



Nicor Gas™

An AGL Resources Company

1844 Ferry Road
Naperville, IL 60563

630 983.8678 phone
www.nicorgas.com

April 7, 2016

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. 15-0519, 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, 2015. The detailed statements included as pages 6 through 7 set forth, for each month of 2015, 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 \$34,356,405.

The Company will provide written testimony and exhibits based upon the schedule established in Docket No. 15-0519.

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 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, 2015 (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, 2015, 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

February 26, 2016

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

PGA Reconciliation for the Year Ended December 31, 2015

Commodity Related Reconciliation (See Page 6 for detail)

Revenues Recorded Under Commodity Related Charges (Note 2)	\$	752,042,181
Less: Recoverable Commodity Related Costs (Note 3)	\$	708,967,998
Less: Factor O Commodity Collection (Note 7)	\$	60,687
Balance to be Refunded under Section E	\$	43,013,496
Remaining Factor O to be Amortized	\$	-

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

Revenues Recorded Under Non-Commodity Related Charges (Note 4)	\$	124,999,936
Less: Recoverable Non-Commodity Related Costs (Note 5)	\$	133,657,027
Less: Factor O Non-Commodity Refunded	\$	-
Balance to be Collected under Section E	\$	(8,657,091)
Remaining Factor O to be Amortized	\$	-

Total Reconciliation

Revenues Recorded	\$	877,042,117
Less: Recoverable Costs	\$	842,625,025
Less: Factor O Collected	\$	60,687
Total Balance to be Refunded under Section E	\$	34,356,405
Total Remaining Factor O to be Amortized	\$	-

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 2015).

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 2015).

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. **Factor O Refund**

On September 16, 2015 the Illinois Commerce Commission in Docket No. 03-0703, the Company's 2003 PGA reconciliation, ordered a Factor O collection in the amount of \$50,351. Accumulated interest from the end of the reconciliation period to the date of the Commission's order computed to \$10,336, representing a total amount to be collected from customers of \$60,687.

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, 2015

Nicor Gas
 Exhibit 2.2
 Page 6

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2015 TOTAL
REVENUES RECORDED UNDER													
COMMODITY CHARGES													
COMMODITY GAS CHARGE (CGC)	\$198,108,239	\$160,531,563	\$96,616,062	\$49,506,396	\$23,974,392	\$17,506,241	\$16,031,064	\$15,144,672	\$15,807,508	\$34,100,223	\$56,325,057	\$67,207,221	\$750,858,638
EXCESS STORAGE CHARGES	11,609	7,628	(496)	4,934	4,491	11,664	7,203	9,980	12,977	20,760	34,986	59,157	184,893
CHICAGO HUB	55,737	40,804	124,516	227,900	1,883	277	28,285	31,700	28,150	29,908	77,674	94,366	741,200
UNAUTHORIZED USE CHARGES	321,751	(64,301)	3,416	(3,416)	0	0	0	0	0	0	0	0	257,450
TOTAL	\$198,497,336	\$160,515,694	\$96,743,498	\$49,735,814	\$23,980,766	\$17,518,182	\$16,066,552	\$15,186,352	\$15,848,635	\$34,150,891	\$56,437,717	\$67,360,744	\$752,042,181
RECOVERABLE COMMODITY													
RELATED COSTS													
FIRM SUPPLY	\$ 72,496,762	\$ 109,655,468	\$ 33,316,328	\$ 20,309,584	\$ 45,113,490	\$ 49,673,429	\$ 57,435,542	\$ 65,845,345	\$ 59,245,557	\$ 67,965,151	\$ 43,746,959	\$ 21,474,884	646,278,499
SPOT GAS PURCHASES	7,206,629	14,403,832	8,282,679	7,983,216	12,666,052	12,624,627	13,937,282	14,687,311	11,308,367	15,721,824	11,359,302	5,330,432	135,511,553
OFF-SYSTEM SUPPLY SALES	(7,919,852)	(5,248,825)	(9,800,512)	(7,865,522)	(7,740,937)	(3,379,257)	(2,874,254)	(8,099,690)	(9,175,169)	(8,064,637)	(6,599,314)	(3,770,678)	(80,538,647)
INVENTORY ACTIVITY	89,148,473	73,372,609	61,420,181	20,186,118	(26,883,660)	(47,423,035)	(63,175,031)	(65,808,665)	(53,657,317)	(52,029,322)	1,111,797	59,774,458	(3,963,394)
NET (GAIN)/LOSS FROM HEDGEING	2,146,664	1,054,033	3,597	20,675	7,508,124	5,363,227	5,390,097	4,290,193	5,550,525	5,779,777	4,628,017	1,936,709	43,671,638
PURCHASED STORAGE SERVICE	8,301	5,253	5,995	0	1,828	47	0	0	0	(1)	1,205	4,858	27,486
RECOVERY FROM HITS BY CONTRACTOR	0	0	(44,258)	0	(174,784)	(35,948)	0	0	(3,986)	0	0	(26,876)	(285,852)
AMORTIZATION OF PREVIOUS YEARS RB	(13,108,163)	(15,927,010)	0	0	0	0	0	0	0	0	0	0	(29,035,173)
COMMISSION 2003 FACTOR O RECOVERY	0	0	0	0	0	0	0	0	0	(60,687)	0	121,374	60,687
AUTHORIZED OVER-RUN CHARGES	0	0	0	17,926	0	0	0	36,948	12,006	0	0	0	66,880
LESS FRANCHISE GAS COSTS	(909,822)	(634,122)	(606,881)	(207,783)	(86,082)	(46,772)	(29,541)	(18,883)	(20,358)	(31,820)	(69,166)	(103,762)	(2,764,992)
TOTAL	\$ 149,068,992	\$ 176,681,238	\$ 92,577,129	\$ 40,444,214	\$ 30,404,031	\$ 16,776,318	\$ 10,684,095	\$ 10,932,559	\$ 13,259,625	\$ 29,280,285	\$ 54,178,800	\$ 84,741,399	\$ 709,028,685
COMMODITY RELATED													
OVER / (UNDER) COLLECTION													
	\$49,428,344	(\$16,165,544)	\$4,166,369	\$9,291,600	(\$6,423,265)	\$741,864	\$5,382,457	\$4,253,793	\$2,589,010	\$4,870,606	\$2,258,917	(\$17,380,655)	\$43,013,496

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, 2015

Nicor Gas
Exhibit 2.2
Page 7

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	2015 TOTAL
REVENUES RECORDED UNDER													
<u>NON-COMMODITY RELATED CHARGES</u>													
DGC AND NCGC	\$21,412,919	\$23,018,398	\$14,779,226	\$7,671,224	\$4,143,397	\$3,109,155	\$2,855,995	\$2,721,950	\$2,870,737	\$6,264,075	\$11,925,695	\$15,166,206	\$115,938,977
CUSTOMER SELECT BALANCING CHARGE	1,831,226	1,910,046	1,176,092	595,455	319,204	221,584	202,847	194,428	210,821	448,013	838,381	1,112,862	9,060,959
SUBTOTAL	\$23,244,145	\$24,928,444	\$15,955,318	\$8,266,679	\$4,462,601	\$3,330,739	\$3,058,842	\$2,916,378	\$3,081,558	\$6,712,088	\$12,764,076	\$16,279,068	\$124,999,936
RECOVERABLE NON-COMMODITY													
<u>RELATED COSTS</u>													
FIRM SUPPLY	\$ 10,548,657	\$ 10,535,230	\$ 9,980,624	\$ 6,770,239	\$ 6,750,309	\$ 6,553,500	\$ 6,724,295	\$ 6,747,658	\$ 6,746,418	\$ 6,837,857	\$ 9,438,248	\$ 10,422,587	\$98,055,622
OTHER CREDITS	(386,377)	(630,526)	(794,236)	(705,524)	(417,374)	(306,844)	(270,883)	(497,448)	(490,972)	(383,746)	(417,539)	(353,325)	(5,654,794)
PURCHASED STORAGE SERVICE	3,314,924	3,314,924	3,314,924	3,314,924	3,314,925	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	3,314,924	39,779,089
AMORTIZATION OF PREVIOUS YEARS RB	(30,837,818)	32,700,537	1	0	0	0	0	0	0	0	0	0	1,862,720
LESS FRANCHISE GAS COSTS	(98,062)	(91,448)	(90,713)	(31,609)	(13,562)	(7,215)	(4,543)	(2,897)	(3,228)	(5,456)	(14,100)	(22,777)	(385,610)
TOTAL	(\$17,458,676)	\$45,828,717	\$12,410,600	\$9,348,030	\$9,634,298	\$9,554,365	\$9,763,793	\$9,562,237	\$9,567,142	\$9,763,579	\$12,321,533	\$13,361,409	\$133,657,027
NON-COMMODITY RELATED													
OVER / (UNDER) COLLECTION	\$40,702,821	(\$20,900,273)	\$3,544,718	(\$1,081,351)	(\$5,171,697)	(\$6,223,626)	(\$6,704,951)	(\$6,645,859)	(\$6,485,584)	(\$3,051,491)	\$442,543	\$2,917,659	(\$8,657,091)

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 15-0519
PGA Reconciliation for the Year Ended December 31, 2015**

Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/14 per 2014 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/14 per 2014 Reconciliation	(29,035,173)
3	Factor O Collected/(Refunded) during 2015	<u>60,687</u>
4	Balance to be Collected/(Refunded) during 2015/2016 from prior periods (sum of lines 1 thru 3)	<u>\$ (28,974,486)</u>
5	2015 Gas Costs	\$ 737,560,828
6	2015 PGA Revenues	(751,599,838)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments	0
9	Interest	<u>0</u>
10	2015 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ (14,039,010)</u>
11	Under/(Over) Recovery Balance at 12/31/15 (line 4 + line 10)	\$ (43,013,496)
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/15	(43,013,496)
13	Unamortized Balance at 12/31/15 (per filing truing up actual for December 2015)	<u>0</u>
14	Remaining Unamortized Factor O to be Refunded in 2016 (line 11 - line 12 - line 13)	<u>\$ -</u>

**Northern Illinois Gas Company
d/b/a Nicor Gas Company
Docket No. 15-0519
PGA Reconciliation for the Year Ended December 31, 2015**

Non-Commodity Gas Cost

<u>Line</u>	<u>Description</u>	<u>Per Filings</u>
1	Unamortized Balance as of 12/31/14 per 2014 Reconciliation	\$ -
2	Factor A Adjustments Amortized to Schedule 1 at 12/31/14 per 2014 Reconciliation	1,862,720
3	Factor O Collected/(Refunded) during 2015	<u>0</u>
4	Balance to be Collected/(Refunded) during 2015/2016 from prior periods (sum of lines 1 thru 3)	<u>\$ 1,862,720</u>
5	2015 Gas Costs	\$ 122,733,348
6	2015 PGA Revenues	(115,938,977)
7	Pipeline Surcharges/(Refunds)	0
8	Other Adjustments (Rounding)	0
9	Interest	<u>0</u>
10	2015 Under/(Over) Recovery (sum of lines 5 thru 9)	<u>\$ 6,794,371</u>
11	Under/(Over) Recovery Balance at 12/31/15 (line 4 + line 10)	\$ 8,657,091
12	Factor A Adjustments Amortized to Schedule 1 at 12/31/15	8,657,091
13	Unamortized Balance at 12/31/15 (per filing truing up actual for December 2015)	<u>0</u>
14	Remaining Unamortized Factor O to be Refunded in 2016 (line 11 - line 12 - line 13)	<u>\$ -</u>

STATE OF ILLINOIS)
COUNTY OF DUPAGE)

VERIFICATION

Lewis M. Binswanger, being first duly sworn upon oath, states that he is a Vice President of Northern Illinois Gas Company d/b/a Nicor Gas Company; that he has read the foregoing Statement of revenues collected under gas adjustment charges with actual costs prudently incurred through Rider 6, by him subscribed and knows the contents thereof; and that the statements therein contained are true to the best of his knowledge and belief.



Lewis M. Binswanger

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

Title: Vice President, Regulatory Affairs

SUBSCRIBED AND SWORN TO,
before me this 31st day
of March, 2016



Notary Public

My commission expires:
August 4, 2018

