

Capital Planning and Customer Benefits and Impacts

December 18, 2024



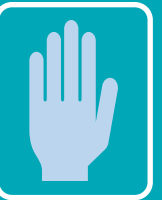
Administrative Items



Disclaimer: This meeting is being recorded



Put in your name and organization in the chat (especially if you are dialing in)



Participation is encouraged: Raise your hand or use the Chat Function



Meeting materials will be available on the Nicor Gas Website

Our Values

At Southern Company, Our Values establish the foundational behaviors that guide how we work.



Safety First

We actively care about the safety and well-being of our employees, customers and communities. Safely approaching every job, every day, always comes first.



Intentional Inclusion

We are One Team, working to foster a culture of belonging and ensuring our diverse team feels valued. Investing in an equitable culture benefits employees, customers, communities and shareholders.



Act with Integrity

We act with honesty, respect and fairness, demonstrating trustworthiness in all we do. We are true to our word and follow through on our commitments.



Superior Performance

We keep customers at the center of everything we do, with a focus on continuous improvement. We provide exceptional service, delivering innovative solutions that benefit our customers, communities, investors and the environment.

Safety: Make Safety a Holiday Tradition



- ❖ Ensure your vehicle is in good running condition
- ❖ Prepare your car for winter with an emergency kit
- ❖ Avoid distracted driving
- ❖ Leave early, planning ahead for heavy traffic



- ❖ Follow the instructions for your decorations
- ❖ Prevent fire hazards
- ❖ Keep food safety in mind
- ❖ Avoid safety hazards while gifting

Agenda

Capital Planning Process

- Overview
- Process

Key Drivers of Our Investments

- Storage
- Regulating Facilities
- Transmission Pipelines
- Distribution Pipelines
- New Business
- Department of Transportation (DOT) Projects

Customer Benefits and Impacts

- Mapping
- Rate Impact Analysis
- Scenario Analysis

Questions, Discussion, and Reminders

LTGIP Guiding Principals



Safety, Reliability and Resilience



Affordability



Sustainable Future



Customer Choice and Energy Equity



Community Growth and Impact

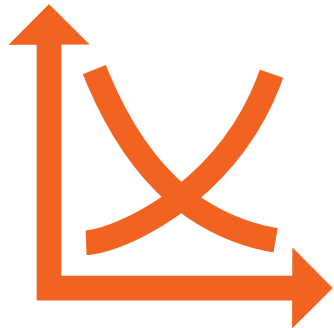
Capital Planning Process Overview



Prioritizes safety, reliability, and our regulatory obligations

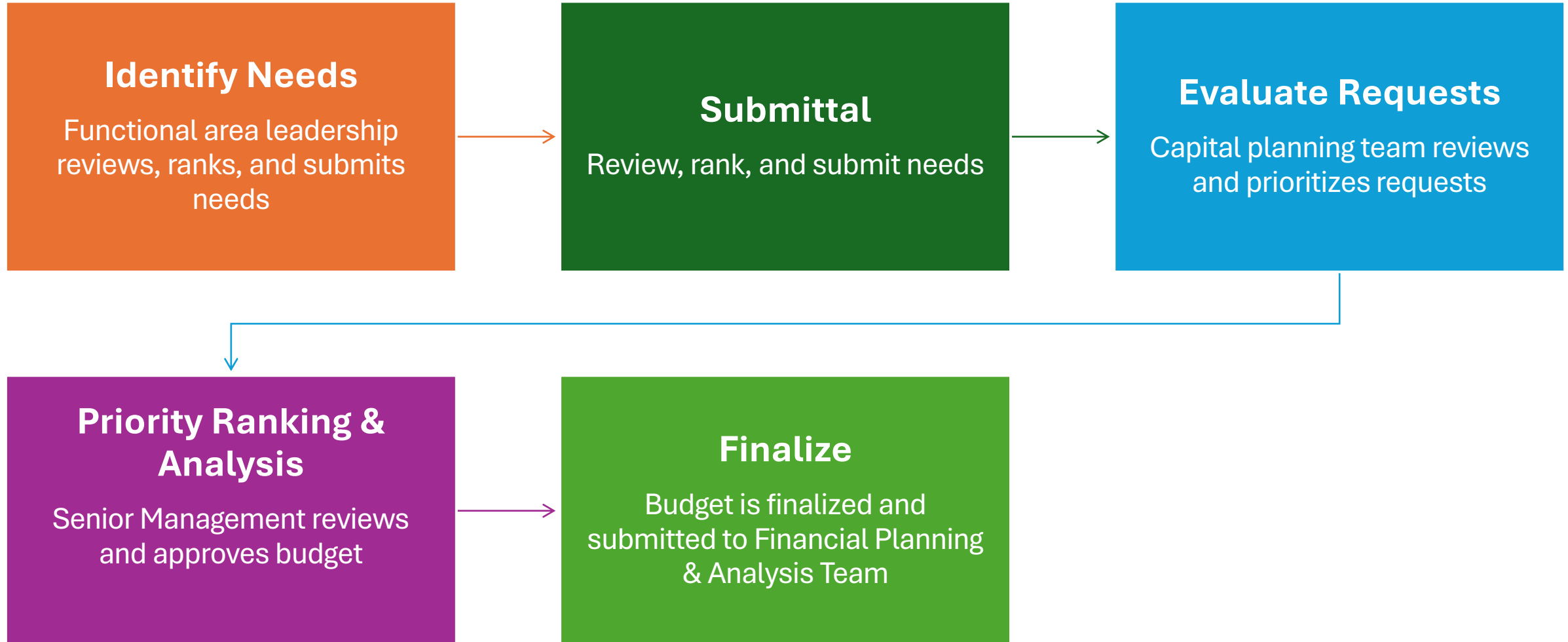


Involves risk-based evaluation to select capital projects

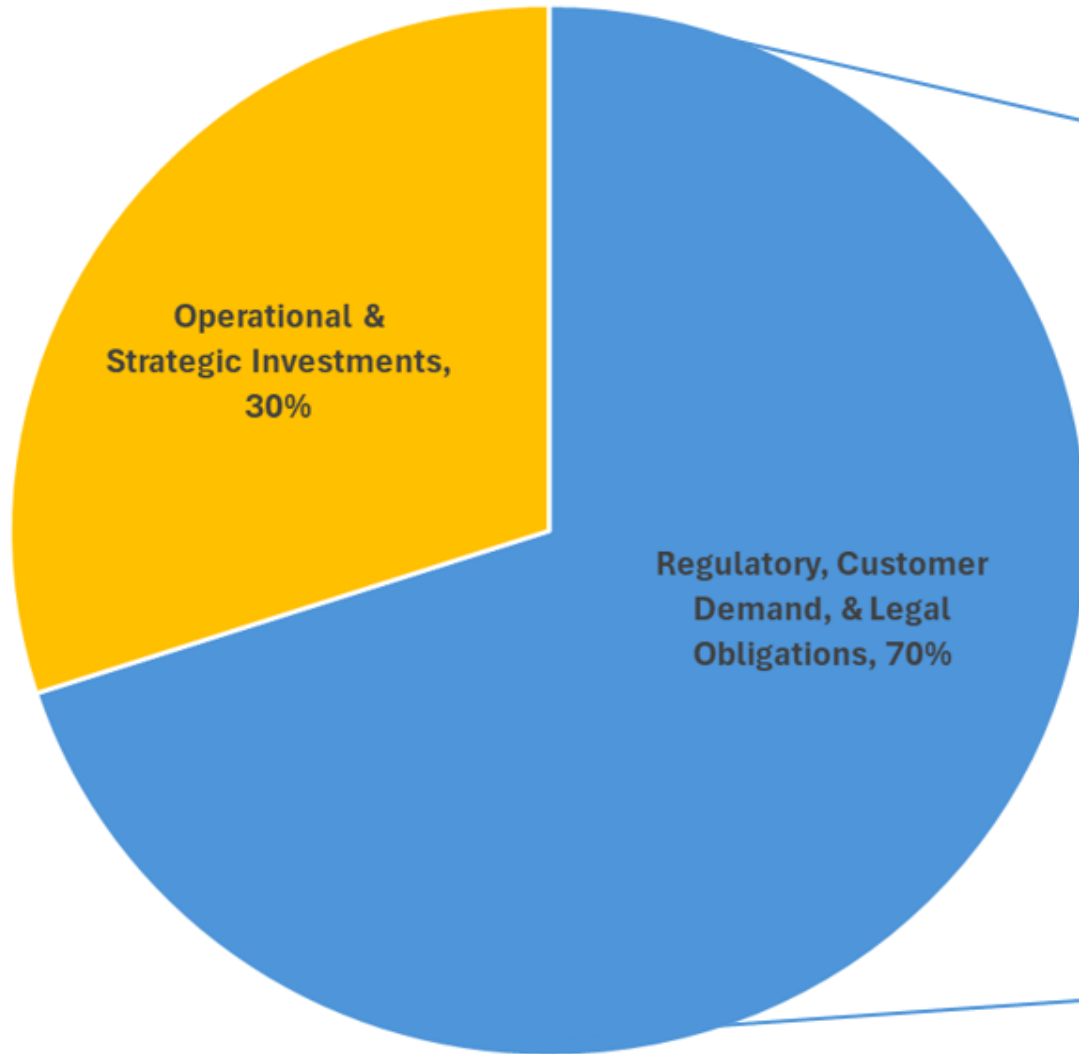


Evaluates customer needs and demand on our system

Capital Planning Process

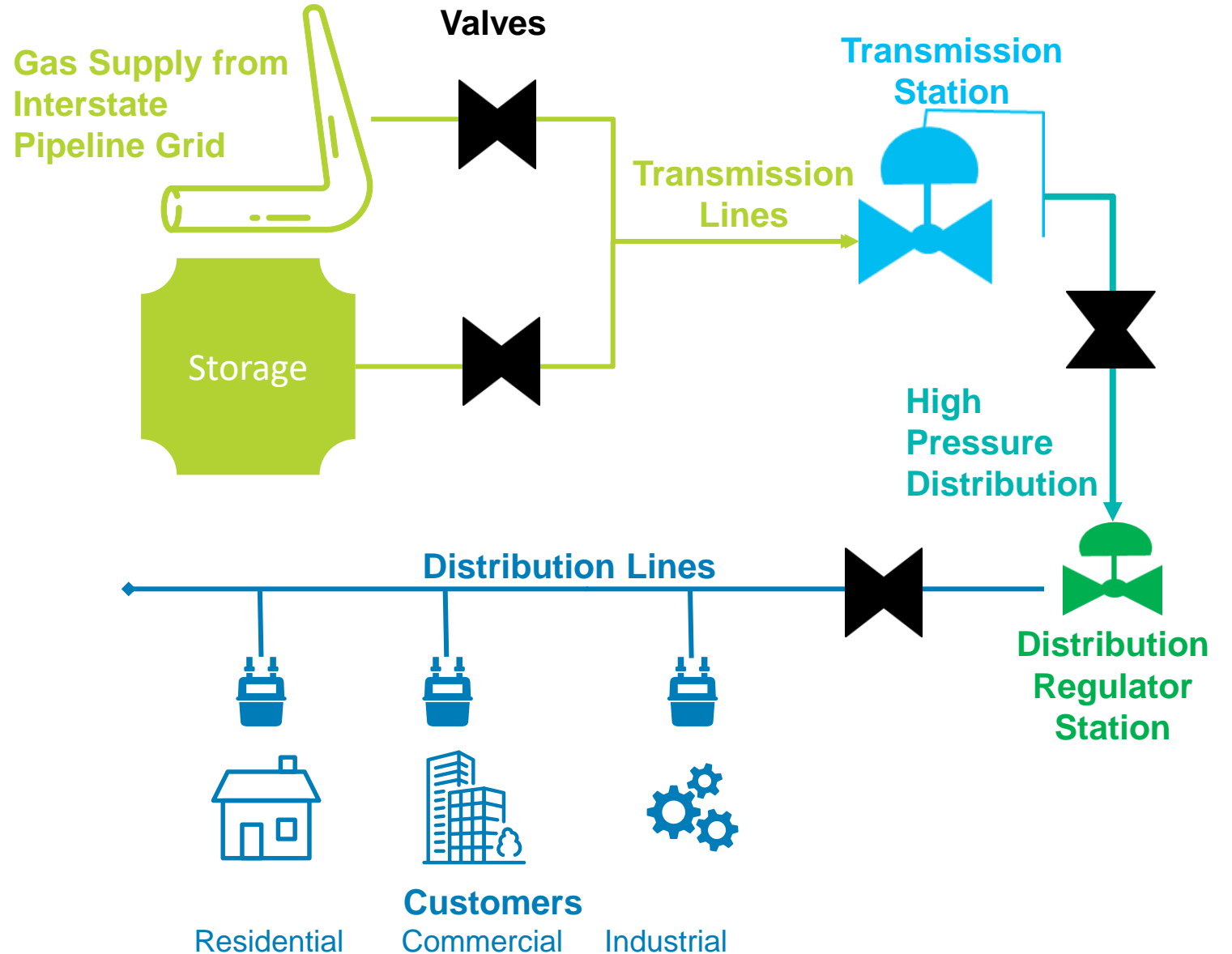
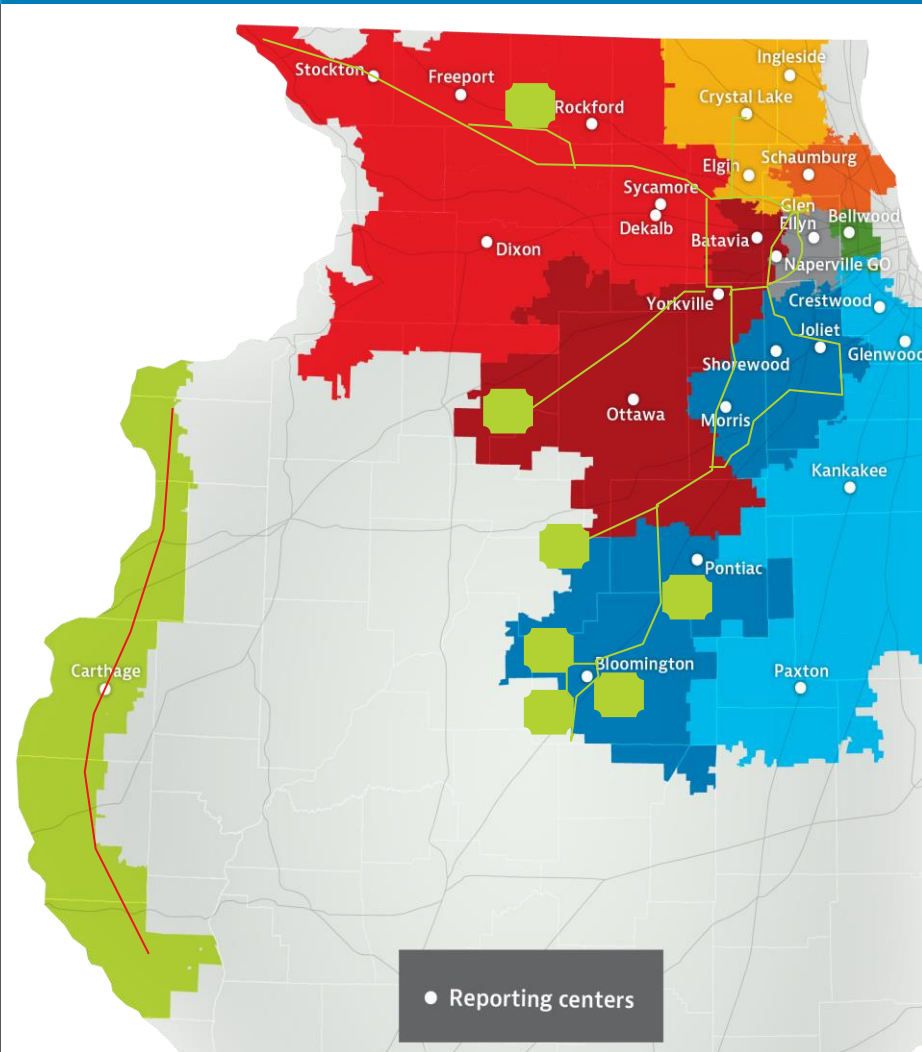


Key Drivers of the Investments

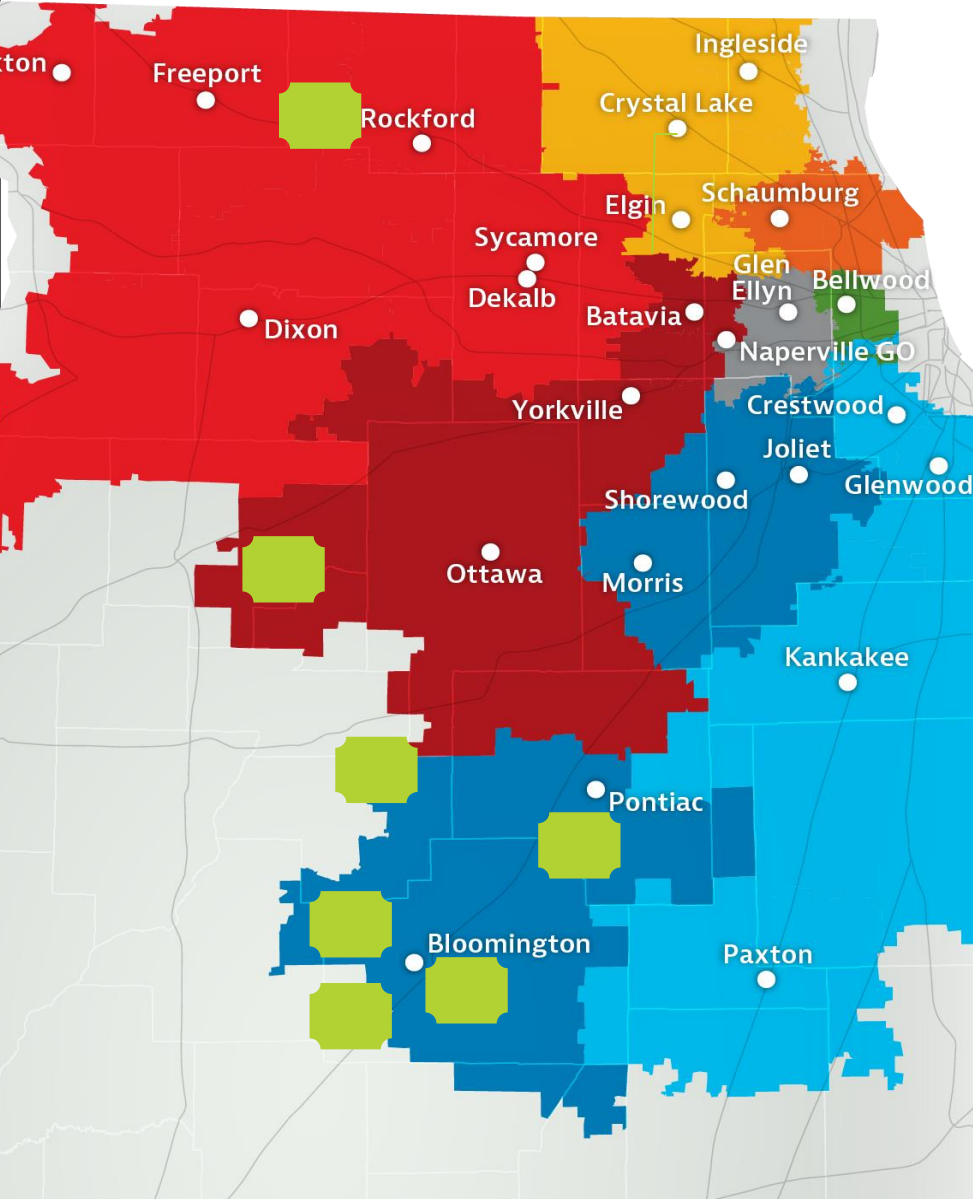


Distribution Risk Mitigation	12%
Transmission Main	10%
New Business	9%
Operations - Services, bollards, etc	6%
DOT	6%
Transmission Integrity Mgmt Pgm	5%
Compression Projects	5%
Transmission Regulating Facilities	3%
Distribution Regulator Facilities	3%
Storage Ops Projects	3%
Periodic Testing (PT) Meter	3%
MAOP Validation	1%
Corrosion Work	1%
Well Remedial Projects	1%
System Ops (Transmission) - CRT	1%
Distribution Integrity	1%
Regulatory, Customer Demand, & Legal Obligations	70%

The Nicor Gas System

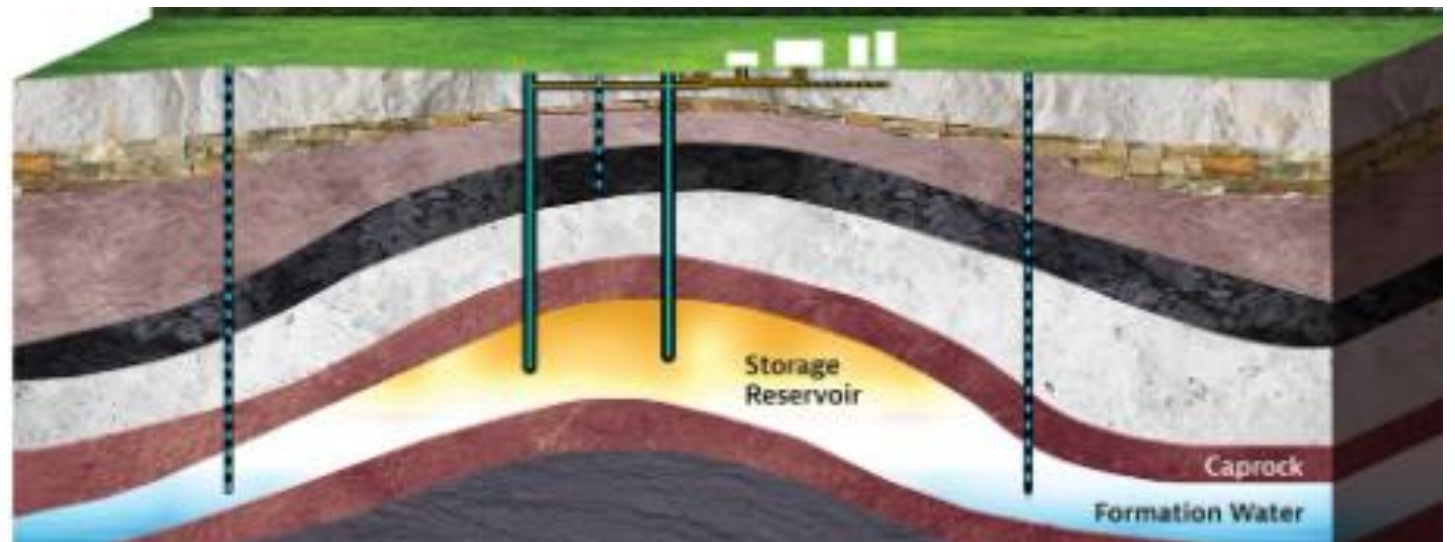


System Reliability: Storage



A gas storage aquifer system is an underground reservoir that stores natural gas in rock formations

Nicor Gas stores natural gas in 8 underground storage aquifers in 7 locations in Illinois



System Reliability: Storage

Allows for purchase and gas storage when prices are typically cheaper and deliver the stored gas during the winter season when prices are typically higher

Nicor Gas can deliver up to half of the peak winter demand from underground storage (2.5 bcf/d out of 5.1 bcf/d)

The interstate pipeline system is unable to deliver peak loads on its own



System Reliability: Storage

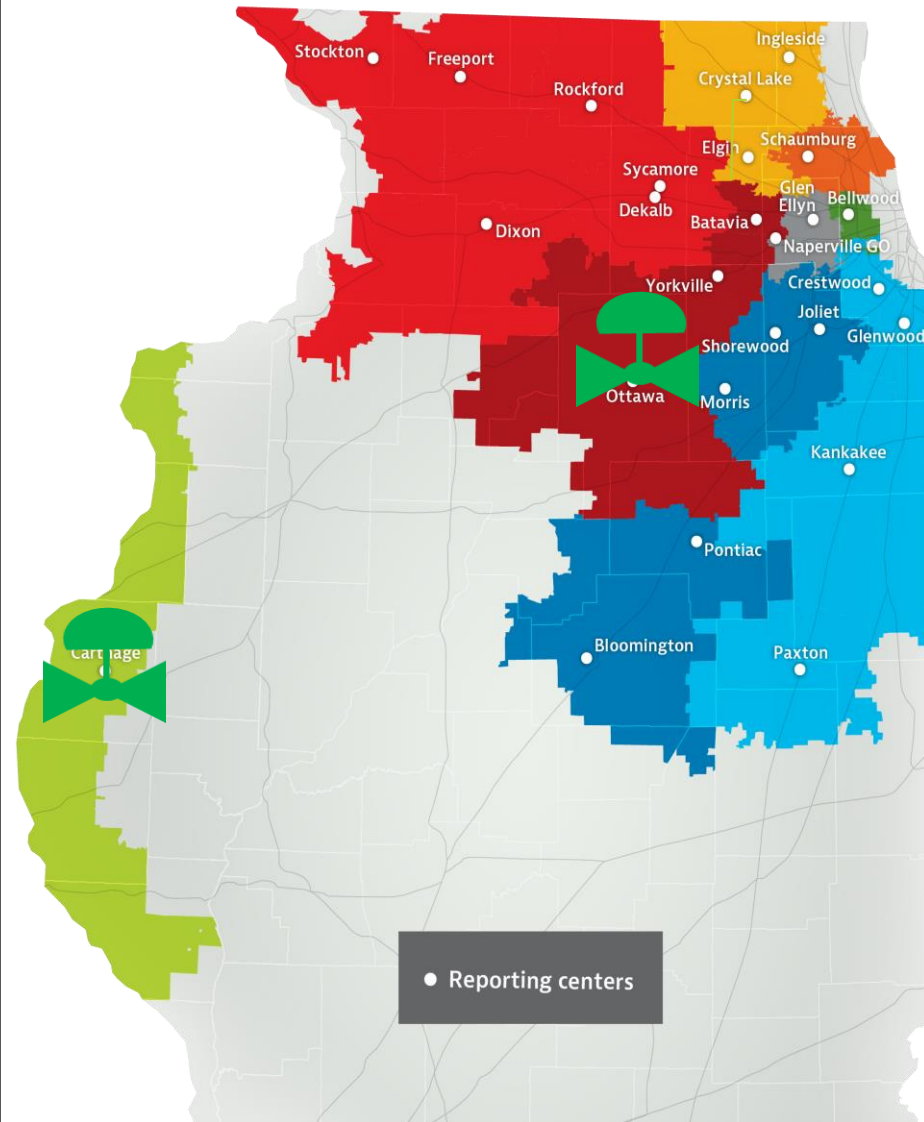
Most of the Storage Fields are over 50 years old with the original equipment (Compressors, Dehydration Towers, Line Heaters, etc.)

Malfunctioning and ineffective equipment during winter may lead to supply disruption and system outages

49 CFR 192.12 and API 1171 detail Underground Natural Gas Storage Facilities requirements for maintenance, inspection and integrity management



System Reliability: Pressure Regulation Facilities



A pressure regulating facility contains regulators, valves, and various over-pressure protection equipment to safely reduce pressure from interstate/storage pressures down to distribution system levels

Nicor has three major types of regulating facilities:
Transmission Stations - 240 | Vaults - 1,100 | Tin Whistles - 670



System Reliability: Pressure Regulation Facilities

- **Aging, poorly functioning, or obsolete equipment, corrosion, and third-party damage are common issues**

- **Inadequate Over Pressure Protection (OPP) can result in abnormal operating conditions, safety risks, and noncompliance**

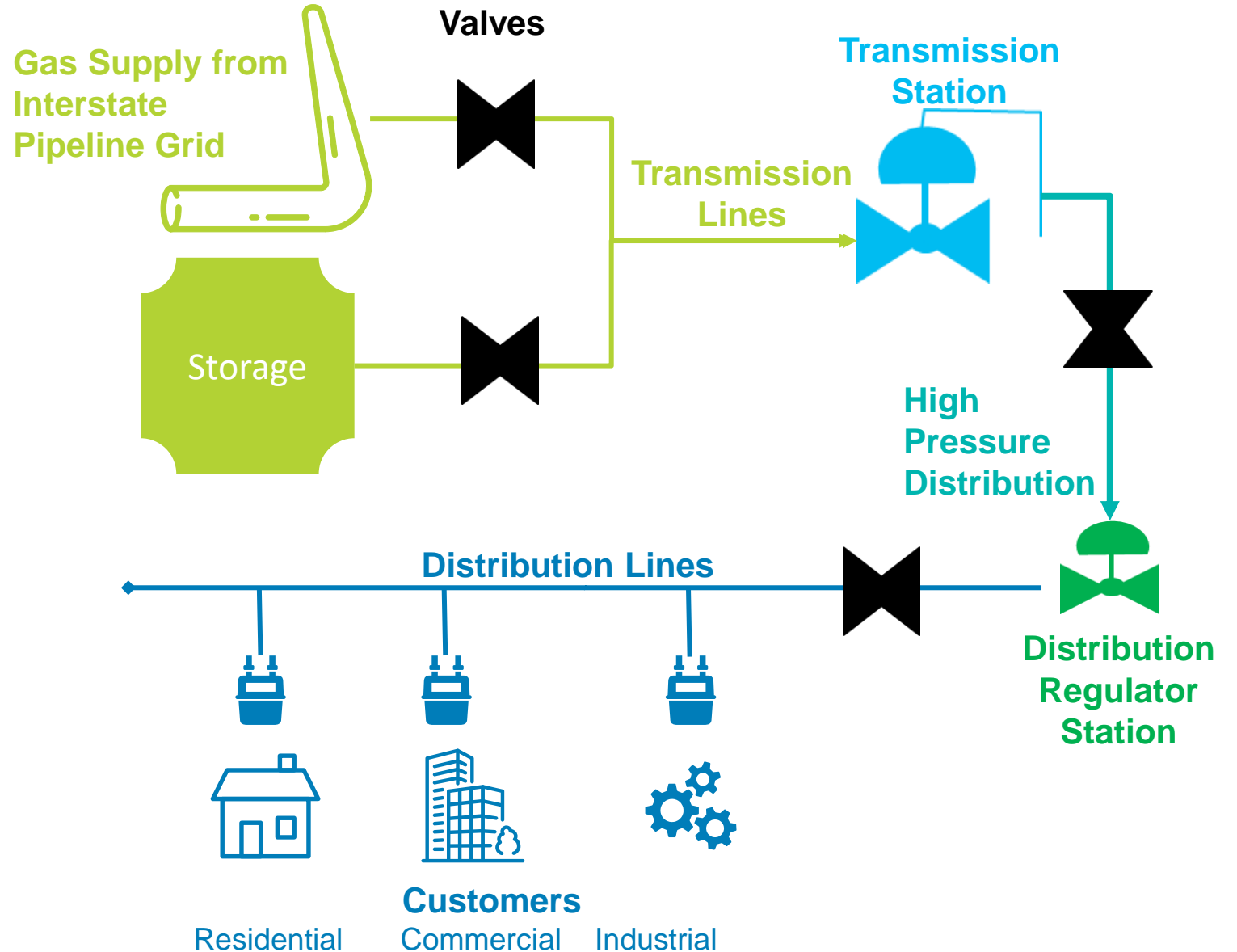
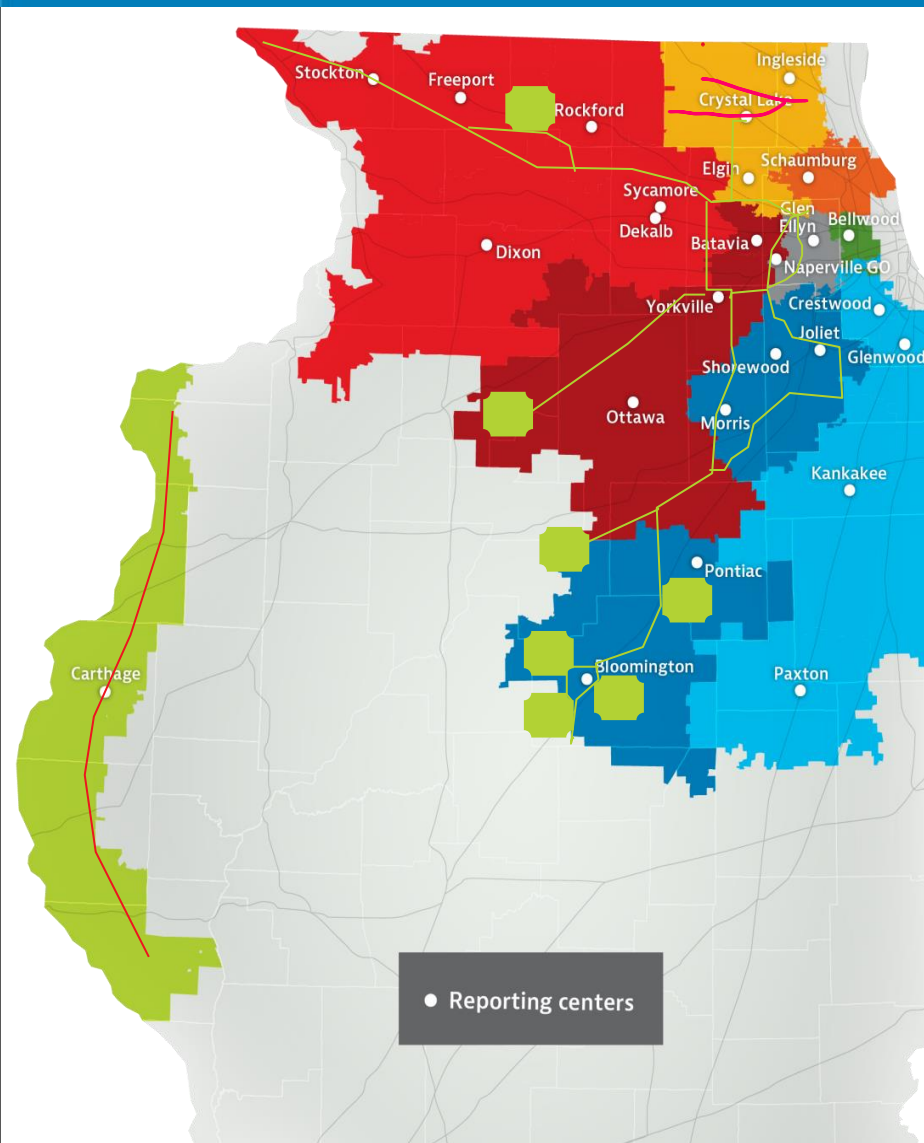
- **Malfunctioning and ineffective equipment can result in potential loss of service**

- **Risks and issues are identified and addressed during annual inspections as required by 49 CFR 192 Subpart M and integrity related issues as required by 49 CFR 192 Subpart P and Subpart O**

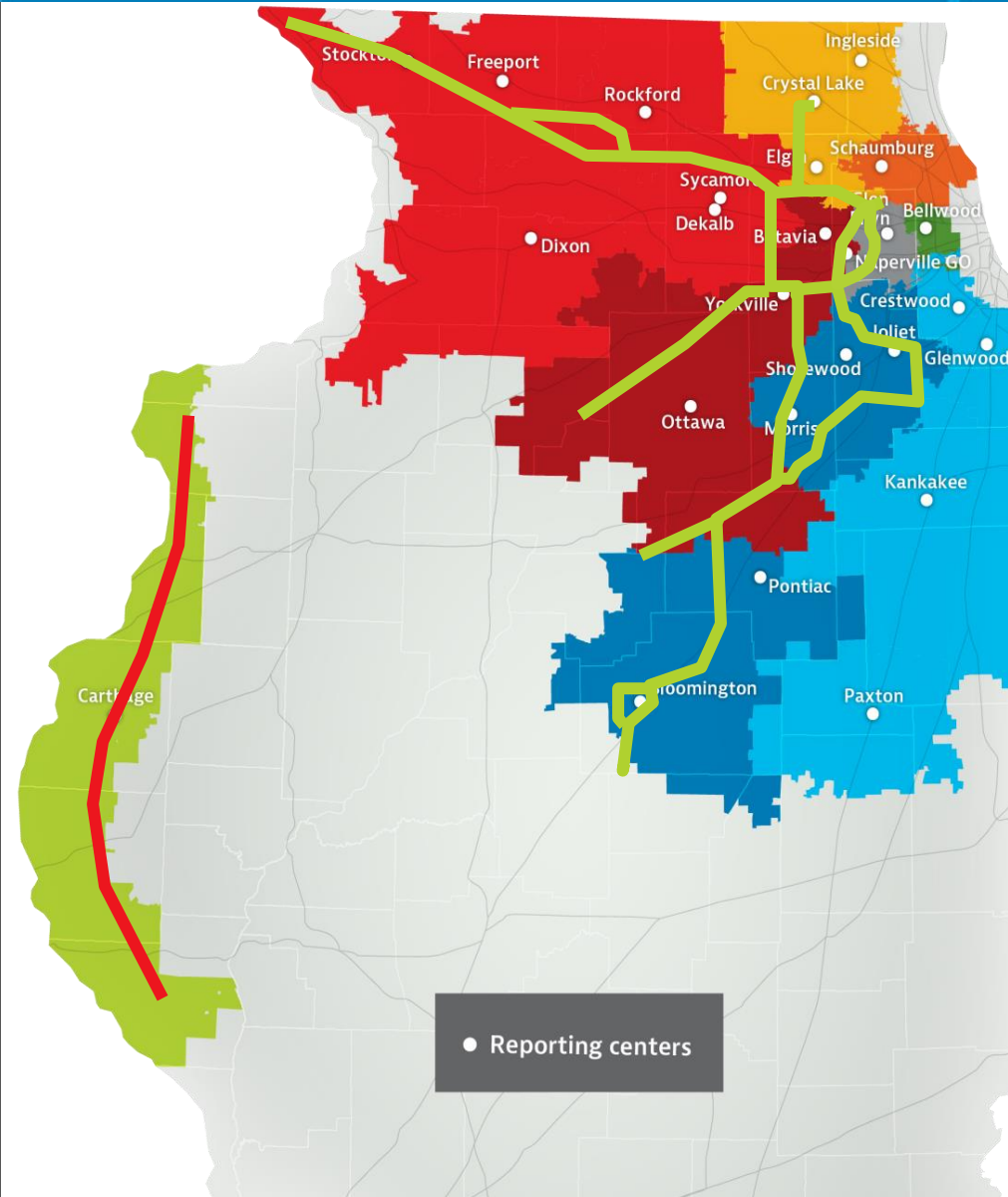


Transmission Station

Safe Delivery: The Pipeline Network



A Safe Delivery Network: Transmission Lines



Pipelines that transport natural gas from production or storage areas to places it will be used, such as cities, power plants, and factories.

1156 miles of transmission pipe at Nicor

These pipelines enable Nicor Gas to transport large amounts of gas across its service territory to safely and efficiently deliver gas

A Safe Delivery Network: Transmission Lines

External corrosion, internal corrosion, weather and outside forces, equipment and manufacturing defects are common issues

A risk evaluation is conducted by the Transmission Integrity Management Program

The Transmission Integrity Management process assesses the pipelines through in-line inspection, direct assessment, or pressure testing and issues are addressed accordingly

49 CFR 192 SubPart O provides the requirements for a safe Transmission system

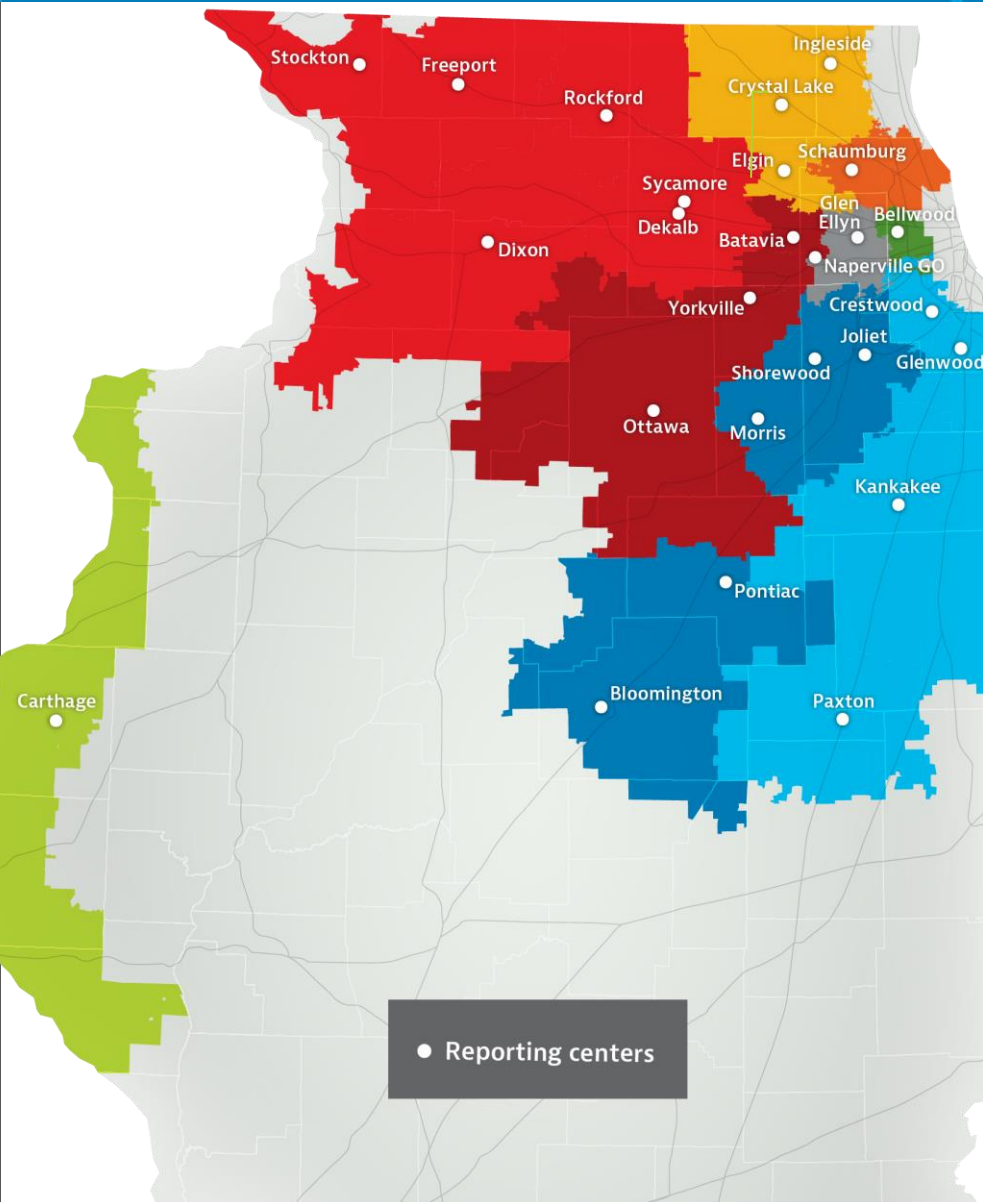


External Corrosion



Dented Pipe

A Safe Delivery Network: Distribution Lines



A pipeline that carries natural gas from a town border or city gate and moves the gas to the customer

33,000 miles of distribution pipe at Nicor

These pipelines enable Nicor Gas to transport natural gas to our residential, commercial and industrial customers

The Pipeline Network: Distribution Lines

- An annual risk evaluation is conducted by the Distribution Integrity Management Program (DIMP) considering age, material, operating conditions and threats and issues are addressed

- Excavation damage, material performance, corrosion, and natural forces, threaten the integrity of the pipeline

- 49 CFR 192 Sub Part P provides the requirements for a safe distribution system



Customer Demand: New Business

- **New Business includes new or upgraded natural gas facilities to serve all customer types: Residential | Commercial | Industrial**

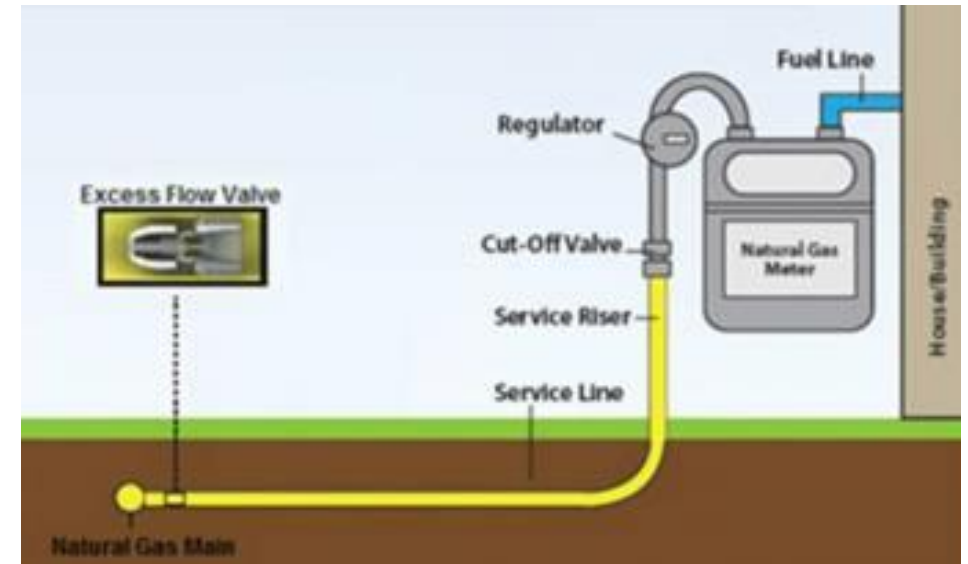
- **~11,000 new customers requested service in 2023**

- **Strategic investments are also made to provide gas to unserved or underserved communities**

- **Affordable and reliable energy solutions for those customers who choose natural gas**

- **Promotes economic development in the state**

- **Complies with Nicor's Tariff and the Public Utilities Act obligation to serve (220 ILCS 5/8-101)**



External Requests: DOT Projects

- **Majority of Nicor distribution mains are located in state, county, or municipal right-of-ways**
- **Facilities that conflict with public works projects per ROW and/or franchise agreements must be relocated**
- **Averaged ~250 projects/year from 2019-2021;
Averaging over 300/year since 2022**



External Requests: DOT Projects

Nicor Engineering works with DOT entities to resolve conflicts where possible

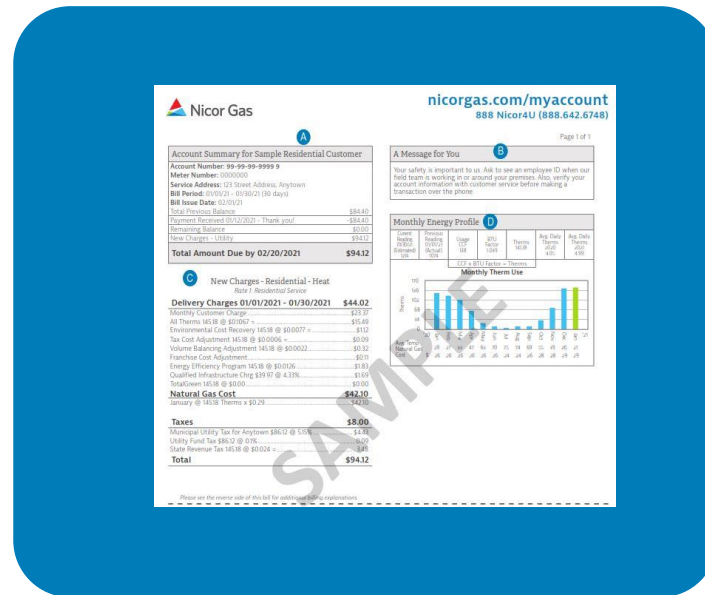
Appropriate cover, direct conflicts with structures, and minimum clearance between gas facilities and other structures are required for maintenance and emergency activities

Nicor must adhere to 49 CFR 192 Subpart G and local requirements



Customer Benefits and Impacts

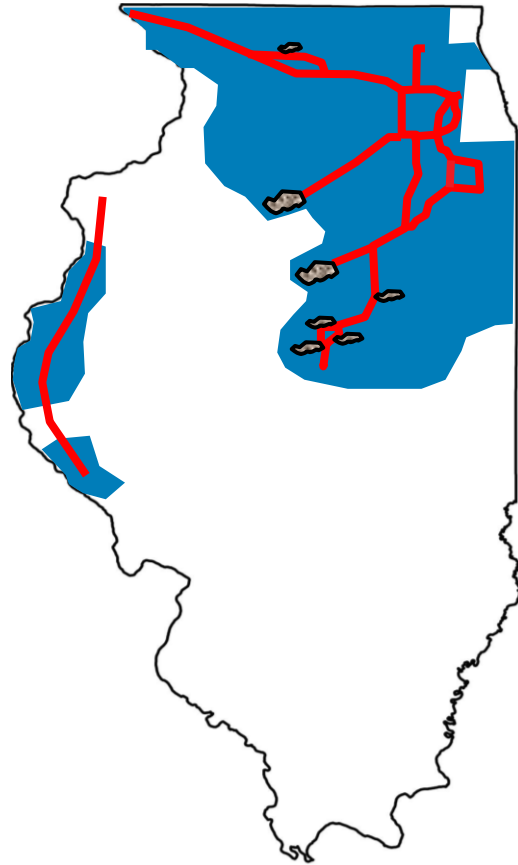
Nicor's capital planning goal is to minimize impacts on customers, while ensuring it has a safe, reliable system to meet customer demand. To ensure this goal is met, Nicor evaluates the impact our 5-year capital plan may have on customers.



Mapping - Local Customer Construction Impact



Nicor Gas Service Territory, Storage Fields and Transmission System



Enhancements to your natural gas system in Morton Grove

Investing in Illinois: A Nicor Gas System Improvement Initiative is a multi-year initiative to modernize aging natural gas infrastructure. Nicor Gas, with its contractor NPL, will be modernizing the system that delivers natural gas safely and reliably to your neighborhood and we want to keep you informed of our work. Highlighted below are the major steps involved in the project that we will soon be starting in your neighborhood.

Inspect Sewers

Sewer inspections are part of Nicor Gas' safety practices. If your sewer service is not accessible from the street, NPL, a Nicor Gas contractor will schedule an appointment to inspect the sewer line from inside your property. There will be no interruption to your natural gas or sewer service during the inspection. Vital information from the inspection will be marked on lawns and sidewalks with spray paint.

Identify New Meter Location & Utilities

Nicor Gas, or our contractor UMI, will contact you to schedule an appointment to locate your existing natural gas line and natural gas meter. We will identify where the new meter(s) will be placed outside of your property if applicable, and locate your existing natural gas line. Any obstruction (drywall, furniture, enclosures) must be removed before the appointment so we can access your natural gas piping.

During this step, water, sewer, electric and cable utilities will also be located and identified with spray painted markings and colored flags. It is important that these markings always remain visible for your safety. Private utility lines, such as sprinkler systems, are your responsibility to identify and mark at the time other utilities are marked.

For Your Safety

These improvements are part of the Natural Gas Consumer Safety & Reliability Act and costs are recovered under the Qualified Infrastructure Charge. All Nicor Gas employees and contractors will have Nicor Gas, AGL Resources or Southern Company Gas-issued ID cards and will present them if requested. The Nicor Gas contractors working on this project are NPL and UMI.

Install the Natural Gas Main & Natural Gas Line

Nicor Gas' contractor, NPL, will install a new natural gas main in your neighborhood and will also install a new natural gas line that connects your property to the natural gas main. Utilities may again be marked with spray paint and flags.

Connect the System & Retire Facilities

Nicor Gas, or our contractor UMI, will contact you to schedule an appointment to move your natural gas meter outside and reconfigure your inside piping. Your natural gas will remain off for approximately three hours. If there is more than one meter, the process may take longer. As a safety measure, we will remove or seal the retired natural gas line at the point it enters your property.

Restore Landscaping & Pavement

We understand that you value the appearance of your property. Nicor Gas will restore landscaping and paving impacted by our construction to the condition in which we found it. Temporary restoration of some areas may be necessary until permanent restoration can be completed.

Our Commitment

We take great care in implementing construction practices that limit disturbances and we understand your time is valuable. We appreciate your understanding and thank you for allowing us to continue to provide you with safe and reliable natural gas service.



Investing in Illinois

A Nicor Gas system improvement initiative



Areas Affected

8338 - 8717 Astor Ave. 8410 - 8538 Mango Ave.
 9800 - 9954 Capellu Ave. 8411 - 8424 Mansfield Ave.
 9801 - 9816 Cant Ave. 8413 - 8719 Mammoth Ave.
 9800 - 9833 Cran St. 8400 - 8544 Mason Ave.
 6121 - 6201 Dempster St. 8400 - 8445 McVicker Ave.
 8503 - 8734 Fremont Ave. 8414 - 8516 Menard Ave.
 8718 - 8753 Georgiana Ave. 8444 - 8544 Morton Ave.
 8012 - 8054 Grove Court 8501 School St.
 8790 - 8740 Lee St. 3 - 11 Smithwood Drive
 8728 - 8308 Lincoln Ave. 9800 - 6027 South Park Ave.
 8781 - 8948 Main St.

Questions?

Nicor Gas has been working closely with Village officials to coordinate and permit this work. If you have any questions about the project, please call the contacts noted below.

Project Related

Tim Heneghan: 630.774.5831
 thenegh@southernco.com

Landscaping & Paving

Mayra Ortiz: 331.215.3181
 mayortiz@southernco.com

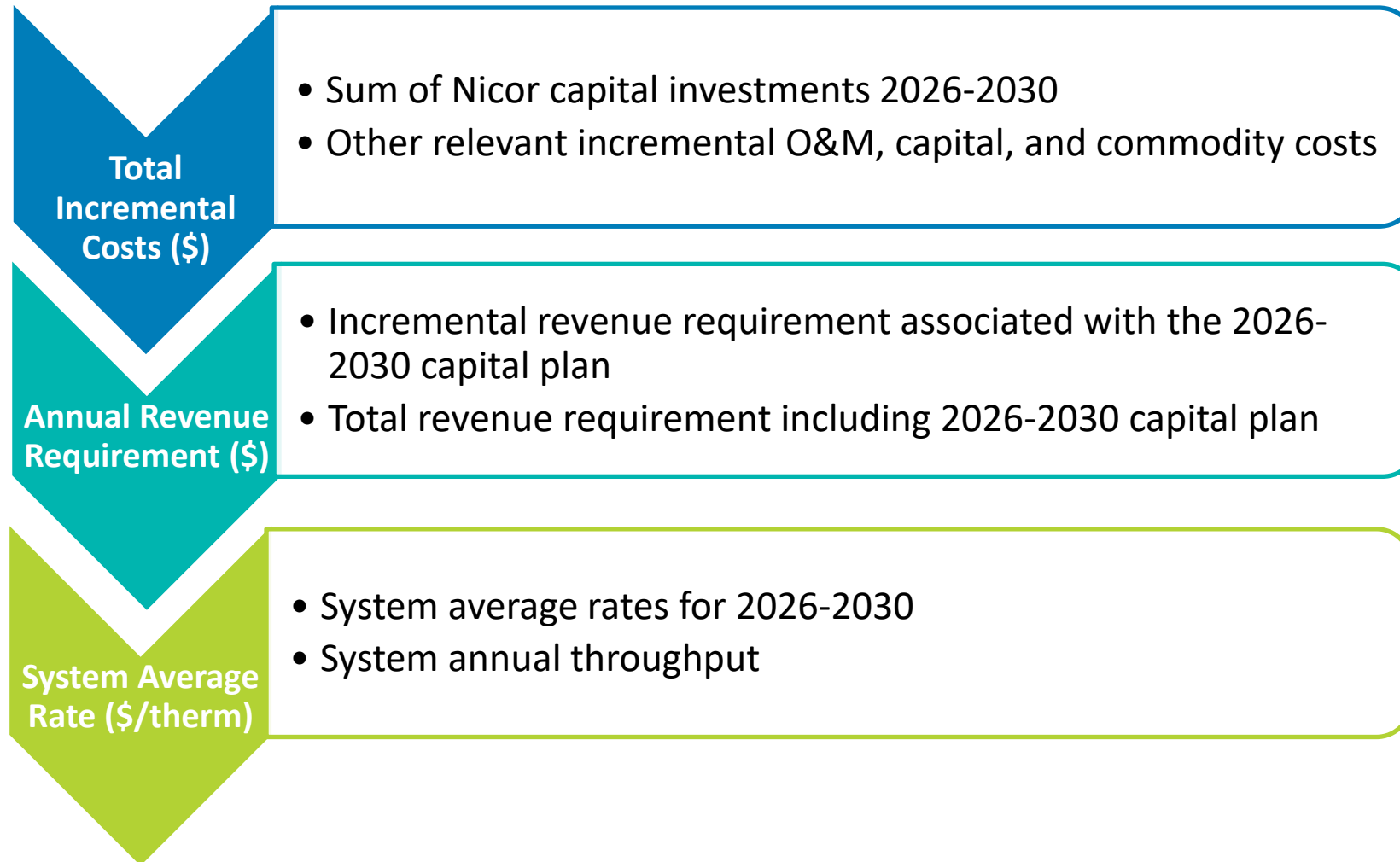
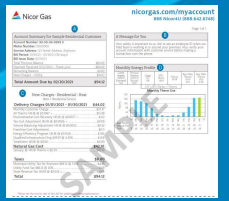
For more information
nicorgas.com/WorkInYourNeighborhood
 630.388.3333
GIInvestingInIllinois@southernco.com

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 WO-199166

Illinois Equity Investment Eligible Communities

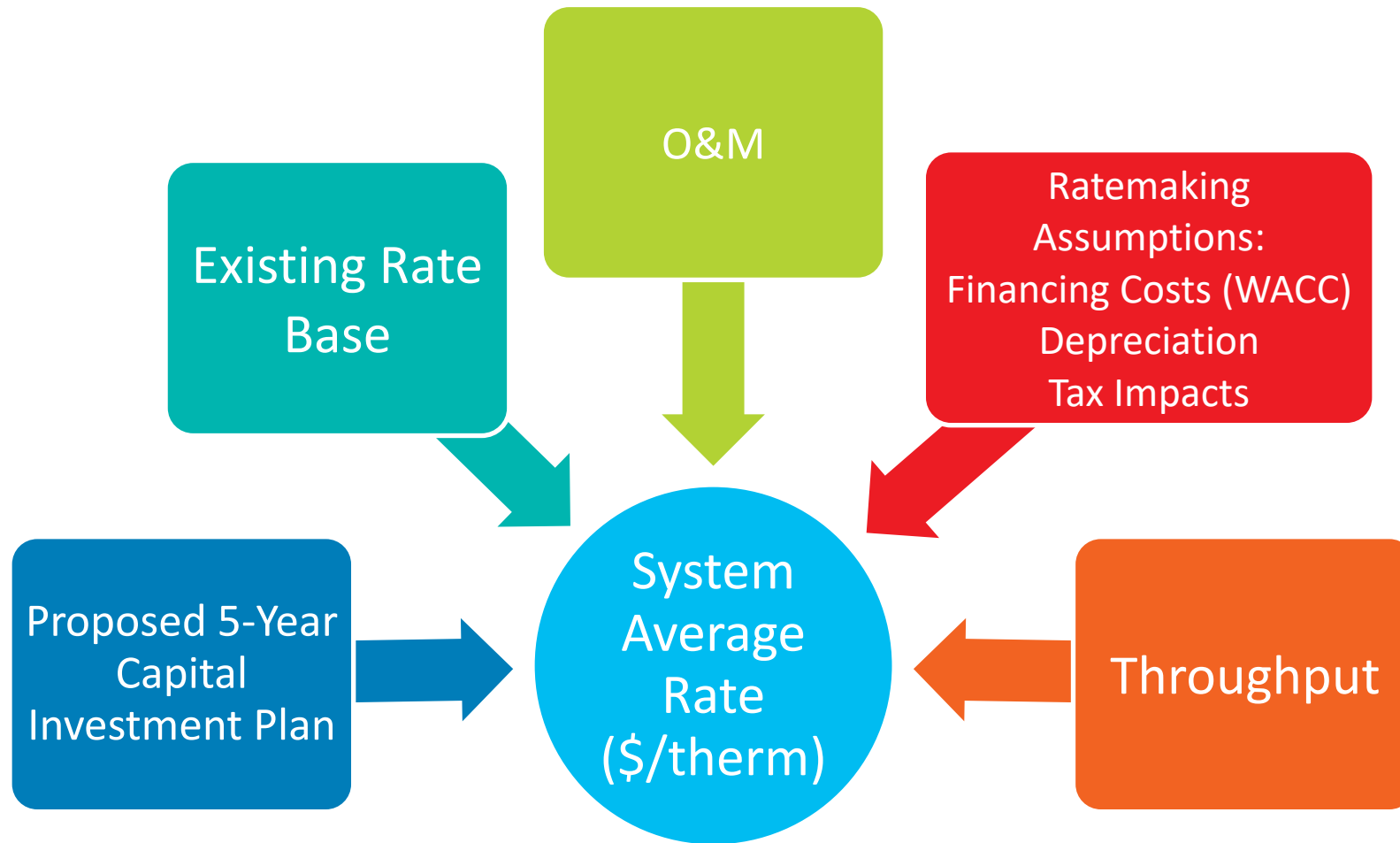
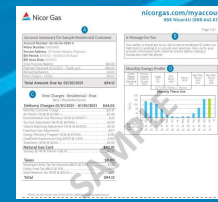


Customer Rate Impact Analysis



* The revenue requirements and rates analyses in the LTGIP will be pro forma and intended to indicate general cost trends. They will not represent actual future revenue requirements or rate impacts.

Customer Rate Impact Analysis



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Scenario Analysis



Baseline Scenario

- Nicor's 5-year capital investment plan

Non-Pipeline Alternatives Scenario

- Nicor plans to explore the impact of potential NPAs as alternatives to some capital projects
 - e.g., fully electrify homes instead of installing/replacing a segment of pipe

Initial Decarbonization Scenario

- Nicor plans to assess the impact of implementing some initial decarbonization actions
 - e.g., blend RNG into the gas supply

* The revenue requirements and rates analyses in the LTGIP will be pro forma and intended to indicate general cost trends. They will not represent actual future revenue requirements or rate impacts.

Questions & Discussion



LTGIP Portal

Our Infrastructure | Nicor Gas



Home / Company / Where We Are / Our Service Area

Natural Gas Infrastructure Planning – Vital to Supporting a Clean Energy Future with Reliable and Affordable Energy

LTGIP Landing Page

Upcoming Meetings

Each meeting will have an agenda, Powerpoint presentation, Teams recording and one pager afterwards.

Meeting Date	Meeting Topic
September 26, 2024	Overview of the long-term gas infrastructure plan
Coming Soon! Q3 2024	Additional Required Analysis
Q2 2025	Preliminary List of the investments
Q3 2025	Near Final Plan

Meeting Materials

Get Involved

Name*
First Name Last Name

Email*

Company

Please provide any additional feedback you may have:

Sign up for the distribution list and provide feedback



Nicor Gas