

**EXHIBIT C**

**ILLINOIS COMMERCE COMMISSION**

**DOCKET 16-00xx**

**ILLINOIS GAS COMPANY**

**PETITION PURSUANT TO SECTION 7-101 OF THE  
PUBLIC UTILITIES ACT SEEKING AUTHORITY TO  
ENTER A LEASE OF REAL PROPERTY AND A SERVICE AND  
FACILITIES AGREEMENT IN WHICH  
AN AFFILIATED INTEREST EXISTS**

**PREPARED TESTIMONY OF**

**RICK W ZEHNER  
Assistant Secretary**

1 **Q. Please state your name, name of your employer and business address.**

2 A. My name is Rick W Zehner. I am employed by the Illinois Gas Company and my  
3 business address is 1927 Miller Drive, Olney, Illinois 62450.

4 **Q. What is your job title?**

5 A. I am the Assistant Secretary of Illinois Gas Company.

6 **Q. Have you previously testified before this Commission?**

7 A. Yes.

8 **Q. Please describe the Illinois Gas Company.**

9 A. Illinois Gas Company is a privately held natural gas distribution company which  
10 serves approximately 9,800 customers in Lawrence, Jasper and Richland Counties  
11 in southeastern Illinois.

12 **Q. Where is the Illinois Gas Company office located?**

13 A. 1927 Miller Drive, Olney, Illinois 62450.

14 **Q. What is the purpose of your testimony in this docket?**

15 A. To explain the relationship between Illinois Gas Company and Illinois Real Estate  
16 Company, the current Lease and the current Service and Facilities Agreement  
17 between the Illinois Gas Company and Illinois Real Estate Company that is set to  
18 expire on May 31, 2016 and the need to renew that agreement.

19 **Q. What is the relationship between the Illinois Gas Company and the Illinois  
20 Real Estate Company?**

21 A. Illinois Real Estate Company is an Illinois corporation and wholly owned  
22 subsidiary of the Avery-Dewing Corporation, which is a Delaware corporation.

23 The Illinois Gas Company and the Avery-Dewing Corporation have one or more  
24 common directors and officers, which creates an affiliated interest under Section  
25 7-101 of the Public Utilities Act.

26 **Q. Are you an officer or director of the Illinois Real Estate Company?**

27 A. Yes, I am the Assistant Secretary of Illinois Real Estate Company and know of the  
28 existence of the common directors and officers of Illinois Gas and Avery-Dewing.

29 **Q. You testified about the existence of a current Lease between Illinois Gas  
30 Company and Illinois Real Estate Company. Was your reference to the  
31 document that is attached to the Petition in this docket as Exhibit "RWZ-1"?**

32 A. Yes, it was.

33 **Q. Please explain the background of the existing Lease.**

34 A. In May, 2011, the Illinois Gas Company filed a Petition, assigned Docket No. 11-  
35 0430, seeking authority to enter into a Lease with Illinois Real Estate Company.  
36 The Commission entered an Order on October 5<sup>th</sup>, 2011, authorizing Illinois Gas  
37 Company to enter into and carry out the terms of the Lease with Illinois Real  
38 Estate Company effective June 1, 2011.

39 **Q. Are you requesting a change in the Lease amount?**

40 A. Yes.

41 **Q. Please explain.**

42 A. The economic conditions for this area have changed since the inception of this  
43 lease in 2011 which is reflected in Exhibit RWZ-4. The current square foot  
44 calculated amounts of \$6.75 for office space and \$2,80 are less than those

45 reflected in Exhibit RWZ-4 for the area. The existing lease amounts were  
46 calculated at \$6.25 per square foot for office space and \$2.25 per square foot  
47 warehouse space. Additional, property improvements include the construction of  
48 additional warehouse space consisting of 6400 square feet, addition to the parking  
49 spaces all of which supports an increase. Therefore, there is a basis to change the  
50 amount of the lease at this time based upon property improvements and revised  
51 lease rates per Exhibit RWZ-4.

52 **Q. Please explain how USDI and USSI share in the cost of the Lease agreement.**

53 A. The detail of this shared cost is reflected in Exhibit RWZ-3. USDI and USSI  
54 reimburse Illinois Gas Company for the amount of space that they directly occupy.  
55 USDI will reimburse Illinois Gas Company based on a utilization factor of  
56 29.52% and USSI will reimburse Illinois Gas Company based on a utilization  
57 factor of 4.04%. Illinois Gas Company has a utilization factor of 66.45% for the  
58 remaining Office space with consideration being given for administrative function  
59 performed for USDI and USSI. Additionally, a division of the warehouse space is  
60 also done with USDI having a utilization factor of 7.76% and USSI having a  
61 utilization factory of 21.98%. Illinois Gas Company has a utilization factor of  
62 70.26 for the remaining Main Warehouse and New Garage space. These factors  
63 were calculated using the actual space used in the fourteen sections of the  
64 warehouse. If this usage allocation shall change, the formula will be updated  
65 accordingly. Space used for the general administration of Illinois Gas was  
66 allocated according to the total payrolls of the three entities as specified in

67 affiliation agreement between Illinois Gas, USDI and USSI in Docket 01-0584.

68 **Q. You also testified about the existence of a current Service and Facilities**  
69 **Agreement between the Illinois Gas Company and Illinois Real Estate**  
70 **Company. Was your reference to the document that is attached to the**  
71 **Petition in this docket as Exhibit "RWZ-2"?**

72 A. Yes, it was.

73 **Q. Please explain the background of the existing Service and Facilities**  
74 **Agreement.**

75 A. In May 2011, the Illinois Gas Company filed a Petition, assigned Docket No. 11-  
76 0430, asking for approval to continue the current Service and Facilities Agreement  
77 as of June 1, 2011 with no changes to the original filing. The Commission entered  
78 an Order on October 5<sup>th</sup>, 2011, approving the arrangement between Illinois Gas  
79 Company and Illinois Real Estate Company and authorizing the execution of the  
80 Service and Facilities Agreement with an effective period of June 1, 2011 through  
81 May 31, 2016.

82 **Q. What term, or effective period, does the Company seek relating to the Lease**  
83 **and Facilities Agreement?**

84 A. The Company would like the Lease and Agreement approved for a five year  
85 period effective June 1, 2016 through May 31, 2021. We believe it is  
86 advantageous for the property lease and the related Services and Facilities  
87 Agreement to have concurrent terms.

88 **Q. Has the existing Services and Facilities Agreement proved effective?**

89 A. Yes it has. The Agreement has worked very well by establishing the  
90 responsibilities and obligations of each of the two companies to the other and it  
91 has worked very well, we understand, from the position of the accounting staff of  
92 this Commission by fixing the services to be provided and the fees to be charged  
93 for those services.

94 **Q. The Agreement provides that Illinois Real Estate Company will be charged**  
95 **3.5 hours, per month, at the Illinois Gas Company's general and**  
96 **administrative manager's hourly rate, as determined on an annual basis.**  
97 **What has the hourly rate for the Illinois Gas Company's general and**  
98 **administrative manger's been for the last four years?**

99 A. The Illinois Gas Company's general and administrative manager's rate for 2012  
100 was \$42.69, 2013 was \$43.67, 2014 was \$46.72, and the 2015 rate was \$51.23.  
101 The 2016 rate is \$52.40.

102 **Q. Do you believe the continuation of the Agreement with proposed Amendment,**  
103 **is in the best interests of the rate payers of the Illinois Gas Company?**

104 A. Yes I do. The Agreement has provided a very workable document in that it sets  
105 the amount to be paid as reasonable reimbursement for services provided by the  
106 Illinois Gas Company and ensures that the rate payers are not subsidizing the cost  
107 of the separate company.

108 **Q. Does this conclude your testimony?**

109 A. Yes it does.

LEASE

THIS LEASE is made and entered into as of the 1st day of June, 2011, by and between ILLINOIS REAL ESTATE COMPANY, an Illinois corporation (hereinafter called the "Lessor"), and ILLINOIS GAS COMPANY, an Illinois corporation, its legal representatives, successors and assigns (hereinafter called the "Lessee"),

WITNESSETH: In consideration of the promises and the mutual covenants and agreements herein contained, the Lessor does hereby lease to the Lessee the following property:

A part of the Southeast Quarter (SE 1/4) of the Southwest Quarter (SW 1/4) of Section Ten (10), Township Three North (T3N), Range Ten East (R10E) of the 3rd Principal Meridian, Richland County, Illinois, more particularly described as follows:

Commencing at the Southeast corner of the Southwest Quarter of said Section 10, thence S 89° 52' 32" W, 40.0 feet to a point on the West right of way line of Route 130; thence N 1° 07' 06" E, 283.91 feet along the West right of way line of Route 130 to the point of beginning; thence N 1° 07' 06" E, 535.14 feet along the West right of way line of Route 130; thence N 65° 15' 48" W, 120.06 feet along the South right of way line of Miller Drive; thence N 88° 52' 54" W, 463.00 feet along the South right of way line of Miller Drive; thence S 1° 07' 06" W, 579.88 feet; thence S 88° 32' 40" E, 573.00 feet to the point of beginning, containing 7.59 acres, more or less, said tract commonly known as Lot Two (2) of the City of Olney Route 130 Industrial Park.

This lease includes all improvements, appurtenances, and all fixtures attached thereto, and is subject to recorded easements. Said improvements consist of:

Building: An Office/Warehouse building containing 7,200 square feet of office space and 16,800 square feet of warehouse space, with 16 ft. sidewalls. The floors are poured concrete 6" reinforced. Construction manufacturing light steel frame. Exterior wall metal with concrete tilt up on North and East sides. Interior finish for office drywall and acoustical tile ceiling suspended in office. Roof covering is metal, plumbing 4 1/2 bath-restrooms in office area handicap accessible, 400 amp electrical 208/120V 3 phase, plus 200 amp box in office area. Heating is 4 gas forced air 165,000 BTU in warehouse area; office gas forced air with central air-conditioning.

1. The term of this Lease shall be for a period of five (5) years, beginning June 1st, 2011.

2. The Lessee shall pay rent on the first of each month during the term of the Lease as follows:

Seven Thousand Two Hundred Fifty and no/100 Dollars (\$7,250.00) per month beginning June 1, 2011 and continuing through May 31st, 2016.

Any party may terminate this Lease as to it by providing at least 60 days prior written notice to the other Parties of the effective date of such termination.

3. The following express stipulations and conditions are made part of this Lease and are hereby assented to by the Lessor and Lessee:

- a. The monthly rental as set forth above shall be paid to the Lessor at its office in Olney, Illinois, or at such other location or agent as the Lessor may designate. If default should be made in the payment of said rental, and said default continues for a period of sixty (60) days, or if said Lessee shall violate any of the covenants of this Lease, the Lessee shall be given written notice of such violation and shall have ten (10) days thereafter to correct such violation. If Lessee fails to correct the violation, the Lessor shall be entitled to file suit for possession of the property.
- b. It is understood and agreed that the Lessee shall be responsible for and shall pay all taxes or assessments upon the real properties which is subject to this Lease, and which taxes are imposed by the legally constituted authority which has the right and power to impose such taxes upon real properties. Further, should the Lessee fail or refuse to pay such taxes, the Lessor may, at its option, pay such taxes and add the amount so paid to the sum of the next monthly rental.
- c. It is understood and agreed that the Lessee shall obtain, and shall pay the cost thereof, multi-peril insurance with limits not less than eighty percent (80%) of the replacement value of the improvements subject to this Lease. In addition, the Lessee shall obtain, and pay the cost thereof, liability insurance coverage on the properties subject to this Lease. Lessor shall be named as an additional insured in the policies of insurance mentioned in this paragraph and Lessee shall provide Lessor evidence of such insurance. If the Lessee fails to obtain the required insurance coverage, the Lessor may obtain such coverage and/or pay the cost thereof, and add the cost so paid to the sum of the next monthly rental amount to be paid the Lessor by the Lessee.
- d. The Lessee shall be responsible and shall pay for all utilities (gas, water, sewer, electric) for the buildings. If Lessee fails or refuses to pay the utilities, the Lessor may, at its option, pay such charges and add the amounts so paid to the sum of the next monthly rental.
- e. The Lessee shall, at its own expense, have the right to make alterations and repairs to the buildings as the Lessee considers necessary for its use of the

premises. The Lessee shall obtain the written consent of the Lessor for all major alterations as previously set forth, but such consent shall not be unreasonably or arbitrarily withheld. However, the Lessor is responsible for normal repairs required for the proper maintenance of the building due to normal wear and tear. Should the Lessee advance any such expenses on behalf of the Lessor, the Lessee may deduct such advances from its monthly rental obligations until satisfied.

- f. If any of the buildings are damaged by fire or other casualty, the Lessor shall proceed, with reasonable diligence and at the expense of the Lessor (but only to the extent of the insurance proceeds available to the Lessor), to repair or restore the building(s) as nearly as is practicable to the condition which existed immediately prior to such casualty (including, but not limited to, restoration of improvements made by the Lessee). The Lessor will adjust, suspend or abate the rent based upon the nature and extent of injuries sustained by the building(s) until the building has been repaired or restored. If the building(s) has not been repaired within sixty (60) days to the extent that it can be fully utilized by the Lessee, the Lessee may, at its option, terminate this Lease by providing thirty (30) days written notice.

4. Lessee shall, at the expiration of this Lease, including any extensions thereof, return the property to the Lessor in its condition as of June 1st, 2016 excepting normal wear and tear and any improvements made during the Lease.

5. This Lease may be amended only by a writing executed by each of the parties.

6. This Lease shall be construed under the laws of Illinois.

IN WITNESS WHEREOF, the Lessor and Lessee have caused this Lease to be executed by their duly authorized officers in duplicate on this 1st day of May, 2011.

ILLINOIS GAS COMPANY

By: Roger C. Avery  
Roger C. Avery, CEO

ILLINOIS REAL ESTATE COMPANY

By: Selig Broitman  
Selig Broitman, President

## SERVICE AND FACILITIES AGREEMENT

THIS SERVICE AND FACILITIES AGREEMENT ("Agreement") is made and entered into as of the 1<sup>st</sup> day of June 2011, between Illinois Gas Company, an Illinois corporation ("Illinois Gas"; "IGC"), and Illinois Real Estate Company ("Illinois Real Estate"; "IRE").

### WITNESSETH:

WHEREAS, Illinois Gas Company and Illinois Real Estate Company are related by virtue of common officers and directors, directly or indirectly; and

WHEREAS, Illinois Gas Company and Illinois Real Estate Company believe that the central management of certain services may be efficient and cost effective, and the Parties desire to make provision for these and other transactions between IGC and IRE;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the Parties hereby agree as follows:

## ARTICLE I

### Definitions and Interpretation

Section 1.1 Definitions. As used in the Agreement, the following terms shall have the respective meanings set forth below unless the context otherwise requires:

"ICC" means the Illinois Commerce Commission.

"IGC" means Illinois Gas Company.

"IRE" means Illinois Real Estate Company.

"Party" means each, and "Parties" means all of the entities who are from time to time a party to this agreement.

"Provider" means a Party who has been requested to, and who is able and willing to, furnish facilities, provide services or both to a Requester under the terms of this Agreement.

"Requestor" means a Party who desires to use facilities, receive services or both, and has requested another Party to provide such services.

Section 1.2 Purpose and Intent; Interpretation. This Agreement shall be interpreted in accordance with the purposes and intent set forth in Sections 1.2(a), 1.2(b) and 1.2(c).

- (a) The purposes and intent of the Agreement are to set forth procedures and policies to govern transactions between IRE and IGC, whether such transactions occur directly or indirectly as the end result of a series of related transactions. It is not intended to govern transactions between IGC and IRE, except to the extent required by the ICC's non-discrimination rules, 83 Ill. Adm. Code 550 (as amended from time to time).
- (b) Notwithstanding anything else in this Agreement, any Party may participate in a transaction (which would otherwise be subject to this Agreement but without regard to otherwise following this Agreement) if such transaction is permitted by any law or regulation provided the transaction meets the requirements of the applicable law or regulation.
- (c) The headings of Articles and Sections contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. References to Articles, Sections, and Exhibits refer to articles, sections and exhibits of this Agreement unless otherwise stated. Words such as "herein", "hereinafter", "hereof", "hereto", "hereby", and "hereunder", and words of like import, unless the context requires otherwise, refer to this Agreement.

## ARTICLE II

### Use of Services and Facilities

Section 2.1 Services. Upon the terms and subject to the conditions of this Agreement, a Requestor may request a Provider or Providers to provide, and, subject to the provisions at the end of this Section, such Provider or Providers shall provide to such Requestor services, which include, but are not limited to personnel services, including, without limitation, payroll processing.

Provided, however, that a Provider shall have no obligation to provide any of the foregoing to the extent that it is not capable of providing such service (either because such provider does not have personnel capable of providing the requested service or the service is otherwise being used); and provided further, it is understood that a Provider has sole discretion in scheduling the use by a Requestor of services so as to avoid interference with such Provider's operations, subject to the Provider meeting all agreed commitments to the Requestor; and provided further that it is understood that if the provider is IGC, sufficient prudent and necessary review has been undertaken to assure that the transfer will not impair the ability of IGC to deliver safe, reliable, least cost energy to IGC customers.

Section 2.2 Facilities: IGC will furnish computing equipment and space sufficient enough to allow IRE's employee to perform his duties during non business hours.

### ARTICLE III

#### Charges, Accounting and Invoicing/Payment

Section 3.1 Charges. Charges for the services under Section 2.1 shall be determined in accordance with Section 4.1(b). By requesting the services, a Requestor shall be deemed to have agreed to pay, and shall pay, to the Provider or Providers the charge determined therefore in accordance with Section 4.1(b).

Section 3.2 Accounting. Each Party shall maintain adequate books and records with respect to the transactions subject to this Agreement and shall establish unique account numbers -in its general ledger system which shall be used to record the transaction with the other Party. Each Party shall be responsible for maintaining internal controls to ensure the costs associated with transactions covered by this Agreement are properly allocated and billed in accordance with the terms and provisions of this Agreement.

Section 3.3 Invoicing/Payment. Provider shall invoice the Requestor on a monthly basis as provided in Section 4.1(a). Requestor shall make payment for said invoice within 30 days.

### ARTICLE IV

#### Pricing Methodology

Section 4.1 General Principals. The following general principles shall be used in setting charges for transactions between IGC and IRE:

Services and facilities provided by IGC to IRE shall be charged by the provider to the Requestor at: (1) IRE will be charged 3.5 hours at IGC's G&A Manager's hourly rate, per month, as determined annually. (2) IRE will reimburse IGC for the cost of IRE's payroll and associated taxes. (3) IRE will also be assessed a finance charge based upon IGC's month end receivable balance with IRE extended by IGC's interest rate on its long-term mortgage. Notwithstanding anything to the contrary, pursuant to 83 Ill. Adm. Code 550.120(a), transactions between IGC and IRE shall not be allowed to subsidize IRE.

## ARTICLE V

### Limitations of Liability

Section 5.1 No Warranties For Facilities or Services. Each Party acknowledges and agrees that any facility, equipment or capabilities made available, and any services provided, by a Provider to a Requestor hereunder, are so made available to provided WITHOUT ANY WARRANTY (WHETHER EXPRESS, IMPLIED OR STATUTORY AND NOTWITHSTANDING ANY ORAL OR WRITTEN STATEMENT BY A PARTY'S EMPLOYEES, REPRESENTATIVES OR AGENTS TO THE CONTRARY) WHATSOEVER. ALL SUCH WARRANTIES (INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE) ARE HEREBY DISCLAIMED AND EXCLUDED.

Section 5.2 No Partnership. The Parties acknowledge and agree that this Agreement does not create a partnership between, or a joint venture of, a Party and any other Party. Each Party is an independent contractor and nothing contained in this Agreement shall be construed to constitute any Party as the agent of any other Party.

Section 5.3 No Third Party Beneficiaries. This Agreement is intended for the exclusive benefit of the Parties hereto and is not intended, and shall not be deemed or construed, to create any rights in, or responsibilities or obligations to, third parties.

## ARTICLE VI

### Termination

Any Party may terminate this Agreement as to it by providing at least 30 days prior written notice to the other Parties of the effective date of such termination. In addition, this Agreement shall terminate as to a Party upon the date that IGC determines that such Party shall no longer be a Party to this Agreement. Any such termination shall not affect the terminating Party's accrued right and obligation under this Agreement arising prior to the effective date of termination or its obligations under Section 8.4.

## ARTICLE VII

### Confidential Information

Each Party shall treat in confidence all information which it shall have obtained regarding the other Parties and their respective businesses during the course of the performance of this Agreement. Such information shall not be communicated to any person other than the Parties to this Agreement, except to the extent disclosure of such information is required by a governmental authority. If a Party is required to disclose confidential information to a governmental authority, such Party shall take reasonable steps to make such disclosure

confidential under the rules of such governmental authority. Information provided hereunder shall remain the sole property of the Party providing such information. The obligation of a Party to treat such information in confidence shall not apply to any information which (i) is or becomes available to such Party from a source other than the Party providing such information, or (ii) is or becomes available to the public other than as a result of disclosure by such Party or its agents.

## ARTICLE VIII

### Miscellaneous

Section 8.1 Entire Agreement; Amendments. This Agreement constitutes the sole and entire agreement among the Parties with respect to the subject matter hereof and supersedes all previous agreements, proposals, oral or written, negotiations, representations, commitments and all other communications between some or all of the Parties. This Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the Parties hereto.

Section 8.2 Assignment. This Agreement may not be assigned by any Party without the prior written consent of the non-assigning Party.

Section 8.3 Access to Records. During the term of this Agreement, each Party shall have reasonable access to and the right to examine any and all books, documents, papers and records which pertain to services and facilities provided by the other Parties under this Agreement to such Party, and such Party shall provide access to, and the opportunity to examine, all such records which pertain to services and facilities provided to the other Parties under this Agreement by such Party. Each Party shall maintain all such records relating to a given transaction for a period of seven years after the transaction. In addition, during the term of this Agreement and for the same seven year period, the ICC shall have access to all accounts and records of IRE relating to transaction with IGC to extent, and with the limitations, set forth in Section 7-101 of the Public Utilities Act. Accordingly, IRE shall make available to IGC for the ICC's review pursuant to Section 7-101 such information as the ICC or its staff may deem necessary in order to review and verify both the amounts charged to IGC under this Agreement and the manner in which those amounts were derived.

Section 8.4 Partial Invalidity. Wherever possible, each provision hereof shall be interpreted in such a manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such provision shall be ineffective to the extent, but only to the extent, of such invalidity, illegality or unenforceability without invalidating the remainder of such invalid, illegal or unenforceable provision or provisions or any other provisions hereof, unless such construction would be unreasonable. In the event that it is determined that the charges for a particular transaction covered by this Agreement were not determined properly for any reason, such determination and/or finding shall not affect the validity of such transaction; provided, however, that if the transaction involved IGC, IRE shall pay to or reimburse IGC, or IGC shall pay to or reimburse IRE, as the case may be, for the difference between the amount

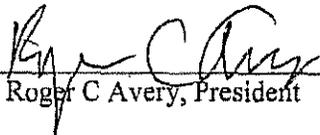
that was charged in connection with the transaction and the charge that is determined to be proper under the provisions of Article IV.

Section 8.5 Waiver. Failure by any Party to insist upon strict performance of any term or condition herein shall not be deemed a waiver of any rights or remedies that such party may have against any other Party nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

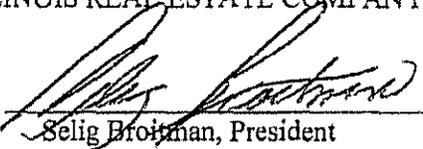
Section 8.6 Governing Law. This Agreement shall be governed by, construed and interpreted pursuant to the laws of the State of Illinois.

IN WITNESS WHEREOF, the Parties have each caused the agreement to be executed by a duly authorized representative as of the day and year first above written.

ILLINOIS GAS COMPANY

By:   
Roger C Avery, President

ILLINOIS REAL ESTATE COMPANY

By:   
Selig Broitman, President

**Illinois Gas/USDI/USSI Building Lease Calculation**

3/22/2016

Administrative Cost Allocation Factors	Illinois Gas	0.4615
2016	USDI	0.4883
	USSI	0.0502

Office Space	Administrative	Utilization Factor			Square Footage
		Ill Gas	USDI	USSI	
Assigned Office Space					
Darin	0.750	0.60	0.37	0.04	282
Mike Weiler		0.00	1.00	0.00	132
Lori	0.600	0.68	0.29	0.03	282
Diana	0.800	0.57	0.39	0.04	150
Homer Gardner		0.50	0.50		120
Cindy		0.00	1.00		180
Scott/Mike Wendling		0.00	1.00		378
Courtney Smithenry		0.00	1.00		132
Sirena Shan		0.10	0.10	0.80	180
Brad Raley		1.00	0.00		85
Gary Compton		0.75	0.25		85
Customer Service		0.90	0.10		673
Meter Shop		1.00	0.00		534
Field Employee		1.00	0.00		450
Foyer		1.00	0.00		290
Rick	0.200	0.89	0.10	0.01	156
Storage		1.00	0.00		120
<b>Total</b>		<b>2,810</b>	<b>1,248</b>	<b>171</b>	<b>4,229</b>
Utilization Factors Office Space		66.45%	29.52%	4.04%	
Total Shared Space (Bathrooms, Break Room, Conference, Hallways Etc.)					2971
<b>Total Office Space</b>					<b>7200</b>
Illinois Gas Office Space					4764
U.S.D.I. Office Space					2125
U.S.S.I Office Space					291
<b>Main Building Warehouse Space</b>		Warehouse Allocation Proportions			
Illinois Gas Warehouse Space		0.5893			9,900
		100% of seven sections plus 50% of one section plus 75% of one section			

Exhibit RWZ-3

U.S.D.I. Warehouse Space	0.1071	1,800
	100% of one section plus 50% of one section	
U.S.S.I. Warehouse Space	0.3036	5,100
	100% of three sections plus 50% of two section plus 25% of one section	
<b>Total Main Building Warehouse Space</b>		<b><u>16,800</u></b>

<b>New Garage - all IL Gas Equipment</b>		<b><u>6,400</u></b>
	Total Warehouse Space	<b><u>23,200</u></b>

IL Gas	0.7026
USDI	0.0776
USSI	0.2198

Warehouse Rent Factor	\$2.80	
	Rent Proportion	0.5720
Office Rent Factor	\$6.75	
	Rent Proportion	0.4280

		Office	Warehouse	percent	Total
<b>Illinois Gas Rent</b>		<b>\$32,291.85</b>	<b>\$45,638.39</b>		<b>\$77,930.25</b>
Rent	Per Month	\$2,690.99	\$3,803.20	68.63%	\$6,494.19
<b>U.S.D.I. Rent</b>		<b>\$14,344.79</b>	<b>\$5,039.82</b>		<b>\$19,384.61</b>
Rent	Per Month	\$1,195.40	\$419.99	17.07%	\$1,615.38
<b>U.S.S.I. Rent</b>		<b>\$1,961.64</b>	<b>\$14,279.60</b>		<b>\$16,241.14</b>
Rent	Per Month	\$163.47	\$1,189.96	14.30%	\$1,353.43
<b>Total Rent</b>		<b>\$48,598.29</b>	<b>\$64,967.71</b>		<b>\$113,566.00</b>
Total Rent	Per Month	\$4,049.86	\$5,413.14		\$9,463.00
Per Foot per Year		\$6.75	\$2.80		\$3.74

Current Monthly Rent (9,136.67)



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Richland County  
Development Corporation  
315 West Main Street  
Olney, IL 62450  
Office: (618) 392-2305  
Fax: (618) 392-2405  
[cyockey@rcdc.com](mailto:cyockey@rcdc.com)  
[www.rcdc.com](http://www.rcdc.com)

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October 20, 2015

Mr. Brad Raley  
Illinois Gas Company  
1927 Miller Drive  
Olney, IL 62450

Mr. Raley

This letter is in reference to your inquiry regarding warehouse and commercial office space lease pricing in Richland County, Illinois. Industrial warehouse space is typically leased as a triple net lease, in which the lessee pays the taxes, insurance, and maintenance. The average industrial warehouse space is \$3.00 per square foot based on a triple net lease. Commercial office space is typically leased as a gross lease, in which the lessor pays the taxes, insurance, and maintenance. The average commercial office space is between \$7.50 and \$9.00 per square foot based on a gross lease. If you have any questions or need additional information, please do not hesitate contacting me directly.

Sincerely,

Courtney Yockey  
Executive Director