



Nicor Gas  
1844 Ferry Road  
Naperville, IL 60563-9600

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

Phone 630 983-8676  
Internet www.nicor.com

April 12, 2011

Exhibit BOB 2.2  
Page 1

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

Dear Ms. Rolando:

As required by the Commission's Order in Docket No. 10-0691, enclosed are the calculations of Northern Illinois Gas Company's d/b/a Nicor Gas Company Annual Reconciliation Balance for the reconciliation period ended December 31, 2010. The detailed statements included as pages 6 through 7 set forth, for each month of 2010, the recoverable gas costs and revenues recorded under the various Gas Supply Cost charges. Also included is the report of Deloitte & Touche LLP, independent public accountants, and an Affidavit of an officer of the Company.

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

As shown on Page 3 of the enclosure, the net reconciliation balance to be refunded is \$11,909,572.

The Company will provide written testimony and exhibits based upon the schedule established in Docket No. 10-0691.

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Gerald P. O'Connor".

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

Enclosures

## INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial statements of Northern Illinois Gas Company ("the Company") for the year ended December 31, 2010, and have issued our report thereon dated February 24, 2011. We have also audited the accompanying statement, Reconciliation Balance for the Reconciliation Period Ended December 31, 2010, (the "Statement") of the Company. This Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this Statement based on our audit.

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

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

In our opinion, the Statement referred to above presents fairly, in all material respects, the information set forth therein of the Company for the year ended December 31, 2010, in accordance with Section G of Rider 6 of the Company's rate schedule as filed with the Illinois Commerce Commission.

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

*Deloitte & Touche LLP*

April 7, 2011

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

RECONCILIATION BALANCE FOR THE YEAR ENDED  
DECEMBER 31, 2010

Commodity Related Reconciliation (See Page 6 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$ 1,226,425,273
Recoverable Commodity Related Costs (Note 3)	<u>1,217,508,228</u>
Balance to be Refunded under Section E	\$ 8,917,045

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

Revenues Recorded Under Non-Commodity Related Charges (Note 4)	\$ 126,174,058
Recoverable Non-Commodity Related Costs (Note 5)	<u>123,181,531</u>
Balance to be Refunded under Section E	\$ 2,992,527

Total Reconciliation

Revenues Recorded	\$ 1,352,599,331
Recoverable Costs	<u>1,340,689,759</u>
Total Balance to be Refunded	\$ 11,909,572

**Notes:****1. Basis of Presentation**

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

**2. Revenues Recorded Under Commodity Related Charges**

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

**3. Recoverable Commodity Related Costs**

The Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2010).

**4. Revenues Recorded Under Non-Commodity Related Charges**

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

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

**5. Recoverable Non-Commodity Related Charges**

Non-Commodity Gas Costs recoverable through the Gas Supply Cost (as recorded on the books of the Company for 2010).

6. **Use of Estimates**

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

**NORTHERN ILLINOIS GAS COMPANY**  
**d/b/a NICOR GAS COMPANY**  
**COMMODITY RELATED RECONCILIATION BALANCE**  
**STATEMENT OF REVENUES AND RECOVERABLE COSTS**  
**FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2010**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2010 TOTAL
<b>REVENUES RECORDED UNDER</b>													
<b>COMMODITY CHARGES</b>													
COMMODITY GAS CHARGE (CGC)	\$328,022,909	\$245,455,162	\$151,767,839	\$48,255,751	\$32,259,002	\$22,109,166	\$22,396,399	\$21,751,705	\$20,506,421	\$41,251,556	\$93,885,061	\$193,995,377	\$1,221,656,348
EXCESS STORAGE CHARGES	7,076	254,737	(153,122)	(212,107)	210,056	135,699	115,665	3,182	54,717	111,366	19,250	(5,997)	540,522
CHICAGO HUB	524,675	472,965	468,973	421,069	97,708	138,117	122,663	389,637	364,750	357,664	346,537	352,728	4,057,486
INTEREST ON REFUNDS	26,624	13,170	0	2,215	5,785	29,896	20,471	19,897	13,923	14,299	13,793	10,844	170,917
<b>TOTAL</b>	<b>\$328,581,284</b>	<b>\$246,196,034</b>	<b>\$152,083,690</b>	<b>\$48,466,928</b>	<b>\$32,572,551</b>	<b>\$22,412,878</b>	<b>\$22,655,198</b>	<b>\$22,164,421</b>	<b>\$20,939,811</b>	<b>\$41,734,885</b>	<b>\$94,264,641</b>	<b>\$194,352,952</b>	<b>\$1,226,425,273</b>
<b>RECOVERABLE COMMODITY</b>													
<b>RELATED COSTS</b>													
FIRM SUPPLY	\$198,926,602	\$127,126,964	\$55,862,279	\$35,136,847	\$90,810,857	\$88,407,765	\$100,654,561	\$106,942,608	\$80,253,194	\$117,301,261	\$55,676,160	\$120,008,616	\$1,177,107,714
SPOT GAS PURCHASES	11,312,572	5,112,315	2,195,338	20,595,353	21,373,327	24,352,480	15,822,042	11,346,569	12,121,875	16,907,614	17,383,698	18,906,114	177,429,297
OFF-SYSTEM SUPPLY SALES	(37,006,810)	(41,645,755)	(35,456,304)	(5,859,801)	(7,589,829)	(10,517,519)	(17,821,477)	(10,874,345)	(6,258,002)	(18,672,489)	(23,543,576)	(25,190,304)	(240,436,211)
INVENTORY ACTIVITY	141,898,192	131,893,574	58,911,188	10,268,735	(84,265,087)	(77,934,975)	(83,648,998)	(94,713,257)	(82,934,034)	(92,548,213)	50,854,630	107,673,294	(14,544,951)
NET (GAIN)/LOSS FROM HEDGING	6,503,365	5,189,013	2,621,820	10,266,889	16,078,385	15,654,866	11,105,531	10,584,051	17,024,622	15,673,497	5,379,929	4,464,260	120,546,228
PURCHASED STORAGE SERVICE	11,579	6,728	1,107,832	6,703	8,200	0	0	0	6,000	13,118	19,189	(1,068,197)	111,152
RECOVERY FROM HITS BY CONTRACTOR	0	0	(39,325)	0	0	(27,606)	0	0	(22,660)	0	0	(18,265)	(107,856)
AUTHORIZED OVER-RUN CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0
AMORTIZATION OF PREVIOUS YEARS RB	(2,597,145)	0	0	0	0	0	0	0	0	0	0	0	(2,597,145)
<b>TOTAL</b>	<b>\$319,048,355</b>	<b>\$227,682,839</b>	<b>\$85,202,828</b>	<b>\$70,414,726</b>	<b>\$36,415,853</b>	<b>\$39,935,011</b>	<b>\$26,111,659</b>	<b>\$23,285,626</b>	<b>\$20,190,995</b>	<b>\$38,674,788</b>	<b>\$105,770,030</b>	<b>\$224,775,518</b>	<b>\$1,217,508,228</b>
<b>COMMODITY RELATED</b>													
<b>OVER / (UNDER ) COLLECTION</b>	<b>\$9,532,929</b>	<b>\$18,513,195</b>	<b>\$66,880,862</b>	<b>(\$21,947,798)</b>	<b>(\$3,843,302)</b>	<b>(\$17,522,133)</b>	<b>(\$3,456,461)</b>	<b>(\$1,121,205)</b>	<b>\$748,816</b>	<b>\$3,060,097</b>	<b>(\$11,505,389)</b>	<b>(\$30,422,566)</b>	<b>\$8,917,045</b>

**NORTHERN ILLINOIS GAS COMPANY**  
**d/b/a NICOR GAS COMPANY**  
**NON-COMMODITY RELATED RECONCILIATION BALANCE**  
**STATEMENT OF REVENUES AND RECOVERABLE GAS COSTS**  
**FOR THE RECONCILIATION PERIOD ENDED DECEMBER 31, 2010**

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2010 TOTAL
<b>REVENUES RECORDED UNDER</b>													
<b><u>NON-COMMODITY RELATED CHARGES</u></b>													
DGC AND NCGC	\$22,022,196	\$16,922,659	\$11,064,619	\$5,572,833	\$4,523,937	\$2,960,639	\$2,609,740	\$2,577,920	\$3,040,567	\$5,710,281	\$12,625,839	\$28,305,741	<b>\$117,936,971</b>
CUSTOMER SELECT BALANCING CHARGE	1,789,409	1,369,620	874,513	381,419	294,360	186,585	162,672	162,043	198,080	360,360	833,895	1,624,131	<b>8,237,087</b>
SUBTOTAL	<b>\$23,811,605</b>	<b>\$18,292,279</b>	<b>\$11,939,132</b>	<b>\$5,954,252</b>	<b>\$4,818,297</b>	<b>\$3,147,224</b>	<b>\$2,772,412</b>	<b>\$2,739,963</b>	<b>\$3,238,647</b>	<b>\$6,070,641</b>	<b>\$13,459,734</b>	<b>\$29,929,872</b>	<b>\$126,174,058</b>
<b>RECOVERABLE NON-COMMODITY</b>													
<b><u>RELATED COSTS</u></b>													
FIRM SUPPLY	\$9,900,119	\$9,908,425	\$9,042,584	\$6,116,464	\$6,412,833	\$6,523,138	\$5,848,624	\$6,418,525	\$6,244,122	\$5,793,423	\$9,089,703	\$10,063,872	<b>\$91,361,832</b>
OTHER CREDITS	(207,942)	(267,501)	(212,472)	(180,466)	(254,652)	(343,812)	(554,949)	(494,820)	(268,474)	(743,796)	(1,104,781)	(1,136,718)	<b>(5,770,383)</b>
PURCHASED STORAGE SERVICE	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,345,965	3,342,055	3,342,055	<b>40,143,760</b>
AMORTIZATION OF PREVIOUS YEARS RB	(21,632,914)	19,079,236	0	0	0	0	0	0	0	0	0	0	<b>(2,553,678)</b>
TOTAL	<b>(\$8,594,772)</b>	<b>\$32,066,125</b>	<b>\$12,176,077</b>	<b>\$9,281,963</b>	<b>\$9,504,146</b>	<b>\$9,525,291</b>	<b>\$8,639,640</b>	<b>\$9,269,670</b>	<b>\$9,321,613</b>	<b>\$8,395,592</b>	<b>\$11,326,977</b>	<b>\$12,269,209</b>	<b>\$123,181,531</b>
NON-COMMODITY RELATED OVER / (UNDER ) COLLECTION	<b>\$32,406,377</b>	<b>(\$13,773,846)</b>	<b>(\$236,945)</b>	<b>(\$3,327,711)</b>	<b>(\$4,685,849)</b>	<b>(\$6,378,067)</b>	<b>(\$5,867,228)</b>	<b>(\$6,529,707)</b>	<b>(\$6,082,966)</b>	<b>(\$2,324,951)</b>	<b>\$2,132,757</b>	<b>\$17,660,663</b>	<b>\$2,992,527</b>

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 10-0691  
PGA Reconciliation for the Year Ended December 31, 2010**

**Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/09 per 2009 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/09 per 2009 Reconciliation	(2,597,145)
3	Factor O Collected/(Refunded) during 2009	<u>0</u>
4	Balance to be Collected/(Refunded) during 2010 from prior periods (sum of lines 1 thru 3)	<u>\$ (2,597,145)</u>
5	2010 Gas Costs	\$ 1,219,564,851
6	2010 PGA Revenues	(1,225,713,834)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>(170,917)</u>
10	2010 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ (6,319,900)</u>
11	Under/(Over) Recovery Balance at 12/31/10 (line 4 + line 10)	\$ (8,917,045)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/10	(6,360,089)
13	Unamortized Balance at 12/31/10 (per filing truing up actual for December 2010)	<u>(2,556,956)</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ -</u>

**Northern Illinois Gas Company  
d/b/a Nicor Gas Company  
Docket No. 10-0691  
PGA Reconciliation for the Year Ended December 31, 2010**

**Non-Commodity Gas Cost**

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/09 per 2009 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/09 per 2009 Reconciliation	(2,553,678)
3	Factor O Collected/(Refunded) during 2009	<u>0</u>
4	Balance to be Collected/(Refunded) during 2010 from prior periods (sum of lines 1 thru 3)	<u>\$ (2,553,678)</u>
5	2010 Gas Costs	\$ 117,498,122
6	2010 PGA Revenues	(117,936,971)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2010 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ (438,849)</u>
11	Under/(Over) Recovery Balance at 12/31/10 (line 4 + line 10)	\$ (2,992,527)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/10	(2,992,527)
13	Unamortized Balance at 12/31/10 (per filing truing up actual for December 2010)	<u>0</u>
14	Requested Factor O (line 11 - line 12 - line 13)	<u>\$ -</u>

STATE OF ILLINOIS        )  
  )  
COUNTY OF DUPAGE        )

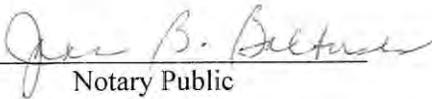
**VERIFICATION**

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

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

**SUBSCRIBED AND SWORN TO,**

Before me this 7<sup>th</sup> day  
of April, 2011.

  
\_\_\_\_\_  
Notary Public

My commission expires:  
3/31/13

