Subsequent to the first year, Nicor Gas proposes that costs would be allocated based on the number of participants from the residential and commercial classes. Thus, if 75% of the

participants were residential customers, then 75% of the costs would be allocated to the residential class. Incorporating the recovery of these costs through the future Section 8-104 rider, 75% of the costs would be recovered from all residential customers. Consequently, Nicor Gas does not intend to recover the costs only from participants, but from all eligible customers. As such, the statement in the PO starting at the bottom of page 27 and continuing to the top of page 28 should be modified.

Given the above clarifications, Nicor Gas proposes the following changes to page 24 of the PO:

In response to the AG, Nicor states that it is offering its OBF Program to small commercial customers. It further states that the cost to include a small commercial customer in the program is no different than that of a residential customers. Therefore, Nicor proposes to allocate the costs between residential and small commercial customers based on the number of participants in each group. Specifically, for the first year of the program, program costs to be recovered recovery under the Company's Section 8-104 rider would be allocated to the respective rate class based on the total number of residential and small commercial customers eligible for the Program. In subsequent years, the costs would be allocated to the respective rate class based on the actual number of residential and commercial customers participating in the program. Through the Utility's Section 8-104 rider, costs would be recovered from all eligible ratepayers.

Nicor Gas proposed the following changes to pages 27 and 28 of the PO:

This issue relates to program costs that will be recovered pursuant to the Utility's Section 8-104 Rider. The Commission finds that these costs should properly be recovered from all customers eligible to participate in the program. The Utility, however, states that in "subsequent years, the cost would be based on the actual number of residential and commercial customers participating in the program." Nicor Reply Comments at 9. As stated above, if Nicor intends that the program costs will be allocated based on the number of residential and commercial customers participating in the program but would only be recovered from all eligible ratepayers actually participating the program, this which is inconsistent with the Section 8-104 and is not approved.

For the foregoing reasons, Nicor Gas respectfully requests that the Commission adopt these exceptions

Dated: April 28, 2010

Respectfully submitted,

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

By: /s/ John E. Rooney
One of its attorneys

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CERTIFICATE OF SERVICE

I, John E. Rooney, hereby certify that I served a copy of the Brief on Exceptions of Nicor Gas Company upon the service list in Docket No. 10-0096 via email on April 28, 2010.

/s/ John E. Rooney
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