
**Rider 29
Energy Efficiency Plan**

Applicable to Rates 1, 4 and 74

*** Availability.**

The Energy Efficiency Plan (EEP) charge, expressed on a cents per customer basis, is a monthly charge that recovers expenses related to the Company's Energy Efficiency Plan. The Company shall determine two separate charges under this rider for residential (Rate 1) and non-residential (Rates 4 and 74) Service Classifications. The Company shall determine the Effective Component, as outlined in Section B (1), annually. With the exception of the Effective Component determined for the first Plan Period after this rider goes into effect, the Company shall file the Effective Component with the Commission no later than June 1, and it shall be in effect for the 12 month period commencing the following July 1. For the first Plan Period, the Company shall file an Effective Component that is in effect for the months of June 2009 through December 2009 and an Effective Component that is in effect for the period of January 2010 through June 2010. The Company shall determine the Reconciliation Adjustment, as outlined in Section B (2), annually. The Company shall file the Reconciliation Adjustment with the Commission no later than September 30, and it shall be effective for the nine-month period commencing the following October 1.

This rider shall operate on a pilot basis for a four-year period pursuant to the Commission's order in Docket No. 08-0363. The final Reconciliation Adjustment determined under this rider shall be filed with the Commission by September 30, 2011, unless the rider is implemented on a permanent basis upon the Commission's approval in a general rate proceeding.

*** Section A – Definitions.**

As used in this rider, the terms below are defined to mean:

Annual Plan Budget (APB) shall mean that annual amount of Rider EEP expenses which shall not exceed \$13 million or some lesser amount approved by the Commission in the Company's most recent rate proceeding. The APB shall be allocated 70% to Rate 1, Residential Service, 30% to the non-residential Service Classifications (Rates 4 and 74).

Available Budget (AVB) shall mean the Annual Plan Budget plus the Carry Over Budget.

Carry Over Budget (COB) shall mean the amount of the APB from the Previous Plan Period that shall be carried into the Plan Period and shall be the lower of the Carry Over Maximum or the Under Budget Amount.

Carry Over Percentage (CP) shall mean the percentage that is applied to the Annual Plan Budget to determine the Carry Over Maximum. There shall be no Carry Over Percentage in the first Plan Period after this rider goes into effect. The Carry Over Percentage shall be 75% in the second Plan Period.

Carry Over Maximum (COM) shall mean the maximum amount of the Annual Plan Budget that can be carried over to a Plan Period and shall be the product of the Annual Plan Budget (APB) and the Carry Over Percentage (CP).

(Continued On Sheet No. 82.1)

**Rider 29
Energy Efficiency Plan**

(Continued From Sheet No. 82)

Section A – Definitions. - continued

Under Budget Amount shall be AVB from the Previous Plan Period less EEPE.

Customers (CUST) shall mean the average number of forecasted customers.

Energy Efficiency Plan (EEP) shall mean Nicor Gas' plan to recover costs from applicable service classifications to fund energy efficiency programs.

EEP Expenses (EEPE) shall mean the actual amount of EEP expenses accrued by the Company during the Previous Plan Period.

EEP Revenues (EEPR) shall mean that amount of billed revenues arising from application of the Effective Component determined in Section B(1) during the Previous Plan Period.

Previous Plan Period shall mean the most recently ended Plan Period for which the Reconciliation Adjustment in Section B (2) is calculated.

* **Plan Period** shall mean the period of July 1 through June 30, for which the Effective Component in Section B (1) is calculated. For the first filing under the rider, the Plan Period shall mean the period beginning June 1, 2009 through June 30, 2010.

* **Reconciliation Period** shall mean the period of October 1 through June 30, commencing on the October 1 following the Previous Plan Period, during which the Reconciliation Adjustment in Section B (2) is recovered.

Section B – Determination of Adjustment

The EEP per customer charge amount under this rider shall be the sum of the amounts determined pursuant to subsections (1) and (2).

(1) **Effective Component** – The charge to be billed for each month during the Plan Period is represented by the following formula and shall be determined separately for each applicable service classification:

$$\text{APB} / \text{CUST} / \text{MONTHS} \times 100$$

Where:

APB represents APB for the Plan Period
CUST represents CUST for the Plan Period
MONTHS represents the number of months in the Plan Period

* For the Effective Component to be effective January 1, 2010, APB shall be \$11,255,000 and months shall be 6.

(Continued On Sheet No. 82.2)

**Rider 29
Energy Efficiency Plan**

(Continued From Sheet No. 82.1)

Section B – Determination of Adjustment. – continued

- * (2) **Reconciliation Adjustment** – The reconciliation adjustment is calculated annually, amortized over an nine-month period, and represented by the following formula:

$$[(COB_1 - COB_2) + [(RA_1 + RA_2 + O) \times (1 + i)]] / CUST / 9 \times 100$$

Where:

- COB₁ represents the Carry Over Budget for the Plan Period.
COB₂ represents the Carry Over Budget for the Previous Plan Period.
RA₁ represents (EEPE – EEPR) for the Previous Plan Period.
RA₂ represents (RA₁(filed prior year) - RA₁(billed prior year)) for the Previous Plan Period, where a (+RA₂) equals an amount due the Company and a (-RA₂) equals an amount due the customer.
i represents the interest rate established by the Commission under 83 Ill. Administrative Code 280.40(g)(1) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Reconciliation Period.
CUST represents CUST for the Reconciliation Period.
O represents the Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation established in Section C.

The first Reconciliation Adjustment shall be calculated for the Plan Period ending June 30, 2010 and the first Reconciliation Period shall be the nine-month period commencing October 1, 2010.

If an adjustment computes to \$0.01 or more, any fraction of \$0.01 in the computed adjustment amount shall be dropped if less than \$0.005 or, if \$0.005 or more, shall be rounded up to the next full \$0.01.

Section C – Reports and Reconciliations.

The Company shall file annually with the Commission, no later than June 1, a report showing the determination of the Effective Component to be in effect during the Plan Period. The first such filing shall be no later than sixty (60) days after the Commission's order in Docket 08-0363. Commencing in 2010, the Company shall also file annually with the Commission, no later than September 30, an EEP statement of activity, including program descriptions, for the Previous Plan Period and a report showing the determination of the Reconciliation Adjustment to be in effect during the Reconciliation Period. At the same time, the Company shall also file a petition with the Commission seeking initiation of an annual reconciliation to determine the accuracy of the statement. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.

Section D – Modification or Termination of the Energy Efficiency Plan.

Should the State of Illinois, or other governing body, require the Company or its customers to fund energy efficiency programs as part of a statewide initiative or as part of any other such initiative imposed on all or some Illinois utilities or customers ("new initiative"), the Company will continue to fund the programs established at the level for which the Commission has approved cost recovery pursuant to this rider, less all amounts required to be contributed to the new initiative. In any year in which funding required by the new initiative equals or exceeds the amount that the Company would fund under this rider, the Effective Component shall be zero.

(Continued On Sheet No. 82.3)

**Rider 29
Energy Efficiency Plan**

(Continued From Sheet No. 82.2)

Section E – Terms and Conditions.

Subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

*** Section F – Audit.**

The Company shall annually conduct an internal audit of the operation of the Rider. The internal audit shall include at least the following tests: 1) test that costs being recovered through Rider EEP are not being recovered through other approved tariffs; 2) test that Rider EEP adjustments are being properly billed to customers; 3) test that Rider EEP revenues are being recorded in appropriate accounts; 4) test that Rider EEP charges or credits are being identified and recorded properly for calculating rates and reconciliation; and 5) test that the costs associated with the Company's responsibility as Fiscal Agent of the EEP are being identified and recorded in appropriate accounts. The above list of test does not limit the scope of the audit.

The Company shall submit the audit report to the Manager of the Accounting Department of the Commission's Financial Analysis Division no later than February 1 each year, beginning in 2011. Such report shall be verified by an officer of the Company.