

North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

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 130 East Randolph Drive, Chicago, Illinois 60601**

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Service Classification No. 1

Small Residential Service

The following rates are available to any customer who takes service through a single meter for one or two dwelling units only. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

“Sales Customers” are customers who take service solely under this Service Classification. “Transportation Customers” are customers who take service under this Service Classification and under Rider CFY.

* **Rates**

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge, and the Storage Charge represent the charges for delivery service from the Company.

* Customer Charge	Sales <u>Customers</u>	Transportation <u>Customers</u>
The monthly Customer Charge shall be:	\$24.75	\$24.20

* **Distribution Charge**

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

<u>Therms Taken in any Month</u>	<u>Sales & Transportation Customers</u>
For the first 50 therms	18.089 cents
For all over 50 therms	5.120 cents

* **Storage Charge**

For sales customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For transportation customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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Service Classification No. 2

General Service

The following rates are available to any customer who consumed an average of 41,000 therms per month or less except those eligible for service under Service Classification No. 6 of this rate schedule. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premise and for a similar type of customer.

* "Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider CFY, FST, FST-T, SBS or SST.

* **Rates**

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge, and the Storage Charge represent the charges for delivery service from the Company.

Customer Charge

The Customer Charge shall be a monthly charge based on meter class as follows:

*

<u>Meter Class</u>	<u>Sales Customers</u>	<u>Transportation Customers</u>
1 (Up to 700 cubic feet per hour)	\$26.60	\$25.00
2 (Over 700 and no more than 2300 cubic feet per hour)	\$77.00	\$75.40
3 (Over 2300 cubic feet per hour)	\$212.10	\$210.40

Distribution Charge

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

*

<u>Therms Taken in any Month</u>	<u>Sales & Transportation Customers</u>
For the first 100 therms	10.967 cents
For the next 2,900 therms	6.835 cents
For all over 3,000 therms	5.928 cents

*

Storage Charge

For sales customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For transportation customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

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Service Classification No. 2

General Service

**** Gas Charge**
The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Terms of Service

The Company's obligation shall commence when it begins to supply service hereunder and shall continue, subject to the provisions of its Terms and Conditions of Service, until it discontinues service pursuant to this rate schedule or notice from the customer no less than 10 days prior to the requested discontinuance date. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and shall continue until payment in full of all amounts due hereunder shall have been made for service rendered through the discontinuance date.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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Service Classification No. 3

Large Volume Demand Service

The following rates are available to any customer who uses an average of over 41,000 therms per month. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premise and for a similar type of customer.

* **Rates**

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Demand Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**

The monthly Customer Charge shall be \$510.00.

* **Demand Charge**

The monthly Demand Charge shall be 58.479 cents per therm of Billing Demand.

* **Distribution Charge**

The Distribution Charge shall be 1.805 cents per therm for all gas delivered in any month.

* **Storage Charge**

For sales customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For transportation customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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Application for Service

Each customer must make an application for service. The Company may require a customer to submit a written application for service, signed by the customer. Such application shall contain the information necessary to determine the type of service required by the customer and the conditions under which the Company shall render service.

The customer shall select the service classification or rider under which it wishes to receive service. If the Company determines in its sole discretion that the customer meets the eligibility requirements of the selected service classification or rider, the Company shall render service under the same. The Company shall assist the customer in making such selection, but does not guarantee that the customer shall receive service under, and shall not be responsible to notify the customer of, the most favorable service classification or rider at all times. The Company reserves the right to change the service classification or rider under which a customer receives service if the Company determines, in its sole discretion, that the customer is not eligible for service under its existing service classification or rider.

The customer shall notify the Company of any material changes in the customer's gas requirements or in premises characteristics that affect eligibility for a service classification or rider. After the Company receives such notification, the Company shall assist the customer in determining if a change in service classification or rider is best suited to or required for the customer's changed gas requirements or premises characteristics.

Except as specifically required or provided in a service classification or rider, no customer who receives service under a particular service classification or rider hereof for a particular use or uses at the customer's premises, shall receive service for the same from the Company except under said service classification or rider.

Unless required by material changes in the customer's gas requirements or premises characteristics, not more than one change of service classification or rider shall be allowed within any twelve-month period.

Right to Refuse or Discontinue Service

The Company shall have the right to refuse to initiate gas service to an applicant or to discontinue service to a customer and remove its property from the premises in accordance with the terms of 83 Illinois Administrative Code Part 280. The Company shall have the right, after mailing the customer three letters and a notice of disconnection, to discontinue service when the customer fails to allow the Company or its authorized agents to have access to its premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service.

Deposits

The Company shall bill applicants for gas service and customers under any service classification or rider for deposits in accordance with 83 Illinois Administrative Code Part 280. The Company shall use a credit scoring system as one of the methods to determine whether it shall bill a deposit to a residential service applicant. A deposit shall be billed if the credit score of the applicant is below the predetermined minimum. This may not apply if the applicant is eligible for the Low Income Home Energy Assistance Program (LIHEAP) or provides proof of identity fraud.

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Service Activation Charge

The Company shall assess a service activation charge whenever a Company employee activates service at a customer's premises. The service activation charge shall be \$20.00 when only a meter reading is taken. The service activation charge shall be \$42.00 when gas has to be turned on and a maximum of four gas appliances are relit. Each additional gas appliance being relit shall be done at a charge of \$10.00 per appliance.

*
Service Reconnection Charges

When the Company has discontinued service to any customer as provided in this rate schedule or in Title 83 of the Illinois Administrative Code, before restoration, the Company shall collect a reconnection charge. The reconnection charge shall be \$75.00 except that (1) where service has been discontinued by removing the meter, the reconnection charge shall be \$150.00, and (2) where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, the reconnection charge shall be \$425.00. Each customer shall receive an automatic waiver for the first reconnection charge of \$75.00 in any calendar year where service has been reconnected at the meter.

*
For any customer whose service is discontinued at the customer's request, reinstatement of service within twelve months shall be provided at a charge of \$75.00, plus the Customer Charges applicable during the period of service discontinuance.

*
For any customer whose service has been discontinued because of the customer's failure to allow the Company or its authorized agents to have access to the customer's premises for the purpose of inspection of metering equipment, service pipe and all other equipment relating to the Company's service, the reconnection charge shall be \$75.00, except where service has been discontinued by excavating either to cut the service pipe or shut off the service at the main, in which case the reconnection charge shall be \$425.00.

*
Included in any reconnection charge is the relighting of a maximum of four gas appliances per account. Any additional gas appliances to be relit shall be done at a charge of \$10.00 per appliance. This provision and charges shall apply regardless of any automatic reconnection charge waiver.

Second Pulse Data Capability

A customer that has an installed and operational meter, meter corrector, or daily demand measurement device capable of providing a second pulse for further data collection capability may choose to have the Company enable this capability on such meter or device for a monthly charge of \$14.00; provided that, any customer who, prior to February 14, 2008, had such capability installed and paid for the device shall not be subject to such monthly charge. Installation of such capability shall be pursuant to a written contract specifying the customer name, account(s) and term.

The initial term of the contract shall end on the first April 30 following the effective date thereof, and the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension. The Company or the customer shall have the right to terminate service under the contract at the end of the initial term or any subsequent contract year on 30 days written notice; provided, however, that in the event of early termination, all amounts due the Company for the unexpired portion of the remaining contract term shall forthwith be paid.

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Controlled Attachment on the Rendering of Gas Service

All requests for firm gas service for inputs over 500 cubic feet per hour for central space heating, any type of commercial or industrial space heating or industrial processing or power generation must be made in writing. Rider 10 of this rate schedule governs the Company's obligation to render gas service for such requests.

Company Installations

Whenever the Company is required by municipal authorities to pay for permits for work necessary to serve any customer, the Company may require the customer to pay the amount of the permit fees at the time of application for gas service.

Operational Integrity and Delivery Restrictions

In order to maintain the safe, efficient, and cost effective operation of its system, the Company, on any Gas Day, may, but shall not be obligated to, specify the quantity of gas that it shall accept at one or more of its citygate stations or specify the total quantity of gas that an entity may deliver to its system, and such specification may be stated in any reasonable manner, including as a specific percentage or other cap on increases from prior Gas Day's deliveries. Each entity delivering gas to the Company's system is responsible for adhering to such specifications. The Company shall not invoke this Operational Integrity and Delivery Restrictions provision for economic reasons, and shall provide a two-hour minimum notice of such specifications prior to any applicable nomination deadlines. This Operational Integrity and Delivery Restrictions provision shall be applied to all entities in a non-discriminatory manner. If an entity delivering gas requests to deliver gas in excess of a delivery restriction, the Company shall use reasonable efforts to adjust, on a non-discriminatory basis, the applicable restriction to allow the entity to deliver sufficient gas to meet the expected usage of customers served by the delivering entity and taking into account usage (deliveries to and from) those customers' gas bank accounts. Nothing in this paragraph shall prevent the Company from unilaterally taking actions, in addition to or in lieu of specifying delivery requirements at citygate stations, as may be necessary to maintain system pressure and preserve the integrity of its system.

Limitations on the Rendering of Gas Service

In the event of a gas shortage or an interruption in the Company's gas supply for any reason, the Company shall be entitled (1) to curtail deliveries of gas to any firm commercial or industrial customer, whenever in its judgment such curtailment shall be necessary for the maintenance of gas service to the Company's residential and small commercial customers, and (2) to allocate available gas supply among some or all of its remaining firm customers, whenever in its judgment such supply shall be inadequate to provide gas service to all of those customers in addition to other customer classes.

In effecting any such curtailment or allocation of deliveries, the Company shall first curtail or discontinue the supply of gas to such customers as commonly use large quantities of gas and are not engaged in an activity essential to health or safety, and where the Company can conveniently and readily use the gas not delivered to reduce any gas supply deficiency to its other customers. The Company shall not be liable for any damage whatsoever by reason of any such curtailment or discontinuance or because of any shortness of advance notice given directing such curtailment or discontinuance.

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Suspension or Termination of Contract in Case of Fire or Other Casualty

In the event of a fire or other casualty occurring in a customer's premises, rendering them wholly unsuitable for its business purposes, any contract between the Company and the customer for service under any service classification or rider shall, at the option of the customer, be either terminated or suspended until such time as the premises shall have been reconstructed and reoccupied by the customer for its business purposes.

Continuous Service

The Company will endeavor to furnish a regular supply of gas to the customer, unless otherwise specified in the service classification or rider. The liability of the Company for damages arising out of service interruptions occurring in the course of furnishing service, and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the fixed charges that would otherwise be billed to the customer for the period of service during which such service interruption occurs. No other liability shall in any case attach to the Company.

Measurement of Gas Delivered by the Company

The gas delivered to a customer under each service classification and rider shall be measured by a meter or meters to be installed by, and at a location suitable to, the Company, provided by the customer upon its premises. The Company may use remote meter reading devices, which include any device that reads the meter and any device that corrects for pressure, temperature or supercompressibility; readings transmitted by such remote devices shall be considered actual meter readings within the meaning of the Public Utilities Act and 83 Illinois Administrative Code Part 280. Where the Company has installed a remote meter reading device, the volume of gas delivered to the customer may be determined on the basis of readings taken. The registration of the meter shall control in any case that discrepancies exist or the device malfunctions.

All bills for gas service, except as hereinafter provided in the paragraph entitled Unmetered Gas Lamp Consumption, shall be based upon such measurement, except that, in any case where the Company is unable to take the regular reading of the meter and in alternate months for certain customers served under Service Classification No. 1 or 2, the Company shall issue an estimated bill based upon the customer's use of service in previous billing periods and reflecting the effect of weather measured in degree days.

Unmetered Gas Lamp Consumption

For any customer having an unmetered continuous street or outdoor lighting device, the monthly consumption, for billing purposes, shall be the following:

<u>Hourly Lamp Rating in Cubic Feet</u>		<u>Therms Per Lamp</u>
<u>From</u>	<u>But Not over</u>	
0	1.99	13.06
2.00	2.99	17.54
3.00		24.48

The consumption shall be billed at the otherwise applicable service classification.

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Gas Not to Be Submetered for Sale or Resale

No gas purchased or delivered under this rate schedule shall, for the purpose of sale or resale, be submetered or remeasured by the customer. This prohibition, however, shall not apply to gas purchased or delivered for use as vehicular fuel.

Correction for Pressure, Temperature and/or Supercompressibility

In any case where the Company measures the gas delivered to said customer under a pressure greater than that exerted by a column of water 12 inches in height, the volume of gas registered by the gas measurement meter shall be corrected for billing purposes by a device or by the application of a proper pressure correction factor. The Company reserves the right to correct the volume of gas registered by such meter to a base temperature of 60° Fahrenheit and for supercompressibility.

Heating Value of Gas

The term "therm" means a quantity of heat at least equivalent to one hundred thousand British thermal units.

The gas to be supplied under each service classification and rider shall have a minimum average total heating value of one thousand British thermal units per cubic foot.

Except for Unmetered Gas Lamp Consumption, the therms for which the customer is billed shall be determined in accordance with Rider 8 of this rate schedule. Unless otherwise provided in this rate schedule, all quantities shall be therms.

Unaccounted For Gas Adjustment (Factor U)

The unaccounted for adjustment shall be the amount of gas unaccounted for, for the most recent 12 months ended June, as a percentage of total gas available for deliveries, expressed as a decimal.

Billing

The term "bill" means a statement of amount due for gas service that is computed on the basis of two consecutive readings of a meter or meters, or the equivalent thereof for an estimated bill.

The terms "month" and "monthly" mean the period between any two regular consecutive readings of meters that are made at approximately 30-day intervals.

The term "bimonthly" means the period between any two regular consecutive readings of meters that are made at approximately 60-day intervals.

The summation of the consumptions registered by two or more meters in a given period shall not be permitted for the purpose of applying the rates under this rate schedule in the determination of a customer's bill except with respect to (1) customers for whom consumptions had been combined under a given service classification prior to May 1, 1958, and (2) two or more meters installed in lieu of a single meter of larger capacity as a matter of convenience to the Company.

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Billing – continued

The Company shall take meter readings, as nearly as practicable, every 60 days and issue bills for service, as nearly as practicable, every 30 days under Service Classification Nos. 1 and 2 except that in the case of certain customers served under Service Classification No. 1 or 2 whose consumption is low, the Company may take meter readings and issue bills for service, as nearly as practicable, every 60 days.

The Customer Charge of Service Classification Nos. 1 and 2 shall be doubled in the computation of a bimonthly bill. The Company may base bills falling between bimonthly meter readings on estimated readings. The Company shall take meter readings and issue bills to customers served under all other service classifications, as nearly as practicable, every 30 days.

If it is established that bimonthly billing or bimonthly meter reading with monthly billing has in any instance resulted in a customer paying for a bimonthly period an amount in excess of the total of the amounts the customer would have paid under monthly billing with monthly meter reading, the customer may, by written request made within three months after the due date of such bimonthly or monthly bill, have such excess credited on the next bill thereafter issued.

When the Company obtains a meter reading for a Service Classification No. 1 or 2 gas sales customer following a series of two or more consecutive estimated bills, the Company shall estimate the quantity of gas taken during the billing period ending with the meter reading. If the difference between the meter reading and the preceding estimated reading exceeds such estimate by at least the greater of ten percent or 2,000 cubic feet, the Company shall reallocate usage among the periods covered by the estimated bills; cancel each previously consecutive estimated bill in the series; reissue a bill or bills for the period based on the reallocated usage and associated rates and charges; and issue a bill based on the meter reading difference. The Company shall estimate usage and perform the reallocation using the meter reading and the customer's usage in previous billing periods and reflect the effect of weather measured in degree days.

Bills to Customers

Bills to customers shall contain the information required by 83 Illinois Administrative Code Part 500. A sample bill is set forth on Sheet Nos. 27 and 28.

Net Payment Period

The customer shall make payment of any bill issued to it within the net payment period. The net payment period shall be 21 days for residential service and 14 days for non-residential service. For a customer who purchases residential service and who qualifies under the provision Preferred Payment Date contained in 83 Illinois Administrative Code Part 280, the net payment period shall be 31 days; subject to annual confirmation by the customer of this qualification. If a customer mails a payment and it is received at the Company's offices no more than two business days after the due date, the payment is considered timely.

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Net Payment Period - continued

"Residential service" means gas service rendered for a single family house, a residential building containing not more than two dwelling units or any individually metered dwelling unit; all other gas service rendered is "non-residential." "Net payment period" means the period immediately following the postmark date of any bill through and including the due date for each as shown thereon; provided, however, (a) when the due date of any bill falls on Saturday, Sunday or a legal holiday, such net payment period shall be extended to include the first following business day, and (b) when a customer shall make on or before the due date a good faith objection to any bill issued to it, the net payment period shall be extended to include 14 days after dispute resolution. All bills scheduled for mailing shall be mailed on the date of issuance or the next business day; all bills scheduled for manual delivery shall be either delivered or mailed no later than one day after the date of issuance.

Late Payment Charge

The Company shall assess a late payment charge equal to one and one-half percent of the amount of any bill issued for service under any service classification or rider, excluding tax charges under Rider 1, if such bill is not paid within the net payment period as defined in these Terms and Conditions of Service.

The late payment charge shall not be applicable to installments under Rider 3 of this rate schedule.

For a customer taking service under Service Classification No. 1, the Company shall waive the first applicable late payment charge in any calendar year. Such waiver shall not apply to the late payment charge applicable to amounts previously past due. As used in this paragraph, the term "amounts previously past due" shall include the amount of any bill for service that remains unpaid as of the customer's second or subsequent regular billing date after becoming past due, any late payment charge that remains unpaid as of the customer's second or subsequent regular billing date after being charged to the customer's account, and any amount outstanding under a deferred payment arrangement. For accounts billed bimonthly, the term "regular billing date" shall include the date between bimonthly bills on which bills are issued for customers in the same billing district.

Net Payment Period and Late Payment Charges for Governmental Bodies

Notwithstanding anything to the contrary in this rate schedule, the net payment period, and the application of late payment charges, applicable to bills for gas service rendered to units of the federal, state or local government shall be controlled by the Federal Prompt Payment Act, the State Prompt Payment Act, and the Local Government Prompt Payment Act, whichever is applicable.

Charge for Dishonored Checks and/or Incomplete Electronic Withdrawal

A charge of \$25.00 shall be assessed a customer who remits any negotiable instrument that is not honored and subsequently returned by a bank, savings institution or other financial institution for any reason except error of the institution.

A charge of \$25.00 shall be assessed any customer participating in the Company's Automatic Payment Plan when the electronic withdrawal from the designated account is not completed by the participating bank, savings institution or other financial institution for any reason except error of the institution.

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Charge for Dishonored Checks and/or Incomplete Electronic Withdrawal - continued

Any customer who, within a twelve-month period, remits two checks that are dishonored or has two incomplete electronic withdrawals, or has a combination of two dishonored checks or incomplete electronic withdrawals, for any reason except error of the financial institution shall be required to make all future payments by United States currency, money order, or certified check for the following twelve months.

Charge for Payment by Wire Transfer

The Company shall permit a customer to pay any amounts due and owing by wire transfer to the account designated by the Company. A customer making payment by wire transfer shall be liable for the charge assessed the Company by the financial institution effectuating the wire transfer.

Access to Premises

Properly authorized Company agents shall, at all reasonable times, have free access to the customer's premises for the purpose of initiating, maintaining, interrupting or discontinuing service; reading meters; inspecting metering equipment, service pipe and all other equipment relating to the Company's service; and installing, repairing or removing the Company's meters or other property and equipment.

Company's Property and Protection Thereof

Unless otherwise provided by contract between the Company and the customer, all meters and other appliances and equipment furnished by and at the expense of the Company that may at any time be upon the customer's premises shall be and remain Company property, and no one other than a Company agent is authorized to remove or disturb such property.

The Company will charge a person for damages to the Company's property, including, without limitation, pipes, meters and regulators, an amount that allows the Company to recover the actual costs determined by the time, material and overhead associated with making any and all repairs, including replacement in whole or in part, and with responding to related service interruptions, including relighting appliances. In determining labor costs, the time of all personnel, including supervisory personnel, shall be included.

Equipment Furnished and Maintained by Customer

All customer gas equipment, including appliances, piping and venting equipment, shall be installed, operated and maintained by the customer at all times in conformity with accepted practice as determined by rules of public health and safety, law, local ordinance or rules of any properly constituted authorities.

The Company shall assume no obligation or responsibility for any claims, loss, liability or damage whatsoever resulting from or in connection with the construction, use, maintenance or operation of any such customer equipment installed or used for or in connection with the purchase of gas and service hereunder. The Company may use bill inserts to provide general notice to customers of safety matters, including, without limitation, safety matters related to the use of uncoated brass flexible connectors. The customer is responsible for addressing such matters related to customer equipment, including inspecting the customer's premises for, identifying and remedying any such matters.

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Equipment Furnished and Maintained by Customer - continued

The Company shall have no responsibility to inspect for, identify or remedy any such matters and shall have no liability or responsibility for any claims, loss, injury or damages whatsoever resulting from or in connection with matters described in such bill inserts. The envelope with such bill inserts need not be marked in any way, and sending such bill inserts shall constitute the use of reasonable care to provide notice.

Interfering Equipment

Whenever any of the customer's utilization equipment, such as compressors, furnaces, boilers or gas turbines, has characteristics that may interfere with proper metering or service to any other customer or that may adversely affect the Company's transmission or distribution system operation, the Company or the customer shall provide suitable preventative facilities and system improvement at the customer's expense and/or the Company shall purchase incremental services to accommodate the customer's service. The customer shall pay for these improvements either in one payment or in monthly installments. In addition, the customer shall pay, monthly, for any incremental services purchased by the Company necessary to provide service to that customer. The customer may agree to reduced service levels to minimize such charges. Any contract relating to charges to be billed pursuant to this provision or an agreed reduction in service level shall be submitted to the Illinois Commerce Commission for informational purposes on a confidential basis as provided by 83 Illinois Administrative Code Part 335.

Agents Can Not Modify Rate Schedule or Contracts

No agent of the Company shall have the power to amend, modify, alter or waive any of the conditions of this rate schedule or any contract entered into between the Company and a customer under any of the service classifications or riders of this rate schedule, or to bind the Company by making any promise or representation contrary to or inconsistent with the provisions of this rate schedule or any such contract.

Providing Customer Information That Does Not Require Customer Consent

The Company shall provide, by written contract, certain customer information to non-utility gas suppliers. The Company shall provide the customer information in an electronic format and may provide such information using its electronic bulletin board system or other means. The Company shall provide to CFY Suppliers, without charge and no more than once every six months, customer lists that include Service Classification No. 1 customer names and service and billing addresses. The Company shall provide, without charge, certain account level information (including therms billed, billing dates and whether the information is based on estimated or actual meter readings) that does not identify customers by name, address or other customer-specific identification ("tier 1 data"). The Company shall not require customer consent to provide the information described in this paragraph.

Providing Customer Information That Requires Customer Consent

The Company shall provide, by written contract, certain customer information to non-utility gas suppliers. The Company shall provide customer information in an electronic format and may provide such information using its electronic bulletin board system or other means. The Company shall require explicit customer consent ("customer consent") to provide the information described in this section. The "contract year" shall be April 1 through March 31, and the initial term of the contract shall end on the first March 31 following the effective date; the contract shall automatically renew for one-year periods upon expiration of the initial term and each one-year extension unless cancelled, effective on the next March 31, on thirty (30) days prior written notice.

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Providing Customer Information That Requires Customer Consent - continued

The Company shall provide specific customer information, such as service (service classification and rider), usage and billing information, by name address and account and meter numbers for specific customers ("tier 2 data"), payment arrearages, and payment history (together with tier 2 data, "customer information"), only to suppliers having customer consent to receive such customer information. The supplier shall indemnify and hold the Company harmless from any customer damage claim if the supplier does not have the requisite authority, or if the customer revokes the requisite authority, to receive the customer information. The Company shall not be responsible or liable to the customer or the supplier if there is a dispute between the supplier and the customer about the scope or effectiveness of the customer's consent.

Customer consent must be stated in unambiguous and everyday language and unequivocal with respect to the customer information sought. The customer's written signature is not required if other satisfactory indicia of customer consent are present. Independent third party verification may be used as evidence of customer consent, but it is not required. Customer consent may be evidenced in different ways, and the supplier need not use the same method for all customers. Any supplier wishing to obtain customer information from the Company must, by written contract with the Company, warrant and represent that it has the necessary customer consent and agree to produce proof of customer consent upon the Company's request, including for audit purposes or to resolve a dispute.

The charge per contract year for customer information shall be based on the incremental costs of providing such information, and, effective April 1, 2011, such charge shall be determined by dividing \$4,400 by the number of customers who have contracted for such service by April 1 of the contract year. For a supplier who contracts for such service during a contract year, such contract shall be effective on the first day of the month following execution and the annual charge shall be determined by dividing \$4,400 by the number of customers who have executed a contract during the contract year and prorated by the number of months remaining in the contract year. Any amounts recovered from customers who execute a contract during the contract year shall be refunded in equal amounts to suppliers under previously effective contracts, such that the total amount charged in a contract year does not exceed \$4,400.

Use of Gas as Compressed Natural Gas

A customer purchasing gas for compression and use as compressed natural gas to propel a vehicle on the public highways shall give the Company prior written notice of intent to purchase gas for that purpose. All gas delivered for such use shall be metered separately by the Company. In the event that any customer's equipment relating to compression of gas may or does interfere with service to any other customer or with metering, the Company or the customer shall, at the customer's expense, provide suitable facilities to preclude such interference.

Definition of Gas Day

The term "Gas Day" shall mean the period beginning at 9:00 a.m. Central Time, and ending at 9:00 a.m. Central Time on the following day. When required by the context in which it is used the word "day" shall mean Gas Day. "Central Time" shall mean the prevailing time in the Central time zone.

Definition of Person

The term "person" shall have the meaning set forth in Article III of the Public Utilities Act (220 ILCS 5/1-101, *et seq.*).

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Definition of Critical Day

The term "Critical Day" shall mean a day which the Company may declare prior to the day whenever any of the following five conditions occurs or is anticipated to occur:

- (1) When the Company experiences failure of transmission, distribution or gas storage facilities;
- (2) When transmission system pressures or other unusual conditions jeopardize the safe operation of the Company's system;
- (3) When the Company's transmission, storage, and supply resources are being used at or near their maximum rated deliverability;
- (4) When any of the Company's storage or transportation service providers or suppliers call the equivalent of a Critical Day; and
- (5) When the Company is unable to fulfill its firm contractual obligations or otherwise when necessary to maintain the overall operational integrity of all or a portion of its system.

Critical Supply Shortage Day shall mean a Critical Day when the Company anticipates requirements in excess of supply.

Critical Supply Surplus Day shall mean a Critical Day when the Company anticipates supply in excess of requirements.

Notice of a Critical Day will be posted on the Company's electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers no less than two hours prior to the Company's nomination deadline for Riders AGG, AGG-T, FST, FST-T, SST and SBS deliveries. The Company will designate each Critical Day as a Supply Surplus Day or a Supply Shortage Day.

Definition of Operational Flow Order Day (OFO Day)

The term "OFO Day" shall mean a day which the Company may declare prior to the day whenever any of the following four conditions occurs or is anticipated to occur:

- (1) When the Company experiences diminished capabilities of its transmission, distribution or gas storage facilities which limit the Company's ability to inject or withdraw gas from company-owned storage or leased storage services;
- (2) When any of the Company's storage or transportation service providers or suppliers call the equivalent of an OFO day, invoke force majeure, or invoke operating limitations which limit the Company's ability to inject or withdraw gas from company-owned storage facilities or leased storage services;
- (3) When transmission system pressures or other unusual conditions jeopardize the safe operation of the Company's system; and
- (4) When the Company's transmission, storage, and supply resources are being used at or near their normal daily limitations.

An OFO Day may affect MDWP and MDIP levels, as defined in Rider SBS of this rate schedule, may result in minimum delivery requirements for Rider FST of this rate schedule, and may affect the delivery requirements for Rider AGG of this rate schedule.

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Definition of Operational Flow Order Day (OFO Day) - continued

The Company may first request non-utility suppliers to voluntarily take actions to alleviate the supply situation that is implicating one or more of the four conditions. If such voluntary actions do not alleviate the situation, the Company will impose an OFO Day. Notice of an OFO Day will be posted on the Company's electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers no less than two hours prior to the Company's nomination deadline for Riders AGG, FST and SBS deliveries.

OFO Supply Shortage Day shall mean an OFO Day when the Company anticipates requirements in excess of supply.

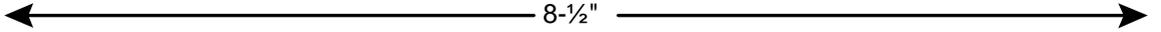
OFO Supply Surplus Day shall mean an OFO Day when the Company anticipates supply in excess of requirements.

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Definition of Terms	Definición de términos
Customer Classification	Clasificación de clientes
Rate 1, Small Residential Service – Available to any residential customer who receives service through a single meter for one or two dwelling units.	Tipo 1, Servicio para pequeñas residencias – Disponible para cualquier cliente residencial que reciba servicio a través de un solo medidor con sólo una o dos unidades de vivienda.
Rate 2, General Service – Available to residential, commercial and industrial customers.	Tipo 2, Servicio general – Disponible para clientes residenciales, comerciales e industriales.
Usage	Uso
Types of Meter Readings:	Tipos de lectura del medidor:
Actual – Reading taken by the company.	Real – La lectura es realizada por la compañía.
Customer – Reading taken by the customer.	Cliente – La lectura es realizada por el cliente.
Estimate – Reading estimated by the company based on weather and previous usage patterns.	Estimada – La lectura se determina según un estimado realizado por la compañía basada en el clima y los patrones de uso previos.
Pressure Correction Factor – A factor used to compute the quantity of gas when it is delivered at higher than normal pressures.	Factor de corrección de la presión – Un factor usado para calcular la cantidad de gas cuando se suministra a presiones por encima de lo normal.
BTU Factor (British Thermal Unit) – A factor used to convert measured gas volumes into the heating value of the gas.	Factor BTU (British Thermal Unit) – Un factor usado para convertir los volúmenes de gas medidos al valor calorífico del gas.
Therms – For billing purposes, the volume of gas used multiplied by the BTU Factor	Termins – Para propósitos de facturación, es el volumen de gas usado multiplicado por el Factor BTU.
Charges	Cargos
Customer Charge – A fixed monthly charge that pays for some of the fixed costs for providing service to customers. This charge includes charges from the State of Illinois that funds energy assistance and renewable energy grants and adjustment(s) allowed by Illinois Public Act 96-0033.	Cargo al cliente – Un cargo mensual fijo que paga algunos de los costos fijos por brindar servicio al cliente. Este cargo incluye cargos del estado de Illinois que financian la asistencia de energía y los subsidios y ajustes de energía renovable permitidos por la Ley Pública de Illinois 96-0033.
Delivery Charge – A charge that pays for costs of delivering gas to customers.	Cargo de suministro – Un cargo que paga costos de suministro de gas a los clientes.
Storage Banking Charge – A charge assessed to transportation customers that pays for the cost of storage other than the cost of storage recovered through the gas charge.	Cargo bancario por almacenamiento – Cargo asignado a los clientes de transporte que se paga por el costo de almacenamiento que no corresponde al costo de almacenamiento que se recupera del cargo del gas.
Storage Service Charge – A charge assessed to sales customers that pays for the cost of storage other than the cost of storage recovered through the gas charge.	Cargo de servicio por almacenamiento – Cargo asignado a los clientes de ventas que se paga por el costo de almacenamiento que no corresponde al costo de almacenamiento que se recupera del cargo del gas.
Uncollectible Expense Adjustment-Gas Cost – A charge assessed to sales customers to recover the uncollectible gas costs as allowed by Illinois Public Act 96-0033.	Ajuste por gasto incoobrable (costo del gas) – Cargo asignado a los clientes de ventas para recuperar los costos del gas incoobrables según lo permite la Ley Pública de Illinois 96-0033.
Efficiency Program Charge – A charge that pays for the costs related to energy efficiency programs	Cargo del programa de eficiencia de energía – Un cargo que paga los costos relacionados con los programas de conservación de energía.
Environmental Charge – A charge that pays for the cleanup from past manufactured gas operations.	Cargo medioambiental – Un cargo que paga costos de la limpieza fabricado por antiguas operaciones de gas.
Gas Charge – A charge that pays for the cost of gas supplies purchased for customers.	Cargo de gas – Un cargo que paga el costo de los suministros de gas comprados por los clientes.
Volume Balancing Adjustment – A charge or credit that stabilizes the revenue collected through the distribution charge.	Ajuste por equilibrio de volumen – Un cargo o crédito que estabiliza la renta cobrada a través del cargo de distribución.
Franchise Cost Adjustment – A charge for municipal franchise agreements	Ajuste por costo de franquicia – Un cargo por los acuerdos de franquicia municipales.
Governmental Agency Compensation Adjustment – An adjustment for governmental fees and addend costs, excluding franchise costs	Ajuste por compensación de organismos gubernamentales – Un ajuste por comisiones gubernamentales y costos agregados, excluyendo los costos de franquicia.
Aggregation Balancing Charge – A charge that is assessed to Choices For You customers to pay for gas cost related storage expenses	Cargo por equilibrio de agregado – Un cargo impuesto a los clientes de Choices For You para pagar los costos de almacenamiento relativos al gas.
Taxes	Impuestos
Municipal Tax – Imposed by some municipalities on current charges before taxes.	Impuesto municipal – Requerido por algunas municipalidades sobre los cargos actuales antes de impuestos.

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North Shore Gas Company

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Rider 2

Gas Charge

**Applicable to All Service Classifications and
Riders FST, FST-T, SST, SBS, P, P-T, CFY, AGG and AGG-T**

The Gas Charge, applicable to all service classifications and to Riders FST, FST-T, SST, SBS, P, P-T, CFY, AGG and AGG-T, shall be determined in accordance with the provisions of this rider.

Section A - Applicability

Each month the Company shall determine the Gas Charge to be placed into effect with service rendered on and after the first day of the following month.

A general description for each Gas Charge and its applicability shall be as follows. The monthly charge for each Gas Charge shall be determined in accordance with Section F.

Gas Charge

Factor	Description
GC	Gas Charge - The sum of Factor CGC and Factor NCGC.
CGC	Commodity Gas Charge - A commodity related, per therm, gas cost recovery mechanism applied to all Company-supplied therms delivered or estimated to be delivered.
NCGC	Non-Commodity Gas Charge - A non-commodity related, per therm, gas cost recovery mechanism applied to all Company-supplied therms delivered or estimated to be delivered.
DGC	Demand Gas Charge - A non-commodity related, per demand therm, gas cost recovery mechanism applied to the contracted backup levels of transportation customers served under Riders FST, FST-T and SST. This charge is the backup level based counterpart to the NCGC. Revenues arising through the application of this charge will be credited to the Factor NCGC.
ABGC	Aggregation Balancing Gas Charge – a non-commodity related, per therm, gas cost recovery mechanism applied to all therms delivered or estimated to be delivered by the Company to customers served under Rider CFY. This charge is equivalent to the NCGC less any costs not associated with balancing or storage. Revenues arising through the application of this charge will be credited to the Factor NCGC. The ABGC shall be determined monthly through the Filing Month of March, 2012, and be applicable to customers served under Rider CFY until April 30, 2012.

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Section A – Applicability - continued

Gas Charge

Factor Description

SGC **Storage Gas Charge** – a non-commodity storage related, per therm of storage capacity, gas cost recovery mechanism applied to all storage capacity therms allocated to or subscribed by customers served under Riders CFY, SST and SBS. Revenues arising through the application of this charge will be credited to the Factor NCGC. The SGC shall be determined monthly with the initial SGC to be effective May 1, 2012.

A monthly report, in a format designated by the Commission postmarked by the twentieth day of the Filing Month, shall show determinations of the Gas Charge for the following Effective Month. A monthly report postmarked after that date but prior to the first day of the Effective Month will be submitted only if it corrects an error or errors from a timely filed report for the same Effective Month. Any other report postmarked after that date will be submitted only as a special permission request under the provisions of Section 9-201(a) of the Public Utilities Act.

Section B - Definitions

Base Period shall mean the Effective Month or the remaining months in the Reconciliation Year which includes the Effective Month.

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

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

Gas Used By the Company shall mean all gas used by the Company except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements.

Reconciliation Year shall mean the 12-month period ending December 31, for which actual gas costs and associated revenues are to be reconciled as provided in Section G of this rider.

System Average Cost of Gas shall mean the weighted average cost per therm of gas estimated to be purchased, withdrawn from storage, and manufactured during the Base Period or Reconciliation Year.

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Section C - Cost Basis

Each Gas Charge shall represent the Company's estimate of recoverable gas costs (as prescribed in Section D) to be incurred during the Base Period, with an adjustment to such costs through use of Adjustment Factors (as prescribed in Sections E, F and G). Any Gas Charge established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the Effective Month. Any Gas Charge established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the Reconciliation Year.

Section D - Recoverable Gas Costs

- (a) Costs recoverable through the Gas Charge shall include the following:
- (1) Costs of natural gas and any solid, liquid or gaseous hydrocarbons purchased for injection into the gas stream or purchased as feedstock or fuel for the manufacture of gas, or delivered under exchange agreements;
 - (2) Costs for storage services purchased;
 - (3) Transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
 - (4) Other out-of-pocket direct non-commodity costs, related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission approved charges required by pipeline suppliers to access supplies or services described in subsections (a)(1) through (3) of this Section.
- (b) Determinations of the Gas Charge shall exclude the actual cost of gas to be used by the Company. Gas Used By the Company will be provided for by purchasing supplies separately from supplies purchased for customers.
- (c) The cost of gas estimated to be withdrawn from storage during the Base Period shall be included in the Gas Charge.
- (d) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charge if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section. This subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff.

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Section D - Recoverable Gas Costs - continued

- (e) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.
- (f) Revenues arising from gas sold by the Company pursuant to provisions in Riders AGG, AGG-T, FST, FST-T, SST, SBS, P and P-T shall offset recoverable gas costs. Costs arising from gas purchased by the Company pursuant to provisions in Riders AGG, AGG-T, FST, FST-T, SBS, SST, P and P-T shall be treated as gas costs recoverable under this Section.

Section E - Adjustments to Gas Costs

- (a) The Adjustment Factor (Factor A) shall be treated as an addition to or an offset against actual gas costs. This Adjustment Factor shall include the total of the following items:
 - (1) Refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;
 - (2) The difference between actual recoverable gas costs and gas cost recoveries for the months preceding the Filing Month; and
 - (3) The unamortized portion of any Adjustment Factors included in prior determinations of the Gas Charge.
- (b) If the Company determines the need to amortize the Adjustment Factor over a period longer than the Base Period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the Base Period. The associated carrying charge established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.

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Section F - Determination of Gas Charge

(a) Each month the Company shall determine under this Section the Commodity Gas Charge (CGC), Non-Commodity Gas Charge (NCGC), the Demand Gas Charge (DGC), the Aggregation Balancing Gas Charge (ABGC) and the Storage Gas Charge (SGC) to be placed into effect for service rendered during the Effective Month.

(b) Each type of Gas Charge shall be determined in accordance with the following formula:

$$GC = \left[\frac{G \pm A \pm O}{T} \right] \times 100$$

Where: GC = The Gas Charge for the applicable type of gas cost in cents per therm rounded to the nearest 0.01¢; any fraction of 0.01¢ shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

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

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

O = Factor O, as defined for each type of Gas Charge determined by the Company under this Section including interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) from the end of the Reconciliation Year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize the additional over or under recovery, additional interest shall be charged in the same manner as that prescribed in subsection (b) of Section E.

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

Determination of Gas Charge (Factor GC):

Factor GC shall be the sum of Factors CGC and NCGC.

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**Applicable to All Service Classifications and
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Section F - Determination of Gas Charge - continued

Determination of Commodity Gas Charge (Factor CGC):

Factor CGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F, and shall utilize a Base Period equal to the Effective Month.

- Where:
- G = The sum of the commodity-related gas costs as specified in subsection (a) through subsection (f) of Section D, less commodity-related costs of gas injected into storage for the Base Period.
 - A = The sum of commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount of the over or under recovery of commodity-related gas costs as ordered by the Commission.
 - T = The estimated therms sold by the Company of gas associated with service to be rendered during the Base Period.

Determination of Non-Commodity Gas Charge (Factor NCGC):

Factor NCGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year, including the Effective Month.

- Where:
- G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D. Such costs shall be reduced by the total Demand Gas Charge revenue arising from the application of Factor DGC and the total Aggregation Balancing Gas Charge revenue arising from the application of Factor ABGC and the total Storage Gas Charge revenue arising from the application of Factor SGC.
 - A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount of the over or under recovery of non-commodity-related gas costs as ordered by the Commission.
 - T = The estimated therms sold by the Company associated with service to be rendered during the Base Period.

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Gas Charge

**Applicable to All Service Classifications and
Riders FST, FST-T, SST, SBS, P, P-T, CFY, AGG and AGG-T**

Section F - Determination of Gas Charge – continued
Determination of Demand Gas Charge (Factor DGC):

Factor DGC is applicable to standby gas service as provided in Riders FST, FST-T and SST. Factor DGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year including the Effective Month.

Where: G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D.

A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.

O = The amount representing the over or under recovery of non-commodity-related gas costs as ordered by the Commission.

T = System supply design peak day requirements stated in therms multiplied by the number of remaining months in the Reconciliation Year.

Determination of Aggregation Balancing Gas Charge (Factor ABGC):

Until April 30, 2012, Factor ABGC is applicable to all therms delivered or estimated to be delivered to customers by the Company under Rider CFY. Factor ABGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year, including the Effective Month.

Where: G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsection (a) through subsection (f) of Section D, excluding any costs that do not support the Company's storage and balancing services.

A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.

O = The amount of the over or under recovery of non-commodity-related gas costs as ordered by the Commission.

T = The estimated therms sold by the Company associated with service to be rendered during the Base Period plus the estimated therms delivered to customers served under Rider CFY during the Base Period.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 2

Gas Charge

**Applicable to All Service Classifications and
Riders FST, FST-T, SST, SBS, P, P-T, CFY, AGG and AGG-T**

Section F - Determination of Gas Charge – continued

Determination of Storage Gas Charge (Factor SGC):

Effective May 1, 2012, Factor SGC is applicable to all storage capacity therms allocated to or subscribed by transportation customers served under Riders CFY, SST and SBS. Factor SGC shall be determined according to the Gas Charge formula as defined in subsection (b) of Section F and shall utilize a Base Period equal to the remaining months of the Reconciliation Year, including the Effective Month.

- Where:
- G = The sum of non-commodity-related gas costs estimated for the Base Period as specified in subsections (a) through subsection (f) of Section D, excluding any costs that do not support the Company's storage and balancing services.
 - A = The sum of non-commodity-related adjustments to gas costs as specified in subsection (a) and subsection (b) of Section E.
 - O = The amount of the over or under recovery of non-commodity-related gas costs as ordered by the Commission.
 - T = The sum of the total estimated Company storage capacity therms for the Base Period including owned and purchased storage capacity therms.

Section G - Annual Reconciliation

- (a) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by independent public accountants and verified by a Company officer. This statement shall show the difference between the following:
 - (1) The costs recoverable through the Gas Charge during the Reconciliation Year, as adjusted by Factor A and Factor O, and
 - (2) The revenues arising through the application of the Gas Charge to applicable therms during the Reconciliation Year.
- (b) If, after hearing, the Commission finds that the Company has not shown all costs to be prudently incurred or has made errors in its reconciliation statement for such Reconciliation Year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 1

Rider 8

Heating Value of Gas Supplied

* **Applicable to All Service Classifications and Riders 9, FST, FST-T, SBS, SST, P, P-T, CFY, AGG and AGG-T**

The therms for which the Company bills a customer shall be determined by multiplying the meter reading difference, registered by the meter or meters located on such customer's premises, by the Btu adjustment factor calculated hereunder. The term "meter reading difference" shall mean the volume of gas delivered by the Company to a customer, computed in accordance with the provisions of this rate schedule and expressed in hundreds of cubic feet of gas. The term "gas purchased, produced or transported" as used in this rider shall mean all natural gas, substitute natural gas, liquefied petroleum gases and other hydrocarbons which are purchased, produced or received by the Company and delivered to the Company's distribution system for delivery to customers.

The Btu adjustment factor shall be calculated by dividing (a) the quotient, rounded to the nearest whole Btu per cubic foot, of (i) the aggregate Btu heating value of gas purchased, produced or transported during the twelve months preceding the month of determination, divided by (ii) the aggregate number of cubic feet of gas purchased, produced or transported during the same twelve-month period adjusted to 14.65 pounds per square inch absolute pressure at a temperature of sixty degrees Fahrenheit by (b) 1,000; the Btu adjustment factor so calculated shall represent the number of therms per hundred cubic feet of gas.

On or before the 25th day of each month, the Company shall submit to the Commission a statement specifying the Btu adjustment factor to become effective with meter readings taken on and after the first day of the following month, together with data in explanation thereof. Such Btu adjustment factor shall, unless otherwise ordered by the Commission, become effective with meter readings taken on and after the first day of the following month.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

Rider 9

Unauthorized Use of Gas Service

Applicable to All Service Classifications and Riders FST, SST, SBS, P and P-T

Except as otherwise provided in this rider, the customer shall pay for unauthorized use of gas service at the rates set forth in the service classification and in the rider under which the customer is or would be regularly served, plus an additional charge of \$0.50 per therm, except on a Critical Supply Shortage Day or a Critical Supply Surplus Day, on which the additional charge delineated in (c) through (h) below shall apply. As used herein, "Critical Supply Shortage Day" and "Critical Supply Surplus Day" shall have the meaning ascribed to them in the Terms and Conditions of Service of this rate schedule.

The provisions of this rider shall not be construed as giving the customer any right to take gas service and the Company reserves the right to disconnect service to a customer taking unauthorized use of gas service until it is satisfied that the customer will not repeat such unauthorized use.

For the purpose of this rider, unauthorized use of gas service shall mean:

- (a) any use of gas in violation of any provision of Rider 10 of this rate schedule in equipment having a rated input over 500 cubic feet per hour;
- (b) any use of gas by a customer during a period of curtailment imposed by the Company pursuant to the Limitations on the Rendering of Gas Service provision in the Terms and Conditions of Service;
- (c) any use of gas by a Rider SST customer that is unauthorized use of gas service under the Order of Deliveries to the Customer provision in Rider SST of this rate schedule, provided, however, on a Critical Supply Shortage Day, the additional charge shall be \$6.00 per therm;
- (d) any use of gas by a Rider P-T supplier that is unauthorized use of gas service under the Order of Deliveries to the Customer Group provision in Rider P-T of this rate schedule, provided, however, on a Critical Supply Shortage Day, the additional charge shall be \$6.00 per therm.
- (e) any Daily Cashout Quantity by a Rider SBS customer under the Order of Deliveries to the Customer provision in Rider SBS of this rate schedule on a Critical Supply Shortage Day or Critical Supply Surplus Day, the additional charge shall be \$6.00 per therm.
- (f) any Daily Cashout Quantity by a Rider P supplier under the Order of Deliveries to the Customer Group provision in Rider P of this rate schedule on a Critical Supply Shortage Day or Critical Supply Surplus Day, the additional charge shall be \$6.00 per therm.
- (g) any Critical Underdelivery by a Rider FST customer under Section E of Rider FST of this rate schedule on a Critical Supply Shortage Day, the additional charge shall be \$6.00 per therm.
- (h) any Critical Underdelivery by a Rider FST supplier under Section E of Rider P of this rate schedule on a Critical Supply Shortage Day, the additional charge shall be \$6.00 per therm.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

*

Page 2 of 2

Rider 9

Unauthorized Use of Gas Service

*

Applicable to All Service Classifications and Riders FST, SST, SBS, P and P-T

**

For the purpose of this rider, the term "customer" shall include any user of gas service.

**

Credit Provision

Each month the Company shall determine the amount of revenue arising from the application of the additional charge per therm set forth in this rider. This amount shall be credited in accordance with the application of Rider 2, Section D, subsection (e) of this rate schedule.

**

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider 10

Controlled Attachment Plan

*** Applicable to All Service Classifications and Riders FST, FST-T, SBS, SST and CFY**

Written application is required for all new and increased year-round firm gas service for inputs over 500 cubic feet per hour for:

1. All central space heating; and
2. Any type of commercial or industrial space heating or industrial processing or power generation.

As gas supply conditions permit, the Company shall give authorizations in the following priority:

Category One:

All requests for:

- (i) Residential and commercial space heating for inputs over 500 cubic feet per hour;
- (ii) Industrial space heating and/or industrial processing for inputs over 500 cubic feet per hour up to and including 30,000 cubic feet per hour; and
- (iii) Industrial applications where gas is the only form of energy which can be practicably used (such as prepared atmospheres, chemical feedstock applications and fume incineration).

Category Two:

All requests for industrial applications not specified in Category One or Three.

Category Three:

All requests for industrial boiler fuel applications of more than 30,000 cubic feet per hour.

Within Categories Two and Three, authorization will be given by input groupings, in the order of smallest to largest, as follows:

Input Grouping (Rated Input of Equipment in Cubic Feet Per Hour)	
501	- 2,000
2,001	- 5,000
5,001	- 10,000
10,001	- 30,000
30,001	- 50,000
50,001	- 100,000
100,001	- 150,000
150,001	- 300,000
Over	300,000

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider 10

Controlled Attachment Plan

Applicable to All Service Classifications and Riders FST, FST-T, SBS, SST and CFY

The Company shall give authorizations on a "first-come-first-served" basis. Nothing contained herein shall prevent the Company from granting authorizations to an entire Category or input grouping of any Category as applications are received and verified where gas supply conditions permit, nor from waiving the requirement for written applications for an entire Category or input grouping of any Category where gas supply conditions permit.

Authorizations granted hereunder shall be void after 30 days unless the applicant notifies the Company in writing of the applicant's intention to install within the time period provided, the gas equipment for which gas service has been requested.

Unless otherwise extended in writing, applicants receiving authorizations under this rider shall install the gas equipment for which service has been requested within:

- (a) twelve months from the effective date thereof for new construction and for existing buildings owned by any governmental body in a non-proprietary capacity ("public buildings"), or
- (b) six months from the effective date thereof for all other instances.

If an applicant in (a) above is unable to utilize gas within its respective installation timeframe, but by overt action taken (such as contractual obligations, site preparation, architectural plans and, in the case of public buildings, budget appropriations) can demonstrate that it fully intends to proceed with the gas equipment installation, then the Company may, as future gas supply conditions permit, give authorization for up to a two-year installation extension.

Authorizations given to any applicant not installing said equipment within the specified time period will become void at the end of such period, and another application will need to be submitted.

The Commission shall be provided thirty days advance notice of any change in the rate of growth or the proposed release of gas permits which have an estimated annual impact equivalent to more than one-half of one percent of the Company's total annual sales as reported in the most recent Annual Report (Form 21) filed with the Commission.

Unauthorized Attachments

The Company is authorized and required to discontinue service to any customer who connects gas consuming equipment in violation of this rider until the customer disconnects the violating equipment.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 3

Rider 10

Controlled Attachment Plan

* **Applicable to All Service Classifications and Riders FST, FST-T, SBS, SST and CFY**

Emergency Authorizations

During the thirty-day period immediately prior to the date of any planned release of gas, an emergency authorization will be granted to any requesting applicant, provided (a) the applicant has a request under this rider for gas service at the time of the emergency condition, (b) the emergency results from equipment breakdown that requires replacement or major repair, (c) the applicant's authorization request is in writing, (d) a Company representative makes an on-site verification of the emergency condition, and (e) the applicant would be included in the ensuing planned release of gas.

A shortage of fuel on the part of the applicant does not constitute an emergency condition hereunder.

Conditional Authorization

Where gas supply conditions would permit an authorization under this rider for a request of 30,000 cubic feet per hour or more but the Company is unable prior to the next following heating season to make changes in its distribution system as reasonably required to provide service to the applicant at temperatures below 15 degrees Fahrenheit, the Company may condition an authorization in such manner and for such period of time as it deems necessary to protect its ability to serve existing customers, provided that any such condition shall be in a written contract, of a maximum one-year term, between the Company and the applicant. The Company's obligation to render service to the applicant shall be limited by and subject to the conditions contained in such contract.

Vacated Buildings

Where a building has been vacated and gas space heating equipment has remained on the premises during the period of vacancy, an applicant for gas space heating service for such building shall be entitled to an authorization in an amount comparable to the prior space heating usage.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 3

Rider SSC

Storage Service Charge

Applicable to Service Classification Nos. 1, 2 and 3

The purpose of this rider is to recover the costs related to providing base rate storage services to sales and transportation customers. Separate charges applicable to sales customers and transportation customers shall be determined by the Company at least annually.

Sales customer shall mean a customer who takes service solely under a service classification and does not also take transportation service under Rider CFY, FST, FST-T, SST or SBS. A transportation customer shall mean a customer who takes service under a service classification and Rider CFY, FST, FST-T, SST or SBS.

Each year, on or before May 31, the Company shall file with the Commission an information sheet specifying the charges to be effective for the 12-month period beginning June 1 and ending May 31 of the succeeding calendar year. Each 12-month period ending May 31 shall be considered the Annual Recovery Period. Such filing shall include a statement showing the determination of such charges in accordance with Section A of this rider, the determination to be accompanied by data supporting the determination. The charges for storage service will be a Storage Banking Charge for all transportation customers and a Storage Service Charge for all sales customers. The Storage Banking Charge will be assessed as a cents per therm charge for each therm of storage capacity allocated to or subscribed by transportation customers under Rider CFY, FST, FST-T, SST or SBS. The Storage Service Charge will be assessed as a cents per therm charge for all gas delivered to sales customers. The initial Storage Banking Charge and the initial Storage Service Charge shall be effective on the date that the base rates filed February 15, 2011 become effective.

Section A – Determination of Charges

- (1) The Company shall at least annually determine under this Section the Storage Banking Charge and Storage Service Charge. The Company shall file an information sheet at least annually with the Commission, which shall remain in effect in accordance to the terms of this rider.
- (2) **The Storage Banking Charge** shall recover the cost of the Company's investment in production and storage excluding the carrying cost of gas in storage and shall be determined as follows:

$$\text{Storage Banking Charge} = ((\text{SRRE}) / \text{SC} / 12 \times 100$$

Where:

SRRE = The sum of the production and storage classified revenue requirement, excluding the carrying cost of gas in storage, in the Company's embedded cost of service study filed on February 15, 2011, and approved by the Commission.

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Asterisks not needed replacing this sheet in its entirety.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 3

Rider SSC

Storage Service Charge

Applicable to Service Classification Nos. 1, 2 and 3

Section A – Determination of Charges – continued

SC = Total on and off-system storage capacity that is estimated to be available for service to sales and transportation customers for the 12-month period beginning the May 1 prior to the Annual Recovery Period.

The initial Storage Banking Charge shall be 0.090 cents per therm. The Storage Banking Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(2).

- (3) **The Storage Service Charge** shall consist of a Storage Service Charge and a Reconciliation Adjustment which shall be summed together for billing purposes. The Storage Service Charge shall recover the cost of the Company's investment in production and storage and shall be determined as follows:

$$\text{Storage Service Charge} = ((\text{SRR} - \text{SBCR}) / \text{T}) \times 100 + \text{RA}$$

Where:

SRR = The storage classified revenue requirement in the Company's embedded cost of service study filed on February 15, 2011, and approved by the Commission.

SBCR = The estimated revenues arising from the Storage Banking Charge for the Annual Recovery Period based upon the amount of storage allocated and subscribed by transportation customers as of the most recent May 1 prior to the Annual Recovery Period.

T = The therms estimated to be delivered to sales customers during the Annual Recovery Period.

RA = The amount due the Company (+RA) or due the customers (-RA) as a result of any under or over-collection of amounts under this rider during the previous Annual Recovery Period. The RA shall be determined in accordance with the provisions of Section (A)4 of this rider.

The initial Storage Service Charge shall be 0.884 cents per therm. The Storage Service Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(3).

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 3

Rider SSC

Storage Service Charge

Applicable to Service Classification Nos. 1, 2 and 3

- (1) **The Reconciliation Adjustment (RA)** shall be calculated annually, and amortized over a ten-month period beginning August 1 and ending May 31 (Amortization Period). The initial RA shall be amortized beginning August 1, 2013. For the initial RA determined under this rider, the prior Annual Recovery Period shall begin on the date that the base rates filed February 15, 2011 become effective and end May 31, 2013. The RA shall be determined as follows:

$$RA = ((ER - AR) \times (1 + i)) / T \times 100$$

Where:

ER = The revenue expected to be billed under this rider for the prior Annual Recovery Period.

AR = Actual revenue billed under this rider for the prior Annual Recovery Period.

T = The estimated applicable therms of gas to be delivered to sales customers during the Amortization Period.

i = The interest rate established by the Commission under 83 Ill. Adm. Code 280.70 (e)(1) and in effect when the adjustment under this section is calculated, adjusted for the number of months in the Amortization Period.

The reconciliation adjustment shall be determined separately. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

Section B – Reconciliation

On or before July 31 of each year, the Company shall file with the Commission an information sheet specifying the reconciliation adjustment to be effective for the Annual Recovery Period. This reconciliation amount will be refunded or collected over the ten-month period of August to May of the subsequent annual recovery period.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 6

Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

The Volume Balancing Adjustment (VBA), expressed on a cents per therm basis, stabilizes the distribution margin approved by the Commission in the Company's most recent rate proceeding. A separate adjustment shall be calculated for each applicable Service Classification.

Each month through January, 2012, the Company shall determine monthly adjustments under this rider. The Effective Component, as outlined in Section B (1), shall be filed with the Commission on a monthly basis and be in effect for the following month. The final monthly Effective Component shall be filed no later than January 31, 2012 and shall be in effect from February 1 through February 29, 2012. The Reconciliation Adjustment and each of its two components, RA₁ and RA₂, as outlined in Section B (2), shall be calculated and filed with the Commission annually no later than March 31, 2012 and amortized for the nine-month period commencing the following April 1.

Beginning in March, 2013, the Company shall determine annual adjustments under this rider. The adjustments, as outlined in Section C, shall be filed with the Commission, no later than March 20th of each year, and shall be in effect for the nine-month period commencing the following April 1.

Section A - Definitions

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

Actual Margin (AM) shall mean that dollar amount of distribution charge revenues, and revenues arising from adjustments under this rider, which were billed for each applicable Service Classification for the applicable period.

Actual Customers (AC) shall mean the number of customers in each applicable Service Classification for the applicable period.

Effective Month shall mean the month for which the Effective Component in Section B (1) is calculated, and shall be the month after the Filing Month.

Effective Period shall mean the period for which the adjustments in Section C are to be billed to customers, and shall be the nine-month period after the Filing Month.

Factor T (T) shall mean the number of therms of gas delivered to customers by the Company, including the number of therms of customer-owned or supplier-owned gas delivered by the Company, for the applicable period.

Filing Month shall mean the month in which an adjustment is determined by the Company and submitted to the Commission.

Fiscal Year shall mean the Fiscal Year of the Company that ended as of the most recent December 31.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

Section A - Definitions - continued

Percentage of Fixed Costs (PFC) shall mean 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.

Previous Amortization Period shall mean the nine-month reconciliation amortization 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 distribution charge revenues approved by the Commission in the Company's most recent rate proceeding for each applicable Service Classification. In a month in which new distribution rates come into effect, the RCM shall be prorated based upon the number of number of days in the month under the old rates and the number of days in the month under the new rates.

Reconciliation Month shall mean the second month prior to the Effective Month.

Upcoming Amortization Period shall mean the nine-month reconciliation amortization period commencing on April 1 following the Fiscal Year.

Section B - Determination of Adjustment through February 2012

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.

The final monthly Effective Component shall be determined and billed for the Effective Month of February, 2012.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

Section B - Determination of Adjustment – continued

(2) **Reconciliation Adjustment** – Through March 31, 2012, 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:

RA₁ = an amount due the Company (+RA₁) or an amount due the customer (-RA₁) arising from the reconciliation of Rate Case Margin revenues and Actual Margin revenues plus revenues arising from application of the Effective Component in subsection B (1) above.

RA₁ shall be represented by the following formula:

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

Where:

RCM represents the Rate Case Margin for the Fiscal Year.

AM represents the Actual Margin for the Fiscal Year.

AC represents the average monthly number of Actual Customers for the Fiscal Year.

RCC represents the average monthly 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 previous 12-month period ending February.

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 D.

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.

Where:

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

RA₂ shall be represented by the following formula:

$$RA - RAR$$

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider VBA

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Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

Section B - Determination of Adjustment – continued

Where:

RA represents RA₁ and O for the Previous Reconciliation Period.

RAR represents actual revenues arising from the application of RA for each month during the Fiscal Year.

- i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period.
- T represents the forecast Factor T for the Upcoming Reconciliation Period.

The Effective Component and the Reconciliation Adjustment shall each be separately determined. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

If the Company determines that RA will more nearly be refunded or recovered at the end of any month up to 11 months, the amortization period may be shortened or lengthened accordingly upon the Company giving 15 days' notice to the Commission of the change in the amortization period.

Section C – Determination of Adjustment in 2013 and Thereafter

There shall be separate per therm adjustments determined annually for each applicable Service Classification, and such adjustments shall be determined with two separate components, as follows:

$$\left[\frac{[(RCM / RCC) - (AM / AC)] \times PFC \times RCC}{T} + \frac{(RA + O) \times (1 + i)}{T} \right] \times 100$$

Where:

RCM represents the Rate Case Margin for the Fiscal Year.

RCC represents average monthly number of Rate Case Customers for the Fiscal Year.

AM represents the Actual Margin for the Fiscal Year.

AC represents the average monthly number of Actual Customers for the Fiscal Year.

T represents the Factor T for the Effective 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 D.

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.

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Asterisk (*) indicates change.

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

* and ** **Section C – Determination of Adjustment in 2013 and Thereafter** - continued

- RA represents the dollar amount due the Company (+RA) or the customers (-RA) arising from adjustments under this rider that were under-billed or over-billed to each Service Classification in the Fiscal Year.
- i represents the interest rate established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Effective Period.

The adjustment components above shall be summed together for billing purposes. If either component of the adjustments computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

* and ** **Section D - Reports and Reconciliations**

- (1) **Through January 2012** - On or before January 31, 2012, the Company shall file with the Commission an information sheet that specifies the adjustments to be effective under this rider for the Effective Month of February, 2012. The Company shall file any corrections from a timely filed information sheet on or before January 31, 2012. Any 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, 2012, a statement of the Reconciliation Adjustment components RA₁ and RA₂ to be applicable for the Upcoming Amortization Period. The Company shall also submit a report which provides the Company's rate of return with and without the effect of Rider VBA. 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.

- (2) **In 2013 and thereafter** - The Company shall file with the Commission on or before March 20 of each year, an information sheet that specifies the annual adjustments to be effective under this rider. The Company shall file any corrections from a timely filed information sheet on or before March 31. Any 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 include with its filing a report which shows a determination of the RA to be applicable for the Upcoming Amortization Period. The Company shall also submit a report which provides the Company's rate of return with and without the effect of Rider VBA. 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.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 6 of 6

Rider VBA

Volume Balancing Adjustment

Applicable to Service Classification Nos. 1 and 2

*** and ** 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.

*** and ** Section F – Audit**

The Company shall submit annually to 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 adjustments and information provided in Section C have been calculated in accordance with this rider.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 9

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

- * Transportation service under this rider is available on and after August 1, 2012 to any customer who:
- (1) executes a written contract for deliveries hereunder at a single point of metering,
 - (2) is a customer under Service Classification No. 2 or 3 at said single point of metering, and
 - (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract.

* **Section A - Definitions**

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

Allowable Bank (AB) shall be the maximum quantity of gas that the customer can retain in storage at any time, determined by the following formula:

$$AB = BD \times MDQ$$

The customer's AB shall be stated in and remain in effect during the term of the contract between the Company and the customer, unless revised by the Company, to reflect a change in any of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at a single point of metering.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Underdelivery shall mean the number of therms by which the customer's deliveries to the Company on a Critical Supply Shortage Day are less than the Critical Supply Shortage Day minimum delivery requirement.

Daily Index, Common High shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 9

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

*

Section A - Definitions – continued

Daily Index, Midpoint shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Midpoint applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Maximum Daily Nomination (MDN) shall mean the maximum daily quantity of customer-owned gas that a customer may nominate for delivery to the Company for the period April through October. The Company shall determine the MDN in accordance with Section E of this rider.

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract between the Company and the customer and shall be the maximum quantity of customer-owned gas that a customer may nominate for delivery to the Company on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

Monthly Cashout Quantity shall mean that quantity of gas accounted for in the AB that is outside the Monthly Storage Inventory Target Levels at the end of each calendar month, as defined in Section E of this rider.

Operational Flow Order Day (OFO Day) shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Underdelivery shall mean the number of therms by which the customer’s deliveries to the Company on an OFO Supply Shortage Day are less than the OFO Supply Shortage Day minimum delivery requirement.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 9

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

**** Section A – Definitions – continued**

Pool shall have the meaning ascribed to it in Rider P of this rate schedule.

Receipt Point shall mean that point of connection where the Company agrees to receive customer-owned gas for service under this rider.

*** Total Days of Bank (BD)** shall mean the total number of days of AB provided for in the Company's rates as shown on an information sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

*** and ** Section B – Rates**

The rates for service hereunder shall consist of an Administrative Charge, a Daily Delivery Non-Performance Charge, a Monthly Cashout Charge, a Standby Commodity Charge, a Standby Demand Charge, and a Trade Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a Customer Group as defined under Rider P of this rate schedule, the Company shall bill the customer for a Standby Demand Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$7.14 per account for each account listed on a contract.

Daily Delivery Non-Performance Charge

On an OFO Supply Shortage Day, the Daily Delivery Non-Performance Charge shall be the Daily Index, Common High times 200% times the OFO Underdelivery.

On a Critical Supply Shortage Day, the Daily Delivery Non-Performance Charge shall be the Daily Index Midpoint plus the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Critical Underdelivery.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* and ** **Section B – Rates - continued**

Monthly Cash-out Charge

The Monthly Cash-out Charge shall be calculated in accordance with Section I of Rider SBS of this rate schedule, and applied to any Monthly Cashout Quantity calculated in accordance with Section E of this rider, Storage Inventory Target Levels, and be based on the percentage of that monthly imbalance compared to the AB capacity.

Standby Commodity Charge

The Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section I of Rider SBS of this rate schedule multiplied by the Company-owned gas therms delivered to the customer under the Companion Classification in the month.

Standby Demand Charge

The monthly Standby Demand Charge shall be determined according to the following formula:
 $DGC \times MDQ$

The effective per therm factor DGC (Demand Gas Charge) shall have the meaning and determination ascribed to it in Rider 2 of this rate schedule.

Trade Charge

The Trade Charge shall be \$5.00 per trade transaction in the month.

** **Late Payment Charge**

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

* and ** **Reimbursement for Taxes**

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or be obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the customer on a monthly basis.

* **Section C - Order of Deliveries to the Company**

In any month in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the customer's AB, up to the maximum end of month Storage Inventory Target Level as defined in Section E of this rider. For this Section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* and ** **Section D - Order of Deliveries to the Customer**

For billing purposes, gas delivered to the customer in any month at the point of metering for this rider shall be deemed to be taken in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current month,
- (2) any quantity of customer-owned gas available for withdrawal from the customer's AB,
- (3) the quantity of gas delivered under the Companion Classification.

For this Section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

* and ** **Section E - Inventory/Allowable Bank/Daily Deliveries/Limitation on AB Injections/Withdrawals**

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for as AB to the extent it would cause the balance to exceed the maximum quantity.

Storage Inventory Target Levels

The amount of gas accounted for in the AB must meet the following storage inventory target levels at the end of each calendar month.

January	23% to 76% of the AB
February	7% to 64% of the AB
March	0% to 56% of the AB
April	3% to 59% of the AB
May	6% to 71% of the AB
June	9% to 76% of the AB
July	15% to 83% of the AB
August	22% to 89% of the AB
September	37% to 91% of the AB
October	46% to 100% of the AB
November	46% to 100% of the AB
December	41% to 88% of the AB

To the extent that the customer's AB inventory is less than the required minimum level, the customer may trade to acquire all or part of the deficient quantity and, to the extent a deficiency remains, shall purchase the deficient Monthly Cashout Quantity from the Company pursuant to Section I of Rider SBS of this rate schedule and the customer's AB inventory shall be adjusted accordingly. To the extent that the customer's AB inventory exceeds the required maximum level, the customer may trade all or part of the excess quantity and, to the extent an excess remains, the Company shall purchase the excess Monthly Cashout Quantity pursuant to Section I of Rider SBS of this rate schedule and the customer's AB inventory shall be adjusted accordingly.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* and **

Section E - Inventory/Allowable Bank/Daily Deliveries/Limitation on AB Injections/Withdrawals - continued

For the period April through October, the customer's daily delivery nominations to the Company shall be no greater than the MDN. The MDN shall be the Company's estimate of the customer's average daily use for the comparable month of the prior year plus the Daily Storage Injection Limit determined for the month as follows:

Daily Storage Injection Limit

During the months of April through October, the Daily Storage Injection Limit for a customer on any day shall be determined by applying the following monthly injection percentage times the customer's AB:

April	0.10%
May	0.75%
June	0.75%
July	0.75%
August	0.75%
September	0.75%
October	0.30%

If the required billing and usage data are available, the customer's average daily use shall be the usage in the customer's bill for the prior year's comparable month divided by the number of days in the month. The MDN shall be the same for each day of the month for which it is determined. If the required billing and usage data are not available or if the customer's usage profile has changed materially, the Company shall make a good faith estimate of the average daily use in order to compute the MDN. If a customer's usage profile materially changes as compared with the prior year, the Company shall accept a customer's request to revise the MDN and, in good faith, entertain granting the customer's request to revise the MDN based on demonstrable evidence of the occurrence or reasonably expected occurrence of a material change in the customer's usage profile. The Company shall have no obligation to accept a customer nomination to deliver any quantity in excess of the applicable MDN. For the period November through March, the customer's daily deliveries to the Company shall be no greater than the MDQ.

On Critical Supply Shortage Days and OFO Supply Shortage Days the customer shall be required to deliver a minimum of 39% of its MDQ. For each therm of delivery below this minimum delivery requirement on a Critical Supply Shortage Day or on an OFO Supply Shortage Day, the Company will sell the equivalent number of therms to the customer at the Daily Delivery Non-Performance Charge.

* and **

Section F - Trading and Daily Reallocations

The customer shall have the right to trade amounts accounted for as AB to customers or suppliers receiving service under Riders FST, SBS, and P of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* and ** **Section F - Trading and Daily Reallocations** - continued

All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with the Storage Inventory Target Levels defined in Section E of this rider or cause elimination of Daily Delivery Non-Performance Charges.

In addition to trading, each day a customer with more than one contract under Riders FST and SBS may, by notice to the Company, reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For the period commencing February 1, 2010, and ending January 31, 2014, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. Central Time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST and SBS and all suppliers under Rider P. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. Central Time on the business day prior to the Gas Day on which the nomination is to be effective, a customer may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the customer's right to correct a timely nomination, required by upstream pipeline cuts, as part of the confirmation process.

* and ** **Section G - Contract with the Customer**

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall then be paid, including the Standby Demand Charge for the unexpired portion of the remaining contractual term.

Upon contract termination, the customer shall trade or cash-out any gas remaining in the AB at 100 percent of the AMIP as defined in Section I of Rider SBS of this rate schedule. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within 120 days of such discontinuance.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* and ** **Section G - Contract with the Customer** - continued

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract.

The customer, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

A customer may transfer management of its contract to one supplier under Rider P of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the AB capacity under its contract with the Company to the Pool AB capacity under the Rider P contract under which it is a member of a Customer Group, as defined in Rider P of this rate schedule.

The provisions of Rider P shall govern when there is a conflict between the provisions of this rider and that of Rider P with respect to a transferred contract. The provisions of this rider shall govern when either Rider P is silent or there is no conflict between the provisions of this rider and that of Rider P. Upon termination of the contract under Rider P the transfer of the customer's contract shall be cancelled

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 9 of 9

Rider FST

Full Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

*** Section H - Terms and Conditions of Service**

** Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a customer does not deliver customer-owned gas to the Company for any 30-day period, the Company may terminate the contract.

** In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

** The Company shall be able to interrupt deliveries of customer-owned gas to the customer and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section I of Rider SBS of this rate schedule plus \$1.50 per therm.

** The customer shall be responsible for the expenses of delivering its gas to the Company's system and shall ensure deliveries to the Company's facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any customer-owned gas that does not conform to the contractual gas quality specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

** The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when it believes that the customers' or suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 13

Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

- * Transportation service under this rider is available through July 31, 2012 to any customer who:
- (1) executes a written contract for deliveries hereunder at a single point of metering;
 - (2) is a customer under Service Classification No. 2 or 3 at said single point of metering;
 - (3) has arranged for the delivery of customer-owned gas to a mutually agreeable receipt point on the Company's system for service under said contract; and
 - (4) elects to contract for any level of standby service.

Customers served under this rider with a contract that renewed on May 1, 2012, or customers contracting for service on this rider subsequent to May 1, 2012 and served under this rider on July 31, 2012, will be transferred to Rider SBS effective August 1, 2012.

* **Section A - Definitions**

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

Allowable Bank (AB) shall mean the maximum quantity of gas that the customer can retain in storage at any time, determined by the following formula through April 30, 2012:

For Service Classification No. 2: $AB = [BRD + (GCD \times DF \times SSP)] \times MDQ$

For Service Classification No. 3: $AB = [(BRD \times SSP) + (GCD \times DF \times SSP)] \times MDQ$

Effective May 1, 2012, the AB shall mean the maximum quantity of gas that the customer can retain in storage at any time, determined by the customer's MDQ times the number of days of storage bank selected by the customer. The number of days selected must be a minimum of 1, an integer, and no more than the maximum number of days determined by the Rider SBS Capacity calculation as determined in Rider SBS of this rate schedule; provided, however, a customer may request days of AB in excess of such maximum, and if there is unsubscribed capacity, the Company will allocate such unsubscribed capacity as described in Rider SBS of this rate schedule.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term, unless revised by the Company to reflect a change in any one of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Base Rate Days (BRD) shall mean the number of days of AB provided for in the Company's base rates as approved by the Commission in the Company's most recent rate proceeding.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at said single point of metering.

Company-owned Gas shall mean any gas delivered to the customer that has not been delivered to the Company by the customer's supplier on its behalf or withdrawn from their AB.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* **Section A - Definitions** - continued

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in Terms and Conditions of Service of this rate schedule.

Daily Company-owned Gas shall mean Company-owned Gas that is delivered to the customer on any day under the Companion Classification, up to the customer's SSQ.

Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the customer on any day which is in excess of the customer's SSQ, unless Authorized Overtake has been made available.

Diversity Factor (DF) shall mean the constant value that has been approved by the Commission in the Company's most recent rate proceeding for the applicable service classification.

Gas Charge Days (GCD) shall mean the number of days of AB provided for in the Company's gas charge rates as shown on an information sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

Imbalance Account (IA) shall mean the account in which customer-owned gas delivered to the Company in excess of the summation of (i) the customer's daily requirements and (ii) AB is accounted for.

Maximum Daily Nomination (MDN) shall be the maximum daily quantity of customer-owned gas that a customer may nominate for delivery to the Company for the period April through October. The MDN shall be determined in accordance with Section G of this rider.

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Asterisk (*) indicates change.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST

Selected Standby Transportation Service

Applicable to Service Classification Nos. 2 and 3

* **Section A - Definitions** - continued

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract and shall be the maximum quantity of customer-owned gas that a customer may nominate for delivery on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

Monthly Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the customer in excess of the quantity that it is authorized to receive in the month less the sum of the month's Daily Unauthorized Use.

Non-Critical Day shall mean any day that is not a Critical Day.

Pool shall have the meaning ascribed to it in Rider P-T of this rate schedule.

Receipt Point shall mean that point of connection where the Company agrees to receive customer-owned gas for service under this rider.

Selected Standby Percentage (SSP) shall mean the percentage, which may not be a fraction, selected by the customer, which shall be a minimum of 0% and a maximum of 100%. The customer's SSP shall be stated in and remain effective during the term of the contract; provided, however, that a customer may revise its SSP if it wishes to transfer its contract to a different supplier's Pool. Requests for an increased SSP shall require an application for new service for the increase under Rider 10 of this rate schedule, unless the Company has waived the requirement pursuant to Rider 10.

Selected Standby Quantity (SSQ) shall mean the product obtained by multiplying the customer's SSP by the customer's MDQ. This is the maximum quantity of gas for which the Company shall make up any deficiency in customer-owned gas to meet the customer's requirements. Up until April 30, 2012, the maximum quantity that can be delivered to the customer in any month under the Companion Classification shall be the customer's SSQ multiplied by the number of days in the month. Effective May 1, 2012, the SSQ shall be 0 for all customers taking service under this rider.

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Section A - Definitions - continued

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain at the time of delivery into its system, representing the customer's proportionate share of Unaccounted for Gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Unauthorized Use of Gas shall mean the sum of Daily Unauthorized Use plus Monthly Unauthorized Use.

*

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, a Cash-out Charge, a Daily Demand Measurement Device Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Standby Commodity Charge, a Standby Demand Charge, a Storage Gas Charge and an Unauthorized Use Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a Customer Group as defined under Rider P-T of this rate schedule, the Company shall bill a Daily Demand Measurement Device Charge and a Standby Demand Charge, and a Storage Gas Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$7.14 per account for each account listed on a contract.

Cash-out Charge

The monthly Cash-out Charge shall be applied to any remaining imbalance calculated in accordance with Section I of this rider and be based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

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* **Section B - Rates - continued**

Daily Demand Measurement Device Charge

A Daily Demand Measurement Device shall be required for each meter at which service is taken under this rider. For each such device installed by the Company to meet this requirement, the monthly charge shall be \$34.00. Charges billed under this provision shall begin with the bill for the first full month following installation, and shall not apply for a device installed as an incident of service under the customer's Companion Classification.

Imbalance Account Charge

The daily Imbalance Account Charge shall be \$.10 per therm of customer-owned gas in the IA each Non-Critical Day. On a Critical Supply Shortage Day, the Imbalance Account Charge shall be zero. On a Critical Supply Surplus Day, the Imbalance Account Charge shall be \$6.00 per therm.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Standby Commodity Charge

The Standby Commodity Charge shall consist of a daily and a monthly component and be determined as follows:

Daily Standby Commodity Charge shall be determined by summing the amounts resulting from the daily charges determined by the following formula:

Daily Company-owned Gas x the corresponding daily price published in "Gas Daily" as defined in Section C of this rider.

Monthly Standby Commodity Charge shall be determined as follows:

Monthly Standby Commodity determined as described in Section G of this rider multiplied by the Average Monthly Index Price (AMIP) as defined in Section C of this rider.

Standby Demand Charge effective through April 30, 2012

The monthly Standby Demand Charge shall be determined according to the following formula:
 $DGC \times DF \times SSQ$

The effective per therm factor DGC (Demand Gas Charge) shall have the meaning and determination ascribed to it in Rider 2 of this rate schedule.

Storage Gas Charge effective May 1, 2012

The monthly Storage Gas Charge shall be determined according to the following formula:
AB multiplied by the effective Storage Gas Charge

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Section B - Rates – continued

**

Unauthorized Use Charge

The Monthly Unauthorized Use Charge shall be the applicable charges under Rider 9 of this rate schedule multiplied by the applicable quantities of Unauthorized Use of Gas during the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any and all taxes which the Company shall be required to pay or be obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the customer on a monthly basis.

Section C - Cash-Out

IA amounts determined under this rider and subject to cash-out shall be cashed out on a tiered basis pursuant to the following schedule:

<u>Monthly Imbalance</u>	<u>Overage (Company pays Customer)</u>	<u>Underage (Customer pays Company)</u>
0% to 5%	100% times AMIP	100% times AMIP
> than 5% to 10%	90% times AMIP	110% times AMIP
> than 10% to 15%	80% times AMIP	120% times AMIP
> than 15% to 20%	70% times AMIP	130% times AMIP
Greater than 20%	60% times AMIP	140% times AMIP

The imbalance will be cashed out based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

The Average Monthly Index Price (AMIP) for a month shall be the arithmetic average of the daily prices published for that month in "Gas Daily" under the headings Citygates, Chicago city-gates, Midpoint (average price in the Common range), or any successor to that index. On any day that the index is unavailable, the Company shall compute the AMIP using the remaining days. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10. The monthly Cash-out Charge shall be the sum of each tier's Monthly Imbalance multiplied by the corresponding price.

Section D - Authorized Overtake

Authorized Overtake gas shall be any Company-owned gas made available to the customer pursuant to authorization under this provision. The Company shall notify customers of the availability of Authorized Overtake gas by notice posted on its electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers. Authorized Overtake gas delivered to the customer under this provision shall be paid for by the customer under the Companion Classification.

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Section E - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited as follows (i) AB and (ii) IA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section F - Order of Deliveries to the Customer

For billing purposes, gas delivered to the customer in any day at the point of metering for this rider shall be in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current day;
- (2) any quantity of customer-owned gas available for withdrawal from the customer's IA;
- (3) any quantity of customer-owned gas available for withdrawal from the customer's AB;
- (4) the quantity of gas delivered under the Companion Classification, up to the customer's effective SSQ;
- (5) Authorized Overtake; and
- (6) Unauthorized Use.

For this Section, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

*** Section G - Inventory / Allowable Bank / Daily Deliveries**

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for as AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the AB must be no less than 75% of the AB. To the extent that the customer's inventory is less than 75%, the customer shall purchase the deficient quantity from the Company at 110% of the AMIP under Section C of this rider determined for November. If the customer has transferred management of its contract to a Pool, the determination of whether the customer meets this inventory requirement shall be made pursuant to Rider P-T. If the customer has not transferred management of its contract to a Pool, the customer's supplier may, by notice to the Company no later than December 1, include the customer in its aggregation of Pools and customers for the sole purpose of meeting this inventory requirement, as further described in Section F of Rider P-T; provided, however, that if such customer has purchased gas from more than one supplier in November, the customer may not be included in a supplier's aggregation; provided further, that if more than one supplier timely notifies the Company that the customer should be in its aggregation, the customer shall not be included in an aggregation.

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* **Section G - Inventory / Allowable Bank / Daily Deliveries - continued**

For the period April through October, the customer's daily delivery nominations to the Company shall be no greater than the MDN. If the required billing and usage data are available, the MDN shall be the Company's estimate of the customer's average daily use for the comparable month of the prior year plus 0.67% of the customer's AB. If the required billing and usage data are available, the customer's average daily use shall be the usage in the customer's bill for the prior year's comparable month divided by the number of days in the month. The MDN shall be the same for each day of the month for which it is determined. If the required billing and usage data are not available or if the customer's usage profile has changed materially, the Company shall make a good faith estimate of the average daily use in order to compute the MDN. If a customer's usage profile materially changes as compared with the prior year, the Company shall accept a customer's request to revise the MDN and, in good faith, entertain granting the customer's request to revise the MDN based on demonstrable evidence of the occurrence or reasonably expected occurrence of a material change in the customer's usage profile. The Company shall have no obligation to accept a customer nomination to deliver any quantity in excess of the applicable MDN. For the period November through March, the customer's daily deliveries to the Company shall be no greater than the MDQ.

A customer's daily withdrawals from the AB on any Critical Supply Shortage Day through April 30, 2012, shall be limited to the lesser of (i) the customer's AB balance at the beginning of the day or (ii) the quantity of gas determined by $[\text{BRD}/(\text{BRD} + \text{GCD}) + (\text{GCD}/(\text{BRD} + \text{GCD}) \times \text{SSP})] \times \text{MDQ}$ for customers served under Service Classification No. 2 for customers served under Service Classification No. 3, the quantity of gas determined by SSQ. A customer's daily injections into the AB on any Critical Supply Surplus Day through April 30, 2012, shall be limited to SSQ, provided that no deliveries shall be accounted for as AB to the extent it would cause the balance to exceed the maximum quantity. On a Critical Supply Shortage Day between May 1, 2012 and July 31, 2012, the Company may restrict withdrawals from the AB. On a Critical Supply Surplus Day between May 1, 2012 and July 31, 2012, the Company may restrict injections to the AB. The Company shall post any such restrictions on its electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers no less than two hours prior to the Company's nomination deadline.

A customer's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's AB balance at the beginning of the month or (ii) 1/3 of the customer's AB. For quantities that would be in excess of this limitation, the customer shall purchase gas under the Companion Classification, designated as Monthly Standby Commodity, a quantity not to exceed the product of the SSQ times the number of days in the month minus the sum of Daily-Company-owned Gas purchased during the month and any remaining quantity shall be Unauthorized Use.

* **Section H - Imbalance Trading, Daily Reallocations and Critical Day Reallocations**

The customer shall have the right to trade amounts accounted for as AB or IA to customers or suppliers receiving service under Riders FST-T, SST and P-T of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence.

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Section H - Imbalance Trading, Daily Reallocations and Critical Day Reallocations – continued

- ** All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with the minimum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of daily imbalance charges.
- * In addition to imbalance trading, each day a customer with more than one contract under Riders FST-T and SST may reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.
- * For any month in which one or more Critical Days was in effect, a customer that has not assigned its contract to a supplier under Rider P-T may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the customer wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a customer may notify the Company that it is requesting the Company to move gas that the customer delivered to one or more of its Rider SST contracts on a Critical Day to another one or more of its Rider SST contracts for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the customer for the month in which the Critical Day(s) occurred.
- * For the period commencing February 1, 2010, and ending July 31, 2012, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. central time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST-T and SST and all suppliers under Rider P-T. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. central time on the business day prior to the Gas Day on which the nomination is to be effective, a customer may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the customer's right to correct a timely nomination, required by upstream pipeline cuts, as part of the confirmation process.

Section I - Disposition of Imbalance Account Amounts

At the end of the month, the amount in the customer's IA shall first be injected into the AB up to the maximum AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of this rider. Amounts credited to the IA each day shall be assessed an Imbalance Account Charge.

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Section J - Contract with the Customer

** The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall then be paid, including the Standby Demand Charge for the unexpired portion of the remaining contractual term.

Upon contract termination, the customer shall trade or cash-out any gas remaining in the AB at 100 percent of the AMIP as defined under Section C of this rider. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within 120 days of such discontinuance. A customer who terminates service hereunder and subsequently requests service under any service classification in excess of the SSQ effective on the termination date shall be required to apply for new service under Rider 10 of this rate schedule unless the Company has waived the requirement pursuant to Rider 10. Customer's transfer of service to Rider SBS effective August 1, 2012, shall not be a termination or discontinuance of service under this rider for purposes of this paragraph.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

* If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract. If such a contract includes one or more accounts served under Service Classification No. 2 and one or more accounts served under Service Classification No. 3, the customer may not transfer management of said contract to a supplier under Rider P-T.

The customer, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

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Section J - Contract with the Customer – continued

* and ** A customer, except a customer receiving service pursuant to Section L of this rider, may transfer management of its contract to one supplier under Rider P-T of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P-T contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P-T contract under which it is a member of a Customer Group, as defined in Rider P-T of this rate schedule.

* The provisions of Rider P-T shall govern when there is a conflict between the provisions of this rider and that of Rider P-T with respect to a transferred contract. The provisions of this rider shall govern when either Rider P-T is silent or there is no conflict between the provisions of this rider and that of Rider P-T. Upon termination of the contract under Rider P-T the transfer of the customer's contract shall be cancelled.

Section K - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a customer does not deliver customer-owned gas to the Company for any 30-day period, the Company may terminate the contract.

The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the device. The Company may terminate the contract hereunder if a customer does not repair malfunctioning telephone wiring or electric wiring within 30 days of notification by the Company. Equipment installed by the Company shall remain its property, regardless of the customer's payment of charges hereunder.

In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of customer-owned gas to the customer and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section C of this rider plus \$1.50 per therm.

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Section K - Terms and Conditions of Service - continued

** The customer shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any customer-owned gas that does not conform to the contractual gas quality specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

** The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when it believes that the customers' or the suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

Section L - Transition

Any customer that has not yet had a Daily Demand Measurement Device installed may receive service under this rider subject to this Transition provision. This Transition provision shall apply to the customer's service until the first day of the next month following the installation of the Daily Demand Measurement Device (Transition Period). For customers having a contract covering more than one account, the Transition Period shall end upon the first day of the next month following the completed installation of Daily Demand Measurement Devices for all specified accounts.

Service under this Transition provision shall be available upon execution of a contract. If a Daily Demand Measurement Device has not been installed due to any customer failure, including failure to install telephone wiring, after 3 months, the contract shall be terminated and the customer shall be re-billed under this rider assuming 100% standby service for the period that Rider SST service was taken under this Transition provision. If the contract is terminated due to such failure, the customer may not subsequently renew service under this rider within a twelve-month period. If the customer elects not to receive service under this rider before installation of a Daily Demand Measurement Device, the customer shall be re-billed under this rider assuming 100% standby service for the period that Rider SST service was taken under this Transition provision.

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Section L - Transition – continued

** If a Daily Demand Measurement Device has not been installed by November 1 of any year for any customer who has contracted for service under this rider, the customer may, in writing, select an interim SSP in excess of that contractually specified. This interim selection shall be effective from said November 1 until the end of the Transition Period, at which time the originally specified SSP shall become effective.

** Notwithstanding any other provision in this rider, billing during the Transition Period for a customer subject to this Transition provision shall be based upon monthly rather than daily data. The daily limitations, except the MDN, set forth in Section G of this rider shall be applied on a monthly basis.

For the months of November through March, a customer subject to this Transition provision must have, at the beginning of each month, a minimum balance of gas in the customer's AB (Minimum AB Balance) calculated by the formula $[1-SSP] \times .75 \times AB$, with the factors SSP and AB having the contractually-specific values. If the balance in the customer's AB is less than the Minimum AB Balance required at the beginning of any month, the customer shall purchase from the Company, under its Companion Classification, an amount of gas equal to the difference between the quantity of customer-owned gas in the AB and the Minimum AB Balance. Any purchased gas hereunder shall be priced at 110% of the AMIP as defined under Section C of this rider. Such quantity shall be deemed to have been purchased on the last day of the month prior to that in which the required Minimum AB Balance does not exist. The Minimum AB Balance is in place of the inventory requirement set forth in Section G of this rider.

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Rider P

Pooling Service

Applicable to Riders FST and SBS

Pooling service under this rider is available on and after August 1, 2012 to all suppliers who deliver gas to the Company for transportation to a Rider FST or SBS customer and execute a written contract for service hereunder.

Section A - Definitions

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

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service.

Company-owned Gas shall mean any gas taken by the Pool that has not been delivered to the Company by the Pool's supplier on its behalf or withdrawn from its AB.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Underdelivery shall mean the number of therms by which the Rider FST Pool's deliveries to the Company on a Critical Supply Shortage Day are less than the Critical Supply Shortage Day minimum delivery requirement.

Customer Group shall mean the group of Rider FST or the group of Rider SBS customers that contract with the Company to be in a supplier's Pool. Each Customer Group shall be limited to 300 accounts, or may consist of a single contract up to 200 accounts, unless a larger number is approved by the Company.

Daily Cashout Quantity shall mean the difference between the supplier's deliveries to the Company's system as adjusted for storage activity allowed under this rider and the Pool's metered gas deliveries from the Company on any day. An underage exists when such difference is negative and an overage exists when such difference is positive.

Daily Index, Common High shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 9

Rider P

Pooling Service

Applicable to Riders FST and SBS

Section A - Definitions – continued

Daily Index, Common Low shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Common (low price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Midpoint shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Midpoint applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Monthly Cashout Quantity shall mean that quantity of gas accounted for in the AB that is outside the Monthly Storage Inventory Target Levels at the end of each calendar month, as defined in Section E of Rider SBS of this rate schedule.

Non-Critical Day shall mean any day that is not a Critical Day or an OFO day.

Operational Flow Order Day (OFO Day) shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Underdelivery shall mean the number of therms by which the Rider FST Pool’s deliveries to the Company on an OFO Supply Shortage Day are less than the OFO Supply Shortage Day minimum delivery requirement.

Pool shall mean the Customer Group that the supplier establishes under its Pooling contract with the Company.

Pool Allowable Bank (AB) shall mean the sum of the Allowable Banks of customers in the Customer Group, as determined under Rider FST or SBS.

Pool Maximum Daily Nomination (MDN) shall be the sum of the MDNs of customers in the Customer Group, as determined under Rider FST and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day during the April through October period.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

*

Section A - Definitions – continued

*

**

Pool Maximum Daily Quantity (MDQ) shall mean the sum of the MDQs of customers in the Customer Group, as determined under Rider FST or SBS and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day.

**

Pool Unaccounted for Gas shall mean the quantity of supplier-owned gas the Company shall retain, at the time of delivery into its system, representing the Pool's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

**

Pooling Service shall mean a service that allows suppliers to deliver gas to the Company, on an aggregated basis, for one or more Rider FST or SBS contracts that comprise the membership of the supplier's Pool.

Receipt Point shall mean that point of connection where the Company agrees to receive supplier-owned gas for service under this rider.

*

Section B - Rates

The rates for service hereunder shall consist of a Daily Cash-out Charge, a Daily Delivery Non-Performance Charge, a Monthly Cash-out Charge, a Pooling Charge, a Standby Commodity Charge and a Trade Charge.

Cash-out Charge

The **Daily Cash-out Charge** shall be determined as follows:

On a Non-Critical Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Common High times 110% times the Daily Cashout Quantity.

On an OFO Supply Shortage Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Common High times 200% times the Daily Cashout Quantity.

On a Critical Supply Shortage Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity. Additionally, the customer shall pay the Company the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Daily Cashout Quantity.

On an OFO Supply Surplus Day or a Critical Supply Surplus Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity.

On a Non-Critical Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Common Low times 90% times the Daily Cashout Quantity.

On an OFO Supply Surplus Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Common Low times 50% times the Daily Cashout Quantity.

On a Critical Supply Surplus Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity. Additionally, the customer shall pay the Company the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Daily Cashout Quantity.

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North Shore Gas Company

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Rider P

Pooling Service

Applicable to Riders FST and SBS

Section B – Rates – continued

Cash-out Charge - continued

On an OFO Supply Shortage Day or a Critical Supply Shortage Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity.

For an underage cashout, the customer shall owe the Daily Cash-out Charge to the Company. For an overage cashout, the Company shall credit the customer the Daily Cash-out Charge, except for the Unauthorized Use Charge that the customer shall owe the Company on a Critical Supply Surplus Day.

Monthly Cash-out Charge

The Monthly Cash-out Charge shall be calculated in accordance with Section I of Rider SBS of this rate schedule and be applied to any Monthly Cashout quantity calculated in accordance with Section E under Storage Inventory Target Levels of Riders FST and SBS of this rate schedule and be based on the percentage of that monthly imbalance compared to the AB capacity.

Daily Delivery Non-Performance Charge

On an OFO Supply Shortage Day, the Daily Delivery Non-Performance Charge shall be priced at the Daily Index, Common High times 200% times the OFO Underdelivery.

On a Critical Supply Shortage Day, the Daily Delivery Non-Performance Charge shall be priced at the Daily Index, Midpoint times the Critical Underdelivery. Additionally, the customer shall pay the Company the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Critical Underdelivery.

Trade Charge

The Trade Charge shall be \$5.00 per trade transaction in the month.

Pooling Charge

The monthly Pooling Charge shall be \$200.00 per month and \$3.37 per account in the Customer Group.

Standby Commodity Charge

For Rider FST Pools, the Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section I of Rider SBS of this rate schedule multiplied by the Company-owned therms delivered to the Pool under the Companion Classification in the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

*
* and ** **Section B – Rates – continued**
Reimbursement for Taxes

In addition to the charges under Rider 1, the supplier shall reimburse the Company for any taxes which the Company shall be required to pay or obligated to collect from the supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the supplier on a monthly basis.

* and ** **Section C - Order of Deliveries to the Company**

On any day in which supplier-owned gas delivered to the Company exceeds the Customer Group's metered gas deliveries from the Company, the difference between such deliveries shall be determined pursuant to Section C of Rider FST or Section C of Rider SBS of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned gas.

For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

* and ** **Section D - Order of Deliveries to the Customer Group**

For billing purposes, gas delivered to the Customer Group in any day at the points of metering for this rider shall be in the order determined pursuant to Section D of Rider FST or Section D of Rider SBS of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned and Company-owned Gas delivered to the Customer Group.

For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

* **Section E - Inventory / Allowable Bank / Daily Activity**

In no event shall the quantity of gas accounted for in the Pool AB be negative or supplier-owned gas deliveries be accounted for in the Pool AB to the extent it would cause the balance to exceed the AB.

For the period April through October, the Rider FST Pool's daily deliveries to the Company shall be no greater than the Pool MDN. The Pool MDN shall be the same for each Day of the month for which it is determined. For the period November through March, the Pool's daily deliveries to the Company shall be no greater than the Pool MDQ.

Rider SBS Pools will be subject to the Maximum Daily Withdrawal Percentage (MDWP), Maximum Daily Injection Percentage (MDIP), Daily Balancing Tolerance (DBT) and Storage Inventory Target Levels, as defined in Section E of Rider SBS of this rate schedule. Rider FST Pools will be subject to the Critical Supply Shortage Day and OFO Supply Shortage Day minimum delivery requirements and the Storage Inventory Target Levels, as defined in Section E of Rider FST of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

Section F - Trading, Daily Reallocations and Critical Day Reallocations

The supplier shall have the right to trade amounts accounted for as AB with customers or suppliers receiving service under Riders FST, SBS and P of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence. All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with minimum or maximum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of Daily Cashout Charges or Daily Delivery Non-Performance Charges or increase the amount of the imbalance.

In addition to trading, each day a supplier with more than one Pool contract may notify the Company that it wishes to re-allocate the supplier-owned gas that it nominated for delivery among its contracts. The supplier may not increase or decrease the confirmed quantity of supplier-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For any month in which one or more Critical Days was in effect, a supplier may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the supplier wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a supplier may notify the Company that it is requesting the Company to move gas that the supplier delivered to one or more of its Rider SBS pools on a Critical Day to another one or more of its Rider SBS pools for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the supplier and affected customers for the month in which the Critical Day(s) occurred.

For the period commencing February 1, 2010, and ending January 31, 2014, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. Central Time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST and SBS and all suppliers under Rider P. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. Central Time on the business day prior to the Gas Day on which the nomination is to be effective, a supplier may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the supplier's right to correct a timely nomination, required by upstream pipeline cuts as part of the confirmation process.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

Section G - Contract with the Supplier

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, the supplier shall trade or cash-out any gas remaining in the Pool's AB at 100 percent of the AMIP as defined under Section I of Rider SBS of this rate schedule.

The supplier must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parental guaranty, based upon the Company's determination of qualifications, for an amount equivalent to three months' service under this rider.

The contract between the Company and the supplier shall provide for:

- (1) the measurement of supplier-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any supplier hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the supplier shall nominate daily delivery quantities of supplier-owned gas to the Company. The supplier shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all supplier-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

The supplier, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Such contracts shall include each contract between the supplier and each member of the Customer Group authorizing the supplier to act as its agent, each member's Rider FST or Rider SBS contract, and the transfer of contract showing that each customer transferred to the supplier management of its Rider FST or SBS contract.

Section H - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a supplier does not deliver supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

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Section H - Terms and Conditions of Service - continued

In the event there is a Company gas supply interruption or curtailment, all supplier-owned gas delivered to the Company will be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of supplier-owned gas shall be 100 percent of the AMIP as defined under Section I of Rider SBS of this rate schedule plus \$1.50 per therm.

The Company reserves the right to limit the daily and monthly volumes of supplier-owned gas delivered for the suppliers' Customer Groups when it believes that the deliveries are excessive in relation to the Customer Groups' gas requirements and may cause an adverse effect on system operations.

The supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder.

The Company shall not be obligated to accept delivery of any supplier-owned gas that does not conform to the contractual quality specifications.

If the supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of supplier-owned gas into the Company's system until the supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the supplier from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P

Pooling Service

Applicable to Riders FST and SBS

*

Section H - Terms and Conditions of Service - continued

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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130 East Randolph Drive, Chicago, Illinois 60601**

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 4

Rider CFY

Choices For Yousm Transportation Service

Applicable to Service Classification Nos. 1 and 2

Transportation service under this rider is available to any customer who meets the following criteria:

- (1) satisfies each of the qualifications set forth in Section B of this rider;
- (2) is a customer under Service Classification No. 1 or 2 at a single point of metering; and
- (3) contracts with a CFY Supplier.

*

Section A - Definitions

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

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

Companion Classification shall mean Service Classification No. 1 or 2.

Maximum Daily Quantity (MDQ) shall mean the quantity, calculated by the Company, equal to the customer's highest metered gas requirements in the billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm.

The Company shall recalculate the customer's MDQ each April. The customer's MDQ shall remain in effect for the one year period commencing May 1, unless revised by the Company based on evidence of changed usage or as required in connection with a Transfer of Service, as defined in Section D of this rider.

Maximum Storage Quantity (MSQ) shall mean the MDQ multiplied by the number of days of bank provided in the Company's rates, as shown on the information sheet filed with the Commission on the most recent April 1 of each year to be effective on the next May 1 for a one-year period.

Pool shall have the meaning ascribed to it in Rider AGG and AGG-T.

CFY Supplier shall mean any supplier who executes a written contract with the Company for service under Rider AGG or AGG-T.

Section B - Customer Qualifications

To take service under this rider, a customer must:

- (1) enter into a contract with a CFY Supplier;
- (2) be a member of a Pool; and
- (3) provide the Company regular access to the meter.

*

Section C - Rates

The rates for service hereunder shall consist of an Aggregation Balancing Charge and a Storage Gas Charge as well as those charges defined in the customer's Companion Classification, excluding the Gas Charge.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 2 of 4

Rider CFY

Choices For Yousm Transportation Service

Applicable to Service Classification Nos. 1 and 2

* **Section C - Rates** - continued

Aggregation Balancing Charge through April 30, 2012

The monthly Aggregation Balancing Charge shall be an amount equal to (i) all therms delivered to the customer under this rider, multiplied by (ii) the effective Aggregation Balancing Gas Charge (ABGC) determined under Rider 2 of this rate schedule.

Storage Gas Charge effective May 1, 2012

The monthly Storage Gas Charge shall be determined according to the following formula:
MSQ multiplied by the effective Storage Gas Charge determined under Rider 2 of this rate schedule.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes that the Company shall be required to pay or obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the customer on a monthly basis.

Section D - Terms and Conditions of Service

Service shall be provided hereunder whenever and to the extent that CFY Supplier-owned gas has been delivered for the customer to the Company's system in accordance with Rider AGG or AGG-T.

The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

Except as noted, this rider is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service, which are applicable to this rider.

Initiation of Service

For a customer receiving service under this rider, the effective date of service shall be the first day of the customer's Billing Cycle after the customer's enrollment under this rider has been acknowledged by the Company.

Termination of Service

Customers may elect to terminate service under this rider. However, a customer may not terminate and subsequently renew service under this rider within a twelve month period if service is not renewed under this rider within 120 days of such termination.

A customer electing to terminate service under this rider must contact their elected CFY Supplier. The effective date of termination shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG

Aggregation Service

Applicable to Rider CFY

This rider is made effective August 1, 2011 and available to CFY Suppliers who execute a written contract for service hereunder.

* **Section A - Definitions**

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

Aggregation Service shall mean a service provided by the Company that allows CFY Suppliers to deliver gas to the Company, on an aggregated basis, for the Rider CFY customers that comprise the membership of the CFY Supplier's Pool.

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

CFY Supplier shall have the meaning ascribed to it in Rider CFY.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule. Each such Critical Day shall, as described in the Terms and Conditions of Service, be designated a Supply Shortage Day or a Supply Surplus Day.

Customer of Record shall mean the person whose name appears on the Company's records as having agreed to pay for utility service at the premises for which service under Rider CFY shall be provided.

Daily Delivery Range shall mean the quantity of gas determined pursuant to Section E of this rider.

Daily Index, Common High shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Page 3 of 13

Rider AGG

Aggregation Service

Applicable to Rider CFY

* **Section A - Definitions - continued**

Monthly Cash-out Quantity shall mean the difference between the Monthly Adjusted Deliveries and the Pool's consumption, adjusted for the applicable storage activity during the calendar month as determined by applying the Storage Inventory Target Levels defined in Section G of this rider.

Non-Critical Day shall mean any day that is not a Critical Day or an OFO Day.

Operational Flow Order Day (OFO Day) shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Pool shall mean the group of Rider CFY customers that the CFY Supplier establishes under its contract with the Company.

Pool Maximum Daily Quantity (Pool MDQ) shall mean the sum of the MDQs, as determined under Rider CFY, of this rate schedule, of customers in the Pool. The Pool MDQ shall be recalculated daily to determine daily storage injection and withdrawal limits and at month end to determine storage inventory target levels to reflect additions and deletions of customers.

Pool Maximum Storage Quantity (Pool MSQ) shall mean the sum of MSQs, as determined under Rider CFY of this rate schedule, of customers in the Pool. The Pool MSQ shall be recalculated daily to determine daily storage injection and withdrawal limits and at month end to determine storage inventory target levels to reflect additions and deletions of customers.

Pool Unaccounted for Gas shall mean the quantity of CFY Supplier-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the Pool's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the CFY Supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service.

Withdrawal Period shall mean the period from November 1 through March 31.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Section B - Supplier Qualifications

A CFY Supplier must:

- (1) complete the application process, as described in Section C of this rider;
- (2) enter into a written contract with the Company; and
- (3) warrant that it has obtained agreement with each Customer of Record in the Pool.

*

Section C - Application Process

Applicants must complete the application process before enrolling customers. A complete application shall include the Application Charge described in Section D of this rider and the following documentation:

- (1) credit report; and
- (2) signed marketer application.

Applicants must also provide the following documents that are required for Company informational purposes and to determine the form of adequate assurances of payment that the CFY Supplier may provide:

- (1) latest financial statements;
- (2) current Annual Report, if applicable;
- (3) latest 10K or 10Q, if applicable;
- (4) name, address, and telephone number of three utility references;
- (5) organizational structure of parent corporation and affiliate companies;
- (6) disclosure of current or pending operation under bankruptcy or insolvency laws; and
- (7) disclosure of current or pending legal proceedings related to providing gas transportation service to residential, commercial, or industrial customers.

Applicants who are not currently operating a pool under Rider P of this rate schedule or under either Rider P, P-T or AGG of The Peoples Gas Light and Coke Company's Schedule of Rates for Gas Service shall be required to include documentation demonstrating business experience as a supplier to residential, commercial, or industrial customers.

Standard credit factors shall be used to evaluate the eligibility of suppliers.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG

Aggregation Service

Applicable to Rider CFY

*** Section D - Rates**

The rates for service hereunder shall consist of an Aggregation Charge, and an Application Charge, and if applicable, a Cash-out Charge, Critical Day Non-Performance Charges, Daily Delivery Non-Performance Charges, LDC Billing Option Charges, Month End Delivery Non-Performance Charges, Operational Flow Order Non-Performance Charges, and Storage Purchase in Place / Cash-out Charges.

Aggregation Charge

The monthly Aggregation Charge shall be \$200.00 per Pool and a charge of \$0.22 per customer in such Pool.

Application Charge

The Application Charge shall be \$2,000.00 per applicant. Payment is due with the application. The Application Charge shall be refunded in full if the applicant does not meet the qualifications described in Sections B (1) and B (2) of this rider.

Cash-out Charge

The monthly Cash-out Charge shall be the Pool's Monthly Cash-out Quantity multiplied by 100% of the AMIP as defined in Section C of Rider SST or Section I of Rider SBS of this rate schedule.

Critical Day Non-Performance Charge

For each therm of delivery on a Critical Supply Shortage Day less than the effective minimum delivery requirement for that day specified under the Daily Delivery Range in Section E of this rider, the Company will sell the equivalent number of therms to the CFY Supplier to be accounted for in the affected Pool and the charge shall be the sum of \$6.00 per therm plus the higher of: (a) the Gas Charge; or (b) the Daily Index, Midpoint.

For each therm of delivery on a Critical Supply Surplus Day greater than the effective maximum delivery requirement for that day specified under Daily Delivery Range in Section E of this rider, the Company will (a) purchase the equivalent number of therms from the CFY Supplier to be deducted from the affected Pool and the purchase price per therm shall be 90% of the Daily Index, Common Low and (b) charge the CFY Supplier \$6.00 for each purchased therm.

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Section E - Delivery Determination

Before the first day of each month, the Company shall provide to the CFY Supplier, for each of the CFY Supplier's Pools, the Estimated Daily Use of Gas (EDU) and the Daily Delivery Range. The EDU shall be calculated using the Company's estimation procedure. This procedure incorporates the unique heating and non-heating factors for each customer in the Pool, HDDs, and an adjustment for Pool Unaccounted for Gas. During the calendar month, on the business day prior to the day of flow, the Company shall notify each CFY Supplier by 8:30 A.M. Central Time of the EDU for the next five days of flow. If the Company has, for any reason, not posted on its electronic bulletin board or otherwise notified the CFY Suppliers of the EDU on or before 8:45 A.M. Central Time on any business day, the CFY Supplier shall deliver a quantity within the previously forecasted delivery range as defined below using the previously forecasted EDU.

Daily Delivery Range

For the Withdrawal Period, the CFY Supplier's Daily Delivery Range will be a maximum of 110% of the EDU and a minimum of 90% of the EDU of the Pool less the Pool's daily storage withdrawal limit. At the end of each month, a CFY Supplier's total deliveries must be within the range of the total EDU of the Pool for the month plus 5 percent and the total of the daily minimum level for the month.

For the Injection Period, the CFY Supplier's Daily Delivery Range will be a maximum of 110% of the EDU of the Pool plus the Pool's daily storage injection limit and a minimum of 90% of the EDU. At the end of each month, a CFY Supplier's total deliveries must be within the range of the total of the daily maximum level for the month and the total EDU of the Pool for the month less 5 percent.

On a day when the Company has issued an Operational Flow Order or a Critical Supply Surplus Day, the Daily Delivery Range may be adjusted to address the Company's operational concerns. On a Critical Supply Shortage Day, the CFY Supplier shall deliver a minimum amount of 39 percent of the Pool's current MDQ.

Section F - Contract with the CFY Supplier

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the CFY Supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall be paid and the customer shall cash-out at 100 percent of the AMIP as defined under Section C of Rider SST or Section I of Rider SBS of this rate schedule, the Pool MSQ, and, pursuant to Section D, Cash-out Charge, the Monthly Cash-out Quantity. CFY Suppliers must provide adequate assurances of payment. Such assurances shall be an irrevocable standby letter of

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Rider AGG

Aggregation Service

Applicable to Rider CFY

Section H - Standards of Conduct – continued

- (n) file with the Illinois Commerce Commission and provide to the Company a copy of bill formats, standard customer contract and customer complaint and resolution procedures, and provide a CFY Supplier contact and telephone number prior to commencing participation in the Choices For Yousm program, and on an ongoing basis as warranted by changes in any of the above; and
- (o) provide each Service Classification No. 1 customer the opportunity to rescind its agreement without penalty within three business days of initial acceptance of the agreement.

Failure to comply with the Standards of Conduct is a basis for removal as a participating CFY Supplier under Rider AGG. Any party alleging improper enforcement of the Standards of Conduct may file a complaint with the Illinois Commerce Commission pursuant to Section 10-108 of the Illinois Public Utilities Act.

Section I - Customer Information

The CFY Supplier shall electronically submit to the Company, in a manner determined by the Company, a listing of each customer, identified by the account number, to be included in a Pool. The CFY Supplier shall warrant that it has obtained sole agent authorization from each customer and shall agree to provide access to agency or other agreements to the Company for auditing purposes. The CFY Supplier may contract with a customer by any lawful means, including telephone solicitation and the internet.

*** Section J - Terms of Service**

Service shall be provided hereunder whenever and to the extent that CFY Supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a CFY Supplier does not deliver CFY Supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

In the event there is a Company gas supply interruption or curtailment, all CFY Supplier-owned gas delivered to the Company shall be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of CFY Supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of CFY Supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST or Section I of Rider SBS of this rate schedule plus \$1.50 per therm.

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Rider AGG

Aggregation Service

Applicable to Rider CFY

* **Section J - Terms of Service** - continued

The CFY Supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any CFY Supplier-owned gas that does not conform to the contractual quality specifications.

If the CFY Supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of CFY Supplier-owned gas into the Company's system until the CFY Supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the CFY Supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the CFY Supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of the contract hereunder.

Upon termination of service, the CFY Supplier's Pool MSQ, shall be cashed out at an amount equal to the current month's AMIP. The CFY Supplier shall also cash-out the Monthly Cash-out Quantity pursuant to Section D of this rider.

The Company may terminate service to a Rider CFY customer in accordance with Rider CFY and 83 Illinois Administrative Code Part 280. The Company shall notify the CFY Supplier of the effective termination date, and subsequent EDU shall exclude said customer's consumption.

CFY Suppliers may terminate service to a Rider CFY customer subject to contractual provisions between the parties. The Company shall be notified of all customers terminated from a CFY Supplier's Pool(s) via the electronic data transmission method described in Section I of this rider. The effective termination date shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier. Subsequent EDU shall exclude said customer's consumption.

This rider is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY, AGG and AGG-T

Section B - CFY Supplier Qualifications

Before commencing service hereunder, a CFY Supplier shall comply with the following prerequisites. Such CFY Supplier shall have, and demonstrate through the successful completion of the Company's testing program:

- (1) the ability to electronically accept billing information for each of the CFY Billing Customers, and electronically accept from and transmit to the Company on a timely basis billing information and payment transaction information on a per customer basis for each of the CFY Billing Customers;
- (2) the ability to accept from CFY Billing Customers and electronically transmit by EFT to the Company payments of Company Charges for the CFY Billing Customers; and
- (3) the ability to issue bills for each of the CFY Billing Customers pursuant to the conditions hereunder.

The ability to accept and transmit information electronically shall be subject to a testing program developed by the Company. Such testing program shall specify:

- (1) the responsibilities of the CFY Supplier and the Company during testing;
- (2) the infrastructure required for testing and production;
- (3) hardware, software and other technical requirements that are required for the testing and ongoing interchange of data between the CFY Supplier and the Company;
- (4) a schedule, including target dates, by which certain testing phases shall be completed;
- (5) samples of reports and screens that shall be produced during testing. The Company shall provide CFY Suppliers all testing life cycles and files;
- (6) a problem resolution process for obstacles encountered during testing; and
- (7) the final approval process by which a successful test shall be documented and communicated from the Company to the CFY Supplier.

Section C - Company Obligations

The Company shall:

- (1) electronically submit the Company Charges, Consumption Data and other pertinent billing information to the CFY Supplier for each CFY Billing Customer no later than three (3) Business Days after the same for such CFY Billing Customers are determined for the applicable billing period;
- (2) determine the Companion Classification charges and other billing information submitted to the CFY Supplier taking service hereunder;
- * (3) provide a credit of \$0.46 per customer per month to the CFY Supplier on the Rider AGG or AGG-T bill,
- (4) electronically accept from the CFY Supplier billing information and payment transaction information on a per customer basis for each CFY Billing Customer; and
- (5) accept from the CFY Supplier payments by EFT for the Company Charges received by the CFY Supplier from the CFY Billing Customers.

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, and 3

* **Section A – Applicability and Purpose**

The adjustments developed pursuant to this rider are applicable to customers taking service from the Company under Service Classification Nos. 1, 2, and 3.

The purpose of this rider is to provide for monthly adjustments to customer bills for any over- or under-recoveries of the Company's actual Uncollectible Accounts Expense amounts for a reporting year. Such adjustments are based on the incremental difference between actual Uncollectible Accounts Expense and the Commission-approved Uncollectible Accounts Expense amounts included in the Company's base rates, adjusted for any amounts recovered under Rider UEA-GC. This rider operates pursuant to Section 19-145 of the Public Utilities Act.

* **Section B – Description of Incremental Uncollectible Adjustments**

Adjustment amounts are determined pursuant to this rider for delivery service provided under Service Classification Nos. 1, 2, and 3, and Riders 1, 11, EEP, VBA, FCA, GCA and SSC; gas supply service provided under Rider 2; and for transportation service provided under Riders CFY, FST, FST-T, SST, SBS, AGG, AGG-T, P and P-T. The adjustment amounts for each service type (delivery service, gas supply service, and transportation service) shall be designated as the IDUA, ISUA, and ITUA, respectively, and shall be computed separately for each service classification (C). For adjustments to be effective June 1, 2013 and thereafter, there shall be no adjustment amounts determined for the ISUA and ITUA.

The adjustments determined under this rider shall be included in the monthly customer charge. For adjustments effective prior to June 1, 2013, the adjustment applicable to sales customers shall be the sum of the IDUA and the ISUA; and the adjustment applicable to transportation customers shall be the sum of the IDUA and the ITUA. Effective June 1, 2013, the adjustment applicable to sales and transportation customers shall be the IDUA. If there is an insufficient number of sales or transportation customers in any service classification, the Company may group all customers together under a single service type for the purposes of determining an adjustment.

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, and 3

* **Section B - Description of Incremental Uncollectible Adjustments** - continued

For the 2009 reporting year, and for subsequent reporting years, the adjustment amounts shall charge or credit customers for the difference between the actual Uncollectible Accounts Expense amounts for Account 904, as reported in the Company's Form 21 report to the Illinois Commerce Commission (Form 21) for the reporting year, and the Uncollectible Accounts Expense amounts included in the Company's base rates that were in effect for such reporting year. The adjustment shall be applied to the applicable tariff customer charge component during the following twelve-month effective period, beginning June 1 (June 1, 2010 for the 2009 reporting year) and extending through May 31.

The delivery services uncollectible adjustment (IDUA) amount shall be applied to the applicable customer charge component on the monthly bill. The supply services uncollectible adjustment (ISUA) amount shall be applied to the applicable customer charge component for those customers also being billed for the Company's purchased gas supply charges under Rider 2. The transportation uncollectible adjustment (ITUA) amount shall be applied to the applicable customer charge component for those customers also being billed for the Company's transportation programs under Riders CFY, FST, FST-T, SST, SBS or being supported by services provided under Riders AGG, AGG-T, P or P-T. Effective June 1, 2013 and thereafter, there shall be no adjustment amounts determined for the ISUA and ITUA.

The "Uncollectible Accounts Expense amounts included in the Company's base rates" shall be:

1. For the period January 1, 2008, through February 13, 2008: \$814,000;
2. For the period February 14, 2008, through January 27, 2010: \$1,981,000;
3. For the period January 28, 2010, until the date rates filed February 15, 2011, become effective: \$1,653,000; and
4. For the period that rates filed February 15, 2011 become effective until the rates filed in a subsequent rate case become effective: \$655,744.

For periods subsequent to the effective date of rates filed February 15, 2011, the Uncollectible Accounts Expense amount for gas supply service shall be recovered under Rider UEA-GC of this rate schedule.

Section C - Determination of Allocation Factors

Unless determined otherwise in the Company's base rates, allocation factors shall be used to allocate the Uncollectible Accounts Expense amounts reflected in the Company's base rates and the actual Account 904 Uncollectible Accounts Expense amounts reported in the Company's Form 21, for each service classification and for each service type. The allocation factors and their determinations are described below.

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, and 3

* **Section C - Determination of Allocation Factors - continued**

1. Rate Allocation Factor

A Rate Allocation Factor (RAF) shall be applicable if different base rates were in effect during the reporting year and shall be determined as follows:

$$\text{RAF}_{YA} = \frac{\text{BRR}_{YA}}{\text{BRR}_{Y(A+B)}}$$
$$\text{RAF}_{YB} = \frac{\text{BRR}_{YB}}{\text{BRR}_{Y(A+B)}}$$

Where:

- Y = Reporting Year
- A = The portion of the Reporting Year when base rates at the beginning of the Reporting Year were in effect.
- B = The portion of the Reporting Year when base rates at the end of the Reporting Year were in effect.
- BRR = Total Base Rate Revenues, in dollars (\$), equal to the amount booked in the applicable Reporting Year in accordance with the application of base rate charges in effect during such year. If different rates were in effect during a reporting year, the BRR value will be expressed separately for the portion of the year that each set of base rates was in effect, and shall be noted as part A or part B, representing the period each set of rates was in effect during such Reporting Year. For the 2012 Reporting Year and thereafter, and for charges to be effective June 1, 2013 and thereafter, the BRR shall be Total Base Rate Revenues excluding any revenues recovered under Rider UEA-GC of this rate schedule.

2. Percentage of Uncollectible Accounts Expense Allocation Factor

The Percentage of Uncollectible Accounts Expense Allocation Factor (PUAF) shall be used to allocate to each applicable service classification the Uncollectible Accounts Expense amounts reflected in the Company's base rates and actual Account 904 Uncollectible Accounts Expense amounts reported in the Company's Form 21. Y, A and B shall be as defined under Rate Allocation Factor in Section C(1). The PUAF shall be determined for each service classification as follows:

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, and 3

* **Section G – Informational Filings**

The Company shall file with the Commission annually on or before the twentieth (20th) day of the Filing Month, an information sheet that specifies the adjustments to be effective under this rider for the Effective Period. The Company shall file any corrections from a timely filed information sheet on or before the last day of the Filing Month. Any 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)]. "Filing Month" shall mean the month in which the Company determines adjustments and submits them to the Commission and, except for the initial filing under this rider, shall be May. "Effective Period" shall mean the period for which the adjustments are calculated, and except for the initial filing under this rider, shall be the period commencing June 1 and ending the following May 31.

Section H – Annual Audit

Annually, subsequent to completion of IDUA, ISUA and ITUA adjustments for a reporting year, the Company shall conduct an internal audit of its costs and recoveries of such costs pursuant to this rider. The internal audit shall determine and test if and to what extent: 1) adjustments recovered or credited through this rider are appropriately calculated pursuant to the provisions of this rider; 2) IDUA, ISUA and ITUA amounts are being properly billed to customers; 3) revenues or credits resulting from application of IDUA, ISUA and ITUA adjustments are properly recorded in appropriate accounts. 4) the uncollectible costs recovered through this rider are not being recovered through other provisions of this rate schedule; 5) the incremental charge is properly billed; and 6) the uncollectible costs in Account 904 are properly recorded and reported in Form 21. The above list of determinations and tests does not limit the scope of the audit. Such internal audit must be submitted to the Commission in an informational filing, with copies provided to the Manager of the Staff's Accounting Department by August 31. Such report must be verified by an officer of the Company. The first such audit shall be submitted no later than August 31, 2011, covering the 2008 and 2009 Form 21 reporting years.

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2, and 3

**** Section I - Annual Reconciliation**

The Company shall file a petition annually with the Commission no later than August 31, seeking initiation of an annual review to reconcile all uncollectible amounts included in rates, plus amounts accrued pursuant to this rider with the actual uncollectible amount for the reporting year. The information submitted shall allow the Commission to verify that the Company collects the actual Uncollectible Accounts Expense amounts as provided for in each applicable Form 21 reporting year. The first such petition shall be filed no later than August 31, 2011, covering the 2008 and 2009 Form 21 reporting years.

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Rider UEA - GC

Uncollectible Expense Adjustment – Gas Costs

Applicable to Service Classification Nos. 1, 2 and 3

This rider is applicable to sales customers taking service from the Company under Service Classification Nos. 1, 2 and 3. The Uncollectible Expense Adjustment – Gas Costs allows the Company to recover uncollectible gas cost expenses it incurs.

Sales customer shall mean a customer who takes service solely under a service classification and does not also take transportation service under Rider CFY, FST, FST-T, SST or SBS.

Uncollectible Expense Adjustment - Gas Costs

The Uncollectible Expense Adjustment – Gas Costs billed to sales customers shall be determined by multiplying the applicable Uncollectible Factor times the revenues billed under Rider 2, Gas Charge of this rate schedule.

	<u>Uncollectible Factor</u>
S. C. No. 1, Small Residential Service	.0070
S. C. No. 2, General Service	.0072

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Transportation service under this rider is available on and after August 1, 2012 to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering;
- (2) is a customer under Service Classification No. 2 or 3 at said single point of metering;
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable receipt point on the Company's system for service under said contract;
- (4) elects to contract for at least 1 day of storage service without standby service; and
- (5) has an appropriate telephone line and a daily demand measurement device installed before submitting a contract for service.

Section A - Definitions

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

Allowable Bank (AB) shall mean the maximum quantity of gas that the customer can retain in storage at any time, determined by the customer's MDQ times the number of days of storage selected by the customer. The number of days selected must be an integer with a minimum value of 1 and no more than the maximum number of days determined by the SBS Capacity calculation; provided, however, if there is unsubscribed capacity, a customer may request and the Company may provide days of AB in excess of such maximum.

The customer's AB shall be stated in and remain in effect during the term of the contract between the Company and the customer, unless revised by the Company to reflect a change in any of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at a single point of metering.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Daily Balancing Tolerance (DBT) shall mean the quantity of supplemental AB injection and withdrawal rights that the customer has available on any day that is not an OFO Day or Critical Day, as defined in Section E.

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section A - Definitions - continued

Daily Balancing Injection Tolerance (DBIT) – shall mean the quantity of supplemental AB injection rights that the customer has available on any day that is not an OFO Supply Surplus Day or a Critical Supply Surplus Day, as defined in Section E of this rider.

Daily Balancing Withdrawal Tolerance (DBWT) – shall mean the quantity of supplemental AB withdrawal rights that the customer has available on any day that is not an OFO Supply Shortage Day or a Critical Supply Shortage Day, as defined in Section E of this rider.

Daily Index, Common High shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Common Low shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Common (low price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Midpoint shall mean the price published in “Gas Daily” under the headings Citygates, Chicago city-gates, Midpoint applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company’s sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Cashout Quantity shall mean the difference between the customer’s deliveries to the Company’s system as adjusted for storage activity allowed under this rider and the customer’s metered gas deliveries from the Company on any day. An underage exists when such difference is negative and an overage exists when such difference is positive.

Injection Period shall mean the period from April 1 through October 31.

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section A - Definitions - continued

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract between the Company and the customer and shall be the maximum quantity of customer-owned gas that a customer may nominate for delivery on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

Maximum Daily Injection Percentage (MDIP) shall mean the maximum percentage of AB that the customer can inject into its AB on any day, as defined in Section E of this rider.

Maximum Daily Injection Quantity (MDIQ) shall mean the maximum quantity of customer-owned gas that the customer can inject into its AB on any day, as defined in Section E of this rider.

Maximum Daily Withdrawal Percentage (MDWP) shall mean the maximum percentage of AB that the customer can withdraw from its AB on any day, as defined in Section E of this rider.

Maximum Daily Withdrawal Quantity (MDWQ) shall mean the maximum quantity of customer-owned gas that the customer can withdraw from its AB on any day, as defined in Section E of this rider.

Monthly Cashout Quantity shall mean that quantity of gas accounted for in the AB that is outside the Monthly Storage Inventory Target Levels at the end of each calendar month, as defined in Section E of this rider.

Non-Critical Day shall mean any day that is not a Critical Day or an OFO Day.

Operational Flow Order Day (OFO Day) shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

OFO Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section A - Definitions - continued

Pool shall have the meaning ascribed to it in Rider P of this rate schedule.

Receipt Point shall mean that point of connection where the Company agrees to receive customer-owned gas for service under this rider.

SBS Capacity shall mean the total quantity of gas and maximum number of days of storage capacity available under this rider, and such quantity and days shall be shown on the Rider SBS Information Sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period. The SBS Capacity effective May 1, 2012 shall be available from August 1, 2012 through April 30, 2013.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain at the time of delivery into its system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Withdrawal Period shall mean the period from November 1 through March 31.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, Daily Cash-out Charge, Monthly Cash-out Charge, a Daily Demand Measurement Device Charge, a Storage Gas Charge and a Trade Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a Customer Group as defined under Rider P of this rate schedule, the Company shall bill a Daily Demand Measurement Device Charge, and a Storage Gas Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$7.14 per account for each account listed on a contract.

Cash-out Charge

The **Daily Cash-out Charge** shall be determined as follows:

On a Non-Critical Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Common High times 110% times the Daily Cashout Quantity.

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Asterisks not needed replacing this sheet in its entirety.

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

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section B – Rates - continued

Cash-out Charge - continued

- On an OFO Supply Shortage Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Common High times 200% times the Daily Cashout Quantity.
- On a Critical Supply Shortage Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity. Additionally, the customer shall pay the Company the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Daily Cashout Quantity.
- On an OFO Supply Surplus Day or a Critical Supply Surplus Day, the Daily Cash-out Charge (underage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity.

- On a Non-Critical Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Common Low times 90% times the Daily Cashout Quantity.
- On an OFO Supply Surplus Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Common Low times 50% times the Daily Cashout Quantity.
- On a Critical Supply Surplus Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity. Additionally, the customer shall pay the Company the Unauthorized Use Charge as defined in Rider 9 of this rate schedule times the Daily Cashout Quantity.
- On an OFO Supply Shortage Day or a Critical Supply Shortage Day, the Daily Cash-out Charge (overage) shall be priced at the Daily Index, Midpoint times the Daily Cashout Quantity.

For an underage cashout, the customer shall owe the Daily Cash-out Charge to the Company. For an overage cashout, the Company shall credit the customer the Daily Cash-out Charge, except for the Unauthorized Use Charge that the customer shall owe the Company on a Critical Supply Surplus Day.

Monthly Cash-out Charge

The Monthly Cash-out Charge shall be calculated in accordance with Section I of this rider and applied to any Monthly Cashout Quantity calculated in accordance with Section E, Storage Inventory Target Levels, of this rider, and be based on the percentage of that monthly imbalance compared to the AB capacity.

Daily Demand Measurement Device Charge

A Daily Demand Measurement Device shall be required for each meter at which service is taken under this rider. For each such device installed by the Company to meet this requirement, the monthly charge shall be \$34.00. Charges billed under this provision shall begin with the bill for the first full month following installation, and shall not apply for a device installed as an incident of service under the customer's Companion Classification.

Storage Gas Charge

The monthly Storage Gas Charge shall be determined according to the following formula:
AB multiplied by the effective Storage Gas Charge determined under Rider 2 of this rate schedule.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section B – Rates – continued

Trade Charge

The Trade Charge shall be \$5.00 per trade transaction in the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or be obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the customer on a monthly basis.

Section C - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited as follows:

- (1) AB up to the MDIQ;
- (2) AB up to the DBIT; and
- (3) Daily Cashout Quantity (overage).

For this Section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section D - Order of Deliveries to the Customer

For billing purposes, gas delivered to the customer on any day at the point of metering for this rider shall be in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current day;
- (2) the quantity of customer-owned gas available for withdrawal from the customer's AB, up to the MDWQ;
- (3) the quantity of customer-owned gas available for withdrawal from the customer's AB, up to the DBWT; and
- (4) Daily Cashout Quantity (underage).

For this Section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section E - Inventory / Allowable Bank / Storage Activity

On or about April 1 of each year, the Company shall notify each customer of the maximum number of days of storage available. On or before April 15, the customer may request a change to the number of days used in calculating its AB. If the customer requests no change, then its previous selection shall remain in effect for the one-year period beginning May 1, provided that, if the customer's previous selection exceeds the maximum number of days available, then the customer's AB shall be reduced to the maximum number of days available. A customer may request days of storage in excess of the maximum number of days. The Company shall allocate unsubscribed SBS Capacity on a pro rata basis to all customers requesting capacity exceeding the maximum days available.

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for in the AB to the extent it would cause the balance to exceed the AB.

Maximum Daily Withdrawal Percentage (MDWP)

During the Withdrawal Period, the customer may withdraw up to the amount determined by applying the following MDWP times the customer's AB on any day:

January	1.5%
February	1.3%
March	1.1%
November	1.3%
December	1.4%

However, on a Critical Supply Shortage Day, the MDWP shall be 2.7%. On a Critical Supply Surplus Day or OFO Supply Surplus Day, the MDWP shall not apply and the MDWQ shall be limited to the customer's metered gas deliveries from the Company on that day. On an OFO Supply Shortage Day, the Company may restrict the MDWP.

Maximum Daily Injection Percentage (MDIP)

During the Injection Period, the customer may inject up to the amount determined by applying the following monthly MDIP times the customer's AB on any day:

April	0.10%
May	0.75%
June	0.75%
July	0.75%
August	0.75%
September	0.75%
October	0.30%

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section E – Inventory / Allowable Bank / Storage Activity – continued

Maximum Daily Injection Percentage (MDIP) - continued

However, on a Critical Supply Shortage Day or an OFO Supply Shortage Day, the MDIP shall not apply and the MDIQ shall be limited to the quantity of customer-owned gas delivered on that day.

On an OFO Supply Surplus Day, the Company may restrict the MDIP due to operational constraints. On Critical Supply Surplus Day, the MDIP shall be 0.

Daily Balancing Tolerance (DBT) – On Non-Critical Days customers will be allowed additional daily storage injection and withdrawal rights. During the Injection Period, the Daily Balancing Injection Tolerance (DBIT) and Daily Balancing Withdrawal Tolerance (DBWT) shall be 0.20% times AB. During the Withdrawal Period, the DBWT shall be 0.40% times AB and the DBIT shall be 0.20% times AB.

On Critical Supply Shortage Days and OFO Supply Shortage Days, the sum of the MDIQ and DBIT shall be limited to customer-owned gas deliveries. On Critical Supply Surplus Days and OFO Supply Surplus Days, the sum of the MDWQ and DBWT will be limited to the customer's metered gas deliveries from the Company on that day. The DBIT shall be 0 on Critical Supply Surplus Days and OFO Supply Surplus Days and the DBWT shall be 0 on Critical Supply Shortage Days and OFO Supply Shortage Days.

Storage Inventory Target Levels

The amount of gas accounted for in the AB must meet the following storage inventory target levels at the end of each calendar month.

January	23% to 76% of the AB
February	7% to 64% of the AB
March	0% to 56% of the AB
April	3% to 59% of the AB
May	6% to 71% of the AB
June	9% to 76% of the AB
July	15% to 83% of the AB
August	22% to 89% of the AB
September	37% to 91% of the AB
October	46% to 100% of the AB
November	46% to 100% of the AB
December	41% to 88% of the AB

To the extent that the customer's AB inventory is less than the required minimum level, the customer may trade to acquire all or part of the deficient quantity and, to the extent a deficiency remains, shall purchase the deficient Monthly Cashout Quantity from the Company pursuant to Section I of this rider

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section E – Inventory / Allowable Bank / Daily AB Activity – continued

Storage Inventory Target Levels - continued

and the customer's AB inventory shall be adjusted accordingly. To the extent that the customer's AB inventory exceeds the required maximum level, the customer may trade all or part of the excess quantity, and, to the extent an excess remains, the Company shall purchase the excess Monthly Cashout Quantity pursuant to Section I of this rider and the customer's AB inventory shall be adjusted accordingly.

Section F - Trading, Daily Reallocations and Critical Day Reallocations

The customer shall have the right to trade amounts accounted for as AB to customers or suppliers receiving service under Riders FST, SBS and P of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence.

All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with the Storage Inventory Target Levels defined in Section E of this rider or cause elimination of Daily Cashout Charges.

In addition to trading, each day a customer with more than one contract under Riders FST and SBS may, by notice to the Company, reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For any month in which one or more Critical Days was in effect, a customer that has not assigned its contract to a supplier under Rider P may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the customer wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a customer may notify the Company that it is requesting the Company to move gas that the customer delivered to one or more of its Rider SBS contracts on a Critical Day to another one or more of its Rider SBS contracts for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the customer for the month in which the Critical Day(s) occurred.

For the period commencing February 1, 2010, and ending January 31, 2014, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. Central Time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity

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North Shore Gas Company

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section F - Trading, Daily Reallocations and Critical Day Reallocations - continued

nominated as timely nominations by all customers under Riders FST and SBS and all suppliers under Rider P. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. Central Time on the business day prior to the Gas Day on which the nomination is to be effective, a customer may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the customer's right to correct a timely nomination, required by upstream pipeline cuts, as part of the confirmation process.

Section G - Contract with the Customer

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall then be paid, including the Storage Gas Charge for the unexpired portion of the remaining contractual term. Upon contract termination, the customer shall trade or cash-out any gas remaining in the AB at 100 percent of the AMIP as defined in Section I of this rider. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within 120 days of such discontinuance.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section G - Contract with the Customer – continued

The customer, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

A customer may transfer management of its contract to one supplier under Rider P of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the AB capacity under its contract with the Company to the Pool AB capacity under the Rider P contract under which it is a member of a Customer Group, as defined in Rider P of this rate schedule.

The provisions of Rider P shall govern when there is a conflict between the provisions of this rider and that of Rider P with respect to a transferred contract. The provisions of this rider shall govern when either Rider P is silent or there is no conflict between the provisions of this rider and that of Rider P. Upon termination of the contract under Rider P the transfer of the customer's contract shall be cancelled.

Section H - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a customer does not deliver customer-owned gas to the Company for any 30-day period, the Company may terminate the contract.

The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the device. The Company may terminate the contract hereunder if a customer does not repair malfunctioning telephone wiring or electric wiring within 30 days of notification by the Company. Equipment installed by the Company shall remain its property, regardless of the customer's payment of charges hereunder.

In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section H - Terms and Conditions of Service - continued

The Company shall be able to interrupt deliveries of customer-owned gas to the customer and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section I of this rider plus \$1.50 per therm.

The customer shall be responsible for the expenses of delivering its gas to the Company's system and shall ensure deliveries to the Company's facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any customer-owned gas that does not conform to the contractual gas quality specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when it believes that the customers' or the suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Section I - Cash-Out

Monthly Cashout Quantity amounts determined under this rider or under Rider FST of this rate schedule and subject to cash-out shall be cashed out on a tiered basis pursuant to the following schedule:

<u>Monthly Cashout Quantity</u>	<u>Overage (Company pays Customer)</u>	<u>Underage (Customer pays Company)</u>
0% to 2%	90% times AMIP	110% times AMIP
> than 2% to 4%	80% times AMIP	120% times AMIP
> than 4% to 6%	70% times AMIP	130% times AMIP
> than 6% to 8%	60% times AMIP	140% times AMIP
Greater than 8%	50% times AMIP	150% times AMIP

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBS

Storage Banking Service

Applicable to Service Classification Nos. 2 and 3

Section I - Cash-Out – continued

The Monthly Cashout Quantity will be cashed out based on the percentage of the absolute value of the Monthly Cashout Quantity compared to the total AB capacity.

The Average Monthly Index Price (AMIP) for a month shall be the arithmetic average of the Daily Index, Midpoint prices published for that month. On any day that the Daily Index, Midpoint is unavailable, the Company shall compute the AMIP using the remaining days. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10. The Monthly Cash-out Charge shall be the sum of each tier's Monthly Cashout Quantity multiplied by the corresponding price.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG-T

Aggregation Service - Transition

Applicable to Rider CFY

Available to CFY Suppliers who: (a) execute a written contract for service hereunder or (b) have executed a written contract for service under Rider AGG that was in effect on the day prior to the effective date of this rider. Service under this rider is available through July 31, 2011.

*

Section A - Definitions

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

Adjusted Monthly Storage Activity (Adjusted MSA) shall mean, for each month, the month's Monthly Storage Activity (MSA) adjusted for the previous months' Storage Carryover.

Aggregation Service shall mean a service provided by the Company that allows CFY Suppliers to deliver gas to the Company, on an aggregated basis, for the Rider CFY customers that comprise the membership of the CFY Supplier's Pool.

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

Carry Forward Account shall mean the account in which the Company tabulates carry forward activity pursuant to Section H.

Carry Forward Quantity shall mean the Pool MDQ determined prior to the first day of each month multiplied by four.

CFY Supplier shall have the meaning ascribed to it in Rider CFY.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule. Each such Critical Day shall, as described in the Terms and Conditions of Service, be designated a Supply Shortage Day or a Supply Surplus Day.

Customer of Record shall mean the person whose name appears on the Company's records as having agreed to pay for utility service at the premises for which service under Rider CFY shall be provided.

Daily Imbalance-Overage shall mean the number of therms by which the CFY Supplier's actual deliveries to the Company on any day are greater than the RDDQ, as adjusted for the applicable tolerance described in Section E of this rider.

Daily Imbalance-Underage shall mean the number of therms by which the CFY Supplier's actual deliveries to the Company on any day are less than the RDDQ, as adjusted for the applicable tolerance described in Section E of this rider.

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Asterisk (*) indicates change.

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG-T

Aggregation Service - Transition

Applicable to Rider CFY

Section C - Application Process – continued

Applicants must also provide the following documents that are required for Company informational purposes and to determine the form of adequate assurances of payment that the CFY Supplier may provide:

- (1) latest financial statements;
- (2) current Annual Report, if applicable;
- (3) latest 10K or 10Q, if applicable;
- (4) name, address, and telephone number of three utility references;
- (5) organizational structure of parent corporation and affiliate companies;
- (6) disclosure of current or pending operation under bankruptcy or insolvency laws; and
- (7) disclosure of current or pending legal proceedings related to providing gas transportation service to residential, commercial, or industrial customers.

Applicants who are not currently operating a pool under Rider P or under either Rider P or Rider AGG-T of The Peoples Gas Light and Coke Company's Schedule of Rates for Gas Service shall be required to include documentation demonstrating business experience as a supplier to residential, commercial, or industrial customers.

Standard credit factors shall be used to evaluate the eligibility of suppliers.

*

Section D - Rates

The rates for service hereunder shall consist of an Aggregation Charge, an Application Charge, a Cash-out Charge, LDC Billing Option Charges if applicable, an Under-delivery Charge, and an Over-delivery Charge.

Aggregation Charge

The monthly Aggregation Charge shall be \$200.00 per Pool and a charge of \$0.22 per customer in such Pool.

Application Charge

The Application Charge shall be \$2,000.00 per applicant. Payment is due with the application. The Application Charge shall be refunded in full if the applicant does not meet the qualifications described in Sections B (1) and B (2) of this rider.

Cash-out Charge

The monthly Cash-out Charge shall be the Pool's Monthly Cash-out Quantity multiplied by 100% of the AMIP as defined in Section C of Rider SST. In addition, the Cash-out Charge shall include a charge of \$1.00 for each therm by which the CFY Supplier's actual daily deliveries to the Company in the month, adjusted for daily deliveries outside the applicable tolerances described in Section E, are greater or less than the RMDQ by 5 percent.

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Asterisk (*) indicates change.

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider FST-T

Full Standby Transportation Service - Transition

Applicable to Service Classification Nos. 2 and 3

Transportation service under this rider is available from the effective date through July 31, 2012, to any customer who:

- (1) executes a written contract for deliveries under this rider or has executed a contract for deliveries under Rider FST that was in effect on the day prior to the effective date of this rider, at a single point of metering,
- (2) is a customer under Service Classification No. 2 or 3 at said single point of metering, and
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract.

Section A - Definitions

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

Allowable Bank (AB) shall be the maximum quantity of gas that the customer can retain in storage at any time, determined by the following formula through April 30, 2012:

$$AB = [BRD + (GCD \times DF)] \times MDQ$$

Effective May 1, 2012, the AB shall be determined as the customer's MDQ times the number of total days of AB provided for in the Company's rates as shown on an information sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, unless revised by the Company, to reflect a change in any one of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Base Rate Days (BRD) shall mean the number of days of AB provided for in the Company's base rates as approved by the Commission in the Company's most recent rate proceeding.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at said single point of metering.

Diversity Factor (DF) shall mean the constant value that has been approved by the Commission in Docket Nos. 09-0166/09-0167 (cons.).

Excess Bank shall be the quantity of customer-owned gas in the customer's GBA that exceeds AB.

Gas Charge Days (GCD) shall mean the number of days of AB provided for in the Company's gas charge rates as shown on an information sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider FST-T

Full Standby Transportation Service - Transition

Applicable to Service Classification Nos. 2 and 3

Section A - Definitions – continued

Gas Bank Account (GBA) shall be the account in which customer-owned gas delivered to the Company in excess of the customer's requirements shall be held by the Company until taken by the customer. The customer's GBA shall consist of the summation of the customer's Allowable Bank and Excess Bank.

Maximum Daily Nomination (MDN) shall be the maximum daily quantity of customer-owned gas that a customer may nominate for delivery to the Company for the period April through October. The MDN shall be determined in accordance with Section E of this rider.

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract and shall be the maximum quantity of customer-owned gas that a customer may nominate for delivery to the Company on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

Pool shall have the meaning ascribed to it in Rider P-T of this rate schedule.

Receipt Point shall mean that point of connection where the Company agrees to receive customer-owned gas for service under this rider.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the customer's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the customer to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, an Excess Bank Charge, an Imbalance Trade Charge, a Standby Commodity Charge and a Standby Demand Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a customer group as defined under Rider P-T of this rate schedule, the Company shall bill the customer for a Standby Demand Charge as well as those charges defined in the customer's Companion Classification.

North Shore Gas Company

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Rider FST-T

Full Standby Transportation Service - Transition

Applicable to Service Classification Nos. 2 and 3

Section B - Rates - continued

Administrative Charge

The monthly Administrative Charge shall be \$7.14 per account for each account listed on a contract.

Excess Bank Charge

The monthly Excess Bank Charge shall be \$0.10 per therm of customer-owned gas in the customer's Excess Bank at the end of the month.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Standby Commodity Charge

The Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST of this rate schedule multiplied by the company-owned gas therms delivered to the customer under the Companion Classification in the month.

Standby Demand Charge

The monthly Standby Demand Charge shall be determined according to the following formula:

$$DGC \times DF \times MDQ$$

The effective per therm factor DGC (Demand Gas Charge) shall have the meaning and determination ascribed to it in Rider 2 of this rate schedule.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the customer shall reimburse the Company for any taxes which the Company shall be required to pay or be obligated to collect from the customer for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the customer on a monthly basis.

Section C - Order of Deliveries to the Company

In any month in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited to the customer's GBA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider

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Full Standby Transportation Service - Transition

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Section D - Order of Deliveries to the Customer

For billing purposes, gas delivered to the customer in any month at the point of metering for this rider shall be deemed to be taken in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current month,
- (2) any quantity of customer-owned gas available for withdrawal from the customer's GBA,
- (3) the quantity of gas delivered under the Companion Classification.

For the purposes of this section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section E – Inventory/Allowable Bank/Daily Deliveries/Limitation on GBA Withdrawals

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for as AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the AB must be no less than 75% of the AB. To the extent that the customer's inventory is less than 75%, the customer shall purchase the deficient quantity from the Company at 110% of the AMIP, as defined under Section C of Rider SST of this rate schedule, determined for November. If the customer has transferred management of its contract to a Pool, the determination of whether the customer meets this inventory requirement shall be made pursuant to Rider P-T. If the customer has not transferred management of its contract to a Pool, the customer's supplier may, by notice to the Company no later than December 1, include the customer in its aggregation of Pools and customers for the sole purpose of meeting this inventory requirement, as further described in Section F of Rider P-T; provided, however, that if such customer has purchased gas from more than one supplier in November, the customer may not be included in a supplier's aggregation; provided further, that if more than one supplier timely notifies the Company that the customer should be in its aggregation, the customer shall not be included in an aggregation.

For the period April through October, the customer's daily delivery nominations to the Company shall be no greater than the MDN. The MDN shall be the Company's estimate of the customer's average daily use for the comparable month of the prior year plus 0.67% of the customer's AB. If the required billing and usage data are available, the customer's average daily use shall be the usage in the customer's bill for the prior year's comparable month divided by the number of days in the month. The MDN shall be the same for each day of the month for which it is determined. If the required billing and usage data are not available or if the customer's usage profile has changed materially, the Company

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Section E – Inventory/Allowable Bank/Daily Deliveries/Limitation on GBA Withdrawals - continued shall make a good faith estimate of the average daily use in order to compute the MDN. If a customer's usage profile materially changes as compared with the prior year, the Company shall accept a customer's request to revise the MDN and, in good faith, entertain granting the customer's request to revise the MDN based on demonstrable evidence of the occurrence or reasonably expected occurrence of a material change in the customer's usage profile. The Company shall have no obligation to accept a customer nomination to deliver any quantity in excess of the applicable MDN. For the period November through March, the customer's daily deliveries to the Company shall be no greater than the MDQ.

A customer's monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's GBA balance at the beginning of the month, or (ii) the sum of the customer's Excess Bank at the beginning of the month plus 1/3 of the customer's AB. For quantities that would be in excess of this limitation, the customer shall purchase the gas under the Companion Classification.

Section F - Imbalance Trading and Daily Reallocations

The customer shall have the right to trade amounts accounted for as GBA to customers or suppliers receiving service under Riders FST-T, SST, and P-T of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence.

All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with the minimum inventory requirement, or cause the AB balance to be less than zero or greater than the maximum AB quantity.

In addition to imbalance trading, each day a customer with more than one contract under Riders FST-T and SST may reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For the period commencing February 1, 2010, and ending July 31, 2012, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. central time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST-T and SST and all suppliers under Rider P-T. The

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Applicable to Service Classification Nos. 2 and 3

Section F - Imbalance Trading and Daily Reallocations - continued

Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. central time on the business day prior to the Gas Day on which the nomination is to be effective, a customer may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the customer's right to correct a timely nomination, required by upstream pipeline cuts, as part of the confirmation process.

Section G - Contract with the Customer

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the customer shall have the right to terminate service under the contract at the end any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall then be paid, including the Standby Demand Charge for the unexpired portion of the remaining contractual term.

Upon termination of the contract, the customer shall trade or cash-out any gas remaining in the GBA at 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within 120 days of such discontinuance.

The contract between the Company and the customer shall provide for:

- (1) the measurement of customer-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract.

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Applicable to Service Classification Nos. 2 and 3

Section G - Contract with the Customer - continued

The customer, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

A customer may transfer management of its contract to one supplier under Rider P-T of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P-T contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P-T contract under which it is a member of a Customer Group, as defined in Rider P-T of this rate schedule.

The provisions of Rider P-T shall govern when there is a conflict between the provisions of this rider and that of Rider P-T with respect to a transferred contract. The provisions of this rider shall govern when either Rider P-T is silent or there is no conflict between the provisions of this rider and that of Rider P-T. Upon termination of the contract under Rider P-T the transfer of the customer's contract shall be cancelled.

Section H - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that customer-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a customer does not deliver customer-owned gas to the Company for any 30-day period, the Company may terminate the contract.

In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of customer-owned gas to the customer and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of customer-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule plus \$1.50 per therm.

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Full Standby Transportation Service - Transition

Applicable to Service Classification Nos. 2 and 3

Section H - Terms and Conditions of Service – continued

The customer shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to the Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any customer-owned gas that does not conform to the contractual gas supply specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

The Company reserves the right to limit the daily and monthly volumes of customer-owned gas delivered for the customer's account when it believes that the customers' or suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

If the customer shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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Rider P-T

Pooling Service - Transition

Applicable to Riders FST-T and SST

Pooling service under this rider is available from the effective date through July 31, 2012, to all suppliers who deliver gas to the Company for transportation to a Rider FST-T or SST customer and execute a written contract for service under this rider or who have executed a contract for service under Rider P that was in effect on the day prior to the effective date of this rider.

Section A - Definitions

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

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service.

Company-owned Gas shall mean any gas taken by the Pool that has not been delivered to the Company by the Pool's supplier on its behalf or withdrawn from its AB.

Critical Day shall have the meaning ascribed to it in Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in Terms and Conditions of Service of this rate schedule.

Customer Group shall mean the group of Rider FST-T or the group of Rider SST customers that contract with the Company to be in a supplier's Pool. Each Customer Group shall be limited to 300 accounts, or may consist of a single contract up to 200 accounts, unless a larger number is approved by the Company.

Diversity Factor (DF) shall have the meaning ascribed to it in Rider FST-T or SST.

Non-Critical Day shall have the meaning ascribed to it in Rider SST.

Pool shall mean the Customer Group that the supplier establishes under its Pooling contract with the Company.

Pool Allowable Bank (AB) shall mean the sum of the Allowable Banks of customers in the Customer Group, as determined under Rider FST-T or SST.

Pool Daily Company-owned Gas shall mean Company-owned Gas that is delivered to the Pool on any day under the Companion Classification up to the customer's SSQ.

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Rider P-T

Pooling Service - Transition

Applicable to Riders FST-T and SST

Section A - Definitions – continued

Pool Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool on any day which is in excess of the Pool's SSQ, unless Authorized Overtake has been made available.

Pool Excess Bank shall mean, for a Rider FST-T Pool, the quantity of gas in the Pool GBA that exceeds the Pool AB.

Pool Gas Bank Account (GBA) shall mean the account for Rider FST-T Pools in which supplier-owned gas in excess of the Customer Group's requirements is accounted for.

Pool Imbalance Account (IA) shall mean the account for Rider SST Pools in which supplier-owned gas delivered to the Company in excess of the summation of (i) the Customer Group's daily requirements and (ii) Pool AB is accounted for.

Pool Maximum Daily Nomination (MDN) shall be the sum of the MDNs of customers in the Customer Group, as determined under Rider FST-T or SST and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day during the April through October period.

Pool Maximum Daily Quantity (MDQ) shall mean the sum of the MDQs of customers in the Customer Group, as determined under Rider FST-T or SST and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day.

Pool Monthly Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool in excess of the quantity it is authorized to receive in the month less the sum of the month's daily unauthorized use.

Pool Selected Standby Percentage (SSP) shall mean the weighted average of the SSPs in the contracts included in the Pool.

Pool Selected Standby Quantity (SSQ) shall mean the sum of the SSQs of customers in the Customer Group, as determined under Rider SST. The maximum monthly quantity of gas that can be delivered to the Pool under the Companion Classifications shall be the Pool SSQ multiplied by the number of days in the month.

Pool Unaccounted for Gas shall mean the quantity of supplier-owned gas the Company shall retain, at the time of delivery into its system, representing the Pool's proportionate share of Unaccounted for Gas. Such quantity shall equal the number of therms delivered by the supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service of this rate schedule.

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Rider P-T

Pooling Service - Transition

Applicable to Riders FST-T and SST

Section A – Definitions - continued

Pool Unauthorized Use of Gas shall mean, for a Customer Group, the sum of daily unauthorized use plus monthly unauthorized use.

Pooling Service shall mean a service that allows suppliers to deliver gas to the Company, on an aggregated basis, for one or more Rider FST-T or SST contracts that comprise the membership of the supplier's Pool.

Receipt Point shall mean that point of connection where the Company agrees to receive supplier-owned gas for service under this rider.

Section B - Rates

The rates for service hereunder shall consist of a Cash-out Charge, an Excess Bank Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Pooling Charge, a Standby Commodity Charge, and an Unauthorized Use Charge.

Cash-out Charge

The monthly Cash-out Charge shall be applied to any remaining imbalance calculated in accordance with Section H of this rider and be based on the percentage of that imbalance compared to the total deliveries to the Pool during the month.

Excess Bank Charge

The Excess Bank Charge for Rider FST-T pools shall be \$.10 per therm of gas in the Pool Excess Bank at the end of the month.

Imbalance Account Charge

The daily Imbalance Account Charge for Rider SST Pools shall be \$.10 per therm of gas in the Pool IA each Non-Critical Day. On a Critical Supply Shortage Day, the Imbalance Account Charge shall be zero. On a Critical Supply Surplus Day, the Imbalance Account Charge shall be \$6.00 per therm.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Pooling Charge

The monthly Pooling Charge shall be \$200.00 per month and \$3.37 per account in the Customer Group.

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Pooling Service - Transition

Applicable to Riders FST-T and SST

Section B – Rates - continued

Standby Commodity Charge

For Rider FST-T Pools, the Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST of this rate schedule multiplied by the therms delivered to the Pool under the Companion Classification in the month.

For Rider SST Pools, the Standby Commodity Charge shall consist of a daily and a monthly component and be determined as follows:

Daily Standby Commodity Charge shall be determined by summing the amounts resulting from the daily charges determined by the following formula:

Pool Daily Company-owned Gas x the corresponding daily price published in "Gas Daily" as defined in Section C of Rider SST of this rate schedule.

Monthly Standby Commodity Charge shall be determined as follows:

Pool Monthly Standby Commodity determined as described in Section F of this Rider multiplied by the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST of this rate schedule.

Unauthorized Use Charge

The monthly Unauthorized Use Charge shall be the applicable charge under Rider 9 of this rate schedule multiplied by the applicable quantities of Pool Unauthorized Use of Gas during the month.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the supplier shall reimburse the Company for any and all taxes which the Company shall be required to pay or obligated to collect from the supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the supplier on a monthly basis.

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned gas made available to the supplier pursuant to authorization under this provision. The Company shall notify suppliers of the availability of Authorized Overtake by notice posted on its electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers. Authorized Overtake gas delivered to the Customer Group under this provision shall be paid for by the supplier under the Companion Classification.

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Pooling Service - Transition

Applicable to Riders FST-T and SST

Section D - Order of Deliveries to the Company

On any day in which supplier-owned gas delivered to the Company exceeds the Customer Group's metered gas deliveries from the Company, the difference between such deliveries shall be determined pursuant to Section C of Rider FST-T or Section E of Rider SST of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned gas. For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

Section E - Order of Deliveries to the Customer Group

For billing purposes, gas delivered to the Customer Group in any day at the points of metering for this rider shall be in the order determined pursuant to Section D of Rider FST-T or Section F of Rider SST of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned and Company-owned Gas delivered to the Customer Group.

For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

Section F - Inventory / Allowable Bank / Daily Deliveries

In no event shall the quantity of gas accounted for in the Pool AB be negative or supplier-owned gas deliveries be accounted for as Pool AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the Pool AB must be no less than 75% of the Pool AB. To the extent that the supplier's inventory is less than 75%, the supplier shall purchase the deficient quantity from the Company at 110% of the AMIP under Section C of Rider SST of this rate schedule determined for November. For purposes of determining if this inventory requirement is met, the supplier may aggregate all or some of its Pools and all or some of the individual customers that it serves by giving notice to the Company on or before December 1 of the Pools and customers to be included in the aggregation. For an individual customer not in a Pool, a supplier may include such customer in its aggregation only if such customer purchased gas solely from the supplier in November of the year applicable to the inventory determination; if more than one supplier identifies an individual customer, the Company shall exclude such customer from any aggregation for purposes of determining compliance with this inventory requirement.

For the period April through October, the Pool's daily deliveries to the Company shall be no greater than the Pool MDN. The Pool MDN shall be the same for each Day of the month for which it is determined. For the period November through March, the Pool's daily deliveries to the Company shall be no greater than the Pool MDQ.

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Pooling Service - Transition

Applicable to Riders FST-T and SST

Section F - Inventory / Allowable Bank / Daily Deliveries - continued

For Rider SST Pools, a Pool's daily withdrawals from the AB on any Critical Supply Shortage Day through April 30, 2012, shall be limited to the lesser of (i) the Pool's AB balance at the beginning of the day or (ii) the quantity of gas determined by $[\text{BRD}/(\text{BRD} + \text{GCD}) + (\text{GCD}/(\text{BRD} + \text{GCD}) \times \text{Pool SSP})] \times \text{MDQ}$ for customers served under Service Classification No. 2 and for customers served under Service Classification No. 3, the quantity of gas determined by SSQ. A Pool's daily injections into the AB on a Critical Supply Surplus Day through April 30, 2012, shall be limited to the Pool SSQ, provided that no deliveries shall be accounted for as Pool AB to the extent it would cause the balance to exceed the maximum quantity. On a Critical Supply Shortage Day between May 1, 2012 and July 31, 2012, the Company may restrict withdrawals from the AB. On a Critical Supply Surplus Day between May 1, 2012 and July 31, 2012, the Company may restrict injections to the AB. The Company shall post any such restrictions on its electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers no less than two hours prior to the Company's nomination deadline.

For Rider SST Pools, a Pool's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the Pool AB balance at the beginning of the month or (ii) 1/3 of the Pool's AB. For quantities that would be in excess of this limitation, the Pool shall purchase gas under the Companion Classification, designated as Pool Monthly Standby Commodity, a quantity not to exceed the product of SSQ times the number of days in the month minus the sum of Pool Daily Company-owned Gas purchased during the month, and any remaining quantity shall be Unauthorized Use.

For Rider FST-T Pools, a Pool's monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of (i) the Pool GBA balance at the beginning of the month or (ii) the sum of the Pool's Excess Bank at the beginning of the month plus 1/3 of the Pool's AB. For quantities that would be in excess of this limitation, the Pool shall purchase gas under the Companion Classification.

Section G - Imbalance Trading, Daily Reallocations and Critical Day Reallocations

The supplier shall have the right to trade amounts accounted for as GBA, AB or IA with customers or suppliers receiving service under Riders FST-T, SST and P-T of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence. All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with minimum or maximum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of daily imbalance charges or increase the amount of the imbalance.

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Section G - Imbalance Trading, Daily Reallocations and Critical Day Reallocations - continued

In addition to imbalance trading, each day a supplier with more than one Pool contract may notify the Company that it wishes to re-allocate the supplier-owned gas that it nominated for delivery among its contracts. The supplier may not increase or decrease the confirmed quantity of supplier-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For any month in which one or more Critical Days was in effect, a supplier may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the supplier wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a supplier may notify the Company that it is requesting the Company to move gas that the supplier delivered to one or more of its Rider SST pools on a Critical Day to another one or more of its Rider SST pools for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the supplier and affected customers for the month in which the Critical Day(s) occurred.

For the period commencing February 1, 2010, and ending July 31, 2012, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. central time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST-T and SST and all suppliers under Rider P-T. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. central time on the business day prior to the Gas Day on which the nomination is to be effective, a supplier may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the supplier's right to correct a timely nomination, required by upstream pipeline cuts as part of the confirmation process.

Section H - Disposition of Imbalance Account Amounts

At the end of the month, the net amount in the Pool's IA shall first be injected into the Pool's AB up to the maximum Pool AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of Rider SST of this rate schedule. Amounts credited to the Pool's IA each day shall be assessed an Imbalance Account Charge.

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Section I - Contract with the Supplier

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, the supplier shall trade or cash-out any gas remaining in the Pool's GBA or AB at 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule.

The supplier must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parental guaranty, based upon the Company's determination of qualifications, for an amount equivalent to three months' service under this rider.

The contract between the Company and the supplier shall provide for:

- (1) the measurement of supplier-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any supplier hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the supplier shall nominate daily delivery quantities of supplier-owned gas to the Company. The supplier shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all supplier-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

The supplier, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Such contracts shall include each contract between the supplier and each member of the Customer Group authorizing the supplier to act as its agent, each member's Rider FST-T or Rider SST contract, and the transfer of contract showing that each customer transferred to the supplier management of its Rider FST-T or SST contract.

Section J - Terms and Conditions of Service

Service will be provided hereunder whenever and to the extent that supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a supplier does not deliver supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

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Section J - Terms and Conditions of Service - continued

In the event there is a Company gas supply interruption or curtailment, all supplier-owned gas delivered to the Company will be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule plus \$1.50 per therm.

The Company reserves the right to limit the daily and monthly volumes of supplier-owned gas delivered for the suppliers' Customer Groups when it believes that the deliveries are excessive in relation to the Customer Groups' gas requirements and may cause an adverse effect on system operations.

The supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder.

The Company shall not be obligated to accept delivery of any supplier-owned gas that does not conform to the contractual quality specifications.

If the supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of supplier-owned gas into the Company's system until the supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the supplier from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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