

# a message to our business Customers



In late September, the Illinois Commerce Commission (ICC) approved a rate increase, which was effective October 4, 2005 and revised on November 22, 2005.

*This change is our first rate increase in nearly 10 years and is needed to continue to provide safe and reliable service. Nicor Gas still has the lowest rates of any major utility in Illinois and among the lowest in the entire United States.*

The increase affects the service, or delivery, portion of your bill. You will see a change in the amount of your **Customer Charge (1)** and **Delivery Charges (2)**.

Although the rate increase is relatively small, you will see much higher bills this winter due to the increase in **Natural**

Meter Reading			
Meter Number	12345678		
Current			
Previous			
Difference			
Conversion			
<b>Delivery Charges</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">1</span> <b>Rate 4A</b>			
Monthly Customer Charge			20.37
First 150 Therms	150 @ .1463 =		21.95
Next 4,850 Therms	260 @ .0817 =		21.24
Over 5,000 Therms	0 @ .0482 =		0.00
Environmental Recovery Cost	410 @ .0034 =		1.39
<b>Total</b>			<b>\$64.95</b>
<b>Natural Gas Cost</b> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">3</span>			
410 Therms X 1.1700 =			\$479.70

**Gas Costs (3).** This is a national issue and Nicor Gas is doing everything that a regulated utility can to keep these costs from going even higher. Nicor Gas does not profit on the cost of gas. We pass the cost on to you without markup.

## Understanding the three parts of your gas bill amount



These percentages reflect how your gas payments are allocated on an annualized basis using 2005 data. Gas costs fluctuate throughout the year, so the actual percentages may be higher or lower depending on the season.

### ■ Natural Gas Cost (75-80%)

Natural gas costs make up the largest portion of your Nicor Gas bill. This is the charge for 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 monthly administrative costs. A small portion of this

charge is for low income energy assistance and renewable energy technologies. This charge is incurred even if no gas is used.

- **Distribution Charges** – covers our 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 cleanup of former manufactured gas facilities. This cost changes periodically and Nicor Gas does not profit from these charges.

### ■ Taxes (5-10%)

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

*For more information please see the back of your bill.*

# Impact of new rates on Rate 4, General Service

Customer Charge*	Old rates	Rates Effective 10/4	Revised Rates Effective 11/22
Rate 4A	\$16.00	\$20.37	\$20.37
Rate 4B	\$54.50	\$59.82	\$59.82
Rate 4C	\$104.50	\$105.56	\$105.56
Distribution Charges			
First 150 therms	13.30¢	13.82¢	14.63¢
Next 4,850 therms	6.83¢	7.36¢	8.17¢
Over 5,000 therms	3.77¢	4.82¢	4.82¢

This chart only displays Delivery Charges – the part of your bill that will reflect the change in rates. (See purple portion of the dollar bill on the front of this newsletter.)

\*Inclusive of Rider 1

## Your current bill with new rates

Depending on your billing cycle, charges incurred during the October 4 to November 22 time period may result in a subsequent credit adjustment for delivery charges. Because the new rates apply only to gas service used on or after the effective dates, you may have received a bill that includes separate calculations for the number of days under the old rates and the number of billing days under the new rates.

## New Rate 5, Seasonal Use Service now available

Customers who consume less than five percent of their annual gas use during the winter period and use no more than 250,000 therms annually, may qualify for Rate 5. Assistance with Rate 5 eligibility can be obtained by contacting us at 630 983-4040. Delivery Charges for Rate 5 are as follows:

Customer Charge*	Rate 5
Rate 5A	\$22.50
Rate 5B	\$62.00
Rate 5C	\$135.00
Distribution Charges	
Summer Period (all therms)	2.97¢
Winter Period (all therms)	3.51¢

\*Inclusive of Rider 1

## Customer Select bills

Customer Select customers will see two new line items on their bills.

- **Customer Select Charge (CSC):** The CSC recovers the costs from pipelines to assist in the daily balancing of gas supplies on Nicor Gas' system. The CSC is not an additional cost for Customer Select participants – customers buying their gas from Nicor Gas pay this charge as part of their overall Gas Supply Charge. The CSC is billed to customers based on usage. The rate may change each month and is filed with the ICC.
- **Transportation Service Credit (TSC):** The TSC is a credit for certain costs that are included in our distribution rates but not incurred by Customer Select customers – such as some uncollectible expenses and storage costs. The credit is based on usage.

Customer Select is a voluntary program offered by Nicor Gas that allows you to choose your natural gas supplier. Depending on the supplier, you may find some offers that lock in your gas price and others that change monthly, similar to Nicor Gas' monthly gas supply charges. Visit the "Choosing Your Supplier" section of [nicorgas.com](http://nicorgas.com) for more details.

Information on our larger volume service classifications, Rates 6 and 7, and other transportation rates can be obtained by visiting our Web site at [nicorgas.com/commercial](http://nicorgas.com/commercial).

## Frequently Asked Questions

### Q: Who determines the rates?

**A:** Nicor Gas is a regulated utility, which means the Illinois Commerce Commission must determine the amount Nicor Gas charges customers for delivering their gas – the Delivery Charges portion of your bill. Nicor Gas must go before the ICC and make a formal request for the rates to be changed. This is known as a rate case. After a rate case has been filed, the ICC rigorously reviews the case, conducts public hearings to discuss the merits of the request and determines the final amount granted. The entire process generally takes about 11 months.

### Q: Why are rates going up?

**A:** The cost of doing business has risen. It is rare that a business can effectively sell a product at the same price for almost 10 years. Since 1996, we have added approximately 300,000 new customers – the equivalent of adding service to a city twice the size of Rockford in the last decade – without raising rates. The increase will also pay for rising

healthcare costs, technology upgrades and our existing investment of more than \$1.2 billion in capital projects and natural gas infrastructure.

### Q: What can I do to manage the higher gas costs you mentioned?

**A:** Get on the Budget Plan to help even out the seasonal highs and lows of your bill payments. To sign up, simply pay the Budget Plan amount listed on your bill payment stub or visit [nicorgas.com/myaccount](http://nicorgas.com/myaccount).

### Q: Where can I get more information on this rate increase?

**A:** Visit the "Gas Rates and Costs" section of [nicor.com/commercial](http://nicor.com/commercial) for complete details on the rate case and the latest on gas costs. Visit "My Account" to manage your account online.

**Nicor Gas remains committed to providing you with safe, reliable and environmentally friendly energy.**