

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider AGG

Aggregation Service

Applicable to Rider CFY

This rider is made effective August 1, 2011 and available to CFY Suppliers who execute a written contract for service hereunder.

*** Section A - Definitions**

As used in this rider, the terms below are defined to mean:

Aggregation Service shall mean a service provided by the Company that allows CFY Suppliers to deliver gas to the Company, on an aggregated basis, for the Rider CFY customers that comprise the membership of the CFY Supplier's Pool.

Billing Cycle shall mean the regular periodic interval for reading the meter or estimating the consumption of a customer for billing purposes.

CFY Supplier shall have the meaning ascribed to it in Rider CFY.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule. Each such Critical Day shall, as described in the Terms and Conditions of Service, be designated a Critical Supply Shortage Day or a Critical Supply Surplus Day.

Customer of Record shall mean the person whose name appears on the Company's records as having agreed to pay for utility service at the premises for which service under Rider CFY shall be provided.

Daily Delivery Range shall mean the quantity of gas determined pursuant to Section E of this rider.

Daily Index, Common High shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (high price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

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Asterisk (*) indicates change.

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130 East Randolph Drive, Chicago, Illinois 60601**

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* **Section A - Definitions - continued**

Daily Index, Common Low shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Common (low price in the range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Daily Index, Midpoint shall mean the price published in "Gas Daily" under the headings Citygates, Chicago city-gates, Midpoint (average price in the Common range) applicable to the day of Flow, or any successor to that index. On any day that the index is unavailable, the Company shall use a reported Chicago citygate price from another similar publication, as determined in the Company's sole discretion. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Estimated Daily Use (EDU) shall mean the quantity of gas determined pursuant to Section E of this rider.

First of Month (FOM) shall mean the index price published in "Gas Daily Price Guide" under the headings: Market Center Spot Gas Prices (per MMBtu); Index; Upper Midwest; Chicago city-gates; and in effect at the Chicago city-gate for the first of the current month, or any successor to that index. When required by the context in which the term is used, the price shall be converted from a price per dekatherm to a price per therm by dividing the per dekatherm charge by 10.

Gas Charge shall mean the cents per therm amount set forth as the Gas Charge applicable for a specified month in the Company's monthly filing pursuant to Rider 2 of this rate schedule.

Heating Degree Days (HDD) shall mean the amount, expressed in degrees (Fahrenheit), calculated as 65° minus the average of the day's high and low temperatures as reported at O'Hare International Airport. The minimum HDD value for any day will be zero.

Injection Period shall mean the period from April 1 through October 31.

Monthly Adjusted Deliveries shall mean the sum of the CFY Supplier's actual daily deliveries to the Company in the month, adjusted for daily deliveries outside the applicable ranges described in Section E of this rider.

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* **Section A - Definitions - continued**

Monthly Cash-out Quantity shall mean the difference between the Monthly Adjusted Deliveries and the Pool's consumption, adjusted for the applicable storage activity during the calendar month as determined by applying the Storage Inventory Target Levels defined in Section G of this rider.

Non-Critical Day shall mean any day that is not a Critical Day or an OFO day.

Operational Flow Order (OFO) shall have the meaning ascribed to it in Section J of this rider.

Pool shall mean the group of Rider CFY customers that the CFY Supplier establishes under its contract with the Company.

Pool Maximum Daily Quantity (Pool MDQ) shall mean the sum of the MDQs, as determined under Rider CFY, of this rate schedule, of customers in the Pool. The Pool MDQ shall be recalculated daily to determine daily storage injection and withdrawal limits and at month end to determine storage inventory target levels to reflect additions and deletions of customers.

Pool Maximum Storage Quantity (Pool MSQ) shall mean the sum of MSQs, as determined under Rider CFY of this rate schedule, of customers in the Pool. The Pool MSQ shall be recalculated daily to determine daily storage injection and withdrawal limits and at month end to determine storage inventory target levels to reflect additions and deletions of customers.

Pool Unaccounted for Gas shall mean the quantity of CFY Supplier-owned gas the Company shall retain, at the time of delivery into the Company's system, representing the Pool's proportionate share of unaccounted for gas. Such quantity shall equal the number of therms delivered by the CFY Supplier to the Company's system under this rider multiplied by the effective Factor U, as defined in the Terms and Conditions of Service.

Withdrawal Period shall mean the period from November 1 through March 31.

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Section B - Supplier Qualifications

A CFY Supplier must:

- (1) complete the application process, as described in Section C of this rider;
- (2) enter into a written contract with the Company; and
- (3) warrant that it has obtained agreement with each Customer of Record in the Pool.

*

Section C - Application Process

Applicants must complete the application process before enrolling customers. A complete application shall include the Application Charge described in Section D of this rider and the following documentation:

- (1) credit report; and
- (2) signed marketer application.

Applicants must also provide the following documents that are required for Company informational purposes and to determine the form of adequate assurances of payment that the CFY Supplier may provide:

- (1) latest financial statements;
- (2) current Annual Report, if applicable;
- (3) latest 10K or 10Q, if applicable;
- (4) name, address, and telephone number of three utility references;
- (5) organizational structure of parent corporation and affiliate companies;
- (6) disclosure of current or pending operation under bankruptcy or insolvency laws; and
- (7) disclosure of current or pending legal proceedings related to providing gas transportation service to residential, commercial, or industrial customers.

Applicants who are not currently operating a pool under Rider P or P-T of this rate schedule or under Rider P, P-T or AGG of The Peoples Gas Light and Coke Company's Schedule of Rates for Gas Service shall be required to include documentation demonstrating business experience as a supplier to residential, commercial, or industrial customers.

Standard credit factors shall be used to evaluate the eligibility of suppliers.

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*** Section D - Rates**

The rates for service hereunder shall consist of an Aggregation Charge, and an Application Charge, and if applicable, a Cash-out Charge, Critical Day Non-Performance Charges, Daily Delivery Non-Performance Charges, LDC Billing Option Charges, Month End Delivery Non-Performance Charges, Operational Flow Order Non-Performance Charges, and Storage Purchase in Place/Cash-out Charges.

Aggregation Charge

The monthly Aggregation Charge shall be \$200.00 per Pool and a charge of \$0.05 per customer in such Pool.

Application Charge

The Application Charge shall be \$2,000.00 per applicant. Payment is due with the application. The Application Charge shall be refunded in full if the applicant does not meet the qualifications described in Sections B (1) and B (2) of this rider.

Cash-out Charge

The monthly Cash-out Charge shall be the Pool's Monthly Cash-out Quantity multiplied by 100% of the AMIP as defined in Section C of Rider SST of this rate schedule.

Critical Day Non-Performance Charge

For each therm of delivery on a Critical Supply Shortage Day less than the effective minimum delivery requirement for that day specified under the Daily Delivery Range in Section E of this rider, the Company will sell the equivalent number of therms to the CFY Supplier to be accounted for in the affected Pool and the charge shall be the sum of \$6.00 per therm plus the higher of: (a) the Gas Charge; or (b) the Daily Index, Midpoint.

For each therm of delivery on a Critical Supply Surplus Day greater than the effective maximum delivery requirement for that day specified under Daily Delivery Range in Section E of this rider, the Company will (a) purchase the equivalent number of therms from the CFY Supplier to be deducted from the affected Pool and the purchase price per therm shall be 90% of the Daily Index, Common Low and (b) charge the CFY Supplier \$6.00 for each purchased therm.

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* **Section D - Rates - continued**

Daily Delivery Non-Performance Charge

For each therm of underdelivery below the Daily Delivery Range on any day other than a Critical Supply Shortage Day, or an (OFO Supply Shortage Day) the Company will sell the equivalent number of therms to the CFY Supplier to be accounted for in the affected Pool and the charge per therm shall be 110% of the Daily Index, Common High.

For each therm of overdelivery above the Daily Delivery Range on any day other than a Critical Supply Surplus Day or an (OFO Supply Surplus Day) the Company will purchase the equivalent number of therms from the CFY Supplier to be deducted from the affected Pool and the purchase price per therm shall be 90% of the Daily Index, Common Low.

LDC Billing Option Charges

The monthly LDC Billing Option charges applicable to CFY Suppliers purchasing this optional billing service from the Company shall be: (a) \$0.50 per bill issued by the Company; (b) \$0.02 per line in excess of five lines of charges up to a total of two additional lines; and (c) \$0.01 per message line up to a total of five lines.

Month End Delivery Non-Performance Charge

For the Withdrawal Period, for each calendar month where total deliveries by the CFY Supplier for a Pool vary by more than plus 5 percent from the Pool's total EDU for the month, the Company will charge the CFY Supplier a Non-Performance Charge of \$1.00 for each therm of excess delivery. For the Injection Period, for each calendar month where total deliveries by the Supplier for a Pool vary by more than minus 5 percent from the Pool's total EDU for the month, the Company will charge the CFY Supplier a Non-Performance Charge of \$1.00 for each therm of deficient delivery.

Operational Flow Order Non-Performance Charge

On any (OFO Supply Shortage Day) that the CFY Supplier delivers less than the low end of the Daily Delivery Range, the Company shall sell the number of therms equivalent to the therms of underdelivery to the CFY Supplier and such sale shall be accounted for in the affected Pool and the charge per therm will be 200% of the Daily Index, Common High.

On any (OFO Supply Surplus Day) that the CFY Supplier delivers more than the high end of the Daily Delivery Range, the Company shall purchase the number of therms equivalent to the therms of overdelivery and such purchase shall be deducted from the affected Pool and the purchase price per therm shall be 50% of the Daily Index, Common Low.

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* **Section D - Rates – continued**

Storage Purchase In Place/Cash-Out

If the CFY Supplier's Pool MSQ increases significantly in any given month during the Injection Period due to changes in the CFY Supplier's customers' annual volumes, the CFY Supplier may purchase from the Company storage inventory gas at the then First of Month to enable the CFY Supplier to meet its minimum Pool MSQ levels as set forth in Section G of this rider. If the CFY Supplier's Pool MSQ level decreases significantly in any given month during the Injection Period due to changes in the CFY Supplier's customers' annual volumes, the CFY Supplier may sell to the Company storage inventory gas at the then First of Month to enable the CFY Supplier not to exceed its maximum Pool MSQ. In any case, upon reasonable notification, the Company, at its sole discretion, may require a CFY Supplier to purchase or sell storage inventory gas at the First of Month to meet prescribed Pool MSQ Storage Inventory Target Levels set forth in Section G of this rider.

Late Payment Charge

A charge for late payment shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule.

Reimbursement for Taxes

In addition to the charges under Rider 1, the CFY Supplier shall reimburse the Company for any taxes that the Company shall be required to pay or obligated to collect from the CFY Supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law to recover shall be billed to the CFY Supplier on a monthly basis.

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Section E - Delivery Determination

Before the first day of each month, the Company shall provide to the CFY Supplier, for each of the CFY Supplier's Pools, the Estimated Daily Use of Gas (EDU) and the Daily Delivery Range. The EDU shall be calculated using the Company's estimation procedure. This procedure incorporates the unique heating and non-heating factors for each customer in the Pool, HDDs, and an adjustment for Pool Unaccounted for Gas. During the calendar month, on the business day prior to the day of flow, the Company shall notify each CFY Supplier by 8:30 A.M. Central Time of the EDU for the next five days of flow. If the Company has, for any reason, not posted on its electronic bulletin board or otherwise notified the CFY Suppliers of the EDU on or before 8:45 A.M. Central Time on any business day, the CFY Supplier shall deliver a quantity within the previously forecasted delivery range as defined below using the previously forecasted EDU.

Daily Delivery Range

For the Withdrawal Period, the CFY Supplier's Daily Delivery Range will be a maximum of 110% of the EDU and a minimum of 90% of the EDU of the Pool less the Pool's daily storage withdrawal limit. At the end of each month, a CFY Supplier's total deliveries must be within the range of the total EDU of the Pool for the month plus 5 percent and the total of the daily minimum level for the month.

For the Injection Period, the CFY Supplier's Daily Delivery Range will be a maximum of 110% of the EDU of the Pool plus the Pool's daily storage injection limit and a minimum of 90% of the EDU. At the end of each month, a CFY Supplier's total deliveries must be within the range of the total of the daily maximum level for the month and the total EDU of the Pool for the month less 5 percent.

On a day when the Company has issued an Operational Flow Order or a Critical Supply Surplus Day, the Daily Delivery Range may be adjusted to address the Company's operational concerns. On a Critical Supply Shortage Day, the CFY Supplier shall deliver a minimum amount of 39 percent of the Pool's current MDQ.

Section F - Contract with the CFY Supplier

The initial term of the contract shall end on the first April 30 following the effective date thereof, and automatically renew annually thereafter. The Company or the CFY Supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, all amounts due the Company shall be paid and the customer shall cash-out at 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule, the Pool MSQ, and, pursuant to Section D, Cash-out Charge, the Monthly Cash-out Quantity. CFY Suppliers must provide adequate assurances of payment. Such assurances shall be an irrevocable standby letter of

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* **Section F - Contract with the CFY Supplier - continued**

** credit drawn on a bank acceptable to the Company, cash deposit, or parental guarantee, based upon the Company's determination of qualifications. The amounts shall be determined by November 1 annually, based on the customers served by the CFY Supplier and a rate of \$2.00 per therm of Pool MDQ. The Company may revise the amounts from time to time if the Pool MDQ changes significantly.

The contract between the Company and the CFY Supplier shall provide for:

- (1) the measurement of CFY Supplier-owned gas delivered to the Company and minimum gas quality specifications;
- (2) the rate or rates of delivery and associated pressure of gas transported for any CFY Supplier hereunder;
- (3) the procedure by which the CFY Supplier shall nominate gas to the Company; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

* **Section G - Storage Activity**

Daily Storage Withdrawal Limit

During the Withdrawal Period, the CFY Supplier may nominate for withdrawal up to the amount determined by applying the following monthly withdrawal percentage times the Pool's MSQ on any day that is not a Critical Supply Shortage Day or an OFO Supply Shortage Day:

Monthly Withdrawal Percentage

January	1.5%
February	1.3%
March	1.1%
November	1.3%
December	1.4%

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* **Section G - Storage Activity** – continued

Daily Storage Injection Limit

During the Injection Period, a CFY Supplier may nominate on any day that is not a Critical Supply Surplus Day or an OFO Supply Surplus Day up to the amount determined by applying the following monthly injection percentage times the Pool's MSQ to be injected into storage:

Monthly Injection Percentage

April	0.10%
May	0.75%
June	0.75%
July	0.75%
August	0.75%
September	0.75%
October	0.30%

Storage Inventory Target Levels

CFY Suppliers will meet the following storage inventory target levels at the end of each calendar month.

Storage Inventory Target Levels

January	24% to 77% of the Pool MSQ
February	8% to 67% of the Pool MSQ
March	0% to 63% of the Pool MSQ
April	3% to 65% of the Pool MSQ
May	7% to 70% of the Pool MSQ
June	9% to 76% of the Pool MSQ
July	15% to 82% of the Pool MSQ
August	22% to 89% of the Pool MSQ
September	32% to 96% of the Pool MSQ
October	41% to 100% of the Pool MSQ
November	41% to 100% of the Pool MSQ
December	39% to 88% of the Pool MSQ

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* **Section H - Standards of Conduct**

CFY Suppliers shall adhere to the following Standards of Conduct:

- (a) render all bills to customers in clear and understandable language;
- (b) on all bills rendered to customers, include the telephone number of the CFY Supplier's customer information center and the Company's emergency telephone number and include statements that the Company should be notified in the event of an emergency or suspected gas leak;
- (c) for all bills issued that include the Company's charges, separately identify the CFY Supplier's charges and the Company's charges;
- (d) provide a toll free telephone exchange or local telephone exchange number for customers to contact the CFY Supplier;
- (e) include a statement on all bills rendered to customers indicating that service was rendered pursuant to the Company's Choices For Yousm program;
- (f) promptly notify any current or past customers of any billing adjustment for cancels and rebills;
- (g) establish customer complaint procedures and respond to complaints promptly;
- (h) ensure that customers are given adequate notice (15 days) of termination of commodity service from the CFY Supplier prior to any applicable contract termination or at least 15 days notice in the event of non-payment of CFY Supplier services for more than 45 days;
- (i) refrain from direct marketing to the customers on the Company's "Do Not Contact" list;
- (j) adhere to any applicable truth in advertising laws;
- (k) refrain from telemarketing to the Company's customers between the hours of 9:00 PM and 8:00 AM Central Time;
- (l) provide to each customer added to or deleted from a Pool it manages, a letter of explanation sent through the United States mail;
- (m) include, as a minimum, the following information for a voice recorded customer contract: name of CFY Supplier, authorization of CFY Supplier as agent, pricing of gas, other charges, contract termination charges (if any), customer name and account number;

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Section H - Standards of Conduct – continued

- (n) file with the Illinois Commerce Commission and provide to the Company a copy of bill formats, standard customer contract and customer complaint and resolution procedures, and provide a CFY Supplier contact and telephone number prior to commencing participation in the Choices For Yousm program, and on an ongoing basis as warranted by changes in any of the above; and
- (o) provide each Service Classification No. 1 customer the opportunity to rescind its agreement without penalty within three business days of initial acceptance of the agreement.

Failure to comply with the Standards of Conduct is a basis for removal as a participating CFY Supplier under Rider AGG. Any party alleging improper enforcement of the Standards of Conduct may file a complaint with the Illinois Commerce Commission pursuant to Section 10-108 of the Illinois Public Utilities Act.

Section I - Customer Information

The CFY Supplier shall electronically submit to the Company, in a manner determined by the Company, a listing of each customer, identified by the account number, to be included in a Pool. The CFY Supplier shall warrant that it has obtained sole agent authorization from each customer and shall agree to provide access to agency or other agreements to the Company for auditing purposes. The CFY Supplier may contract with a customer by any lawful means, including telephone solicitation and the internet.

*** Section J - Terms of Service**

Service shall be provided hereunder whenever and to the extent that CFY Supplier-owned gas has been delivered for it to the Company's system in accordance with the contract hereunder. If a CFY Supplier does not deliver CFY Supplier-owned gas to the Company for any 30-day period, the Company may terminate the contract.

In the event there is a Company gas supply interruption or curtailment, all CFY Supplier-owned gas delivered to the Company shall be made available to the Pool, except that the Company may interrupt deliveries of the same to the Pool for reasons of limitation of system capacity to the same extent that service to the Pool would be interrupted or curtailed absent service under this rider. System capacity as used herein shall include storage capacity from all sources.

The Company shall be able to interrupt deliveries of CFY Supplier-owned gas to the Pool and use that gas to serve sales customers when there is a gas supply interruption or curtailment and it believes essential community health or safety activities could be impaired or affected. The sole compensation per therm for such an interruption and use of CFY Supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule plus \$1.50 per therm.

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* **Section J - Terms of Service** – continued

The Company may impose an Operational Flow Order (OFO) in order to adequately maintain the integrity of its system. The Company may first request CFY Suppliers to voluntarily take actions to alleviate the supply situation that is threatening operational integrity, to the extent possible. If such voluntary actions do not alleviate the situation that is threatening operational integrity, the Company will impose an OFO. The Company will designate each OFO as an OFO Supply Shortage Day or an OFO Supply Surplus Day. Notice of an OFO will be posted on the Company's electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers no less than two hours prior to the Company's nomination deadline for Rider AGG deliveries. An OFO could change the Daily Delivery Range for CFY Suppliers. An OFO arising from a need for CFY Suppliers to decrease their daily nominations shall be an OFO Supply Surplus Day. An OFO arising from a need for CFY Suppliers to increase their daily nominations shall be an OFO Supply Shortage Day.

The CFY Supplier shall be responsible for delivery expenses of its gas to the Company's system and shall ensure deliveries to Company facilities are in accordance with the contract hereunder. The Company shall not be obligated to accept delivery of any CFY Supplier-owned gas that does not conform to the contractual quality specifications.

If the CFY Supplier shall fail to comply with or perform any of the conditions or obligations hereunder, the Company may: (i) after verbal and written notice, suspend receipt of CFY Supplier-owned gas into the Company's system until the CFY Supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the CFY Supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the CFY Supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of the contract hereunder.

Upon termination of service, the CFY Supplier's Pool MSQ, shall be cashed out at an amount equal to the current month's AMIP. The CFY Supplier shall also cash-out the Monthly Cash-out Quantity pursuant to Section D of this rider.

The Company may terminate service to a Rider CFY customer in accordance with Rider CFY and 83 Illinois Administrative Code Part 280. The Company shall notify the CFY Supplier of the effective termination date, and subsequent EDU shall exclude said customer's consumption.

CFY Suppliers may terminate service to a Rider CFY customer subject to contractual provisions between the parties. The Company shall be notified of all customers terminated from a CFY Supplier's Pool(s) via the electronic data transmission method described in Section I of this rider. The effective termination date shall be the first day of the customer's next Billing Cycle following notification to the Company by the CFY Supplier. Subsequent EDU shall exclude said customer's consumption.

This rider is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service which are applicable to this rider.

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