

Customer Select[®] **Frequently Asked Questions**

The attached are the answers to some frequently asked questions for your reference. They are divided into the following topics:

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CUSTOMER ELIGIBILITY

Which customers are eligible to participate in the *Customer Select* program?

All commercial, industrial, residential and current transportation customers in Nicor Gas' service territory are eligible for the program regardless of their usage or location⁽¹⁾.

(1) Municipal accounts receiving franchise gas or accounts with multiple meters will not be eligible for service. For these accounts, suppliers should contact the Gas Transportation Department at Nicor Gas to determine how these accounts can be made eligible. Nicor Gas estimates that there are approximately 1,000 accounts in these categories.

What are the eligible Nicor Gas customer Rates?

Commercial and industrial customers must be served under Rates 4 or 5. Residential customers are served under Rate 1. Details relating to Nicor Gas' Rates can be found on Nicor Gas' Web site at www.nicor.com under Nicor Gas Rates.

What is the typical annual consumption of eligible commercial and industrial customers?

Please see Exhibit A for a distribution of those customers eligible for the program.

What is the annual consumption of eligible residential customers?

The average residential customer in Nicor Gas' service territory uses approximately 1,230 therms annually (normalized).

If a customer participating in the program goes out of business, how will the supplier be notified, and can the next tenant participate in the program?

A customer termination record for each customer that leaves the pool will be provided to the supplier in the CUSTTERM file. The next tenant can only participate if they sign up with a qualified supplier.

If a customer moves, can they participate at their new location?

Yes. Where possible, the customer's agreement will transfer to the new location. Suppliers will be notified of the new location in the TRNSCRPT file. If the "Previous Premise ID" field is populated and the verification status is 'MOVED', that information is for a customer who has moved locations.

Will a list of eligible customers be available to the supplier?

A residential mailing list is available. Suppliers need to complete the Residential Customer Mailing List License Agreement. This can be found under Section 10 of the Supplier Information Manual.

SUPPLIER ENROLLMENT

As a supplier, how do I sign up for *Customer Select*?

Suppliers must be certified by the Illinois Commerce Commission (ICC) before serving residential and small commercial customers in the State of Illinois. A small commercial customer is defined as a non-residential customer using 5,000 therms or less during the previous year. An application for certification can be found on the ICC Web site (www.icc.illinois.gov).

Once certified, suppliers can sign up for *Customer Select* by completing the following:

- Supplier Aggregation Agreement along with the one-time application fee
- Supplier Selection of Market Segment Participation
- Participating Supplier Information Sheet

By what date must I submit the Supplier Aggregation Agreement and application charge in order to participate?

The Supplier Aggregation Agreement can be submitted at any time.

CUSTOMER ENROLLMENT

When does the sign-up period begin?

There is no longer a sign-up period. Any eligible customer can be signed up at any time during the year.

When does service under *Customer Select* begin?

Service under *Customer Select* begins with the customer's first bill with a beginning reading date at least 14 calendar days from the date Nicor Gas receives notification of the customer's enrollment in the program.

Can I submit more than one "SIGNUP" file per day?

Yes. You can submit as many "SIGNUP" files during the day as you wish. Each file which is successfully transmitted to the Company will be processed on Company business days at 4:00 p.m. You may also transmit files over the weekend and on holidays.

What happens if a customer unknowingly signs up with two different suppliers on the same day? Who will Nicor Gas recognize as the supplier?

In the event this would happen, Nicor Gas would process each supplier's "SIGNUP" file. The customer will be assigned to the first supplier whose "SIGNUP" file is successfully processed by Nicor Gas. If both suppliers transmit their file on the same day and if both of the "SIGNUP" files have been processed successfully, the customer would be assigned to the supplier whose file was processed first.

Should suppliers send "SIGNUP" records for their existing *Customer Select* customers who have multiple year contracts?

No, it is not necessary to send "SIGNUP" records for existing customers. If suppliers do send "SIGNUP" records for their existing customers, the records will be rejected as they are already customers of the supplier.

Once a customer has selected a natural gas supplier, is he allowed to switch to a different supplier?

Yes. Customers may switch suppliers as often as one each billing period. *However, depending on the terms of their contract, customers may be subject to penalties or obligations to their alternate supplier.*

How does a customer switch suppliers?

If a customer wants to switch suppliers, the supplier the customer wants to switch to is responsible for obtaining authorization from the customer. Nicor Gas recommends the customer agree to the following in either verbal or written contracts when authorizing a supplier switch to avoid a customer dispute:

“I understand that by switching suppliers, I may be subject to certain contract termination fees from my current supplier.”

If the customer agrees to the switch, the supplier sends the customer enrollment information in the “SIGNUP” file with a “Y” for yes in the “switch approval” field. When the “switch approval” field contains a “Y”, the utility will assume the supplier has authorization from the customer and will process the switch. The utility will send a confirmation letter to the customer regarding the supplier switch. As in any customer dispute, the utility has the ability to request verification of customer enrollment.

Is telemarketing permissible in contacting customers?

Yes, but refer to the Standards of Conduct as listed in Rider 16, paying close attention to item (j) “Do Not Contact List”; item (l) regarding appropriate telemarketing hours; and item (o) regarding minimum information for voice recorded customer contracts.

Is door-to-door customer soliciting by suppliers permitted?

Yes. Suppliers may solicit customers using door-to-door personnel. Nicor Gas requests that suppliers who intend to use door-to-door personnel adhere to the following:

- Solicitors should have uniforms or clothing with markings on them that clearly identify the solicitor as an agent for the supplier and not Nicor Gas.
- Solicitors should have photo identification, clearly visible, that identifies them as an agent for the supplier. Photo ID with the supplier’s name and logo should be clearly marked. Upon request, the solicitor should provide identification information to the customer.
- Solicitors shall obtain the customer’s signature for all sign-ups and shall leave a copy of the contract with the customer.
- Suppliers should inform Nicor Gas that their agents are utilizing door-to-door activities and shall furnish Nicor Gas a list of areas their agents will be soliciting in by day.
- Supplier shall obtain all necessary federal, state and local licenses and registrations required for door-to-door solicitations.
- Suppliers shall comply with the Illinois Consumer Fraud and deceptive Business Practices Act.
- Suppliers shall comply with all regulations and ordinances implemented in any County, Township, City, Village, Municipality or Town as they apply to door-to-door solicitation.

How do suppliers get a copy of Nicor Gas' "Do No Solicit" list?

According to Rider 16 Standards of Conduct, suppliers are to refrain from direct marketing to customers on Nicor Gas' "Do Not Solicit" list. This list is updated by the 13th of the month and placed in the supplier's Web site directory for download. The file name is "NOSOLLIST".

How will suppliers notify Nicor Gas of the customers that have enrolled with each supplier?

Each supplier will notify the Company of each customer to be added to that supplier's group through the "SIGNUP" file, via electronic data transmission.

How will a supplier know if "SIGNUP" files submitted are received by Nicor Gas?

Suppliers are able to verify that Nicor Gas received the files they submitted to the utility by viewing the Supplier File Submission History available on the supplier Web site. After logging in, simply click on "View File Submission History". Date and time stamp information is available for all supplier-transmitted files for a seven-day period. We encourage suppliers use this feature to ensure that files are not lost in transmission from supplier to Nicor Gas.

How will a supplier know if the customers in "SIGNUP" files are accepted by Nicor Gas?

"SIGNUP" files will be processed each business day at 4:00 p.m. Central Time. After Nicor Gas processes the "SIGNUP" file, suppliers will receive a "TRNSCRPT" and/or a "SUREJECT" file. The "TRNSCRPT" file will contain up to 24-months of usage history for all accepted accounts if data for that customer is available. The "SUREJECT" file will contain the records that were not accepted. Suppliers will need to correct and resubmit the rejected records to the utility.

Does Nicor Gas notify the customer of his/her acceptance into the program?

Yes, after receiving information from the supplier, the Company will notify the customer by letter of their enrollment and the name and phone number of their supplier. A copy of the letter can be found in Exhibit B.

Is the supplier also responsible for notifying the customer?

Yes, as stated in the Rider 16 Standards of Conduct item (n), the supplier shall provide to each customer added to or deleted from a Group they manage, a letter of explanation sent through the United States mail. Suppliers who have customers switch to another supplier will not have to send a deletion letter to those customers.

When can a customer cancel his participation in *Customer Select*?

A customer can drop out of the program at any time and return to Nicor Gas. However, depending on the terms of the contract between the customer and supplier, the customer may be subject to penalties from the supplier. It's the supplier's responsibility to notify Nicor Gas if a customer wishes to discontinue service. The supplier notifies Nicor Gas through the "CUSTDROP" file. The customer will remain on the program until his next meter read.

After a customer cancels his participation in *Customer Select*, will he be allowed back into the program?

Customers have 120 days from leaving one supplier to re-enroll with another supplier. If they do not re-enroll within 120 days after their last bill with their previous supplier was issued, the customer must stay on utility sales service for one year.

Will Nicor Gas ever automatically reinstate a customer with a previous supplier after the customer has been dropped?

If a customer leaves a supplier resulting from a supplier switch and the previous supplier has not submitted a "CUSTDROP" record for that customer, the customer would only be reinstated with the previous supplier if the new supplier drops the customer prior to the effective date of the switch. For this reason, the previous supplier should always drop a customer when their contract expires, even if the supplier has received notification of a supplier switch in the "CUSTTERM" file.

Will Nicor Gas provide suppliers with the customer's account number, which is needed for enrollment?

Nicor Gas considers account numbers confidential information. Customers should provide their account number(s) to the supplier of their choice. Customers can locate their account number on their Nicor Gas bill or in the *Customer Select* information packet mailed out by Nicor Gas. The customer may also contact Nicor Gas for the information.

SUPPLY ISSUES

Where can I find supply and storage information as it relates to the Customer Select program?

Please refer to Rider 16 and the Supply and Storage section of the Supplier Information Manual. Both are available on our supplier Web site at the web page below:
http://www.nicor.com/en_us/customer_select_supplier/manual/index.htm
Rider 16 can be found in Section 3 and the Supply and Storage is located in Section 5.

What type of documentation does Nicor Gas require to prove that the supplier has the required firm supply?

The Company requires an affidavit from the supplier stating they hold such contracts. The required amount of firm supply and the affidavit are provided by Nicor Gas.

What are the consequences if the supplier does not verify that they have the required amount of firm supply by November 1?

If the supplier does not provide the Company with the required firm supply affidavit in accordance with the tariffs, the Company will charge the customers of the supplier the Company's Non-Commodity Gas Cost (NCGC) in place of the Customer Select Balance Charge (CSBC) times the customer's use for each billing period from November 1 through March 31.

What is a degree day?

A degree day is the extent to which the average daily temperature falls below 65 degrees. Normal weather for Nicor Gas' service territory is about 5,600 degree days.

Will Nicor Gas supply the maximum daily contract quantity (MDCQ) at the pool level?

Yes, the pool's month-end MDCQ is provided on the supplier's monthly pool bill and a forecast is provided to the supplier each month within their annual forecast file ("ANNFRCST").

NOMINATIONS

When will nomination requirements be posted to my directory on the Nicor Gas Supplier Web Site?

Daily nomination requirements for the following gas day will be posted to a supplier's directory by 8:30 a.m. every business day. On weekends and holidays, the files will only be sent if necessary (i.e. Critical Day or OFO Day). On any day, if no file is found, the appropriate day's estimate from the most recently received file should be used as the nomination requirement. The file name will include the date, which will help distinguish one day's file from another. Suppliers must make all nominations to the Company electronically by 11:30 a.m. that same day.

Can you provide an example of how to nominate when no file is found in my directory on any given day?

On these occasions, please use that day's estimated delivery range from the prior day's file as your required nomination range. For example, assume you receive the following nomination file on Tuesday, October 6.

		<u>Min. Delivery</u>	<u>Max. Delivery</u>	
Wednesday	10/07/XX	619 MMBtu	1,897 MMBtu	Required
Thursday	10/08/XX	413 MMBtu	1,645 MMBtu	Estimate
Friday	10/09/XX	455 MMBtu	1,695 MMBtu	Estimate
Saturday	10/10/XX	619 MMBtu	1,897 MMBtu	Estimate
Sunday	10/11/XX	578 MMBtu	1,846 MMBtu	Estimate

In the above example, you would nominate between the range of 619 and 1,897 Therms on October 6 for October 7 as it represents your required nomination range for the next day. If no new nomination file is in your directory on October 7, you would use the information from the October 6 nomination file to make your October 8 required nomination. In the above example, the estimate for October 8 (413-1,645 MMBtu) would become that day's required nomination range.

How do holidays impact the daily nomination process?

Nominations are required for all holidays. The appropriate day's estimate from the most recently received file should be used as the nomination requirement.

What days are holidays for Nicor Gas?

The following days are holidays:

Holiday

New Year's Day
Good Friday
Memorial Day
Fourth of July
Labor Day
Thanksgiving
Day After Thanksgiving
Christmas Eve
Christmas Day

Refer to the current years Meter Reading Schedule for specific dates.

Will the Company change nomination requirements on the weekends?

Rider 16 allows us to revise the daily nomination requirement, however, the tariffs for our other transportation services only allow weekend nominations when a Critical Day has been declared. Therefore, we will only require nomination changes on a weekend if it is during a critical-day period. Nicor Gas will not change weekend nominations during non-critical periods. Friday's nomination file will therefore be used to make your nominations for Saturday, Sunday and Monday.

When will suppliers receive nomination requirements for the weekends?

The weekend nomination requirements will be posted by 8:30 a.m. on Friday or by 8:30 a.m. on Thursday should Friday be a holiday. The nomination requirements for Sunday and Monday will not change from the estimated values posted on Friday unless a Critical Day is declared.

In addition to telling the supplier the daily nomination requirements, will Nicor Gas also tell the supplier on which pipeline the gas should be delivered?

Nicor Gas will not specify a particular pipeline.

How do I nominate into Nicor Gas' system?

Using the Gas Exchange System, suppliers will nominate the required volume of gas to Nicor Gas' distribution system by the nomination deadline of 11:30 a.m. Nominations will be entered by pool number.

How do you handle nomination requirements on NYMEX holidays or when trading for the month has ended?

Please see the administrative procedure outlined in the January 13, 2009 edition of Supplier News found on our supplier Web site at the web page below:

http://www.nicor.com/en_us/customer_select_supplier/news/jan_13_2009.htm

AGREEMENTS

Are there any signed agreements between Nicor Gas and the participating customer?

No. The agreement will be between the supplier and the customer, and the supplier will act as agent for the customer when entering into agreements with the Company. Nicor Gas will require that the supplier be able to verify an agency agreement exists between the supplier and the customer.

Do suppliers need a signed contract for each customer?

No. For customers that are enrolled via the telephone, the agency contract can be approved by the customer via the telephone as long as the recording of the conversion is maintained. However, customers that are enrolled by any other method, Kiosk, door-to-door, Web, ect. must approve the agency contract by signing a Letter of Agency (“LOA”). The LOA must contain the minimum information as provided for in the tariff: date of the agreement; name of the customer of record; service address; mailing address; daytime and evening telephone numbers; utility account number; name of the supplying company; and the customer’s signature (check box if via internet). Suppliers must retain all signed LOAs for as long as the customer receives service from the supplier.

Will agreements made over the telephone be acceptable to the Company?

Yes, telephone agreements will be accepted as long as proof can be provided by the supplier that he has such an agreement with the responsible party for that premise. Also refer to the Standards of Conduct as listed in Rider 16, paying close attention to item (o) regarding minimum information required for voice recorded customer contracts.

Does Nicor Gas require copies of agreements?

No. However, Nicor Gas may require proof that the agreement exists. While the proof may be in the form of either recordings or paper contracts, the agreement must be between the responsible representative for that customer and the supplier. Nicor Gas reserves the right to audit any such tapes or contracts anytime upon reasonable notice.

If a supplier is requesting a parental guaranty in lieu of a cash deposit or letter of credit, what information must they submit?

Any supplier requesting a parental guaranty should do so by putting their request in writing and submitting it by September 1 of each year. Also required at this time is the following information:

- Complete legal name of customer, address, contact person and phone number.
- Organizational chart showing the firm’s relationship to parent and other subsidiary relationships.
- Audited financial statements for the most recent two fiscal years.
- Most recent interim financial statement.
- Short and long-term debt ratings (S&P, Moody’s, Fitch, etc.) of the firm and/or firm’s parent.

- Full disclosure of credit facilities with financial institutions and others.
- Full disclosure of any off-balance sheet financing, letters of credit and guarantees of the firm or parent.

Please provide information for the parent Company and subsidiary, where appropriate. Nicor Gas may request additional information as it evaluates the granting of a parental guaranty.

If a supplier wishes to provide a parental guaranty in lieu of a cash deposit or letter of credit, will Nicor Gas accept modifications to the parental guaranty form?

Suppliers must use the parental guaranty form provided by Nicor Gas. Any modifications to the form will not be accepted. For a copy of the parental guaranty form, please refer to Section 9, “Agreements, Supplier Deposit Guaranty Agreement”

TRANSPORTATION SERVICE

If a transportation customer is currently billed as a daily read customer, will the customer's rate change if they choose the *Customer Select* program?

Yes. Rider 15, Customer Select pilot program, is applicable to Rates 1, 4 and 5. Therefore, a customer needs to be on one of these rates to participate.

Are all transportation customers eligible for *Customer Select*?

Yes. With the exception of a double metered account or an account receiving franchise gas, all transportation customers can participate in *Customer Select*. However, if customers are not currently on one of the eligible rates (see above) they will be converted to an eligible rate.

When can a transportation customer sign up for *Customer Select* and when would service begin?

Current transportation customers can sign up for *Customer Select* at any time during the year. Service under *Customer Select* begins with the customer's first bill with a beginning read date at least 14 calendar days from the date Nicor Gas receives notification of the customer's enrollment into the program.

What happens to any gas that remains in storage if the entire Group switches to *Customer Select*?

Any gas in storage will be valued as stated in the Company's tariff. If there are accounts remaining in the transportation Group, they will keep all remaining gas in storage.

Can a supplier choose to transfer any remaining storage gas to *Customer Select* instead of being valued?

No. Any remaining storage gas will be valued, as stated above.

Are suppliers required to move entire Transportation Groups to *Customer Select* or can selected accounts remain on Transportation Service?

Suppliers can choose to move any or all accounts in a Transportation Group from Transportation Service to the *Customer Select* program.

Will any fees be associated with transferring accounts to *Customer Select*?

If an entire transportation Group enrolls in the *Customer Select* program, no fee will be assessed. However, if only a portion of the group transfers, a service fee of \$25.00 will apply to each account that leaves the Group. If transferring an entire Group, it's recommended that the supplier submit every account in the Group within the same "SIGNUP" file to ensure that the charge is waived.

If the Group accounts that remain on Transportation Service are in an excess storage position as a result of some accounts transferring to *Customer Select* will the excess storage charge be waived?

No. It will be the supplier's responsibility to carefully monitor each Group's storage to prevent the Group from going into excess storage.

Will the supplier be allowed to transfer the excess storage amount to avoid the excess storage charge?

No. But as stated in the Terms and Conditions, the excess storage volume can be transferred to another transportation Group with a \$15.00 fee assessed for the transfer if it occurs within 20 days after the issuance of a bill that has an excess storage charge.

Will Nicor Gas notify a supplier if one of their customers signs up for *Customer Select* with a different supplier?

It is the customer's responsibility to notify their current supplier of any change in service and Nicor Gas is not responsible. However, Nicor Gas will attempt to notify suppliers, where possible, in case the customer fails to do so.

Will current transportation account numbers change when they enroll in *Customer Select*?

No. The customer's account number will remain the same.

Can a transportation customer that enrolls in the *Customer Select* program return to Transportation Service?

Yes. However, the customer must first return to sales service and then the customer can return to Transportation Service. If the customer returns to an existing Group, they will be charged the \$25.00 fee for group changes as outlined in the Company's Terms and Conditions.

Will the daily read metscan device be removed from the meter if the customer chooses the *Customer Select* program?

Maybe. Nicor Gas will not go out to specifically remove the metscan device from the meter. However, at some future date the Company may remove the unit when maintaining the meter. For billing purposes, the meter will be read on its normal meter reading cycle date by a meter reader.

If the metscan device is still in place will the customer be required to maintain the phone line to the meter?

No.

Will the customer receive estimated bills if they choose *Customer Select*?

Yes. Customers are issued estimated bills every other month unless otherwise specified by the customer's request. Estimates will also be issued if an actual meter read is not obtained on the customers meter read cycle date.

If a customer is currently in a daily read Group and the group moves to *Customer Select*, will the customer still be billed on a calendar basis?

No. Accounts moving to *Customer Select* will be billed on their normal meter reading cycle date.

CANCELS AND REBILLS

What is a cancel and rebill?

A cancel is the reversal of previously billed usage and revenues, and a rebill is the subsequent billing for usage and revenue.

What types of situations could cause a cancel and rebill?

A cancel/rebill can be caused by a number of situations. The most common reason is when the utility estimates a reading for a customer and an actual read is received that is significantly different from the estimate. Also, late notification of a customer's move could cause a cancel/rebill to an earlier turn-off date.

How will a cancel be identified?

A cancel will be identified in the "CONSUMPT" file with a read code of "Q". A cancel will be identified with a bill code of "C" in the "MONTHEND" file.

Will the rebill be identified?

The rebill will not be identified with a read code in the "CONSUMPT" file. However, it should be identified by the fact that consumption would have already been received once for a bill period. The rebill will be identified with a bill code of "R" in the "MONTHEND" file.

If the supplier has elected to have his charges appear on the Nicor Gas bill, how will a cancel and rebill affect the supplier balance?

No supplier charges will be altered by a Nicor Gas cancel/rebill. When the account is rebilled, the supplier may send an adjustment for the net effect of the cancel/rebill or send separate line items for the cancel and rebill.

Is it possible for the supplier to receive multiple consumption records for the same customer in one "CONSUMPT" file?

Yes. While suppliers currently receive multiple records for a customer in the form of a cancel ("Q" read code) and the rebill, it is also possible for the supplier to receive multiple cancels and multiple rebills for the same customer in one "CONSUMPT" file. This would happen if a customer was once served by a supplier, terminated their arrangement with that supplier, then returned to that supplier at a later date. If a cancel went back to the initial period with the supplier, the "CONSUMPT" file could contain two cancel records and two rebill records for that customer.

Is it possible for the supplier to get consumption information resulting from a cancel and rebill for a customer who is no longer served by the supplier?

Yes. As mentioned in the Rider 16, Standards of Conduct, item (f) the supplier agrees to promptly notify any current or past customers of any billing adjustment for cancels and rebills. If the customer's usage is canceled back to a period when the customer was served by the supplier, the cancel and rebill records will be sent in the supplier's "CONSUMPT" file. It is even possible for a supplier who is no longer participating in the program to receive consumption information as a result of a cancel. If the supplier is using the utility's billing service at the time of the rebill, the supplier may send charges to appear on the customer's bill. If the supplier is not using the utility's billing service at the time of the rebill or is no longer a participating supplier, it is the supplier's responsibility to make the necessary adjustments directly with the customer.

TAXES

Will the supplier be required to pay taxes on charges billed them by Nicor Gas?

Yes. Please see Exhibit C, the Illinois Private Letter Ruling ST 96-0417 by the Illinois Department of Revenue.

What is taxed on the supplier's monthly pool bill?

Beginning with the October 2003 bill, Nicor Gas will bill suppliers the Gas Revenue Tax on non-commodity charges, but not on gas charges. Applicable charges will be taxed at the rate of 5%.

Items taxed on the supplier bill will include:

- Group Charges
- Non-Performances (Only Month End Non-Performance and the \$6 per therm charge for under-delivery on a critical day)
- Billing Service Charges

Items not taxed on the supplier bill will include:

- Gas Supply Charges (ABSC, TS, and SSCR)
- Non-Performance Charges (with the exception listed above)
- Cash-Out Amount

The State Utility Fund Tax of 0.1% will be applied to all charges (credits for over-delivery are not included).

Will the utility collect state tax on *Customer Select* customers?

The utility will bill and collect the state Gas Use Tax of 2.4 cents per therm on the customer's bill with all bills issued on or after October 1, 2003 unless:

- We receive certification that the customer is a self-assessor.
- The supplier is charging the customer Gas Revenue Tax and the utility is provided with the applicable form.
- The customer meets exemption requirements and has provided the utility with the applicable form.

Customers paying Gas Revenue Tax to their supplier will be billed Gas Revenue Tax at the lessor of 5% or 2.4 cents per therm on their delivery and other applicable charges from the utility.

Customers exempt from the Gas Use Tax will be billed Gas Revenue Tax at the lessor of 5% or 2.4 cents per therm on their delivery or other applicable charges from the utility.

Will the utility collect municipal taxes for *Customer Select* customers?

The utility will bill and collect applicable municipal taxes on the distribution portion of the customer's bill. It is the supplier's responsibility to determine whether or not they are required to collect municipal taxes on commodity charges or other supplier charges. If the municipality has instituted a gas use tax, the utility will bill and collect that tax.

What is a municipal gas use tax?

A municipal gas use tax is a per therm use tax for all transportation gas service. Some municipalities have a municipal utility tax for sales customers and/or a gas use tax for transportation customers. For transportation customers, such as *Customer Select* participants, the utility will bill and collect these taxes. Nicor Gas' Rider 8 and the Municipal Gas Use Tax Information Sheet contain information about municipalities and their taxes and they are both available on the Nicor Gas Web site at www.nicor.com under Nicor Gas Rates.

How does the supplier notify Nicor Gas of a customer's tax exemption status?

The tax exemption forms, either the RG61 or REG 10, can be sent to Nicor Gas via fax or mail.

Fax:

Attention: Gas Transportation Customer Service
Fax Number: (630)983-6070

Mail:

Nicor Gas
Attention: Gas Transportation Customer Service
1844 Ferry Rd.
Naperville, IL 60563

TERMINATION OF SERVICE

Are customers allowed to cancel out of *Customer Select* and return to Nicor Gas?

Yes. Customers are allowed to terminate their participation in *Customer Select* and return to Nicor Gas at any time during the program without a charge from Nicor Gas. However, depending on the terms of the contract between the customer and supplier, the customer may be subject to penalties or obligations to their supplier.

How does a customer cancel his participation in *Customer Select*?

If a customer wants to cancel his participation in *Customer Select* and return to Nicor Gas, the customer should contact his supplier. The supplier will process the cancellation with Nicor Gas through the "CUSTDROP" file. The supplier is responsible for sending a drop letter to the customer (see Rider 16 Standards of Conduct, letter (n)). Nicor Gas will also send a confirmation letter to the customer. Copies of Nicor Gas' drop letters can be found in Exhibit D.

If a customer claims he has contacted his supplier and the supplier either refuses to drop the customer or hasn't processed the drop in a timely manner, Nicor Gas will issue the drop for the customer.

What are the reasons for which a supplier can drop a customer from *Customer Select*?

Suppliers can drop customers for the following reasons:

- Credit Drop (non-payment of services rendered)
- Customer Request
- Contract Expiration
- Supplier Request

How will a supplier know if a "CUSTDROP" file submitted is received by Nicor Gas?

Suppliers are able to verify that Nicor Gas received the files they submitted to the utility by viewing the Supplier File Submission History available on the supplier Web site. After logging in, simply click on "View File Submission History". Date and time stamp information is available for all supplier-transmitted files for a seven-day period. We encourage suppliers use this feature to ensure that files are not lost in transmission from supplier to Nicor Gas.

When Nicor Gas processes customer cancels or customer finals, how will the suppliers be notified?

Suppliers will receive notification of all cancels and finals in the "CUSTTERM" file. If a supplier sends a "CUSTDROP" file, Nicor Gas processes the file at 4:00 p.m. Suppliers will receive notification of the drops that were processed and any accounts that finalized with the utility in that day's "CUSTTERM" file. The customer will remain on the program until his next meter read. The scheduled date of the next meter read will be contained in the file.

How will a supplier know if there are any rejected customer drops in the “CUSTDROP” file?

Suppliers will be notified of rejected drops through the “SUREJECT” file.

If a customer switches to a new supplier at the end of a contract term, does the previous supplier have to send in a drop for contract expiration?

The previous supplier should always drop a customer when their contract expires, even if the supplier has received notification of a supplier switch in the “CUSTTERM” file. If the supplier doesn’t drop the customer for contract expiration, the customer could be reinstated with the previous supplier if the new supplier drops the customer prior to the contract being activated.

After a customer cancels his participation in *Customer Select*, will he be allowed back into the program?

Customers have 120 days from leaving one supplier to re-enroll with another supplier. If they do not re-enroll within 120 days, the customer must stay on utility sales service for one year.

If a customer is late paying bills to the supplier, can the supplier return the customer to sales service with the utility?

Yes, upon 15 days notice, customers that are 45 days or more in arrears for payment of services rendered by the supplier may be returned to Nicor Gas sales service at the supplier’s request on a prospective basis.

If a customer is dropped by a supplier for non-payment of services, is the customer allowed to sign up with another supplier?

If a customer is dropped by a supplier for credit reasons, the customer must remain on utility sales service for one year.

Is a supplier required to choose this billing option for *all* of their customers? Or can the supplier choose which customers he would like this billing option for?

A supplier is allowed to offer multiple billing options and still have all of their customers in one pool. The billing options are selected at the customer level and communicated to Nicor Gas through the “SIGNUP” file.

How long does a supplier have to submit charges that will appear on the Nicor Gas bill?

The supplier has three business days to submit charges. The charges are due by 4:00 p.m. on the third business day. For example, if a “CONSUMPT” file is received at 8:00 a.m. on Monday, June 5, supplier’s charges are due back to Nicor Gas by 4:00 p.m. on Wednesday, June 7.

What happens if a supplier misses the 3-day window for sending supplier charges to appear on the bill?

The Nicor Gas bill will be sent without the supplier’s charges. It is then up to the supplier to add the missed charges to the next month’s bill, bill the charges separately or send an adjustment. Adjustments will appear on the customer’s next bill.

How will a supplier know if the charges submitted are received by Nicor Gas?

Suppliers are able to verify that Nicor Gas received the files they submitted to the utility by viewing the Supplier File Submission History available on the supplier Web site. After logging in, simply click on “View File Submission History”. Date and time stamp information is available for all supplier-transmitted files for a seven-day period. We encourage suppliers use this feature to ensure that files are not lost in transmission from supplier to Nicor Gas.

How will a supplier know if the charges submitted are accepted by Nicor Gas?

When Nicor Gas receives the “SUPLBILL” file, you will receive a “SBACCEPT”, “SBACCPDTL” and a “SBREJECT” file. “SBACCEPT” will tell you how many records were accepted and how many were rejected. If some records were accepted, they will be detailed in the “SBACCPDTL” file. If some records were rejected, they will be detailed in the “SBREJECT” file. Suppliers will need to correct and resubmit the rejected records to the utility.

How is the supplier paid for their charges appearing on the Nicor Gas bill?

Customer payments for the supplier portion of the Nicor Gas bill will be transferred into the supplier’s bank on a daily basis. Nicor Gas will electronically initiate payment to the supplier as frequently as such payment data becomes available. Remittance of customer’s payments received by Nicor Gas will be sent via ACH to the financial institution designated by the supplier upon completion of Nicor Gas’ internal processing. In the event a remittance date falls on a bank holiday, Nicor Gas will remit customer payments, on the next business day which is not a bank holiday. A generic example of how payment processing will work follows:

Monday Nicor Gas' Treasury Operations processes customer payments
Tuesday Nicor Gas' Billing Department receives report of prior days payments and initiates an ACH transfer to your financial institution

If a customer makes payment directly to the supplier as opposed to making it to Nicor Gas, how does the utility gets it's balance back in sync with the supplier?

Suppliers are allowed to submit adjustments to the supplier receivable balance held on Nicor Gas' books at anytime during the month, instead of waiting until a bill is issued.

What happens if the supplier charges or adjustments create a credit balance?

When the supplier sends a charge or adjustment that results in a credit balance, Nicor Gas transfers the balance to the utility side. The credit balance will remain on the utility account to cover subsequent charges or will be refunded to the customer, if requested. The transaction will show up in the "CUSTPMNT" file as a cash item with a transaction code of "A" for adjustment. The supplier balance becomes zero.

When the utility receives payment from the customer, in what order is cash processed?

Cash is processed in the following order:

- Utility Past Due
- Supplier Past Due
- Utility Current
- Supplier Current

If a customer receives energy assistance monies from federal, state or other sources, will the utility share those monies with the supplier? If so, in what order is the cash processed?

Yes, Nicor Gas shares energy assistance payments with suppliers. Cash will be processed in the same order as general customer payments. (See the answer the previous question.)

If a customer cancels service with the supplier, does Nicor Gas continue to collect an outstanding balance?

Once a customer is no longer with a supplier, Nicor Gas continues to display any outstanding balance on the bills for 45 days. After 45 days, any uncollected amount is returned to the supplier in the "CUSTPMNT" file with a transaction code of "T". It is then up to the supplier to continue any collection process.

Can a supplier send adjustments after the customer is dropped for more than 45 days or finalled?

Yes, we will accept an adjustment after the customer has been dropped or finalled for more than 45 days. If the adjustment is a credit we will transfer the credit to the customer's utility balance and a corresponding "A" transaction will result in the suppliers CUSTPMNT file. If the adjustment is a debit it will be accepted but it will be returned as an uncollected balance and a corresponding "T" transaction will result in the supplier CUSTPMNT file.

If a customer moves to a new location, is the supplier balance on the previous account transferred to the new account?

No, Nicor Gas does not transfer the supplier balance if the customer moves from one location to another. Any outstanding balance on the previous account would be transferred back to the supplier after 45 days as uncollected. The supplier would have to submit a charge or adjustment to have those charges moved to the new address.

SUPPLIER CONSOLIDATED BILLING SERVICE

What is the Supplier Consolidated Billing Service?

Supplier Consolidated Billing is one of the billing options offered to suppliers (the others being separate billing and Nicor Gas Consolidated Billing). The supplier presents the charges from Nicor Gas on their bill that is issued to the customer.

Is a supplier required to choose this billing option for *all* of their customers?

Or can the supplier choose which customers he would like the billing option for?

A supplier is allowed to offer multiple billing options and still have all of their customers in one pool. The billing options are selected at the customer level and communicated to Nicor Gas through the "SIGNUP" file.

What information do suppliers receive?

Bill information from Nicor Gas is sent to suppliers in electronic files. All billing detail is provided in the files, so the supplier's system must be able to retain all information provided.

What information from the Nicor Gas bill must be included on the supplier bill?

The supplier and the customer will jointly decide the level of detail of Nicor Gas charges the customer will receive. If a single line item is agreed upon, the supplier must use the following description: "Nicor Gas Total Amount Due." If the customer is receiving a bill with a single line item representing Nicor Gas charges and is requesting details about those charges, the supplier must be able to provide such details.

What types of files are required?

Nicor Gas' bill information is sent in an "NBBILL" file. Payments are received from the supplier via the "NBPMNT" file. A response file of accepts and rejects called NBRESPNS is sent to the supplier. Another file is the "DISCONNCT" file, which lists customers who have been sent a final notice prior to disconnection. All file formats and a corresponding Glossary of Terms can be found in the Information Services section, Tab 7.

How many "NBPMNT" files can suppliers send daily?

The number of payment files is not limited, but the total payment amount in the files must agree with the amount wire transferred to Nicor Gas on that business day. "NBPMNT" files must be received by 10 a.m. on business days. After processing, the accept and/or reject file will be available the next morning.

How will a cancel and rebill affect the billing?

Rebill data will be directed according to the terms on the current contract. If the customer had a previous supplier, that supplier would receive applicable consumption data. Any charges received from a previous supplier would be included in the "NBBILL" file as a total, without the line-item detail, and sent to the current supplier.

What about when a customer no longer has an effective contract, what happens with the cancel/rebill information?

This billing option has no historical reference with respect to cancel/rebill. It is considered a “here and now” attribute. As long as the contract with that billing option is in effect, utility billing data will be directed to the supplier. When the contract is terminated or the option changed, a paper bill will be sent to the customer’s mailing address. If a rebill covers usage for a contract with this option, the rebill data will be directed according to the terms on the current contract. The old supplier would get consumption data, but no utility charges, even if that consumption period were under an old contract.

How does Nicor Gas handle payment processing and reconciliation?

Payment files and wire transfers are matched daily to ensure that the amount received agrees with the amounts applied to the customers accounts. Any difference will cause us to reject both files in total.

How are special payment arrangements, etc. handled?

Budget Plan, deferred payment arrangements, deposits (calculated and billed), billing due dates and credit cycles will continue as they currently do with bill amounts and detail being distributed to the third party.

MISCELLANEOUS

Will suppliers be limited to the number of customers they can sign up?

No. There is no limit to the number of customers that any one supplier can sign up for the program.

Riders 15 and 16 refer to the Gas Cost Charge, Commodity Gas Cost, Non-Commodity Gas Cost, Transitions Surcharge, Storage Service Cost Recovery Charge, and Aggregator Balancing Service Charge. What have these charges been historically?

The history of Gas Supply Cost Factors are located on the Nicor Gas Web site under Nicor Gas Rates, Rider 5 history and Rider 6 history. Our Web site address is www.nicor.com

How can suppliers find out what the current Gas Supply Cost Factors are?

The Gas Supply Cost Factors are located on the Nicor Gas Web site under Nicor Gas Rates, Riders 5 and 6. Our Web site address is www.nicor.com

If a supplier has current customers on *Customer Select* who have not renewed their contracts for the upcoming year, how does the supplier notify the utility?

The "CUSTDROP" file is a supplier generated list of customers who have not renewed their contracts with the supplier or who have requested to be dropped from the program. Because the utility is unaware of the terms of supplier agreements with customers, the supplier must send this file to Nicor Gas to terminate service to these customers. If the supplier does not send us this file, the supplier will continue to serve and be billed for these customers after their contracts with the customer expire.

How will suppliers get the consumption history for potential customers?

Nicor Gas does not provide a file of historical usage for potential customers. When an enrollment is accepted, included within the "TRNSCRPT" file will be 24 periods of usage history for that customer, if available. If a supplier would like to try to obtain usage history prior to enrolling a customer they may use the Nicor Gas Open Access Web site, www.nicor.com/oa. More information about Open Access can be found on the Gas Exchange section of our website, www.nicor.com.

Will the customer's account number, premise ID or meter number ever change?

The customers account number will not change. The meter number, in the event of a move or meter exchange, and the premise ID, in the event of a move, could change.

If a meter number changes, how will the supplier be notified?

Updated meter numbers can be found in the "CONSUMPT" file or the "CUSTLIST" file.

If a premise ID changes, how will the supplier be notified?

If a customers premise ID changes, this means the customer moved. You are notified of a customers move in the "TRNSCRPT" file with a record with the verification status of "MOVED". Both the previous premise ID and the new premise ID will be in the record.

How can I tell when the customer’s meter is scheduled to be read?

See our current Holiday and Meter Reading Schedule which can be found in the Supplier Information Manual on the Customer Select supplier Web site, www.nicor.com/select

Will suppliers always get usage information as scheduled for every customer?

No. There may be circumstances that prevent obtaining a meter reading as scheduled. Nicor Gas works to assure readings happen on a timely basis. When a reading occurs, suppliers will be notified through the “CONSUMPT” file.

Will every customer be activated within one month after the 14-day waiting period?

No. There are cases when the utility has a problem getting a meter read. For an account to become effective, Nicor Gas must issue a final sales service bill to the customer. This will then activate the supplier’s *Customer Select* contract with that customer. Some of the reasons for a customer’s account not being activated for possibly the first few months after signup include: off for non-payment, outstanding billing issue or “get read pending”. If these situations occur, Nicor Gas will work on resolving the issues surrounding these accounts. The customer will be activated whenever their next meter read takes place after the 14-day waiting period.

Is it possible to receive zero consumption for a customer?

Yes. This could happen if the last meter read was an estimate and an actual meter reading comes in that is less than the estimate. In these cases the consumption data would be zero. It is also possible to get zero consumption if the customer actually doesn’t use any gas (typically in the summer months).

Is it possible to receive multiple consumption data for the same customer account in a one-month period?

Yes, it is possible to receive multiple consumption data for the same customer in a one-month period. There may be a short read cycle (for example 15 days).

Will Nicor Gas supply the estimated maximum daily contract quantity (MDCQ) at the pool level?

Yes, this number is used to calculate the pool deposits and firm transportation and supply contracts. It will be made available to the supplier each month within their annual delivery and storage forecast (“ANNFRCST” file). The actual MDCQ at month end for a pool will be displayed on the Customer Select Pool Bill.

How can suppliers estimate the amount of the annual deposit requirement for their pool?

The annual deposit amount is due each November 1 and is calculated by taking the pool’s MDCQ on October 1 times \$2.00. As you add or drop customers from your pool, you can find the pool’s current MDCQ in the “ANNFRCST” file, which is updated monthly. The deposit requirement will be made available to you on or after October 1 of each year.

If a supplier were to give a cash deposit, what interest rate would the Company provide?

The Company will pay the 12-month average T-Bill rate as determined annually, every December, by the Illinois Commerce Commission.

Will customers be allowed to stay on the Nicor Gas Budget Plan?

Yes, customers will be allowed to stay on the Budget Plan. However, the Budget Plan amount will only include the Nicor Gas charges. Suppliers may offer their own budget plans for commodity charges.

Can customers continue to pay their Nicor Gas bills using Auto Pay?

Yes. Customers can continue to use Auto Pay to pay their Nicor Gas bills.

Rider 16 requires suppliers to send information to the Illinois Commerce Commission. What information is required? And where do I send the information?

Rider 16, Supplier Aggregation Service states that each supplier must:

“file with the Illinois Commerce Commission and provide to the Company a copy of bill formats, standard Customer contract and Customer complaint and resolution procedures, and provide a Supplier contact and telephone number prior to March 1, 2002 or the Supplier beginning participation in the Customer Select Program and on an on-going basis as warranted by changes in any of the above.”

This information should be sent to the Company and filed with the Illinois Commerce Commission at the address below:

Chief Clerk
Illinois Commerce Commission
527 East Capital Avenue
Springfield, Illinois 62701

How many digits is Nicor Gas’ customer account number and how does it appear on customer’s utility bills and in the customer information packet?

Our account number is ten digits in length. However, the number they see on their bill is 11 digits, because we add a check digit at the end for verification purposes.

When submitting account numbers in the “SIGNUP” file, use the first 10 digits of the account number. Do not include the check digit (if the customer provides the number as presented on the bill).

As an example, a customer with an account number of 1234567890 would see:

12-34-56-7890 1 on their bill

The proper way to submit this number on the sign-up file is 1234567890.

How is the number of customers shown on the supplier's monthly account statement determined?

The number of customers shown on the "Month End Customer Count" line of the statement reflects those customers whose accounts are active at the end of the month. These accounts either: 1) became active during that particular month or 2) were active prior to the start of the month and remained so for the entire month.

What will the Nicor Gas bill look like for participating customers if the supplier chooses to include their charges on the bill?

Please see Exhibit E for an example. This is only a sample and is subject to change without prior notification.

What will the Nicor Gas bill look like for participating customers if the supplier chooses to bill separately?

Please see Exhibit F for an example. This is only a sample and is subject to change without prior notification.

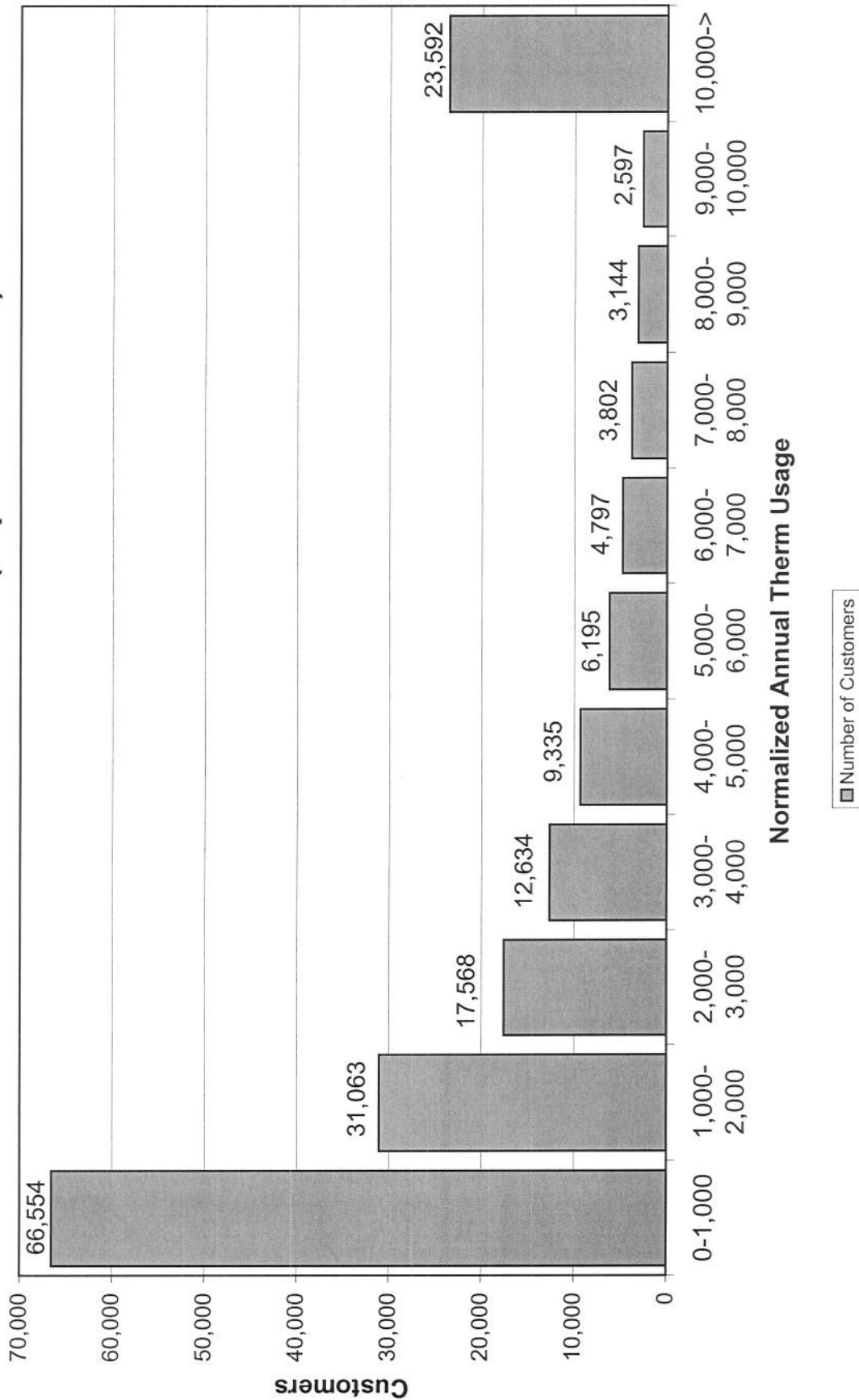
What will the supplier bill look like?

Please see Exhibit G for an example of a supplier bill. This is only a sample and is subject to change without prior notification.

Will the contents of this Supplier Information Manual be updated as the program changes? If so, how will updates be provided?

Yes, the Supplier Information Manual will be updated. The entire manual as well as updates will be available for download on the supplier Web site, www.nicor.com/select.

Nicor Gas Customer Select Program Commercial/Industrial Customers (September 2009)



Number of Customers

Customer Select Welcome Letter

Date

Name
Street Address
City, State, Zip

Account X-XX-XX-XXXX
Service Address: XXX Street, City

Dear Customer:

Welcome to Nicor Gas' Customer Select program. With Customer Select, you purchase your natural gas from another supplier. Nicor Gas will still deliver your gas through our pipeline system, read your meter and respond to all natural gas emergencies. Since this program began in 2002, approximately 200,000 customers like you have chosen to participate.

The supplier below has informed us that you have selected them as your natural gas provider.

Supplier Name
Supplier Phone Number

You will begin receiving natural gas from your new supplier with your first meter reading on or after Month X, XXXX.

At this time, please direct any questions you may have about your new natural gas supply arrangement and its costs to your new supplier. If you have other questions about Customer Select, visit the "Choosing Your Supplier" section of nicorgas.com. If you smell natural gas or have an emergency, please call 1 888 Nicor4u (1 888 642-6748).

Sincerely,

Customer Care Services

Nicor Gas

Illinois Private Letter Ruling, ST 96-0417. Illinois Department of Revenue., October 11, 1996

Page 1 of 5

Utilities--Gas Revenue Tax--Gas transportation fees--Customer pools.-- A transportation company was liable for Gas Revenue Tax (GRT) with respect to charges for pooling services levied on an entity that was not an end-user of gas or the transportation services. Also, the company's method for determining the GRT on these charges was acceptable to the Department of Revenue. Under the company's new rider to its' schedule of rates, a marketer or broker selling gas to several of the company's customers could create a pool of customers organized for the purpose of having any imbalance (daily use over or under projected gas needs) charges and penalties imposed by the company levied on the entire pool and not individual customers. The pool would be subject to GRT liability in the same manner as a single customer. To determine GRT liability, pooling charges would be aggregated with any other charges billed to the pools' accounts to calculate the tax imposed on gross receipts. The number of therms delivered to a premise account in the pool would be aggregated and any deliveries to exempt customers deducted to calculate the number of total therms delivered. The lower amount resulting from these two methods would be the proper rate of GRT incurred.

See ¶80-031

Transportation pooling fees, charges, and penalties are subject to Gas Revenue Tax liability See, 86 Ill. Adm. Code 470.101. (This is a PLR.)

This Private Letter Ruling, issued pursuant to 2 Ill. Adm. Code 1200 (see enclosed), is in response to your letter of April 12, 1996. Our review of the information contained in and attached to your letter indicates that you have provided all of the information required by Section 1200.110(b)(1-8) for the issuance of a Private Letter Ruling.

In your letter, you have stated and made inquiry as follows:

The purpose of this letter is to request a private letter ruling regarding the application of the Gas Revenue Tax to COMPANY (the 'Company'), in relation to its receipt of certain charges made to 'poolers' that take effect on May 1, 1996.

Background

On November 8, 1995, the Illinois Commerce Commission approved certain 'transportation' rate design changes to be implemented by the Company on May 1, 1996. As used herein, the term 'transportation' refers to the Company's conveyance of customer-owned gas. Specifically, on May 1, 1996 the Company will implement 'pooling service' under a new Rider P to its Schedule of Rates.

Penalties for transportation customer imbalances prior to Rider P. As a general matter, the customers who purchase transportation service from the Company purchase the natural gas involved from unrelated marketers or brokers. Under the Company's current rate schedule, the transportation customer must execute a transportation service contract with the Company covering all of the customer's premises for which the customer desires transportation service. Under the contract, the customer 'nominates,' or designates, the quantity of gas that the customer desires to have the Company transport to each premise each day. In addition to selling the gas to the customer and arranging for its delivery to the Company, the gas marketer or broker is often designated by the customer as the customer's 'agent' for the purpose of making the customer's nominations to the Company.

Under the Company's current rate schedule, if any customer premise has an imbalance on a given day--i.e., the premise uses more or less than the amount of gas nominated for that day--the Company imposes substantial additional charges and penalties. That is, the company imposes excess usage charges and penalties on a customer who uses more gas than it nominated for the premise for the day, and imposes storage charges and penalties on a customer who uses less gas than nominated. The Company imposes these charges and penalties with respect to each customer premise even if all of the customer's premises, viewed in the aggregate, had no imbalance for the day.

For purposes of determining whether 5% of gross receipts or 2.4¢ per therm results in a lower tax, the Department of Revenue (the 'Department') has previously ruled that the Company properly treats each customer premise account, rather than the person or legal entity who owns the account, as the 'customer.' A copy of that ruling, dated February 4, 1991, is attached as Exhibit A. As a result, the Company currently pays tax on imbalance charges just as it does on all charges to end-users for gas service, transportation and other services rendered in connection therewith.

Rider P--Pooling Service. The Company's new 'pooling service' is designed to permit customers to minimize imbalance charges by imposing such charges on groups or 'pools' of customer premise accounts, rather than with respect to individual premise accounts. Rider P does this by permitting a marketer or broker selling gas to different customers (or a customer with more than one premise for which it is buying transportation service) to take 'pooling service,' i.e., to incur a new set of charges in exchange for the right to have the imbalance charges imposed on the 'pool' rather than on individual premise accounts. For a customer who takes pooling service, the Company will offset over-consumption by one pool customer against under-consumption by another pool customer and bill the marketer, broker or customer involved (referred to as the

'pooler') for the applicable imbalance charges and penalties for the aggregate over- or under-consumption of gas by the pool.

A copy of Rider P is attached as Exhibit B. A copy of the form contract between the Company and the pooler is attached as Exhibit C. Pooling service will be available to customers under the Company's Riders FST, SST and LST. A copy of each of the riders under which the Company provides transportation service is attached as exhibit D.

Each pool will be limited to 150 customers (due to systems limitations within the Company) and to customers who purchase transportation services under the same transportation rider. In order to effectuate Rider P, the pooler's customers will assign their related transportation contracts with the Company to the pooler.

Under Rider P:

1. If the pooler's customers collectively use more gas than they collectively nominated, the Company will charge the pooler a number of different excess charges and penalties. Some are fixed charges per occurrence without regard to the number of therms of gas delivered to the customers, and others are based upon the number of unauthorized therms of gas delivered to the customers.

2. Similarly, if the pooler's customers collectively use less than the amount of gas they collectively nominated, the Company will charge the pooler various charges and penalties, some fixed per occurrence without regard to the number of therms of gas stored, and others based upon the number of therms of gas required to be stored by the Company on the customers' behalf. A list of the charges for excess use or storage are included in Exhibit D, attached.

3. The Company will also bill the pooler each month a fixed pool fee in the amount of \$200 per pooler account plus a fixed monthly charge per customer (generally \$10).

Rider P does not require the pooler to pass the charges on to its customers, and the pooler and its customers are free to allocate those charges among themselves in whatever manner they agree. Pooling service benefits customers by reducing imbalance charges and price uncertainty, and advantages the Company by reducing the administrative expenses associated with customer imbalances.

Issues

Section 2 of the Gas Revenue Tax ('GRT') Act (35 ILCS 615/1 et seq.) provides in pertinent part:

A tax is imposed upon persons engaged in the business of distributing, supplying, furnishing or selling gas to persons for use or consumption and not for resale at the rate of 2.4 cents per therm of all gas which is so distributed, supplied, furnished, sold or transported to or for each customer in the course of such business, or 5% of the gross receipts received from each customer from such business, whichever is the lower rate as applied to each customer for that customer's billing period....

The pooling service presents two questions with respect to the GRT. The first question is whether the GRT applies at all to the pooling charges. The second question, which the Department must reach only if it determines that the GRT does apply to the pooling charges, is how the Company should make the 2.4¢ per therm vs. 5% of gross receipts calculation required by statute with respect to the Company's charges to the pooler.

Rulings Requested

The Company respectfully requests that the Department rule that:

1. The Company is not liable for GRT with respect to charges for pooling service levied on a person who is not an end-user of gas or transportation service, such as a gas marketer or broker.
2. Alternatively, if the Department determines that the Company is liable for GRT with respect to its charges for pooling service, the methodology described below for computing the GRT with respect to such charges is proper.

GRT Does Not Apply To Charges For Pooling Service

The Company's charges for pooling service are not subject to the GRT. As required by the Department's regulations, set forth below are summaries of the arguments and authorities for and against the Company's position.

Arguments and authorities in favor of the Company's position. The GRT is imposed on the business of distributing, furnishing or selling gas to persons 'for use or consumption and not for resale' and is imposed at the lower of 5% of the gross receipts from, or 2.4¢ per therm of, 'all gas which is so distributed, supplied, furnished, sold or transported to or for each customer in the course of such business.' The pooler is arguably not a 'customer' within the meaning of the statute, since no gas or transportation service is sold to or for the pooler. Moreover, unlike the Company's transportation charges to the end-user, which can be traced to each customer premise, the charges for pooling service are made to the pooler, are not

required to be passed on by the pooler to its customers, and cannot be related to the charges or therms provided to the pooler's customers or to the customers' premises.

Arguments and authorities contrary to the Company's position. On the other hand, the charges for pooling service to be made to the pooler under Rider P are similar to, and conceptually substitute for, the imbalance charges historically made directly to the customer. The Rider P charges directly benefit the pooler's customers by reducing their exposure to imbalance charges and penalties. The charges are closely related to the therms of gas owned by the customers and delivered to the Company for transportation to customer premises, since the charges result either from the customers' use of the Company's gas (in the case of the customer's usage of excess gas beyond the amount nominated) or transportation service (in the case of the customer's use of less gas than nominated). Finally, by assigning its transportation contract to the pooler, the pooler becomes primarily liable for some of the Company's charges related to the transportation service that the customer would otherwise pay (see Section B of Riders FST, SST, and LST attached as Exhibit C) and the customer becomes secondarily liable for the charges for pooling service (see, for example, Section I of Rider LST, attached as Exhibit C), thus creating a 'customer' relationship between the Company and the pooler with respect to transportation service.

Proposed Methodology If the Charges For Pooling Service Are Treated as Taxable Gross Receipts

If the Department determines that the Company must pay GRT with respect to its charges for pooling service, the Company proposes to compute the tax on such charges--which tax it will pay in addition to the tax it pays on its charges for the underlying transportation service that it continues to bill directly to the poolers' customers--as follows:

1. The Company will aggregate the charges billed to the pooler and the charges billed to the poolers' customers with respect to the premise accounts included in the pool. The Company will also aggregate the therms of gas delivered to premise accounts included in the pool. For this purpose, the Company would not include charges from, or therms delivered to, exempt customers such as qualifying enterprise zone customers.
2. If 5% of the aggregate charges from the pooler and the nonexempt customers in the pool is less than 2.4¢ per therm of the total therms to be delivered to the nonexempt customers in the account, then the Company will apply the 5% rate to the pooling service charges.
3. If 2.4¢ per therm of the aggregate therms of gas delivered to the premise accounts in the pool is less than 5% of the aggregate gross receipts from the pooler and the nonexempt customers in the pooling account, then no additional tax will be paid on the pooling charges since no therms of gas are actually delivered to the pooler. (Even if the Company were to compute its tax by aggregating all of the customer gross receipts and customer therms of gas, the Company would owe no additional tax on the pooling charges if 2.4¢ per therm resulted in the lower tax because no additional therms of gas would be associated with those charges.)

The Company's methodology can be illustrated using the following two examples. In each example, assume Pooler has two customers, A and B. A and B each have three premises to which the Company delivers gas. The following charts show the amount of gas delivered to each premise, the basic transportation charges for the delivery of the gas to each premise, and the applicable tax with respect to each customer premise.

CUSTOMER A

	Premise 1		Premise 2		Premise 3	
	Dollars	Therms	Dollars	Therms	Dollars	Therms
Sales	1000	2000	1000	2000	500	1500
Tax ≤ 5% or 2.4 cents	50	48	50	48	25	38
Lower Amt.		48		48	25	

CUSTOMER B

	Premise 4		Premise 5		Premise 6	
	Dollars	Therms	Dollars	Therms	Dollars	Therms
Sales	1000	2000	1000	2000	500	1500

5% or 2.4 cents therm	50	48	50	48	25	38
Lower Amt.		48		48	25	

Premise Level Summary

Total Gross Receipts	\$5,000
Total Therms	11,000
Total GRT ≤ lower of 5% or 2.4 cents/therm	\$242

Example 1. Assume that the total charges for pooling service are \$200. The first step is to determine whether applying the 5% or 2.4¢ /therm rates to the aggregate gross receipts from the pooler account or the aggregate therms of gas delivered to the account customers, respectively, yields the lower tax. That computation is made as follows:

Calculation of Pooler Taxes

	\$	Therms
	-----	-----
Pooler Bill	200	0
Premise Totals	5,000	11,000
	-----	-----
	5,200	11,000
	-----	-----
5% or 2.4 cents/therm	\$260	\$264
GRT--lower amount	\$260	

Since the 5% rate would yield the lower tax (\$260 vs. \$264), the 5% rate will be applied to the charges for pooling service of \$200 to yield a tax of \$10 on the pooler charges. (Note that this \$10 of GRT will be in addition to the \$242 of GRT the Company will pay on sales to the pooler's customers.)

Example 2. Assume the same facts as in Example 1, except that the total pooling service charges are \$1,000. As in Example 1, the Company proposes to determine whether to apply the 5% or 2.4¢ /therm rate as follows:

Calculation of Pooler Taxes

	\$	Therms
	-----	-----
Pooler Bill	1,000	0
Premise Totals	5,000	11,000
	-----	-----
	6,000	11,000
	-----	-----
5% or 2.4 cents/therm	300	264
GRT--lower amount		\$264

Since the 2.4¢ /therm rate would yield the lower tax (\$264 vs. \$300), that rate will be applied to the charges for pooling service. Because no therms of gas are delivered to the pooler, no additional tax would be due on the pooler charges. Thus, the total tax to the pooler and Customers A and B would be the \$242 calculated above with respect to the premise level charges.

No Previous Ruling

Page 5 of 5

To the best of the knowledge of both the Company and the undersigned, the Department has not previously ruled on the same or a similar issue for the Company or a predecessor, nor has the Company or any representative submitted the same or a similar issue to the Department and withdrawn it before a letter ruling was issued.

Tax Period At Issue

Taxable periods ending after May 1, 1996.

Pending Audit Or Litigation

The Company is not currently under audit for Gas Revenue Tax. The Company has litigation pending with the Administrative Hearings Office of the Department of Revenue with respect to issues arising under the Illinois Income Tax Act that bear no relation to the Gas Revenue Tax issue that is the subject of this ruling request.

Power of Attorney

A power of attorney authorizing the undersigned to represent the Company in this matter is attached as Exhibit E.

Request for Expedited Handling

Because the Company's Rider P will become effective May 1, 1996, and because the Department's response may have a significant impact upon the amount of tax owed by the Company, the Company respectfully requests that this matter be handled as expeditiously as possible.

Request for Conference

The Company hereby requests a conference in the event an adverse ruling is contemplated.

The Gas Revenue Tax Act imposes a tax upon persons engaged in the business of distributing, supplying, furnishing, or selling gas to persons for use or consumption and not for resale. See the enclosed copy of 86 Ill. Adm. Code 470.110. The tax is imposed either per therm of the gas so distributed, supplied, furnished, sold, or transported, or upon a percentage of the gross receipts from each customer, whichever is the lower rate as applied to each customer.

Under the proposed pooling agreements, the customers are required to assign their related transportation contracts with Peoples to the group or entity referred to as the "pooler" in your letter. The pooler is acting as a single customer for purposes of determining whether imbalance charges are incurred on the "pool" rather than the individual premises accounts. We believe that the transportation pooling fees, charges, and penalties are subject to Gas Revenue Tax liability in a similar manner as are the imbalance charges made directly to single customers. These charges are taxable as part of the gross receipts for the transportation or distribution of gas to persons for use or consumption and not for resale. See subsection (d) of the enclosed copy of 86 Ill. Adm. Code. 470.101.

We agree with your determination of how tax would be computed on these charges. All pooling related charges should be aggregated with the charges billed to the pooler's customers, regarding the premise accounts included in the pool, for purposes of calculating the tax imposed on gross receipts. The number of therms delivered to premises accounts in the pool should be aggregated (minus any therms delivered to exempt customers) for purposes of calculating the tax imposed on the number of total therms delivered. The lower amount resulting from either of the two methods is the proper rate of tax that is incurred under the Gas Revenue Tax Act.

I hope this information is helpful. If you have further questions related to Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

Customer Select Drop Letter

To Customers Who Drop from the Program After the CSEL Contract is Activated (all except drop for credit)

Date

Name
Street Address
City, State, Zip

Account X-XX-XX-XXXX
Service Address: XXX Street, City

Supplier: ABC Energy
Phone: XXX XXX-XXXX

Dear Customer:

Your participation in the *Customer Select*® program will be ending for the reason listed below with your next bill date, which should be on or around MONTH X, XXXX.

DROP REASON – See Below

After the ending date listed above, you will begin purchasing your gas supplies from Nicor Gas. If you would like to continue in the program, you may choose another alternate supplier within 120 days from the date of your return to Nicor Gas. If your new supplier does not notify us of your enrollment within 120 days, you must remain with Nicor Gas for one year.

Please contact your supplier if you feel you've been dropped in error. If you have any other questions, email us at customercare@nicor.com or call 1 888 Nicor4u (1 888 642-6748). Thank you for your participation.

Sincerely,

Customer Care Services

Nicor Gas

DROP REASONS:

DROPPED BY CUSTOMER REQUEST
DROPPED FOR EXPIRED CONTRACT
DROPPED BY SUPPLIER REQUEST

Customer Select Drop Letter

To Customers Who Drop from the Program Before the CSEL Contract is Activated. Will Return to Nicor Gas.

Date

Name
Street Address
City, State, Zip

Account X-XX-XX-XXXX
Service Address: XXX Street, City

Dear Customer:

We have canceled your participation in the *Customer Select*® program for the following reason:

DROP REASON – See Below

As a result, you will continue purchasing your gas supplies from Nicor Gas. If you would like to choose a different alternate gas supplier, simply contact the supplier of your choice.

Please contact your alternate supplier if you feel you've been dropped in error or email us at customercare@nicor.com or call 1 888 Nicor4u (1 888 642-6748) if you have any other questions. Thank you for your interest in *Customer Select*.

Sincerely,

Customer Care Services

Nicor Gas

DROP REASONS:
DROPPED FOR CREDIT
DROPPED BY CUSTOMER REQUEST
DROPPED FOR EXPIRED CONTRACT
DROPPED BY SUPPLIER REQUEST

Customer Select Drop for Credit Letter

Date

Name
Street Address
City, State, Zip

Account X-XX-XX-XXXX
Service Address: XXX Street, City

Dear Customer:

At the request of your natural gas supplier, shown below, we have canceled your participation in the *Customer Select*® program due to non-payment of services rendered by the supplier.

Supplier
Phone Number

Your participation in the program will be ending with your next bill date, which should be on or around MONTH X, XXXX. After this date, you will begin purchasing your gas supplies from Nicor Gas. The provisions of the program do not allow you to choose another alternate supplier for one year from the date of your return to Nicor Gas.

Please contact your alternate supplier if you feel you've been dropped in error or call us at 1 888 Nicor4u (1 888 642-6748) if you have any other questions. Thank you for your participation.

Sincerely,

Customer Care Services

Nicor Gas



Nicor Gas
P.O. Box 2020
Aurora, IL 60507-2020

nicorgas.com/myaccount
1 888 Nicor4U 1 888 642-6748

Account Summary for Penny Flame

Account Number: 99-99-99-9999 0
Meter Number: 00000000
Service Address: 123 Natural Gas Ln., Anytown
Bill Period: 08/14/09 - 09/15/09 (32 days)
Bill Issue Date: 09/16/09

Total Previous Balance	\$17.22
Payment Received 08/24/09 - Thank You!	-\$17.22
Remaining Balance	\$0.00
New Charges - Utility	\$14.96
New Charges - Additional Products & Services	\$5.73
Total Amount Due by 10/08/09	\$20.69

A Message for You

Your Customer Select supplier is XYZ Energy. For questions relating to your natural gas cost, contact your supplier at 800 123-4567. If you have any questions regarding natural gas safety, call Nicor Gas at 1 888 642-6748.

Manage your account online with My Account at nicor.com. It's a safe and secure way to view account information, sign up for our Budget Plan, pay your bill, make a payment arrangement, enter a meter reading, sign up for reminders and more.

New Charges – Residential – Heat
Rate 1: Residential Service

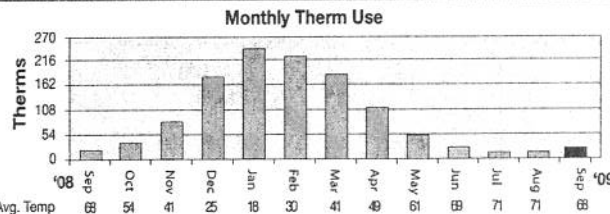
Delivery Charges 08/14/09 - 09/15/09	\$14.71
Monthly Customer Charge	14.08
All Therms 10.13 @ \$0.0453	0.46
Environmental Cost Recovery 10.13 @ \$0.0048	0.05
Transportation Service Credit 10.13 Therms @ \$-0.0208 =	-0.21
Customer Select Charge	0.19
Efficiency Program	0.14
Taxes	\$0.25
Utility Fund Tax \$14.71 @ 0.1%	0.01
State Gas Use Tax 10.13 @ \$0.024	0.24
Total	\$14.96

Total - Additional Products & Services	\$5.73
Customer Select supplier previous balance	2.60
Amount of 08/24/2009 payment applied	-2.60
Gas Charge 09/15/2009	3.73
Miscellaneous Adjustments 09/15/2009	0.00
Admin Fee 09/15/2009	2.00
Total Due	5.73

XYZ Energy questions? Please call 1 800 123-4567.

Monthly Energy Profile

Current Reading 09/15/09 (Estimated)	Previous Reading 08/14/09 (Actual)	Usage CCF 10	BTU Factor 1.013	Therms 10.13	Avg. Daily Therms 2008 0.38	Avg. Daily Therms 2009 0.32
6733	6723	CCF x BTU Factor = Therms				



Please see the reverse side of this bill for additional billing explanations.

Please do not include written inquiries as the stub is processed by machine. Return this portion with your check made payable to Nicor Gas.



Please check a box to add a one-time charitable donation to Sharing:

- \$2 \$5 \$10 \$25

Payment Due by

10/08/2009

\$20.69

Current bill \$20.69 due by 10/08/2009

Penny Flame
123 Natural Gas Ln.
Anytown, IL 60827-2658

Account Number: 99-99-99-9999 0

PO BOX 0632
AURORA IL 60507-0632



Nicor Gas
P.O. Box 2020
Aurora, IL 60507-2020

nicorgas.com/myaccount

1 888 Nicor4U 1 888 642-6748

Account Summary for Penny Flame

Account Number: 99-99-99-9999 0	
Meter Number: 00000000	
Service Address: 123 Natural Gas Ln., Anytown	
Bill Period: 08/14/09 - 09/15/09 (32 days)	
Bill Issue Date: 09/16/09	
Total Previous Balance	\$17.22
Payment Received 08/24/09 - Thank You!	-\$17.22
Remaining Balance	\$0.00
New Charges - Utility	\$14.96
Total Amount Due by 10/08/09	\$14.96

A Message for You

Your Customer Select supplier is XYZ Energy. For questions relating to your natural gas cost, contact your supplier at 800 123-4567. If you have any questions regarding natural gas safety, call Nicor Gas at 1 888 642-6748.

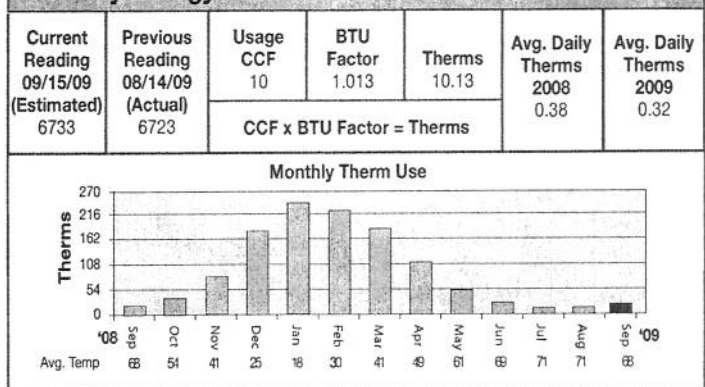
Manage your account online with My Account at nicor.com. It's a safe and secure way to view account information, sign up for our Budget Plan, pay your bill, make a payment arrangement, enter a meter reading, sign up for reminders and more.

New Charges - Residential - Heat

Rate 1: Residential Service

Delivery Charges 08/14/09 - 09/15/09	\$14.71
Monthly Customer Charge	14.08
All Therms 10.13 @ \$0.0453	0.46
Environmental Cost Recovery 10.13 @ \$0.0048	0.05
Transportation Service Credit 10.13 Therms @ \$-0.0208 =	-0.21
Customer Select Charge	0.19
Efficiency Program	0.14
Taxes	\$0.25
Utility Fund Tax \$14.71 @ 0.1%	0.01
State Gas Use Tax 10.13 @ \$0.024	0.24
Total	\$14.96

Monthly Energy Profile



Please see the reverse side of this bill for additional billing explanations.

Please do not include written inquiries as the stub is processed by machine. Return this portion with your check made payable to Nicor Gas.



Please check a box to add a one-time charitable donation to Sharing:

\$2
 \$5
 \$10
 \$25

Payment Due by

10/08/2009

\$14.96

Current bill \$14.96 due by 10/08/2009

Penny Flame
123 Natural Gas Ln.
Anytown, IL 60827-2658

Account Number: 99-99-99-9999 0

PO BOX 0632
AURORA IL 60507-0632

SAMPLE CUSTOMER SELECT SUPPLIER POOL BILL (PAGE 1)

NICOR GAS

Gas Transportation Customer Service Center P.O. Box 190 Aurora, IL 60507-0190 (630) 983-4040

Supplier Name

Account Number 00-00-00-0000
 Supplier ID 0000
 Pool ID 000000
 Month End Customer Count 15,000
 Month End MDCQ 148,143.46
 Month End Storage Balance 4,696,826.85
 Total Storage Capacity 5,481,308.14

Supplier Address

City, State, Zip
 From: 08/01/2009
 To: 09/01/2009
 Print Date: 09/03/2009

Summary of Group Usage

Total Group Metered/Estimated Usage	284,451.10
Current Month Unbilled Usage	170,098.02
Reverse Prior Month Unbilled Usage	<u>(151,716.64)</u>
Total Group Usage	302,832.48

Summary of Charges

Group Charges

Monthly Group Charge	\$200.00
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Non-Performance Charge

Underdelivery - Non-Critical and Critical Days	\$0.00
Overdelivery - Non-Critical and Critical Days	\$0.00
Month End Non-Performance Charge	<u>\$0.00</u>
Total Non-Performance Charge	\$0.00

Billing Service Charge

# of bills	Rate	
12,091	x \$0.25	\$3,022.75

Cash-Out Amount

	Therms	Therms	Rate
Storage Balance Beginning of Month	3,484,224.33		
Group Deliveries	1,515,435.00		
Group Usage	<u>(302,832.48)</u>		
Storage Inventory End of Month	4,696,826.85		
Storage Inventory Target Level	2,466,588.66 - 5481308.14		
Inventory Imbalance		<u>0.00</u>	
Adjusted Storage Inventory	4,696,826.85		
Cash-out at Established Index		<u>0.00 x \$0.2790*</u>	<u>\$0.00</u>
			\$3,222.75

Tax

	Dollars/Therms	Rate	
State Utility Tax	\$3,222.75	x 0.050	\$161.14
State Utility Fund Tax	\$3,222.75	x 0.001	<u>\$3.22</u>

Total Charges

\$3,387.11

* Current First of Month Price Index Published in Inside F.E.R.C.'s Gas Market Report for Chicago City-Gates.

SAMPLE CUSTOMER SELECT SUPPLIER POOL BILL (PAGE 2)

NICOR GAS

Gas Transportation Customer Service Center P.O. Box 190 Aurora, IL 60507-0190 (630) 983-4040

Supplier Name

Account Number 00-00-00-0000
 Supplier ID 0000
 Pool ID 000000
 Month End Customer Count 15,000
 Month End MDCQ 148,143.46
 Month End Storage Balance 4,696,826.85
 Total Storage Capacity 5,481,308.14

Supplier Address

City, State, Zip
 From: 08/01/2009
 To: 09/01/2009
 Print Date: 09/03/2009

Day	Actual Nomination*	Estimated Use*	Low Limit*	High Limit*	Non-Perf. Over (Under)	Rate	Non-Perf. Charges
08/01/2009	48,885.00	9,063.28	8,154.02	53,401.97	0.00		0.00
08/02/2009	48,885.00	9,063.28	8,154.02	53,401.97	0.00		0.00
08/03/2009	48,885.00	9,063.28	8,154.02	53,401.97	0.00		0.00
08/04/2009	48,885.00	9,063.28	8,154.02	53,401.97	0.00		0.00
08/05/2009	48,885.00	9,063.28	8,154.02	53,401.97	0.00		0.00
08/06/2009	48,885.00	9,082.83	8,173.57	53,499.74	0.00		0.00
08/07/2009	48,885.00	9,082.83	8,173.57	53,499.74	0.00		0.00
08/08/2009	48,885.00	9,082.83	8,173.57	53,480.19	0.00		0.00
08/09/2009	48,885.00	9,082.83	8,173.57	53,480.19	0.00		0.00
08/10/2009	48,885.00	9,082.83	8,173.57	53,480.19	0.00		0.00
08/11/2009	48,885.00	9,082.83	8,173.57	53,450.86	0.00		0.00
08/12/2009	48,885.00	9,082.83	8,173.57	53,470.41	0.00		0.00
08/13/2009	48,885.00	9,082.83	8,173.57	53,480.19	0.00		0.00
08/14/2009	48,885.00	9,082.83	8,173.57	53,499.74	0.00		0.00
08/15/2009	48,885.00	9,082.83	8,173.57	53,509.52	0.00		0.00
08/16/2009	48,885.00	9,082.83	8,173.57	53,509.52	0.00		0.00
08/17/2009	48,885.00	9,082.83	8,173.57	53,509.52	0.00		0.00
08/18/2009	48,885.00	9,073.06	8,163.80	53,460.64	0.00		0.00
08/19/2009	48,885.00	9,073.06	8,163.80	53,460.64	0.00		0.00
08/20/2009	48,885.00	9,082.83	8,173.57	53,499.74	0.00		0.00
08/21/2009	48,885.00	9,082.83	8,173.57	53,499.74	0.00		0.00
08/22/2009	48,885.00	9,092.61	8,183.35	53,558.41	0.00		0.00
08/23/2009	48,885.00	9,092.61	8,183.35	53,558.41	0.00		0.00
08/24/2009	48,885.00	9,092.61	8,183.35	53,558.41	0.00		0.00
08/25/2009	48,885.00	9,102.39	8,193.13	53,617.07	0.00		0.00
08/26/2009	48,885.00	9,112.16	8,202.90	53,675.73	0.00		0.00
08/27/2009	48,885.00	9,121.94	8,212.68	53,734.39	0.00		0.00
08/28/2009	48,885.00	9,131.72	8,222.46	53,793.05	0.00		0.00
08/29/2009	48,885.00	19,671.32	17,706.15	65,417.91	0.00		0.00
08/30/2009	48,885.00	24,941.13	22,447.99	71,215.67	0.00		0.00
08/31/2009	<u>48,885.00</u>	<u>19,671.32</u>	17,706.15	65,417.91	0.00		0.00
	1,515,435.00	318,651.95					

Credited Deliveries: 1,515,435.00

Month End Non-Performance Tolerance:

302,719.35 - 1,700,347.38

* Adjusted for unaccounted-for gas adjustment of 2.23%