
**Rider 42
Low-Income Discount Adjustment (LIDA)**

**Applicable to All Rates
Except Rates 17, 19, 21, 81, and 82**

Section A – Applicability and Purpose

On November 16, 2023, the Illinois Commerce Commission entered an Order directing Nicor Gas Company to implement a low-income customer discount mechanism by October 1, 2024, along with a rider mechanism to recover lost revenue resulting from the provision of discounts to eligible customers, The Low-Income Discount Adjustment (LIDA), expressed on a per customer basis, recovers the lost revenues (i.e. the under recovery of the Commission approved revenue requirement) due to the application of the Low Income Discount Credits mechanism as defined in Rate 1.

The LIDA charge shall be presented as a separate line item on customer bills as “Rider LIDA”.

Section B – Definitions

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

Effective Period shall mean the twelve-month period of July 1 through June 30, during which the LIDA charge will be in effect. The initial Effective Period shall mean the period of October 1, 2024 through June 30, 2025.

Reconciliation Period shall mean the nine-month period of October 1 through June 30. The initial Reconciliation Period shall mean the period of October 1, 2025 through June 30, 2026.

Low Income Discount Credits (LIDC) shall mean the customer credits applied to Low Income Qualified Customer accounts as described in Rate 1.

Section C – Determination of Low-Income Discount Adjustment (LIDA)

The amount of the Low-Income Discount Adjustment (LIDA) applicable to each Effective Period shall be determined annually using the following formula:

$$\text{LIDA} = (\text{TLIDC} / (\text{R} + (\text{B} \times \text{C}) + (\text{D} \times \text{I})) + ((\text{RA} + \text{O}) / (\text{R} + (\text{B} \times \text{C}) + (\text{D} \times \text{I})))$$

Where:

LIDA = Monthly Charge filed in dollars per customer rounded to two decimals.

TLIDC = Estimated Annual Total Low Income Discount Credits to be dispersed to Low-Income Qualified Customers for the Effective Period.

R = Sum of the number of Rate 1 bills forecasted to be sent to customers by the Company for the Effective Period or Reconciliation Period.

B = Multiplier of the Base Energy Assistance Charge as described in 305 ILCS 20/13(b)(4).

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

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Section C – Determination of Low-Income Discount Adjustment (LIDA) (cont'd)

- D = Multiplier of the Base Energy Assistance Charge as described in 305 ILCS 20/13(b)(6).
- I = Sum of the number of bills for all other service classifications taking 4,000,000 therms or more per year of gas forecasted to be sent to customers by the Company for the Effective Period or Reconciliation Period.
- RA = Reconciliation Adjustment amount calculated annually as the difference between actual Low-Income Discount Credits provided to customers and revenues collected through Rider LIDA for the effective period.
- O = Commission-ordered adjustment as described in Section E of this rider.

The Low-Income Discount Adjustment shall be assessed as follows:

- (1) 1 x LIDA per month on each Rate 1 account
- (2) B x LIDA per month on each non-Rate 1 account taking less than 4,000,000 therms per year of gas during the previous calendar year
- (3) D x LIDA per month on each non-Rate 1 account taking 4,000,000 therms or more of gas during the previous calendar year.

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Filed with the Illinois Commerce Commission on August 22, 2024
Issued pursuant to order of the Illinois Commerce Commission
entered November 16, 2023 in Docket No. 23-0066

Effective August 28, 2024
Issued by – Rachelle Whitacre
Director
Post Office Box 190
Aurora, Illinois 60507

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Section D – Information Sheet Filings

The LIDA shall be filed with the Commission or postmarked on an Information Sheet with supporting data no later than June 20 of each year. An Information Sheet with supporting data filed after that date, but prior to the effective date, shall be accepted only if it corrects an error or errors from a timely filed Information Sheet for the same effective date. If the Company determines that it is appropriate to revise the LIDA to better match revenues or expected revenue with Low-Income Discount Credits incurred or expected to be incurred, the Company may, from time to time, calculate a revised LIDA to become effective at the beginning of any monthly billing period.

The initial LIDA will be applied to customer bills beginning October 1, 2024. Thereafter, a new LIDA shall become effective on July 1, with a new RA component becoming effective, if required, on October 1. The initial Information Sheet shall be filed no later than September 20, 2024.

Section E – Annual Reconciliation

No later than September 20 of each year, the Company shall file a petition with testimony and exhibits seeking initiation of an annual reconciliation process. The reconciliation will compare the revenues collected under this rider during the Effective Period with the actual Total Low Income Discount Credits applied under this rider during the same period. In conjunction with the reconciliation filing, a new Information Sheet may be filed adjusting the then effective LIDA under this rider for the amount to be reconciled. Supporting documentation and workpapers affecting the information presented in the Company's reconciliation petition shall be provided to the Commission's Accounting Staff at the time of the reconciliation filing. The initial reconciliation shall be filed on or before September 20, 2025.

If, after hearing, the Commission finds that the Company has not shown all credits to be reasonable and prudently incurred or has incorrectly calculated, debited, or credited credits or revenues during the applicable Reconciliation Period to the extent that the adjustment has not already been reflected through an adjustment to the RA component of the LIDA, the difference determined by the Commission shall be refunded or recovered, as appropriate, in the same manner that the charge was initially collected through the O component. Amounts either collected or refunded through the O component shall accrue interest at the rate established by the Commission under 83 Illinois Administrative Code Part 280 from the end of the Reconciliation Period until the O component amount is charged or refunded to customers.

Section F – Annual Internal Audit

The Company shall submit annually by electronic mail to the Commission's Director of the Financial Analysis Division, ICC.AccountingMgr@illinois.gov no later than January 31, an internal audit of the credits applied and revenue recovered or refunded pursuant to this rider. Such report shall be verified by an officer of the Company. The initial internal audit under this rider shall be submitted no later than January 31, 2026. All internal audits conducted under this rider shall include at least the following tests:

- (1) Low Income Discount Adjustment charges are accurate and in compliance with the tariff;
- (2) Low Income Discount Adjustments are being properly billed to customers;
- (3) Rider LIDA credits are recorded in the appropriate general ledger accounts; and
- (4) Rider LIDA credits are not collected through other approved tariffs.

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Section G – Annual Reporting Requirements

The Company shall submit annually by electronic mail to the Commission's Director of the Financial Analysis Division, ICC.AccountingMgr@illinois.gov by September 20 the following reporting requirements. The initial report shall be submitted by September 20, 2025

- 1) The number of participants enrolling in each Tier for each month of the preceding year by zip code;
- 2) The billed usage in each Tier for each month of the preceding year by zip code;
- 3) Itemized list of administrative costs incurred to implement and operate the Low-Income Discount Program for each year since approval of the program;
- 4) Description of educational and outreach materials (plus copies of those materials where applicable);
- 5) Data on processing time for Tier 5 eligibility from initial request to approval under each of the options available to customers requesting the Tier 5 credit (online, by phone, or by mail);
- 6) Detailed description of the sampling technique used to verify eligibility of Tier 5 discounts/credits using the 5% threshold specified in the tariff or a maximum of 200 customers and results of the review/audit including, but not limited to, the number of customers within the 5% of customers sampled that were unable to meet the income requirement or the income verification requirement.

The Company shall present a report with the below information to the Commission within twelve months from the date the LIDA goes into effect and every year thereafter. The report shall clearly document the level of reduced uncollectible, credit, and collections costs, and any other reduced Company costs attributable to the LIDA. After the initial report, Staff will review and make a recommendation to the Commission as to when such system savings should be included in the Rider LIDA reconciliation accounting.

- 1) The dollar amount of uncollectible costs that have been reduced on an annual basis subsequent to the implementation of the Low-Income Discount Credit
- 2) The dollar amount of credit and collection costs, and any other Company's costs that have been reduced on an annual basis subsequent to the implementation of the Low-Income Discount Credit
- 3) The aggregated Tier 1 (0%-50% FPL) and Tier 2 (50%-100% FPL) customer billing and arrearage data from two years prior to the implementation to assess how the Low-Income Discount Credit impacts the customer and utility system benefit analysis (prioritizing past data from only Tier 1 and Tier 2 now, but eventually tracking this information for all tiers as the discount program matures)
- 4) How the Company has marketed the availability of the Low-Income Discount Credit to populations who might qualify for the discount
- 5) What improvements can be made in those marketing efforts to reach more eligible customers
- 6) Other information Staff identifies as needed for incorporating system savings into a Rider LIDA reconciliation

The report will be filed annually in Docket No. 23-0066. The initial report will be filed on or before October 1, 2025.