



Notice on changes to Nicor Gas Rate 21

On December 16, 2009, the Illinois Commerce Commission (ICC) approved revisions to Nicor Gas' Rate 21 – Intrastate Transportation and Storage Services – which went into effect December 28, 2009.

Nicor Gas offers Chicago Hub[®] shippers the opportunity to transport natural gas across its system and to temporarily store gas in its storage fields. Such transactions are governed by Rate 21, regulated by the ICC, in cases where the gas delivered to Nicor Gas remains on its system or is otherwise consumed entirely within the state of Illinois. Nicor Gas offers similar Hub services according to an Operating Statement regulated by the Federal Energy Regulatory Commission (FERC) in cases where the services fall under federal jurisdiction.

The revisions change the maximum charges for Rate 21 services to match those that have been approved by the FERC. The four charges and their respective changes are:

Priority Interruptible Transportation Service Charge would increase from the lesser of \$0.11587 per therm of Maximum Daily Contract Quantity, ("MDCQ") for the monthly prepayment charge and \$0.00381 per therm transported or the amount charged by Nicor Gas to an affiliated interest for comparable service, to: the lesser of \$0.12270 per therm of MDCQ and \$0.00403 per therm transported or the amount charged by Nicor Gas to an affiliated interest for comparable service.

Interruptible Transportation Service Charge would increase from the lesser of \$0.00762 per therm transported or the amount charged by Nicor Gas to an affiliated interest for comparable service, to: the lesser of \$0.00807 per therm transported or the amount charged by Nicor Gas to an affiliated interest for comparable service.

Priority Interruptible Storage Service Charge would increase from the lesser of \$0.17428 per therm of Maximum Daily Contract Quantity, ("MDCQ") for the monthly prepayment charge and \$0.00573 per therm stored per day or the amount charged by Nicor Gas to an affiliated interest for comparable service, to: the lesser of \$0.22547 per therm of MDCQ and \$0.00741 per therm stored per day or the amount charged by Nicor Gas to an affiliated interest for comparable service.

Interruptible Storage Service Charge would increase from the lesser of \$0.01146 per therm stored per day or the amount charged by Nicor Gas to an affiliated interest for comparable service, to: the lesser of \$0.01483 per therm stored per day or the amount charged by Nicor Gas to an affiliated interest for comparable service.

Note that Nicor Gas typically resolves shipper imbalances applying the maximum transportation or storage charges, as applicable. The new maximum charges are currently in effect. One additional change will impact transactions beginning in September.



In Nicor Gas' last general rate case, the ICC ordered Nicor Gas to review its treatment of the allocation and recovery of system and storage losses and to consult with the ICC staff regarding the method for recovery of these losses. As a result of these discussions, Nicor Gas has modified Rate 21 to reflect the application of storage losses to Hub transactions.

To implement this change, Nicor Gas has added a new "Storage Loss Gas Adjustment" (SLGA) to Rate 21 which will reduce the amount of gas injected into storage by Hub customers by the storage loss percentage beginning on September 1, 2010. At that time, the SLGA will be applied to all Rate 21 storage injections and most volumes received by Nicor Gas to resolve storage imbalances. It will not apply to volumes resolving negative storage imbalances that occur on Operational Flow Order Cap days called by Nicor Gas. It also will not apply to Rate 21 transportation volumes where there is no injection into storage.

Currently approved Rate 21 rate sheets can be reached through the link on the Chicago Hub[®] Regulatory and Contract Information web page. If you have any questions regarding the new maximum charges or the Storage Loss Gas Adjustment, please contact Oscar Towne at (630) 245-7814 or John Fortman at (630) 245-7845.