



Nicor Gas™

An AGL Resources Company

1844 Ferry Road
Naperville, IL 60563

630 983.8676 phone
www.nicorgas.com

April 10, 2014

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. 13-0692, 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, 2013. The detailed statements included as pages 6 through 7 set forth, for each month of 2013, the recoverable gas costs and revenues recorded under the various Gas Supply Cost charges. Also included is the report of PricewaterhouseCoopers 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 \$19,261,657.

The Company will provide written testimony and exhibits based upon the schedule established in Docket No. 13-0692.

A copy of this filing is being sent to Mr. Scott Struck, 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,

Archie Hickerson
Director, Rates and Tariff Administration

Enclosures



Report of Independent Auditors

To the Board of Directors and Stockholder of Northern Illinois Gas Company

We have audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Northern Illinois Gas Company (the "Company") for the year ended December 31, 2013, and have issued our report thereon dated February 6, 2014, except as to Note 11 which is as of February 21, 2014. We have also audited the accompanying Annual Reconciliation to the Illinois Commerce Commission of the Company, as required under Section G of Rider 6, Gas Supply Charge ("Rider 6") for the year ended December 31, 2013 (the "Statement"). The Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit 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 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 presents fairly, in all material respects, the information set forth therein of Northern Illinois Gas Company for the year ended December 31, 2013, 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 board of directors and management of Northern Illinois Gas Company and the Illinois Commerce Commission and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

March 31, 2014

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

RECONCILIATION BALANCE FOR THE YEAR ENDED
DECEMBER 31, 2013

Commodity Related Reconciliation (See Page 6 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$ 1,031,581,207
Less: Recoverable Commodity Related Costs (Note 3)	1,038,695,306
Less: Factor O Commodity Refunded (Note 7)	<u>(23,101,692)</u>
Balance to be Refunded under Section E	\$ <u>15,987,593</u>
Remaining Factor O to be Amortized (Note 7)	\$ <u>35,133,967</u>

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

Revenues Recorded Under Non-Commodity Related Charges (Notes 4)	\$ 123,096,970
Less: Recoverable Non-Commodity Related Costs (Note 5)	125,339,513
Less: Factor O Non-Commodity Refunded (Note 7)	<u>(5,516,607)</u>
Balance to be Refunded under Section E	\$ <u>3,274,064</u>
Remaining Factor O to be Amortized (Note 7)	\$ <u>8,397,253</u>

Total Reconciliation

Revenues Recorded	\$ 1,154,678,177
Less: Recoverable Costs	1,164,034,819
Less: Factor O Refunded	<u>(28,618,299)</u>
Total Balance to be Refunded under Section E	\$ <u>19,261,657</u>
Total Remaining Factor O to be Amortized	\$ <u>43,531,220</u>

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 2013).

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 2013).

6. **Use of Estimates**

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

7. **Amortization of Factor O Refund**

On June 5, 2013 the Illinois Commerce Commission, in its consolidated proceeding Docket Nos. 01-0705, 02-0067 and 02-0725, ordered a Factor O refund in the amount of \$72,149,519, comprised of a Factor O commodity refund of \$58,235,659 and a Factor O non-commodity refund of \$13,913,860. Refunds, which were to be amortized over a period of time not to exceed twelve (12) months, started in July 2013. During 2013, Factor O commodity refunds in the amount of \$23,101,692 were made, resulting in an unamortized commodity-related balance to be refunded in 2014 of \$35,133,967 (Page 8, line 14). Similarly, non-commodity Factor O refunds during 2013 were made in the amount of \$5,516,607, resulting in an unamortized balance of \$8,397,253 (Page 9, line 14) to be amortized in 2014.

8. **Non-Commodity Gas Cost FERC Pipeline Refund**

In accordance with a Stipulation and Consent Agreement with the Federal Energy Regulatory Commission (FERC) in 2003, the Company was required to refund \$700,092 to ratepayers within 30 days of the issuance of an Order by the Illinois Commerce Commission in the consolidated proceeding Docket Nos. 01-0705, 02-0067 and 02-0725. As noted in 7 above, an order was issued on June 5, 2013 and Nicor Gas issued pipeline refunds to customers in its July PGA filing dated June 27, 2013. After the Company filed its February 2014 PGA filing, which trued-up December 2013 total non-commodity actual recoverable costs, an inadvertent error was discovered. The inadvertent error resulted in re-collecting from customers the \$466,486 non-commodity portion of the FERC pipeline refund. The Company notified ICC Staff, requesting and receiving approval to correct the error in the Company's PGA filing for April 2014.

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, 2013

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2013 TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES													
COMMODITY GAS CHARGE (CGC)	\$170,432,998	\$144,216,956	\$139,722,526	\$93,222,579	\$43,551,356	\$26,038,968	\$19,292,927	\$17,224,881	\$17,962,828	\$55,256,515	\$114,238,245	\$188,497,883	\$1,029,658,662
EXCESS STORAGE CHARGES	22,651	4,004	13,801	(20,092)	1,862	15,071	24,096	(10,308)	36,238	31,789	10,579	2,446	132,137
CHICAGO HUB	305,003	312,421	236,373	103,063	22,893	17,775	37,779	28,267	44,440	64,468	131,817	87,353	1,391,652
UNAUTHORIZED USE CHARGES	0	398,756	0	0	0	0	0	0	0	0	0	0	398,756
TOTAL	\$170,760,652	\$144,932,137	\$139,972,700	\$93,305,550	\$43,576,111	\$26,071,814	\$19,354,802	\$17,242,840	\$18,043,506	\$55,352,772	\$114,380,641	\$188,587,682	\$1,031,581,207
RECOVERABLE COMMODITY													
RELATED COSTS													
FIRM SUPPLY	\$79,198,535	\$81,200,472	\$91,341,563	\$69,067,742	\$83,750,739	\$88,644,834	\$83,796,841	\$88,860,413	\$83,944,716	\$96,682,754	\$83,378,635	\$137,464,136	\$1,067,331,380
SPOT GAS PURCHASES	17,670,191	10,852,917	21,202,600	18,492,093	27,359,003	20,766,811	22,796,873	21,113,355	25,549,708	52,477,723	43,757,933	38,276,884	320,316,091
OFF-SYSTEM SUPPLY SALES	(35,160,240)	(37,383,584)	(19,463,037)	(33,668,326)	(21,066,796)	(17,336,067)	(25,052,959)	(12,847,498)	(17,060,316)	(11,889,025)	(20,749,882)	(25,572,167)	(277,249,897)
INVENTORY ACTIVITY	113,046,520	99,883,525	81,923,469	48,015,305	(62,917,551)	(85,169,423)	(68,270,250)	(89,599,678)	(75,259,720)	(84,136,968)	9,776,417	63,822,795	(48,885,559)
NET (GAIN)/LOSS FROM HEDGING	643,532	69,144	3,080	16,190	(3,546,507)	(3,309,393)	(87,948)	1,778,935	1,067,777	1,752,181	962,431	386,575	(264,003)
PURCHASED STORAGE SERVICE	10,173	7,192	10,689	21,492	36	0	3,522	27,899	31,635	37,037	25,828	16,690	192,193
RECOVERY FROM HITS BY CONTRACTOR	0	0	0	0	0	(19,144)	0	0	(7,943)	0	0	(1,982)	(29,069)
AMORTIZATION OF PREVIOUS YEARS RB	(1,514,684)	(17,597,117)	0	0	0	0	0	0	0	0	0	0	(19,111,801)
AMORTIZATION OF PBR REFUND	0	0	0	0	0	0	(1,132,286)	(1,158,704)	(1,364,921)	(3,244,551)	(6,027,745)	(10,173,485)	(23,101,692)
AMORTIZATION OF FERC REFUND	0	0	0	0	0	0	(233,606)	0	0	0	0	0	(233,606)
AUTHORIZED OVER-RUN CHARGES	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS FRANCHISE GAS COSTS	(777,837)	(696,485)	(645,691)	(526,985)	(192,952)	(64,942)	(33,853)	(25,567)	(27,293)	(45,771)	(127,657)	(205,390)	(3,370,423)
TOTAL	\$173,116,190	\$136,336,064	\$174,372,673	\$101,417,511	\$23,385,972	\$3,512,676	\$11,786,334	\$8,149,155	\$16,873,643	\$51,633,380	\$110,995,960	\$204,014,056	\$1,015,593,614
COMMODITY RELATED													
OVER / (UNDER) COLLECTION													
	(\$2,355,538)	\$8,596,073	(\$34,399,973)	(\$8,111,961)	\$20,190,139	\$22,559,138	\$7,568,468	\$9,093,685	\$1,169,863	\$3,719,392	\$3,384,681	(\$15,426,374)	\$15,987,593

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, 2013

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2013 TOTAL
REVENUES RECORDED UNDER													
<u>NON-COMMODITY RELATED CHARGES</u>													
DGC AND NCGC	\$22,439,614	\$20,531,730	\$17,960,909	\$9,240,461	\$4,280,633	\$2,611,695	\$1,528,217	\$2,090,910	\$2,212,120	\$5,487,892	\$11,442,785	\$12,811,288	\$112,638,254
CUSTOMER SELECT BALANCING CHARGE	1,861,710	1,659,690	1,444,118	786,162	339,405	224,817	204,660	204,313	220,779	555,998	1,173,705	1,783,360	10,458,717
SUBTOTAL	\$24,301,323	\$22,191,420	\$19,405,027	\$10,026,623	\$4,620,038	\$2,836,512	\$1,732,877	\$2,295,223	\$2,432,899	\$6,043,890	\$12,616,490	\$14,594,648	\$123,096,970
RECOVERABLE NON-COMMODITY RELATED COSTS													
FIRM SUPPLY	\$9,800,684	\$9,701,697	\$8,883,008	\$6,704,019	\$6,577,431	\$6,716,414	\$6,720,931	\$6,731,387	\$6,620,025	\$6,828,677	\$8,614,140	\$9,294,434	\$93,192,847
OTHER CREDITS	(901,917)	(929,376)	(651,230)	(610,984)	(495,376)	(370,153)	(580,944)	(399,739)	(480,099)	(335,571)	(522,902)	(1,184,094)	(7,462,385)
PURCHASED STORAGE SERVICE	3,334,658	3,334,658	3,334,658	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	39,838,290
AMORTIZATION OF PREVIOUS YEARS RB	(16,402,222)	17,038,157	0	0	0	0	0	0	0	0	0	0	635,935
AMORTIZATION OF PBR RFUND	0	0	0	0	0	0	(270,530)	(276,842)	(325,920)	(774,743)	(1,439,321)	(2,429,251)	(5,516,607)
AMORTIZATION OF FERC REFUND	0	0	0	0	0	0	(466,486)	0	0	0	0	0	(466,486)
LESS FRANCHISE GAS COSTS	(101,157)	(97,540)	(83,382)	(53,618)	(17,566)	(5,975)	(2,258)	(2,664)	(3,019)	(4,520)	(12,570)	(14,419)	(398,688)
TOTAL	(\$4,269,954)	\$29,047,596	\$11,483,054	\$9,354,341	\$9,379,413	\$9,655,210	\$8,715,637	\$9,367,066	\$9,125,911	\$9,028,767	\$9,954,271	\$8,981,594	\$119,822,906
NON-COMMODITY RELATED OVER / (UNDER) COLLECTION	\$28,571,277	(\$6,856,176)	\$7,921,973	\$672,282	(\$4,759,375)	(\$6,818,698)	(\$6,982,760)	(\$7,071,843)	(\$6,693,012)	(\$2,984,877)	\$2,662,219	\$5,613,054	\$3,274,064

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 13-0692
PGA Reconciliation for the Year Ended December 31, 2013**

Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/12 per 2012 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/12 per 2012 Reconciliation	(19,111,801)
3	Factor O Collected/(Refunded) during 2013/2014	<u>(58,235,659)</u>
4	Balance to be Collected/(Refunded) during 2013/2014 from prior periods (sum of lines 1 thru 3)	<u>\$ (77,347,460)</u>
5	2013 Gas Costs	\$ 1,057,509,820
6	2013 PGA Revenues	(1,031,050,314)
7	Pipeline Surcharges/(Refunds)	(233,606)
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2013 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 26,225,900</u>
11	Under/(Over) Recovery Balance at 12/31/13 (line 4 + line 10)	\$ (51,121,560)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/13	(15,987,593)
13	Unamortized Balance at 12/31/13 (per filing truing up actual for December 2013)	<u>0</u>
14	Remaining Unamortized Factor O to be Refunded in 2014 (line 11 - line 12 - line 13)	<u>\$ (35,133,967)</u>

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 13-0692
PGA Reconciliation for the Year Ended December 31, 2013**

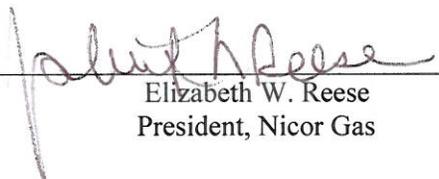
Non-Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/12 per 2012 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/12 per 2012 Reconciliation	635,935
3	Factor O Collected/(Refunded) during 2013/2014	<u>(13,913,860)</u>
4	Balance to be Collected/(Refunded) during 2013/2014 from prior periods (sum of lines 1 thru 3)	<u>\$ (13,277,925)</u>
5	2013 Gas Costs	\$ 114,711,347
6	2013 PGA Revenues	(112,638,254)
7	Pipeline Surcharges/(Refunds)	(466,486)
8	Other Adjustments	1
9	Interest	<u>0</u>
10	2013 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 1,606,608</u>
11	Under/(Over) Recovery Balance at 12/31/13 (line 4 + line 10)	\$ (11,671,317)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/13	(3,274,064)
13	Unamortized Balance at 12/31/13 (per filing truing up actual for December 2013)	<u>0</u>
14	Remaining Unamortized Factor O to be Refunded in 2014 (line 11 - line 12 - line 13)	<u>\$ (8,397,253)</u>

STATE OF ILLINOIS)
)
COUNTY OF DUPAGE)

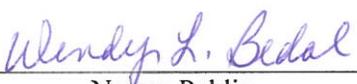
VERIFICATION

Elizabeth W. Reese, being first duly sworn, states that she is President of Northern Illinois Gas Company d/b/a Nicor Gas Company; that she has read the foregoing Statement by her subscribed and knows the contents thereof; and that the statements therein contained are true to the best of her knowledge and belief.



Elizabeth W. Reese
President, Nicor Gas

SUBSCRIBED AND SWORN TO,
Before me this 31st day
of March, 2014.



Notary Public

My commission expires:
August 4, 2014

