

October 15, 2020

Advice No. 1554

BY eTARIFF

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



Re: North Shore Gas Company
Ill. C.C. No. 17; Proposed General Increase in Rates

Dear Ms. Rolando:

Enclosed for filing with the Illinois Commerce Commission on October 15, 2020, to become effective November 29, 2020, are copies of the tariff sheets listed below of North Shore Gas Company's ("North Shore" or "NS") Schedule of Rates for Gas Service (Ill.C.C. No. 17). The following tariff sheets effect a general increase in rates and include other revisions to the service classifications, riders and terms and conditions of service included in North Shore's Schedule of Rates for Gas Service.

Fifth Revised Sheet No. 2
(Canceling Fourth Revised Sheet No. 2)

Thirteenth Revised Sheet No. 6
(Canceling Twelfth Revised Sheet No. 6)

Fourteenth Revised Sheet No. 8
(Canceling Thirteenth Revised Sheet No. 8)

Fourteenth Revised Sheet No. 10
(Canceling Thirteenth Revised Sheet No. 10)

Nineteenth Revised Sheet No. 27
(Canceling Eighteenth Revised Sheet No. 27)

Sixteenth Revised Sheet No. 28
(Canceling Fifteenth Revised Sheet No. 28)

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- Third Revised Sheet No. 29
(Canceling Second Revised Sheet No. 29)
- Fourth Revised Sheet No. 30
(Canceling Third Revised Sheet No. 30)
- Seventh Revised Sheet No. 31
(Canceling Sixth Revised Sheet No. 31)
- Second Revised Sheet No. 31.1
(Canceling First Revised Sheet No. 31.1)
- Tenth Revised Sheet No. 58
(Canceling Ninth Revised Sheet No. 58)
- Nineteenth Revised Sheet No. 123
(Canceling Eighteenth Revised Sheet No. 123)
- Nineteenth Revised Sheet No. 124
(Canceling Eighteenth Revised Sheet No. 124)
- Tenth Revised Sheet No. 127
(Canceling Ninth Revised Sheet No. 127)
- Eleventh Revised Sheet No. 128
(Canceling Tenth Revised Sheet No. 128)
- Eleventh Revised Sheet No. 129
(Canceling Tenth Revised Sheet No. 129)
- Twelfth Revised Sheet No. 130
(Canceling Eleventh Revised Sheet No. 130)
- Sixth Revised Sheet No. 135.1
(Canceling Fifth Revised Sheet No. 135.1)
- Fifth Revised Sheet No. 163
(Canceling Fourth Revised Sheet No. 163)

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Fifth Revised Sheet No. 165
(Canceling Fourth Revised Sheet No. 165)

Pursuant to 83 Illinois Administrative (“Ill. Admin.”) Code Part 255, North Shore also submits its Supplemental Statement, which provides an explanation of the nature, purposes, and reasons for the proposed changes in the Schedule of Rates.

Pursuant to 83 Ill. Admin. Code §285.111(a), North Shore also submits the materials and information called for by the Commission’s Standard Information Filing Requirements (83 Ill. Admin. Code Part 285). North Shore is providing information to the Directors of the Financial Analysis Division and of the Safety & Reliability Division (formerly the Energy Division) in accordance with the Standard Information Filing Requirements.

In accordance with 83 Ill. Admin. Code §285.111(b), certain portions of the information called for by the Standard Information Filing Requirements are confidential and/or proprietary and North Shore has so designated this material and is submitting it separately from the remainder of the materials. In accordance with 83 Ill. Admin. Code §285.112(b), with respect to such designated confidential and/or proprietary information, North Shore intends to seek a protective order under 83 Ill. Admin. Code §200.430 no later than the first status hearing in the proceedings in this matter, and asks that such designated information not be released except as authorized by law.

In accordance with 83 Ill. Admin. Code §286.20(a), North Shore submits for filing its direct testimony and attachments in support of the proposed general increase in rates. North Shore’s submission consists of 9 direct testimonies, numbered sequentially and designated NS Ex. 1.0 through NS Ex. 9.0, with attached exhibits for each witness numbered as subparts to the witness’ testimony (e.g., NS Ex. 2.1). North Shore provided the required copies to the Director of the Financial Analysis Division.

In accordance with the provisions of 83 Ill. Admin. Code Part 255, concurrent with this filing, North Shore has posted public notice in a public and conspicuous place in its offices. North Shore will also cause notice of the instant filing to be published in a secular newspaper in accordance with the provisions of that Part.

North Shore is also sending copies of this letter to the Director of the Financial Analysis Division. North Shore will provide additional copies at the request of Staff and the Chief Administrative Law Judge.

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Please acknowledge the Commission's receipt of these materials by providing a file-stamped copy of this transmittal letter and supplemental statement.

Sincerely,



Theodore Eidukas
Vice President
State Regulatory Affairs

Enclosures



North Shore Gas Company



SCHEDULE OF RATES FOR GAS SERVICE

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<u>Rider</u>		<u>Sheet Number</u>
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	3 Budget Plan of Payment.....	40 and 40.1
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Date Issued: OCTOBER 15, 2020
Asterisk (*) indicates change.

Date Effective: NOVEMBER 29, 2020

North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

**Service Classification No. 1
Small Residential Service**

The following rates are available to any customer who takes service through a single meter for one or two dwelling units only. Gas service is not available hereunder for use in alternation with or as standby or supplement to other sources of energy.

“Sales Customers” are customers who take service solely under this Service Classification. “Transportation Customers” are customers who take service under this Service Classification and under Rider CFY.

“Heating Customers” are customers who use gas as their principal source of space heating requirements. “Non-Heating Customers” are customers who do not use gas as their principal source of space heating requirements.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**

The daily Customer Charge shall be as follows:

Non-Heating Customers	\$0.50462
Heating Customers	\$0.80505

* **Distribution Charge**

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

Non-Heating Customers	9.720 cents
Heating Customers	13.734 cents

Storage Charge

For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.



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North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

Page 1 of 2

**Service Classification No. 2
General Service**

The following rates are available to any customer who consumed an average of 41,000 therms per month or less except those eligible for service under Service Classification No. 5 of this rate schedule. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premises and for a similar type of customer.

"Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider CFY, FST or SST.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**

The Customer Charge shall be a daily charge based on meter class as follows:

<u>Meter Class</u>	
1 (Up to 700 cubic feet per hour)	\$0.89082
2 (Over 700 and no more than 2300 cubic feet per hour)	\$2.37546
3 (Over 2300 cubic feet per hour)	\$5.26705

* **Distribution Charge**

The Distribution Charge shall be a per therm charge for all gas delivered in any month as follows:

<u>Therms Taken in any Month</u>	
For the first 3000 therms	10.658 cents
For all over 3000 therms	9.557 cents



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North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

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**Service Classification No. 4
Large Volume Demand Service**

The following rates are available to any customer who uses an average of over 41,000 therms per month. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premise and for a similar type of customer.

"Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider FST or SST.

Rates

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Demand Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**
The daily Customer Charge shall be \$11.77511

* **Demand Charge**
The monthly Demand Charge shall be 73.196 cents per therm of Billing Demand.

* **Distribution Charge**
The Distribution Charge shall be 2.192 cents per therm for all gas delivered in any month.

Storage Charge
For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge
The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

Late Payment Charge
A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.



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CHIEF CLERK'S OFFICE

ILLINOIS COMMERCE COMMISSION

ILL. C. C. NO. 17

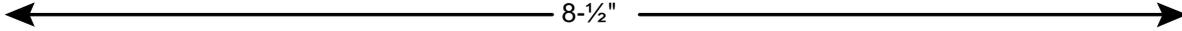
Nineteenth Revised Sheet No. 27

(Canceling Eighteenth Revised Sheet No. 27)

North Shore Gas Company

TERMS AND CONDITIONS OF SERVICE

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www.northshoregasdelivery.com

Customer Service 866-556-6004
 24-Hour Gas Emergencies 866-556-6005
 En Espanol 866-556-6003
 TDD Line 866-556-6007

Bill Date	Account Number	Next Meter Read Date	Amount Due	Payment Due Date
11/01/2020	0600000000-00001	12/01/2020	\$69.82	11/23/2020

Customer Name JANE CUSTOMER
Service Address 123 SHERIDAN RD
 WINNETKA IL 60093-1539

Activity Since Last Bill

10/02/2020 Previous Balance	\$36.60
10/20/2020 Payment	-\$36.60
Balance	\$0.00
Total Current Charges	\$69.82
Total Current Balance	\$69.82

Gas Service

Rate 1 - Small Residential Heating

Meter N123456

Actual Reading 10/31/2020	2342
Actual Reading 09/30/2020	-2269
Total Gas Use	73 CCF

73 CCF x 1.05 BTU = 76.4 Therms

Delivery Charges

Fixed Charge	\$0.86587 x 31 Days	\$26.84
Distribution Charge	76.4 Therms at \$0.13734	\$10.49
Storage Service Charge	76.4 Therms at \$0.00922	\$0.70

Gas Charge

76.4 Therms at \$0.35170	\$26.87	
Energy Efficiency Program	76.4 Therms at \$0.01360	\$1.04
Environmental Charge	76.4 Therms at \$0.00880	\$0.67
Franchise Cost Adjustment	31 Days at \$0.47	\$0.47
UEA - Gas Cost Adjustment	0.67% of \$26.87	\$0.18
Volume Balancing Adjustment	76.4 Therms at -\$0.02780	-\$2.12
Tax Cost Adjustment		-\$0.55

Taxes

Municipal Utility Tax	5.15% of \$64.59	\$3.33
State Tax	0.1% of \$64.59	\$0.06
State Gas Revenue Tax	76.4 Therms at \$0.024000	\$1.83

Subtotal: \$69.82

Gas Service Total: \$69.82

Messages

Quickly pay your bill and manage your account with our mobile app. Text "NSG bill" to 91924 to download. Standard messaging rates may apply.

ACCOUNT NUMBER: 0600000000-00001 INVOICE: 3000000000 Page 1 of 1 WEC_PDF_Out 765 (128)

Please return this stub with your payment.



NATURAL GAS DELIVERY

ACCOUNT NUMBER: 0600000000-00001

JANE CUSTOMER
 123 SHERIDAN RD
 WINNETKA IL 60093-1539

North Shore Gas
 PO Box 6050
 Carol Stream IL 60197-6050

Amount Due By 11/23/2020 \$69.82

A 1.5% late fee may be charged on any unpaid balance

Please write your account number on your check

Amount Enclosed

I want to pledge \$1 per month to the Share the Warmth program, which helps pay energy expenses for those in need. I've added \$1 to my payment.

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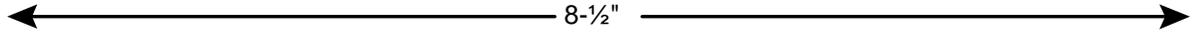
Date Effective: NOVEMBER 29, 2020

Issued by Theodore Eidukas, Vice President – Regulatory Affairs
200 East Randolph Street, Chicago, Illinois 60601



North Shore Gas Company

TERMS AND CONDITIONS OF SERVICE



Definition of Terms	Taxes	Definición de términos	Impuestos
Service Classification	Taxes	Clasificación de los servicios	Impuestos
Rate 1, Small Residential Service – Available to any residential customer who receives service through a single meter for one or two dwelling units.	Municipal Tax – Imposed by some municipalities on current charges before taxes.	Tarifa 1, Servicio para pequeñas residencias – Disponible para clientes residenciales que reciben el servicio a través de un único medidor para una o dos unidades de vivienda.	Impuesto municipal – Algunas municipalidades lo imponen sobre los cargos actuales antes de impuestos.
Rate 2, General Service – Available to residential, commercial and industrial customers who consume an average of 41,000 therms per month or less.	Municipal Gas Use Tax – Imposed by some municipalities on a per therm basis on gas that is purchased from an alternative supplier and is not subject to the Municipal Tax.	Tarifa 2, Servicio general – Disponible para clientes residenciales, comerciales e industriales que consumen un promedio de 41,000 termas por mes o menos.	Impuesto municipal por uso de gas – Algunas municipalidades lo imponen según las termas sobre el gas adquirido de un proveedor alternativo y no está sujeto al impuesto municipal.
Choices for You (Rider CFY) – Available for customers to purchase natural gas from a supplier other than the utility. North Shore Gas continues to charge for delivery of the natural gas.	State Tax (Illinois Gross Revenue Tax) – Mandated by the State of Illinois to fund the Illinois Commerce Commission.	Opciones para Usted (Choices for You - Rider CFY) – Disponible para que los clientes compren gas natural de un proveedor que no sea la empresa de servicios públicos. North Shore Gas sigue cobrando por la entrega del gas.	Impuesto estatal (impuesto bruto estatal de Illinois) – Impuesto obligatorio que exige el estado de Illinois para financiar la Comisión de Comercio de Illinois.
Usage	State Gas Revenue Tax – Mandated by the State of Illinois, either 5% of current charges before taxes or 2.4 cents per therm, whichever is lower.	Uso	Impuesto estatal al gas – Impuesto obligatorio que exige el estado de Illinois, que puede ser el 5 % de los cargos actuales antes de impuestos o 2.4 centavos por terma, lo que sea inferior.
Types of Meter Readings:	State Gas Use Tax – Imposed by the State of Illinois on a per therm basis on gas that is purchased from an alternative supplier and is not subject to the State Gas Revenue Tax.	Tipos de lecturas de los medidores –	Impuesto estatal por uso de gas – El estado de Illinois lo impone según las termas sobre el gas adquirido de un proveedor alternativo y no está sujeto al impuesto estatal al gas.
Actual – Reading taken by the company.	Other Charges	Real – Lectura que registra la compañía.	Otros cargos
Customer – Reading taken by the customer.	Service Activation Charge – For initiating gas service.	Cliente – Lectura que registra la compañía.	Cargo por activación del servicio – Un cargo por inicio del servicio.
Estimate – Reading estimated by the company based on weather and previous usage patterns.	Reconnection Charge – For reconnecting gas service when it has been discontinued.	Factura – Lectura estimada que realiza la compañía conforme al clima y a patrones de uso previos.	Cargo por reconexión – Un cargo que se cobra para reconectar el servicio de gas cuando se ha interrumpido el suministro.
Pressure Correction Factor – A factor used to compute the quantity of gas when it is delivered at higher than normal pressure.	Energy Efficiency Loan – For third party loan payments related to the on-bill financing program as allowed by Illinois Public Act 96-0033.	Factor de corrección de presión – Factor que se utiliza para calcular la cantidad de gas cuando se proporciona a una presión superior a la normal.	Cargo por pago retrasado – Para pagos que no se reciben antes de la fecha de vencimiento del pago. El 1.5 % del saldo adeudado se aplica a la próxima factura.
BTU Factor (British Thermal Unit) – A factor used to convert measured gas volumes into the heating value of the gas.	Late Payment Charge – For payments not received by the Payment Due Date. 1.5% of the unpaid balance is applied to the next bill.	Factor de BTU (unidad térmica británica) – Factor que se utiliza para convertir volúmenes de gas medidos en el valor térmico del gas.	Préstamo para el uso eficiente de la energía – Para los pagos de préstamos de terceros relacionados con el programa de financiamiento en la factura según lo permite la Ley Pública de Illinois 96-0033.
Therms – For billing purposes, the volume of gas used multiplied by the BTU Factor.	Payment Options and Plans	Terminas – A los propósitos de facturación, el volumen de gas consumido multiplicado por el factor BTU.	Cargo por pago adelantado – Para pagos que se reciben antes de la fecha de vencimiento del pago. El 1.5 % del saldo adeudado se aplica a la próxima factura.
Charges	Credit Card and Electronic Check Payments – Call 866-546-7959. A transaction fee will apply.	Cargos	Opciones y planes de pago
Delivery Charge – Consists of the customer charge, volumetric distribution charges and a storage charge. These charges pay for the costs of delivering gas to customers.	Paper-free billing – Receive and view your bills online. Enroll at northshoregasdelivery.com.	Cargo de suministro – Está compuesto por el cargo al cliente, los cargos de distribución volumétrica y el cargo de almacenamiento. Estos cargos cubren los costos del suministro de gas a los clientes.	Pagos con tarjeta de crédito y cheques electrónicos – Llame al 866-546-7959. Se aplicará un cargo por transacción.
Fixed Charge – A charge that pays for some of the fixed costs for providing service to customers. This charge also includes State of Illinois charges that fund energy assistance and renewable energy grants and adjustments allowed by Illinois Public Acts 96-0033 and 99-0906.	Budget Billing – Spreads your total annual bill more-or-less evenly over the year. Your monthly bill will adjust occasionally, depending on your usage and gas prices.	Cargo fijo – Un cargo que paga algunos de los costos fijos por brindar servicio al cliente. Este cargo también incluye cargos del estado de Illinois que financian la asistencia de energía y los subsidios y ajustes de energía renovable permitidos por las Leyes Públicas de Illinois 96-0033 y 99-0906.	Facturación electrónica – La factura se recibe y se paga en línea. Inscríbese en northshoregasdelivery.com.
Gas Charge – A charge that pays for the cost of gas supplies purchased for customers.	Automatic Payment – Deducts payments from a checking or savings account.	Cargo del gas – Un cargo que se utiliza para pagar el costo de los suministros de gas adquiridos para los clientes.	Facturación presupuestada – Distribuye su facturación total anual de una manera más o menos uniforme durante el año. Su factura mensual se ajustará de manera ocasional, según el uso y los precios del gas.
Energy Efficiency Program – A charge that pays for the costs related to energy efficiency and on-bill financing programs as allowed by Illinois Public Act 96-0033.	Financial Assistance	Programa de eficiencia energética – Un cargo que paga los costos relacionados con la eficiencia energética y los programas de financiamiento en la factura según lo permite la Ley Pública de Illinois 96-0033.	Pago automático – Los pagos se deducen de una cuenta de cheques o de ahorro.
Environmental Charge – A charge that pays for the cleanup from past manufactured gas operations.	Share the Warmth – Provides heating assistance grants to eligible customers. Call the Community Action Partnership of Lake County at 847-249-4330.	Cargo medioambiental – Un cargo que se utiliza para pagar la limpieza de operaciones anteriores de gas fabricado.	Asistencia financiera
Franchise Cost Adjustment – A charge for municipal franchise agreements.	Low Income Home Energy Assistance Program (LIHEAP) – Provides heating assistance grants to eligible customers. Call the Community Action Partnership of Lake County at 847-249-4330.	Ajuste por costo de franquicia – Un cargo por los acuerdos de franquicia municipales.	Comparta el calor (Share the Warmth) – Ofrece subsidios de asistencia para calefacción para clientes elegibles. Llame a la Sociedad de Acción Comunitaria (Community Action Partnership) del condado Lake al 847-249-4330.
Volume Balancing Adjustment – A charge or credit that stabilizes the revenue collected through the distribution charge.	Flex Connectors – Replace uncoated brass flexible connectors with newer stainless steel or plastic coated brass connectors to prevent possible fire, explosion and death.	Ajuste por volumen – Un cargo o crédito que estabiliza el ingreso obtenido a través del cargo de distribución.	Programa de Asistencia de Energía para Hogares con Bajos Ingresos (Low Income Home Energy Assistance Program, LIHEAP) – Ofrece subsidios de asistencia para la calefacción para clientes elegibles. Llame a la Sociedad de Acción Comunitaria (Community Action Partnership) del condado Lake al 847-249-4330.
Governmental Agency Compensation Adjustment – An adjustment for governmental fees and added costs, excluding franchise costs.	Carbon Monoxide (CO) – Install a CO detector and change the batteries two times per year.	Ajuste por compensación de organismos gubernamentales – Un ajuste por comisiones gubernamentales y costos agregados, excluidos los costos de franquicia.	Advertencias de seguridad
Storage Service Charge – A charge that is assessed to sales customers that pays for the costs related to providing base rate storage services.	Call Before You Dig – Striking underground natural gas lines can cause gas leaks, fires and explosions. Call JULIE at 811, 48 hours before you dig to have lines marked.	Cargo de servicio por almacenamiento – Un cargo asignado a los clientes de ventas que se paga por los costos relacionados con la provisión de servicios de almacenamiento de tarifa básica.	Visite northshoregasdelivery.com para obtener más información sobre seguridad.
UEA-Gas Cost Adjustment – A charge for sales customers that pays for gas supply related uncollectible accounts expense.	Illinois Commerce Commission	Cargo bancario por almacenamiento – Un cargo asignado a los clientes de transporte que se paga por los costos relacionados con la provisión de servicios de almacenamiento de tarifa básica.	Conectores flexibles – Reemplace los conectores flexibles de bronce sin protección por nuevos conectores de acero inoxidable o de bronce con revestimiento de plástico, a fin de evitar posibles incendios, explosiones e incluso la muerte.
Storage Gas Charge – A charge that is assessed to transportation customers to pay for gas cost related storage expenses.	As a natural gas utility, North Shore Gas is regulated by the Illinois Commerce Commission (ICC). You can learn more about the ICC, and view their rules, at www.icc.illinois.gov. If you have a question or complaint, please contact North Shore Gas first. If your issue remains unresolved, you then may contact the ICC's Consumer Services Division at 800-524-0795.	Ajuste por gasto incobrable-UEA – Un cargo para los clientes de ventas que se paga por el suministro de gas relacionado con gastos de cuentas incobrables.	Monóxido de carbono (CO) – Instale un detector de CO y cambie las baterías dos veces al año.
Tax Cost Adjustment – A charge or credit that is passed along to customers for the Variable Income Tax Adjustment and Invested Capital Tax Adjustment Riders.		Cargo por almacenamiento de gas – Un cargo calculado y asignado a los clientes de transporte para pagar los costos relacionados con el almacenamiento del gas.	Llame antes de excavar – Golpear líneas de gas natural subterráneas puede ocasionar fugas de gas, incendios y explosiones. Llame a JULIE al 811, 48 horas antes de excavar para que marquen las líneas.

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Issued by Theodore Eidukas, Vice President – Regulatory Affairs
200 East Randolph Street, Chicago, Illinois 60601

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 1

*** Additional Charges for Taxes and Fixed Charge Adjustments
Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10**

Additional Charges for State Taxes

Section 9-222 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liabilities to the State of Illinois for the tax imposed by the Gas Revenue Tax Act and the Gross Revenue Tax imposed by Section 2-202 of the Public Utilities Act. Pursuant to Section 9-222, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for State Utility Taxes equal to (1) the lower of 2.4 cents per therm, or 5 percent of all gross receipts, each billing period, plus (2) .10 percent of all gross revenue under this rate schedule.

One such applicable regulation is 86 Illinois Administrative Code Part 470, which, among other exemptions, provides that the Gas Revenue Tax is not applicable to gross receipts from specified gas services to unincorporated entities of the Federal Government. Accordingly, the Additional Charge for State Utility Taxes applicable to bills issued to such entities shall be .10 percent.

Section 5-15 of the Gas Use Tax Law requires a utility to collect from certain of its customers a tax equal to 2.4 cents per therm on purchase of out-of-state gas for use or consumption in Illinois, but not for resale, if the gas is purchased in a manner that does not subject the seller of that gas to liability under the Gas Revenue Tax Act. The Gas Revenue Tax is not applicable to transactions with customers being charged the Gas Use Tax. The Company will not collect the Gas Use Tax from customers that are exempt, subject to such customer providing the Company a valid exemption certificate. The Company will not collect the Gas Use Tax from customers that are self-assessing purchasers, subject to such purchaser providing the Company a valid certificate of registration from the Illinois Department of Revenue.

Additional Charges for Municipal Taxes

Section 9-221 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liability for any municipal tax imposed under Section 8-11-2 of the Illinois Municipal Code plus 3 percent of that liability to cover the costs of accounting. Pursuant to Section 9-221, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for Municipal Utility Tax equal to the percentage shown on the Information Sheet supplemental to this rider of all billings under this rate schedule for gas service furnished for use or consumption and not for resale within the corporate limits of each municipality listed in the following schedule, except for (a) this Additional Charge for Municipal Tax, and (b) any billings and billing items excluded from the base of the tax.

Additional Charges for Municipal Gas Use Taxes

Where the Company agrees to collect on behalf of a municipality a municipal gas use tax assessed on a per therm basis, where such tax is imposed through an ordinance, rule, or other legal provision, the Company will charge an Additional Charge for Municipal Gas Use Tax. The charge will be applicable to customers as defined in the ordinance, rule or other legal provision and will be determined by multiplying the applicable charge shown on the Information Sheet supplemental to this rider times the quantity of gas delivered to the customer for use or consumption within the corporate limits of the municipality, except for use or consumption excluded by such ordinance, rule or other legal provision.



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Date Effective: NOVEMBER 29, 2020

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 1

- * **Additional Charges for Taxes and Fixed Charge Adjustments**
Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

Additional Charges for Compressed Natural Gas Use Tax

A customer receiving gas for compression and use as compressed natural gas shall reimburse the Company for all taxes payable to any governmental body on the delivery of gas to be used as compressed natural gas.

* **Fixed Charge Adjustments**

(1) Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund

Pursuant to the provisions of the Energy Assistance Act of 1989, as amended by Section 13 of the Act, the Company is required to impose an Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund on each gas service account and shall increase the daily fixed charge by the following amounts:

Service Classification No. 1 Accounts

\$0.01578 per day on each account.

All Other Accounts

\$0.15781 per day on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

\$11.83562 per day on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.

(2) Renewable Energy Resources and Coal Technology Development Assistance Charge

Pursuant to the provisions of Section 6-5 of the Renewable Energy, Energy Efficiency and Coal Resources Development Law of 1997, the Company is required to impose a Renewable Energy Resources and Coal Technology Development Assistance Charge on each gas service account and shall increase the daily fixed charge by the following amounts:

Service Classification No. 1 Accounts

\$0.00164 per day on each account.

All Other Accounts

\$0.01644 per day on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

\$1.23288 per day on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.



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North Shore Gas Company



RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

Rider 1

* **Additional Charges for Taxes and Fixed Charge Adjustments**
Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

* **Fixed Charge Adjustments – continued**

(3) Public Utility Assessment Charge

Pursuant to the provisions of Section 2-202, the Company is permitted to recover Illinois Commerce Commission (“ICC”) assessments pursuant to subsection i-5. The Public Utility Assessment Charge shall be deposited in the Public Utility Fund for the costs of the Illinois Commerce Commission exercising its regulatory and supervisory functions. The adjustments shall be included in the fixed charge component during a twelve-month effective period beginning June 1 and extending through May 31 (“Effective Period”).

Determination of Charge:

$$PUAC = ((UA / (R + (10 \times C) + (750 \times I))) / N^{EP}) + (((RA + O) \times (1 + i)) / (R + (10 \times C) + (750 \times I))) / N^{RA}$$

Where:

PUAC = Public Utility Assessment Charge.

UA = Utility Assessment is the dollars assessed to Company by the Commission pursuant to 220 ILCS5/2-202 (i-5).

RA = The dollar amount due the Company (+RA) or the customers (-RA) arising from adjustments under this rider that were under-billed or over-billed in the previous Effective Period. The RA shall be effective September 1 and extending through May 31.

O = Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation.

i = The interest rate established by the Commission under 83 Ill. Adm. Code 280.40(g)(i) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Effective Period.

R = Average number of Service Classification No. 1 (“S.C. No. 1”) bills forecasted to be sent to customers by the Company for the Effective Period.

C = Average number of bills for all other service classifications taking less than 4,000,000 therms per year of gas forecasted to be sent to customers by the Company for the Effective Period.

I = Average number of bills for all other service classifications taking 4,000,000 therms or more per year of gas forecasted to be sent to customers by the Company for the Effective Period.

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Rider 1

* **Additional Charges for Taxes and Fixed Charge Adjustments**
Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

* **Fixed Charge Adjustments – continued**

N_{EP} = Number of days in the Effective Period.

N_{RA} = Number of days in the Effective Period.

The Public Utility Assessment Charge shall be assessed as follows:

- (1) 1 x PUAC per day on each S.C. No. 1 account.
- (2) 10 x PUAC per day on each non-S.C. No. 1 account taking less than 4,000,000 therms per year of gas during the previous calendar year.
- (3) 750 x PUAC per day on each non-S.C. No. 1 account taking 4,000,000 therms or more of gas during the previous calendar year.

The Company shall file with the Commission annually, on or before May 20, an information sheet that specifies the adjustments to be effective under the Public Utility Assessment Charge for the Effective Period. The Company shall file any corrections from a timely filed information sheet on or before the last day of May. If the Company determines that it is appropriate to revise the PUAC to better match revenues or expected revenue with costs incurred or expected to be incurred, the Company may, from time to time, calculate a revised PUAC to become effective at the beginning of any monthly billing period.

The Company shall file a petition annually with the Commission no later than August 31, seeking initiation of an annual reconciliation process. The petition shall include a reconciliation that will compare revenues collected under this rider during the Effective Period with the expected revenues plus or minus Reconciliation and Commission Ordered Adjustments. In conjunction with the reconciliation filing, a new Information Sheet may be filed adjusting the then effective charges or credits under this rider for the amount to be reconciled. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.



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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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**Rider SSC
Storage Service Charge
Applicable to Service Classification Nos. 1, 2 and 4**

* **Section A – Determination of Charges – continued**

SC = Total on and off-system storage capacity that is estimated to be available for service to sales and transportation customers for the 12-month period beginning the May 1 prior to the Annual Recovery Period.

The initial Storage Banking Charge shall be 0.041 cents per therm. The Storage Banking Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(2).

- (3) **The Storage Service Charge** shall consist of a Storage Service Charge and a Reconciliation Adjustment which shall be summed together for billing purposes. The Storage Service Charge shall recover the cost of the Company's investment in production and storage and shall be determined as follows:

$$\text{Storage Service Charge} = ((\text{SRR} - \text{SBCR}) / \text{T}) \times 100 + \text{RA}$$

Where:

SRR = The storage classified revenue requirement in the Company's embedded cost of service study for rates approved in the Company's most recent rate proceeding.

SBCR = The estimated revenues arising from the Storage Banking Charge for the Annual Recovery Period based upon the amount of storage allocated and subscribed by transportation customers as of the most recent May 1 prior to the Annual Recovery Period.

T = The therms estimated to be delivered to sales customers during the Annual Recovery Period.

RA = The amount due the Company (+RA) or due the customers (-RA) as a result of any under or over-collection of amounts under this rider during the previous Annual Recovery Period. The RA shall be determined in accordance with the provisions of Section (A)4 of this rider.

The initial Storage Service Charge shall be 0.543 cents per therm. The Storage Service Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(3).



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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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**Rider UEA
Uncollectible Expense Adjustment
Applicable to Service Classification Nos. 1, 2 and 4**

*** Section A – Applicability and Purpose**

The adjustments developed under this rider are applicable to customers taking service from the Company under Service Classification Nos. 1 (separately for Service Classification No. 1 Heating and Non-Heating), 2, and 4.

The purpose of this rider is to provide for adjustments to customer bills for any over- or under- recoveries of the Company's Actual Net Write-Off amount for a reporting year. Such adjustments are based on the incremental difference between the Actual Net Write-Off amount and the Commission-approved Uncollectible Accounts Expense amount included in the Company's base rates, adjusted for any amounts billed under Rider UEA-GC and the POR Amount. This rider operates under Section 19-145 of the Public Utilities Act.

"Sales Customers" are customers who take service solely under a Service Classification and do not also take transportation service under Rider CFY, FST or SST.

"Transportation Customers" are customers who take service under a Service Classification and under Rider CFY, FST or SST and, as used in this rider, excludes POR Transportation Customers.

"POR Amount" means an amount reserved through the application of the discount factors on POR Supplier Charges under Rider POR of this rate schedule.

"POR Supplier Charges" means charges for which the Company purchased receivables under Rider POR of this rate schedule.

"POR Transportation Customers" means customers included in an LDC POR Billing Option Pool, as those terms are defined in Rider POR of this rate schedule.

Section B – Description of Incremental Uncollectible Adjustments

Adjustment amounts are determined under this rider for delivery service provided under Service Classification Nos. 1 (separately for Service Classification No. 1 Heating and Non-Heating), 2 and 4, and Riders 1, 11, AGG, CFY, EOA, FCA, FST, GCA, ICTA, P, SSC, SST, VBA, and VITA, gas supply service provided under Rider 2, and POR Supplier Charges. The adjustment amounts for each service type (delivery service, gas supply service for Sales Customers, and POR Supplier Charges for POR Transportation Customers) shall be designated as the IDUA, ISUA and IPUA, respectively, and shall be computed separately for each service classification.

The adjustment applicable to Sales Customers shall be the sum of the IDUA and the ISUA. The adjustment applicable to Transportation Customers shall be the IDUA. The adjustment applicable to POR Transportation



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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

**Rider UEA
Uncollectible Expense Adjustment
Applicable to Service Classification Nos. 1, 2 and 4**

Section B – Description of Incremental Uncollectible Adjustments – continued

Customers shall be the sum of the IDUA and the IPUA. If there is an insufficient number of Sales or Transportation Customers or POR Transportation Customers in any service classification, the Company may group these customers and adjustment amounts together under a service type for the purposes of determining an adjustment.

The adjustment amounts shall charge or credit customers for the difference between the Actual Net Write-Off amount, as reported in the Company’s Form 21 report to the Commission (Form 21) for the reporting year, and the Uncollectible Accounts Expense amount included in the Company’s base rates, amounts billed under Rider UEA-GC of this rate schedule, and the POR Amount, that were in effect for such reporting year. The adjustments shall be included in the fixed charge component during the following twelve-month effective period, beginning June 1 and extending through May 31.

The “Uncollectible Accounts Expense amount for delivery service included in the Company’s base rates” shall be:

1. For the period January 1, 2014, through January 27, 2015: \$804,000;
2. For the period January 28, 2015, through February 25, 2015: \$498,000;
3. For the period February 26, 2015, through November 28, 2020; \$497,000.
4. For the period November 29, 2020, until the date rates filed in a subsequent rate case become effective: \$1,058,033.

The baseline Uncollectible Accounts Expense amount for gas supply service shall be recovered under Rider UEA-GC of this rate schedule. The baseline Uncollectible Accounts Expense amount for POR Supplier Charges for POR Transportation Customers shall be recovered through the POR Amount.

Section C – Determination of Rate Allocation Factor

Unless determined otherwise in the Company’s base rates, a Rate Allocation Factor (RAF) shall apply if different base rates were in effect during the reporting year and shall be determined as follows:

$$RAF_{YA} = \frac{BRR_{YA}}{BRR_{Y(A+B)}}$$

$$RAF_{YB} = \frac{BRR_{YB}}{BRR_{Y(A+B)}}$$

Where:

Y = Reporting Year

A = The portion of the Reporting Year when base rates at the beginning of the Reporting Year were in effect.



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RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2 and 4

* **Section F – Determination of Incremental Uncollectible Adjustments**

1. Delivery Service Uncollectible Adjustments

The delivery service uncollectible adjustment charge or credit for the effective period shall be determined as follows, with Y and C as defined in Sections C and D of this rider:

$$IDUA_{EPc} = \left(\frac{NWODUR_{Yc} - DUR_{Yc}}{Custs_{EPc}} \right) / N_{EP} + \left(\frac{RA_c + O_c}{Custs_{EPc}} \right) / N_{EP}$$

Where:

$IDUA_{EPc}$ = Incremental Delivery Service Uncollectible Amount, in dollars, rounded to five decimals, applicable to each service classification during the effective period (EP). The IDUA may be modified during an effective period due to reconciliation or Commission ordered adjustment amounts.

$NWODUR_{Yc}$ = Amount determined in Section E of this rider for each service classification.

DUR_{Yc} = Amount determined in Section D of this rider for each service classification.

$Custs_{EPc}$ = Average of the forecasted number of delivery service customer billing periods for the effective period (EP) for each service classification.

N_{EP} = Number of days in the effective period (EP)

RA_c = Reconciliation Adjustment, in dollars, which shall be determined annually for each service classification by subtracting actual booked IDUA revenues from expected IDUA revenues. Expected IDUA revenues shall be calculated based upon the previous effective period's IDUA adjustment multiplied by forecasted number of delivery service customer billing periods as filed for the prior June 1 through May 31 period. The reconciliation component shall be collected over 9 months, from September through May, and shall be supported by a Commission filing made annually on or before August 31. No reconciliation component shall be included in the June through August period.

O_c = Commission ordered adjustment amount, in dollars, for each service classification, resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission for deposits under 83 Ill. Adm. Code 280. Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the IDUA.

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Rider UEA

Uncollectible Expense Adjustment

Applicable to Service Classification Nos. 1, 2 and 4

* **Section F – Determination of Incremental Uncollectible Adjustments – continued**

2. Gas Supply Service Uncollectible Adjustments

The gas supply service uncollectible adjustment charge or credit for the effective period shall be determined as follows, with Y and C as defined in Sections C and D of this rider:

$$ISUA_{EPc} = \left(\frac{NWOSUR_{Yc} - SUR_{Yc}}{Custs_{EPc}} \right) / N_{EP} + \left(\frac{RA_c + O_c}{Custs_{EPc}} \right) / N_{EP}$$

Where:

$ISUA_{EPc}$ = Incremental Gas Supply Service Uncollectible Amount, in dollars, rounded to five decimals, applicable to each service classification during the effective period (EP). The ISUA may be modified during an effective period due to reconciliation or Commission ordered adjustment amounts.

$NWOSUR_{Yc}$ = Amount determined in Section E of this rider for each service classification.

SUR_{Yc} = Amount determined in Section D of this rider for each service classification.

$Custs_{EPc}$ = Average of the forecasted number of gas supply service customer billing periods for the effective period (EP) for each service classification.

N_{EP} = Number of days in the effective period (EP)

RA_c = Reconciliation Adjustment, in dollars, which shall be determined annually for each service classification by subtracting actual booked ISUA revenues from expected ISUA revenues. Expected ISUA revenues shall be calculated based upon the previous effective period's ISUA adjustment multiplied by forecasted number of gas supply service customer billing periods as filed for the prior June 1 through May 31 period. The reconciliation component shall be collected over 9 months, from September through May, and shall be supported by a Commission filing made annually on or before August 31. No reconciliation component shall be included in the June through August period.

O_c = Commission ordered adjustment amount, in dollars, for each service classification resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission for deposits under 83 Ill. Adm. Code 280. Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the ISUA.

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**Rider UEA
 Uncollectible Expense Adjustment
 Applicable to Service Classification Nos. 1, 2 and 4**

* **Section F – Determination of Incremental Uncollectible Adjustments – continued**

3. POR Supplier Charges Uncollectible Adjustments

The POR Supplier Charges uncollectible adjustment charge or credit for the effective period shall be determined as follows, with Y and C as defined in Sections C and D of this rider:

$$IPUA_{EPc} = \left[\frac{NWOPUR_{Yc} - PUR_{Yc}}{Custs_{EPc}} \right] / N_{EP} + \left[\frac{RA_c + O_c}{Custs_{EPc}} \right] / N_{EP}$$

Where:

$IPUA_{EPc}$ = Incremental POR Supplier Charges Uncollectible Amount, in dollars, rounded to five decimals, applicable to each service classification during the effective period (EP). The IPUA may be modified during an effective period due to reconciliation or Commission ordered adjustment amounts.

$NWOPUR_{Yc}$ = Amount determined in Section E of this rider for each service classification.

PUR_{Yc} = Amount determined in Section D of this rider for each service classification.

$Custs_{EPc}$ = Average of the forecasted number of POR Transportation Customers billing periods for the effective period (EP) for each service classification.

N_{EP} = Number of days in the effective period (EP)

RA_c = Reconciliation Adjustment, in dollars, which shall be determined annually for each service classification by subtracting actual booked IPUA revenues from expected IPUA revenues. Expected IPUA revenues shall be calculated based upon the previous effective period's IPUA adjustment multiplied by forecasted number of POR Transportation Customers billing periods as filed for the prior June 1 through May 31 period. The reconciliation component shall be collected over 9 months, from September through May, and shall be supported by a Commission filing made annually on or before August 31. No reconciliation component shall be included in the June through August period.

O_c = Commission ordered adjustment amount, in dollars, for each service classification resulting from a Commission Order in an annual reconciliation proceeding, plus the calculated interest attributable to the O component. Interest shall be at the rate established by the Commission for deposits under 83 Ill. Adm. Code 280. Interest on the O component shall be applied from the end of the reconciliation period until the O component is refunded or charged to customers through the IPUA.

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**Rider UEA
Uncollectible Expense Adjustment
Applicable to Service Classification Nos. 1, 2 and 4**

Section G – Informational Filings

The Company shall file with the Commission annually, on or before May 20, an information sheet that specifies the adjustments to be effective under this rider for the Effective Period. The Company shall file any corrections from a timely filed information sheet on or before the last day of May. If the Company determines that it is appropriate to revise the UEA to better match revenues or expected revenue with costs incurred or expected to be incurred, the Company may, from time to time, calculate a revised UEA to become effective at the beginning of any monthly billing period. "Effective Period" shall mean the period for which the adjustments are calculated, and shall be the period commencing June 1 and ending the following May 31. In conjunction with the reconciliation filing (Section I of this rider), a new Information Sheet may be filed adjusting the then effective charges or credits under this rider for the amount to be reconciled.

Section H – Annual Audit

Annually, subsequent to completion of IDUA, ISUA, and IPUA adjustments for a reporting year, the Company shall conduct an internal audit of its costs and recoveries of such costs pursuant to this rider. The internal audit shall determine and test if and to what extent: 1) adjustments recovered or credited through this rider are appropriately calculated pursuant to the provisions of this rider; 2) IDUA, ISUA and IPUA amounts are being properly billed to customers; 3) revenues or credits resulting from application of IDUA, ISUA, and IPUA adjustments are properly recorded in appropriate accounts; 4) the uncollectible costs recovered through this rider are not being recovered through other provisions of this rate schedule; 5) the incremental charge is properly billed; 6) the Actual Net Write-Off amounts are properly recorded and reported in Form 21; 7) the SUR component accurately reflects amounts billed under Rider UEA-GC of this rate schedule for the applicable reporting period; and 8) the PUR component accurately reflects the POR Amount of this rate schedule for the applicable reporting period. The above list of determinations and tests does not limit the scope of the audit. Such internal audit report must be submitted to the Commission in an informational filing, with a copy provided to the Manager of the Staff's Accounting Department, by February 1. Such report must be verified by an officer of the Company.

* **Section I – Annual Reconciliation**

The Company shall file a petition annually with the Commission no later than August 31, seeking initiation of an annual reconciliation process. The petition shall include a reconciliation that will compare revenues collected under this rider during the effective period with the expected revenues plus or minus Reconciliation and Commission Ordered Adjustments. Supporting documentation or work papers affecting the information presented in the Company's reconciliation petition shall be provided to the Commission's Accounting Staff at the time of this filing of the reconciliation. In conjunction with the reconciliation filing, a new Information Sheet may be filed adjusting the then effective charges or credits under this rider for the amount to be reconciled. All reconciliations will be for the twelve-month reconciliation period June through May. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.



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**Rider UEA-GC
Uncollectible Expense Adjustment – Gas Costs
Applicable to Service Classification Nos. 1, 2 and 4**

Section A – Applicability and Purpose

This rider is applicable to sales customers taking service from the Company under Service Classification Nos. 1, 2 and 4. The Uncollectible Expense Adjustment – Gas Costs allows the Company to recover uncollectible gas cost expenses it incurs.

Sales customer shall mean a customer who takes service solely under a service classification and does not also take transportation service under Rider CFY, FST or SST.

* **Section B – Charge**

Uncollectible Expense Adjustment – Gas Costs

The Uncollectible Expense Adjustment – Gas Costs billed to sales customers shall be determined by multiplying the applicable Uncollectible Factor times the revenues billed under Rider 2, Gas Charge of this rate schedule. The Uncollectible Factors are based on the Commission-approved Uncollectible Accounts Expense amounts and allocations for each applicable Service Classification in the Company's most recent rate case proceeding.

	<u>Uncollectible Factor</u>
S. C. No. 1, Small Residential Service – Non-Heating	.0678
S. C. No. 1, Small Residential Service – Heating	.0124
S. C. No. 2, General Service	.0074

Section C – Terms and Conditions

Subject to Terms and Conditions of Service and Riders to Schedule of Gas Rates which are applicable to this rider. Amounts billed under this rider shall represent the Gas Supply Related Uncollectible Costs (SUR) for the applicable reporting period under Rider UEA.



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**Rider SPC
Special Purpose Charge**

Applicable to Service Classification Nos. 1, 2, and 4

* **Section A – Applicability and Purpose**

The Special Purpose Charge rider (SPC), expressed on a per customer basis, recovers from customers direct costs (net of any direct offsets) incurred as a result of the COVID-19 pandemic. The Company shall adjust the Fixed Charge by the amounts specified on the information sheet.

This Rider is applicable to all customers taking service from the Company under Service Classification (“S.C.”) Nos. 1 (separately for Service Classification No. 1 Heating and Non-Heating), 2 and 4.

Section B – Definitions

As used in this rider, the terms below are defined as follows:

COVID-19 Direct Costs shall mean the reasonable and prudent direct costs resulting from the Emergency Interim Order entered by the Illinois Commerce Commission in Docket No. 20-0309, obligations to accommodate the Governor’s Emergency Orders to control the spread of the COVID-19 pandemic, and any other reasonable measures taken by the utility in response to the COVID-19 pandemic, incurred beginning March 1, 2020 and ending on December 31, 2021, including, but not limited to:

- one-time costs, such as information technology changes needed to enact the Stipulation executed in Docket No. 20-0309, set up for remote work options (e.g., servers, software, computer equipment) and signage; and
- ongoing costs, such as administration costs associated with programs provided for in the Stipulation executed in Docket No. 20-0309, communications for remote operations, communications with the public, regulatory compliance costs, cleaning supplies and services, PPE, employee benefits and accommodations, contact tracing, and medical testing to the extent not paid by or covered by insurance.

COVID-19 Direct Offsets shall mean identifiable credits, payments, or other tangible benefits received by the Company from a federal, state, or local government as a result of the COVID-19 pandemic prior to December 31, 2021 and tied to a COVID-19 Direct Cost, including federal, state, or local tax credits that are directly related to COVID-19 and provided pursuant to enacted COVID-19 relief legislation, and are not a state or federal income tax rate change subject to Rider VITA.

COVID-19 Foregone Late Fees shall mean an amount of late payment fees not charged to customers during the period March 18, 2020 to July 26, 2020 and shall not exceed \$1,100,000, which is the foregone late fee amount referred to in the Stipulation executed in Docket No. 20-0309.



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**Rider SPC
Special Purpose Charge**

Applicable to Service Classification Nos. 1, 2, and 4

* **Section C – Determination of Special Purpose Charge (SPC) (cont'd)**

The SPC Charge shall be determined as follows:

$$\text{SPC} = ((\text{TCOVID}_C / N \text{ months}) / B_C + (\text{RA}_C / B_C) + (\text{O}_C / B_C)) * 12 / 365$$

$$\text{TCOVID}_C = (\text{DC} \times \text{BR}) + (\text{LF} \times \text{BR}) + (\text{RF} \times \text{BR}) + (\text{BP} \times \text{A})$$

Where:

SPC = Daily Charge filed in cents per customer rounded to the nearest 0.00001 cent; any fraction of 0.00001 cents shall be dropped if less than 0.000005 cents or, if 0.000005 cents or more, shall be rounded up to the next full 0.00001 cents.

TCOVID = Total COVID-19 Costs as described in Section B of this rider.

N = Number of months remaining in the filing period.

C = Customer Classification as described in Section B of this rider.

B = Forecasted number of monthly bills for the effective period for each Customer Classification.

RA = Company-determined reconciliation component as described in Section E of this rider.

O = Commissioner-ordered adjustment as described in Section E of this rider.

DC = Estimated COVID-19 Direct Costs incurred by the Company, net of COVID-19 Direct Offsets.

BR = Ratio of base revenue for the applicable Customer Classification to the total Company base revenues in accordance with Docket Nos. 14-0224/0225 (cons.)

LF = COVID-19 Foregone Late Fees as described in Section B of this rider.

RF = COVID-19 Foregone Reconnection Charges as described in Section B of this rider.

BP = COVID-19 Bill Payment Assistance Program costs as described in Section B of this rider.

A = Allocation factor equal to 100% for S.C. No. 1 Heating; 0% for all other Customer Classifications.

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**North Shore Gas Company
October 15, 2020**

**SUPPLEMENTAL STATEMENT
NATURAL GAS
ILL. C.C. NO. 17**

Filed with the Illinois Commerce Commission on October 15, 2020

North Shore Gas Company ("North Shore" or "NS"), for the reasons discussed briefly below and shown in its submissions, proposes an increase in its rates for gas distribution service. The total amount of the requested revenue increase (the revenue deficiency) is \$7,604,000.¹ The relief requested will affect North Shore's approximately 163,000 customers.

The Illinois Commerce Commission ("Commission") last granted North Shore a rate increase that took effect in January 2015 in *North Shore Gas Co., et al.*, ICC Docket Nos. 14-0224/14-0225 (cons.) (Order January 21, 2015; Amendatory Order January 28, 2015; Second Amendatory Order February 11, 2015) ("2015 Rate Case"). That rate filing was based on a future test year of calendar year 2015. This rate filing is based on a future test year of calendar year 2021, for rates that are expected to be effective in September 2021. The changes that have occurred are attributable to two principal factors.

The first factor, Infrastructure Investment, represents costs associated with the

¹ North Shore's 2021 cost of service forecast indicates the need for a \$10,554,000, or 11.8%, increase over current rates. While this forecast is accurate and reasonable, the company offers to mitigate the base rate increase that would otherwise be necessary to recover its entire cost of service in order to reduce the economic impact on its customers, especially its low-income customers. Therefore, in order to address these customer concerns, North Shore is targeting an increase of \$7.6 million, or approximately 8.5%, acknowledging that ICC Staff will propose, and the Commission will adopt, certain adjustments to North Shore's revenue requirement in their review.

return of and on capital invested to better serve customers since the 2015 Rate Case. A primary driver for this category is North Shore's ongoing significant investments in its distribution system.

The second category, Capital Structure, represents the increased overall costs of debt and common equity for North Shore over the levels approved in the 2015 Rate Case. The company's overall cost of capital is the required return on its investment (net of accumulated depreciation) in its utility assets. In order to attract capital for new investments, existing investors must receive a fair and adequate return on their investment.

Without the requested distribution rate relief, North Shore would earn a return on common equity of 6.90% in the 2021 test year, compared to the 9.05% approved in its 2015 Rate Case and its recommended cost of equity of 10.00%.

SUMMARY OF PREPARED DIRECT TESTIMONY IN SUPPORT OF NORTH SHORE'S FILING

The testimonies of witnesses from within North Shore and its affiliates as well as independent experts support North Shore's filed tariffs. The testimonies submitted with the filing are as follows:

- Theodore Eidukas, Vice President – State Regulatory Affairs at WEC Energy Group (NS Ex. 1.0), provides an overview of the reasons North Shore finds it necessary to request a rate increase at this time.
- Joseph Zgonc, Manager – Financial and Regulatory Planning at WEC Business Services ("WBS") (NS Ex. 2.0), presents testimony regarding: (i) depreciation issues and the depreciation study; (ii) the operating income statement for North Shore's 2021 test year; (iii) North Shore's revenue requirement; (iv) rate base



and cash working capital; (v) cost of capital; (vi) incentive compensation; (vii) employee benefits costs, including pension and other post-employment benefits costs and pension contributions and assets; (viii) WEC Business Services/Integrus Business Services allocations; and (ix) compliance with certain conditions imposed in Docket 14-0496.

- Polly Eldringhoff, Director, North Shore Gas Company (NS Ex. 3.0), describes North Shore's physical systems and operations and the manner in which it ensures capital expenditures are prudent and reasonable, describes its forecast capital investments, and addresses certain major additions to its rate base (and presents Schedule F-4 of North Shore's submission, which relates to new major capital projects, under Part 285 of the ICC's rules).

- Anne Bulkley, Senior Vice President at Concentric Energy Advisors (NS Ex. 4.0), addresses North Shore's market cost of common equity, proposed capital structure, embedded cost of long-term debt, embedded cost of short-term debt, and overall cost of capital expressed as a rate of return on its rate base.

- Jared Peccarelli, Manager Sales Forecasting for WBS (NS Ex. 5.0), addresses North Shore's customer demand forecast and calculation of sales revenue based on that forecast.

- Aaron Nelson, Sr. Project Specialist – State Regulatory Affairs for WBS (NS Ex. 6.0), describes North Shore's embedded cost of service study for the 2021 test year, which Ms. Egelhoff relies on to support proposed changes in North Shore's rate schedules.

- Debra Egelhoff, Manager, Gas Regulatory Policy for WBS (NS Ex. 7.0), addresses and supports the proposed rate design for North Shore. She also

addresses and supports changes to North Shore's Schedule of Rates for Gas Service.

- Eric Nicolaus, Tax Manager – Regulatory for WEC (NS Ex. 8.0), discusses the key impacts of the federal Tax Cuts and Jobs Act.
- John Spanos, Senior Vice President of the Valuation and Rate Division, Gannett Fleming (NS Ex. 9.0), presents North Shore's new depreciation study.

SCHEDULE OF RATES FOR GAS SERVICE

North Shore filed proposed changes to its Schedule of Rates for Gas Service, ILL. C.C. No. 17, effecting a general increase in rates and revising other terms and conditions. A complete list of the tariff sheets that have been revised is included in the letter of transmittal submitted with the filing of the tariffs in accordance with 83 Illinois Administrative Code Part 255.

CHANGES TO SERVICE CLASSIFICATIONS, RIDERS, AND TERMS AND CONDITIONS OF SERVICE

The objectives of North Shore's rate design are to (i) recover North Shore's revenue requirement; (ii) align rates and revenues with underlying costs; (iii) send the proper price signals; (iv) provide equity between and within rate classifications; and (v) reflect gradualism considering test year revenue requirements. North Shore's principal proposed changes include the following:

First, S.C. No. 1 will recover 100% of customer costs through customer charges. This results in a decrease in the customer charge for non-heating customers and a slight increase in the customer charge for heating customers. The distribution charge for non-heating and heating customers will increase as a result of decreasing fixed cost recovery through fixed charges. This service classification will continue to be set at cost for both types of customers.



Second, for S.C. No. 2 Meter Class 1 the customer charge will increase, while for Meter Classes 2 and 3 the customer charges will decrease. The distribution charge will continue to be charged at a declining two-block rate structure. This service classification will continue to be set at cost.

Third, for S.C. No. 4 the customer charge will decrease, while the distribution charge and demand charge will increase. This service classification will continue to be set at cost.

Fourth, the storage banking charge and the storage service charge will decrease under Rider SSC, Storage Service Charge.

Ms. Egelhoff's prepared direct testimony and accompanying exhibits provide a detailed description of the proposed changes to North Shore's Service Classifications, Riders, and Terms and Conditions of Service. NS Ex. 7.4 accompanying Ms. Egelhoff's testimony shows a comparison of North Shore's present and proposed rates.

North Shore Gas Company



Theodore Eidukas

Vice President – State Regulatory Affairs
WEC Energy Group

