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ILLINOIS COMMERCE COMMISSION

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October 5, 2016

**Via Federal Express**

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

RECEIVED  
OCT 06 2016

ILLINOIS COMMERCE COMMISSION  
CHIEF CLERK'S OFFICE

Re: Docket No. 05-0814  
Prairie Point Energy, L.L.C. – Compliance Filing for Material Change in Business

Dear Ms. Rolando,

Prairie Point Energy, L.L.C. d/b/a Nicor Advanced Energy LLC (“NAE”), by its attorney, Carmen L. Fosco of Rooney Rippie & Ratnaswamy LLP, hereby files this Compliance Filing for a Material Change in Business pursuant to 220 ILCS 5/19-111(b), (c)(1) and (8) and Part 551 of the Commission’s Rules.

In support of this filing, NAE states as follows:

**1. Change in ownership**

Pursuant to 220 ILCS 5/19-111(c)(1), NAE notifies the Illinois Commerce Commission (“ICC”) that on October 3, 2016, Georgia Natural Gas Company (“GNGC”), a wholly owned subsidiary of Southern Company Gas, formerly known as AGL Resources Inc. (“SCG”), acquired the fifteen percent interest in SouthStar Energy Services LLC (“SouthStar”) held by Piedmont Energy Company, an indirect wholly owned subsidiary of Piedmont Natural Gas Company, Inc. (the “Buyout”). Pursuant to the Buyout, GNGC now owns 100% of SouthStar and SouthStar is now a wholly owned subsidiary of SCG.

**2. Notice to gas utilities**

Pursuant to 220 ILCS 5/19-111(b)(1) NAE has served copies of this Compliance Filing for Material Change in Business upon the gas utilities serving customers in the service area where NAE is certified to provide service (i.e., Northern Illinois Gas Company d/b/a Nicor Gas



Company, the Peoples Gas Light and Coke Company, and North Shore Gas Company) by regular mail to:

Nicor Gas  
Ms. Mary Lou Grzenia  
Manager Customer Select  
C/O Customer Select Program - 4W  
P.O. Box 190  
Aurora, IL 60507-0190  
cc: Mr. Lewis Binswanger - Vice President, Regulatory Affairs

Peoples Gas Light and Coke Company and North Shore Gas Company  
Ms. Irene Isais  
Transportation Specialist  
130 E. Randolph Drive 17th Floor  
Chicago, Illinois 60601  
cc: Mr. Jerard Julian, Manager, Billing & Gas Transportation Services

**3. Financial Reporting Requirement (551.140(b))**

NAE certifies that it continues to maintain sufficient financial resources to provide the services for which it has received a certificate of service authority using the criteria under Section 551.80(c). The borrowing agreement between NAE and SCG that NAE relied on to demonstrate compliance with Section 551.80(c) in its Supplemental Continuing Compliance with Certification Requirements report dated April 28, 2016 will not be changed or terminated as a result of the above-described change in ownership of NAE. NAE is a wholly owned subsidiary of SouthStar, in which SCG now has a 100% ownership interest compared to its previous 85% ownership interest. NAE's borrowing agreement with SCG remains in effect, as included in the supporting documentation found in the Material Change Filing submitted on January 6, 2012. NAE's Supplemental Continuing Compliance with Certification Requirements report dated April 28, 2016 included a copy of the 2015 Form 10-K for SCG. The revenues separately reported therein for SouthStar for 2015 were \$711 million (page 87), and the revenues for NAE as part of SouthStar are not separately identified. The amount of credit available to NAE under the above-described borrowing agreement is not less than the greater of \$500,000 or 5% of the amount of its revenue, as described above, for its most recently completed fiscal year. NAE's January 27, 2016, Continuing Compliance with Certification Requirements report also contained a copy of a Standard & Poor's ratings report dated December 28, 2015, the latest ratings report presenting the short-term or long-term credit or obligation ratings of its parent corporation, SCG, which remains the most recently available Standard & Poor's ratings report for SCG, showing that SCG meets or exceeds the applicable minimum credit ratings set forth in Section 551.80(c)(1) of the Commission's rules. While the December 28, 2015, Standard & Poor's ratings report for SCG remains the most recently available ratings report for SCG, NAE submits as Exhibit A for informational purposes a copy of a press release by S&P Global Ratings (f/k/a Standard & Poor's Ratings Service) dated June 30, 2016, indicating that S&P Global Ratings raised its issuer



credit rating on AGL Resources Inc. (ALGR) and its subsidiaries Atlanta Gas Light Co. (AGLC), Nicor Gas Co., and Pivotal Utility Holdings Inc. (Pivotal) to “A-” from “BBB+”.

**4. Managerial Reporting Requirements (551.150)**

NAE certifies that it continues to maintain the required managerial qualifications for the service authority granted in its certificate. The Buyout will not result in any changes to NAE’s key managerial personnel. The personnel listed in Exhibit E of the Material Change filing submitted on January 6, 2012 will continue to manage NAE.

**5. Technical Reporting Requirements (551.160)**

NAE certifies that it continues to maintain the required technical qualifications for the service authority granted in its certificate. The Buyout will not result in any changes to NAE’s key technical personnel. The personnel listed in Exhibit G of the Material Change filing submitted on January 6, 2012 will continue to provide services to NAE and establish its technical qualifications.

**6. Further Action or Investigation**

Section 19-111(b)(2) of the Public Utilities Act provides that, after a notification of a material change and “[a]fter notice and an opportunity for a hearing, the Commission may (i) suspend, rescind, or conditionally rescind an alternative gas supplier’s certificate if it determines that the material change will adversely affect the alternative gas supplier’s fitness or ability to provide the services for which it is certified or (ii) require the alternative gas supplier to provide reasonable financial assurances sufficient to protect their customers and gas utilities from default.” 220 ILCS 5/19-111(b)(2). As explained above, the borrowing agreement between NAE and SCG relied on to demonstrate compliance with financial requirements is neither terminated nor changed as a result of the change in ownership. Similarly, the change in ownership does not result in any change in managerial or technical personnel previously utilized to show compliance with those requirements. The change in ownership also will not result in any changes to NAE’s call center operations or call center personnel, nor will it result in any changes to existing contracts with residential and small commercial customers. Under these circumstances, further proceedings in connection with this material change filing are neither necessary nor likely to result in a finding that the change in ownership will adversely affect NAE’s fitness or ability to provide the services for which it is certified. NAE submits that no further action is needed or warranted.



7. **Verification (Section 551.120)**

Pursuant to the Commission's requirement in Section 551.120 of its rules that all reports required under Part 551 must be made under oath, NAE submits as Exhibit B, a verification of its President, Michael A. Braswell.

Sincerely,

A handwritten signature in cursive script that reads 'Carmen L. Fosco'. The signature is written in black ink and is positioned above a solid horizontal line.

Carmen L. Fosco  
Attorney for Nicor Advanced Energy

Enclosure

cc: Director of Energy Division  
Director of Financial Analysis Division

## Exhibit A

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# S&P Global Ratings



On April 28, 2016, the name Standard & Poor's Ratings Services was changed to S&P Global Ratings. Until all content is re-branded, you will continue to see references to Standard & Poor's Ratings Services on our web site, in historical documents, and in some of our disclosures.

## **AGL Resources Inc. And Subs Rating Raised To 'A-' On Close Of Acquisition By Southern Co.; Outlook Negative**

30-Jun-2016 15:48 EDT

[View Analyst Contact Information](#)

Southern Co. has received all regulatory approvals that are necessary to acquire AGL Resources Inc. Closing is expected on or about July 1, 2016. We are raising the issuer credit rating on AGL Resources and its subsidiaries Atlanta Gas Light Co., Nicor Gas Co., and Pivotal Utility Holdings Inc. to 'A-' from 'BBB+', in line with that of its new parent. The outlook on AGL Resources and its subsidiaries is negative based on the outlook of parent Southern Co.

NEW YORK (S&P Global Ratings) June 30, 2016--S&P Global Ratings today raised its issuer credit rating on AGL Resources Inc. (ALGR) and its subsidiaries Atlanta Gas Light Co. (AGLC), Nicor Gas Co., and Pivotal Utility Holdings Inc. (Pivotal) to 'A-' from 'BBB+'. The outlook is negative.

Southern Co. (A-/Negative/A-2) on June 29, 2016, received the last necessary regulatory approval to acquire AGLR. "The rating upgrades reflect our view that AGLR and its subsidiaries will be core subsidiaries of Southern," said S&P Global ratings credit analyst Dimitri Nikas. The negative outlook on AGLR and its subsidiaries reflects the outlook of parent Southern Co.

Our group status assessment for AGLR takes into account the following: We expect that AGLR will form a material part of the merged entity, contributing anywhere from 15% to 20% of operating income and EBITDA. Given the combined entity's enhanced presence in Georgia, we expect that Southern and AGLR will continue to effectively manage regulatory risk in the state, and we also expect that AGLR will become closely linked to the group's reputation, name, and brand. AGLR operates in lines of business that are integral to Southern's overall group strategy, and the combined company will likely have opportunities to realize efficiencies and cost savings over time. We expect that AGLR will have a strong, long-term commitment from Southern senior management. AGLR's utility and non-utility operations are successful at what they do and have no ongoing performance problems that could undermine operational or financial performance. AGLR's capitalization and debt leverage are in line with and are expected to remain in line with those of Southern Co.

## Exhibit A

The ratings on AGLR incorporate the strength of the company's regulated utility operations that benefit from exposure to constructive regulatory frameworks, large and diverse customer bases with modest growth characteristics, regulatory and operating diversity with a presence in six states (Georgia, Illinois, New Jersey, Virginia, Florida, and Tennessee), and very low operating risk. At the same time, the ratings account for AGLR's non-utility operations in retail supply and wholesale services and to which we ascribe significantly higher business risk because they can introduce significant volatility to AGLR's returns and profitability. Finally, the ratings on AGLR reflect the company's core group designation, which leads to a final issuer credit rating of 'A-' for AGLR and each of its subsidiaries.

The outlook on AGL is negative and is based on the outlook of its ultimate parent, Southern Co. The negative outlook on Southern and its subsidiaries reflects the lack of cushion at the current ratings and the potential for lower ratings over the next six to 12 months, if in the context of the AGL acquisition, the company has further challenges at its nuclear or integrated gasification combined-cycle (IGCC) turbine construction projects that lead to higher business risk while hurting financial performance, leading to FFO to debt consistently below 16%.

We could lower the ratings on Southern and its subsidiaries, including AGLR, over the next six to 12 months if business risk increases while FFO to debt remains unchanged or if FFO to debt consistently declines to less than 16%.

Business risk could increase if:

Unfavorable developments occur at the prudence proceeding currently underway to address the increased costs and revised schedule of Georgia Power's new nuclear units:

The Kemper IGCC unit continues to have material delays in reaching commercial operation or if efforts to recover the investment falter; or Southern Power's growth accelerates, without offsetting growth at Southern Co.'s regulated operations, increasing its contribution to the whole.

We could affirm the ratings on Southern and its subsidiaries, including AGLR, if, after accounting for the impact of acquiring AGLR, Southern can reach a constructive outcome in the pending prudence proceeding in Georgia while also demonstrating meaningful progress in bringing the Kemper IGCC on line and achieving constructive ratemaking treatment, enabling the company to recover its investment in the project and achieving FFO to debt that is consistently at or above 16%.

## RELATED CRITERIA AND RESEARCH

## Related Criteria

Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014

Criteria - Corporates - Industrials: Key Credit Factors For The Midstream Energy Industry, Dec. 19, 2013

Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013

General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013

Criteria - Corporates - Utilities: Key Credit Factors For The Regulated Utilities Industry, Nov. 19, 2013

General Criteria: Methodology: Industry Risk, Nov. 19, 2013

General Criteria: Group Rating Methodology, Nov. 19, 2013

## Exhibit A

Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013

General Criteria: Methodology For Linking Short-Term And Long-Term Ratings For Corporate, Insurance, And Sovereign Issuers, May 7, 2013

Criteria - Corporates - Utilities: Collateral Coverage And Issue Notching Rules For 'It' And 'I' Recovery Ratings On Senior Bonds Secured By Utility Real Property, Feb. 14, 2013

General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012

General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Criteria - Corporates - General: 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com) and at [www.spcapitaliq.com](http://www.spcapitaliq.com). All ratings affected by this rating action can be found on the S&P Global Ratings public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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## Exhibit A

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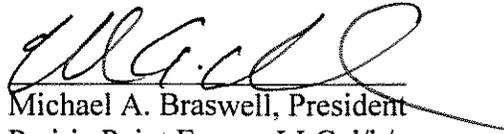
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**Exhibit B**

**VERIFICATION**

I, Michael A. Braswell, being first duly sworn, depose and say that I am the President of Prairie Point Energy, L.L.C. d/b/a Nicor Advanced Energy LLC, that I have read the foregoing Compliance Filing for Material Change in Business, and that the statements contained in the filing are true, correct and complete to the best of my knowledge, information and belief.

  
Michael A. Braswell, President  
Prairie Point Energy LLC d/b/a  
Nicor Advanced Energy LLC

Subscribed and sworn to before me  
this 4<sup>th</sup> day of October, 2016.

  
Notary Public

