

“Frequently Asked Questions” about Nicor Gas’ proposed rate increase

Q: How does my gas bill compare to the gas bills of people living elsewhere in Illinois?

Nicor Gas currently has the lowest residential customer rates of any major Illinois natural gas utility and among the lowest of any gas utility in the country. Even if the proposed rate increase is granted, we would still have the lowest residential rates in Illinois.

Q: When was the last time my rates increased?

Nicor Gas has not increased its rates in nearly 10 years. We’ve worked hard to contain costs and manage our company efficiently. For example, we’ve added 300,000 customers during the past 10 years, yet we have the same number of employees.

Q: Why is Nicor Gas proposing a rate increase?

The proposed increase is for rising costs of providing safe and reliable natural gas service to our two million customers, including:

- meeting the requirements of new residential and business growth in our region
- increased costs of maintaining and upgrading our gas transmission system
- technology upgrades in customer information and service systems
- increased costs for health care benefits

Q: How much is the proposed rate increase?

An average residential customer would see an increase to their bill of about \$26 a *year*, or \$2.17 per month, when averaged through the year. (This is based on annual gas usage of 1,186 therms to serve a 2,000 to 2,500-sq. ft., single-family household.)

Q: When would a rate increase take effect?

If granted, the increase would likely take effect in October 2005 following a review of up to 11 months by the Illinois Commerce Commission.

Q: What can I do if I don’t agree with the proposed rate increase?

You may contact the Illinois Commerce Commission, as you may do with any complaint about our service that is not resolved to your satisfaction.

Q: Why are you increasing rates now?

We realize that any increase in your bill, even \$2.17 per month, is not good news. We’ve successfully held the line on costs for nearly a decade and have pushed off any rate increase as long as possible. However, the time has come when we must increase our rates so that we can continue to provide safe and reliable service to our customers, meet our commitments to our employees, retirees, and shareholders, and continue to contribute to the Illinois economy.

Q: What’s Nicor Gas doing about high gas prices?

1. We have taken action to help lessen the impact of higher market prices by filling our underground storage to capacity and using financial purchasing instruments as a “hedge” against higher market prices. Taken together, these actions account for about three-quarters of the gas needed for this winter.
2. We have built a Web site that allows you to view your personal historical gas use. Seeing this history will allow you to plan accordingly for your heating bills. You can access this resource at www.nicorgas.com/myaccount.
3. Nicor Gas offers payment programs such as the Budget Plan that allow you to spread your payments over a 12-month period, with adjustments up or down every four months to correct for future gas prices and your usage. Visit www.nicorgas.com to learn more and sign up.
4. For those needing financial assistance, Nicor Gas can direct customers to [LIHEAP](#), a government program that provides eligible households a grant once per year to be used for energy bills. We also offer the [Sharing Program](#), a Nicor Gas initiative administered by the Salvation Army, which assists eligible low-income customers who do not qualify for federal assistance.

