NICOR GAS COMPANY
Docket No. 02-0067 et. al.
Gas Cost Performance Program Review

Benchmark Gas Cost:

Benchmark = Market Index Cost
Minus: Storage Credit Adjustment
Plus: Firm Deliverability Adjustment
Plus: Commodity Adjustment

Where: Market Index Cost =

$$\sum_{i=1}^{12} IP \times SV$$

where: i = month
IP = Market Index Price
SV = Nicor Gas sales volume delivered

Storage Credit Adjustment = Actual GCPP Year Storage Withdrawals x W/I Price Differential (Storage Credit Rate) for GCPP Year

Firm Deliverability Adjustment = $116,582,612

Commodity Adjustment = Actual GCPP Year Volume Delivered x $0.0168 per MMBtu

Actual Gas Costs:

$$\text{Actual Gas Costs} = \sum_{i=1}^{12} UGC \ +/- \ RB + PR - TR - TOP - PBR$$

Where: i = month
UGC = total recoverable gas costs under Rider 6
RB = amortization of reconciliation balance
PR = amortization of pre-GCPP pipeline refunds
TR = pipeline transition costs
TOP = pipeline take-or-pay costs
PBR = PBR collections

Sharing Amount:

Sharing Amount = Actual Gas Costs - Benchmark Gas Cost

Sharing Mechanism:

50% to customers / 50% to Company

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Comparison of GCPP Methodologies

Component	1996 Filing	1999 Filing	As Approved
(1) Market Index Cost	$\sum_{i=1}^{12} IP \times SV$ where: i = month IP = Market Index Price SV = Sales volume delivered	Same as 1996 filing	Same as 1996 filing
(2) Storage Credit Adjustment	(Annual Volume Withdrawn) x ($0.068 per MMBtu)	Annual Storage volume withdrawn for sales to customers x "Storage Credit Rate" where: "Storage Credit Rate" = Weighted average Market Index Price for withdrawals minus weighted average Market Index Price for injections	Actual GCPP Year Storage withdrawals x Withdrawal/Injection Price Differential for GCPP year
(3) Firm Deliverability Adjustment	$142.0 million	$130.7 million	$116,582,612

Component	1996 Filing	1999 Filing	As Approved
(4) Commodity Adjustment	Annual Volume Delivered x $0.044 per MMBtu	Annual Volume Delivered x $0.06 per MMBtu[1]	Actual GCPP Year Volume Delivered x $0.0168 per MMBtu
(5) Actual Gas Costs	$\sum_{i=1}^{12}$ UGC +/- RB + PR – TR – TOP where: i = month UGC = total recoverable gas costs under Rider 6 RB = amortization of reconciliation balance PR = amortization of pre-GCPP pipeline refunds TR = pipeline transition costs TOP = pipeline take-or-pay costs	Same as 1996 filing	Same as 1996 filing
(6) Sharing Amount	(Actual Gas Costs) – (Benchmark Gas Cost)	Same as 1996 filing	Same as 1996 filing

[1] Based on recommendations made by the ICC Staff during the proceeding, the Company lowered the adjustment to $0.049 per MMBtu.

Component	1996 Filing	1999 Filing	As Approved
(7) Sharing Mechanism	$0 to $30 million Savings shared 50/50 between customers and Company Savings/Losses > $30 million shared 90/10 between customers and Company	Same as 1996 filing	50/50 split of any savings/losses

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Storage Inventory at December 31st
1999 - 2002

		1999				2000				2001				2002			
Line No.	Year	Volumes (MMBtu)	Dollars ($)	Unit Cost ($/MMBtu)	% of Total Inventory	Volumes (MMBtu)	Dollars ($)	Unit Cost ($/MMBtu)	% of Total Inventory	Volumes (MMBtu)	Dollars ($)	Unit Cost ($/MMBtu)	% of Total Inventory	Volumes (MMBtu)	Dollars ($)	Unit Cost ($/MMBtu)	% of Total Inventory
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1	1954-1962	148,477.6	$ 37,417.29	$ 0.25	0.17%	148,477.6	$ 37,417.29	$ 0.25	0.21%	148,477.6	$ 37,417.29	$ 0.25	0.20%	148,477.6	$ 37,417.29	$ 0.25	0.23%
2	1963	1,231,555.1	$ 361,594.56	$ 0.29	1.37%	1,231,555.1	$ 361,594.56	$ 0.29	1.71%	1,231,555.1	$ 361,594.56	$ 0.29	1.66%	1,231,555.1	$ 361,594.56	$ 0.29	1.92%
3	1964	2,758,509.2	$ 798,623.99	$ 0.29	3.08%	2,758,509.2	$ 798,623.99	$ 0.29	3.82%	2,758,509.2	$ 798,623.99	$ 0.29	3.72%	2,758,509.2	$ 798,623.99	$ 0.29	4.30%
4	1965	6,362,901.5	$ 1,834,820.27	$ 0.29	7.09%	6,362,901.5	$ 1,834,820.27	$ 0.29	8.81%	6,362,901.5	$ 1,834,820.27	$ 0.29	8.57%	6,362,901.5	$ 1,834,820.27	$ 0.29	9.92%
5	1966	2,814,196.7	$ 788,584.07	$ 0.28	3.14%	2,814,196.7	$ 788,584.07	$ 0.28	3.90%	2,814,196.7	$ 788,584.07	$ 0.28	3.79%	2,814,196.7	$ 788,584.07	$ 0.28	4.39%
6	1967	354,399.0	$ 99,877.01	$ 0.28	0.40%	354,399.0	$ 99,877.01	$ 0.28	0.49%	354,399.0	$ 99,877.01	$ 0.28	0.48%	354,399.0	$ 99,877.01	$ 0.28	0.55%
7	1968	16,538,341.1	$ 4,346,512.54	$ 0.26	18.44%	16,538,341.1	$ 4,346,512.54	$ 0.26	22.90%	16,538,341.1	$ 4,346,512.54	$ 0.26	22.28%	16,538,341.1	$ 4,346,512.54	$ 0.26	25.78%
8	1969	7,199,312.4	$ 2,074,042.71	$ 0.29	8.03%	7,199,312.4	$ 2,074,042.71	$ 0.29	9.97%	7,199,312.4	$ 2,074,042.71	$ 0.29	9.70%	7,199,312.4	$ 2,074,042.71	$ 0.29	11.22%
9	1970	28,279,145.6	$ 8,771,611.23	$ 0.31	31.52%	28,279,145.6	$ 8,771,611.23	$ 0.31	39.17%	28,279,145.6	$ 8,771,611.23	$ 0.31	38.10%	26,733,606.1	$ 8,292,216.57	$ 0.31	41.68%
10	1971	5,283,748.9	$ 1,922,392.71	$ 0.36	5.89%	5,283,748.9	$ 1,922,392.71	$ 0.36	7.32%	5,283,748.9	$ 1,922,392.71	$ 0.36	7.12%	-	$ -	$ -	0.00%
11	1973	3,539,759.4	$ 1,607,557.66	$ 0.45	3.95%	1,233,516.8	$ 560,193.27	$ 0.45	1.71%	1,233,516.8	$ 560,193.27	$ 0.45	1.66%	-	$ -	$ -	0.00%
12	1984	15,195,717.1	$ 49,104,795.70	$ 3.23	16.94%	-	$ -	$ -	0.00%	-	$ -	$ -	0.00%	-	$ -	$ -	0.00%
13	2001	-	$ -	$ -	0.00%	-	$ -	$ -	0.00%	2,025,097.4	$ 10,397,110.69	$ 5.13	2.73%	-	$ -	$ -	0.00%
14	Total	89,706,063.6	$ 71,747,829.74	$ 0.80	100.00%	72,204,103.9	$ 21,595,669.65	$ 0.30	100.00%	74,229,201.3	$ 31,992,780.34	$ 0.43	100.00%	64,141,298.7	$ 18,633,689.01	$ 0.29	100.00%
15	Storage (Decrement)/Increment					(17,501,959.7)	$ (50,152,160.09)	$ 2.87		2,025,097.4	$ 10,397,110.69	$ 5.13		(10,087,902.6)	$ (13,359,091.33)	$ 1.32	

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Summary of GCPP Benefits

Line No.	Item (a)	Customer Benefit Amount (b)
1	Benefit from Outperforming GCPP Benchmark	$ 8,873,200
2	Benefit from Difference Between Historical Actual Gas Costs and GCPP Benchmark	$ 43,772,766
3	Total GCPP Benefits	$ 52,645,965

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Gas Cost Performance Program Review
Benefit from Outperforming GCPP Benchmark
2000-2002

		RESTATED BASIS		ORIGINAL BASIS	
Line No.	Program Year	Total (Savings)/Costs	Customer (Savings)/Costs	Total (Savings)/Costs	Customer (Savings)/Costs
	(a)	(b)	(c)	(d)	(e)
1	2000	$ 6,451,281	$ 3,225,641	$ (24,435,279)	$ (12,217,640)
2	2001	$ 29,554,061	$ 14,777,031	$ (29,702,859)	$ (14,851,430)
3	2002	$ (53,751,741)	$ (26,875,871)	$ -	$ -
4	Total	$ (17,746,399)	$ (8,873,200)	$ (54,138,138)	$ (27,069,069)

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Gas Cost Performance Program Review
Benefit from Difference Between Historical Actual Gas Costs and GCPP Benchmark

Line No.	Year (a)	Delivered Volume (MMBtu) (b)	Actual Gas Costs (c)	Actual Unit Rate (d)=(c)/(b)	Benchmark Gas Costs (e)	Benchmark Unit Rate (f)=(e)/(b)	Difference Unit Rate (g)=(d)-(f)	Total Benefits (h)=(b)*(g avg.)	Customer Benefits (I)=(h)*50%
1	1994	288,705,334	$ 814,262,293	$ 2.8204	$ 703,602,842	$ 2.4371	$ 0.3833		
2	1995	301,253,987	$ 720,023,612	$ 2.3901	$ 644,182,536	$ 2.1383	$ 0.2518		
3	1996	328,961,319	$ 1,012,475,796	$ 3.0778	$ 1,083,615,207	$ 3.2941	$ (0.2163)		
4	1997	311,259,739	$ 999,812,580	$ 3.2121	$ 977,461,906	$ 3.1403	$ 0.0718		
5	1998	243,818,733	$ 663,218,020	$ 2.7201	$ 644,103,146	$ 2.6417	$ 0.0784		
6	1999	254,916,741	$ 770,476,938	$ 3.0225	$ 730,818,043	$ 2.8669	$ 0.1556		
7	Total	1,728,915,853	$ 4,980,269,239	$ 2.8806	$ 4,783,783,680	$ 2.7669	$ 0.1136		
8	2000	263,560,796						$ 29,952,811	$ 14,976,406
9	2001	245,307,042						$ 27,878,333	$ 13,939,166
10	2002	261,462,856						$ 29,714,387	$ 14,857,194
11	Total	770,330,694						$ 87,545,531	$ 43,772,766