

Understanding the Three Parts Of Your Gas Bill Amount



These percentages are based on an annual average. Gas costs fluctuate throughout the year based on factors including weather, the economy, natural gas production levels and the amount of natural gas in storage.

NATURAL GAS COST (75-80%)

Natural gas costs make up the largest portion of your Nicor Gas bill. This is the charge for the gas you use during the billing month. It is calculated by multiplying your gas usage by the average cost per therm we pay for gas supplies. The amount you pay varies monthly based on the cost of gas and the amount you use. Nicor Gas does not profit from gas costs; we pass our cost on to you without markup.

DELIVERY CHARGES (15-20%)

Delivery charges shown on your bill are comprised of the following:

- > **Monthly Customer Charge** – a fixed amount that covers our expenses to read your meter, produce your bill and other fixed operating and administrative costs. A small portion of this charge covers various taxes. This charge is incurred even if no gas is used.

- > **Distribution Charges** – covers other variable operating and distribution costs. These charges vary monthly based on the amount of natural gas you use.
- > **Environmental Recovery Cost*** – covers our cost for the environmental monitoring and clean-up of former manufactured gas facilities. This cost changes periodically.
- > **Franchise Cost*** – covers our cost for municipal franchise agreements.
- > **Governmental Agency Adjustment*** – an adjustment for governmental fees and added costs, excluding franchise costs. This cost changes periodically.

**Nicor Gas does not profit from these charges.*

TAXES (5-10%)

Taxes are levied by the State of Illinois and various local municipalities.

PLEASE NOTE:

Effective June 1 your rates will also include an **Efficiency Program Charge**. This charge will fund programs that encourage energy efficiency and conservation, while also helping to protect the environment for the future. Nicor Gas will administer these programs and will not profit from the Efficiency Program Charge.

**Nicor Gas will provide additional details as these programs are implemented.
Visit www.nicor.com for more information.**

Frequently Asked Questions

Q: When was your last rate increase?

A: The last increase took effect in October of 2005. Prior to 2005 Nicor Gas had not changed its rates for 10 years.

Q: Why is another increase necessary?

A: To ensure that Nicor Gas can continue to provide safe and reliable natural gas service to the more than 2 million homes and businesses in northern Illinois that depend on us.

Q: How will the increase be used?

A: The increase in rates is needed to recover higher operating costs, material and fuel costs, and for investments in our distribution pipeline system and natural gas storage facilities.

Q: Who determines Nicor Gas' delivery rates?

A: Nicor Gas is a regulated utility and is required to have its delivery rates approved by the Illinois Commerce Commission.