

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider P-T

Pooling Service – Transition

Applicable to Riders FST and SST-T

Pooling service under this rider is available from the effective date through April 30, 2012, to all suppliers who deliver gas to the Company for transportation to a Rider FST or SST-T customer and execute a written contract for service under this rider or who have executed a contract for service under Rider P that was in effect on the day prior to the effective date of this rider.

Section A - Definitions

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

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service.

Company-owned Gas shall mean any gas taken by the Pool that has not been delivered to the Company by the Pool's supplier on its behalf or withdrawn from its AB.

Critical Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Shortage Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule.

Critical Supply Surplus Day shall have the meaning ascribed to it in the Terms and Conditions of Service of this rate schedule

Customer Group shall mean the group of Rider FST or the group of Rider SST-T customers that contract with the Company to be in a supplier's Pool. Each Customer Group shall be limited to 300 accounts, or may consist of a single contract up to 200 accounts, unless a larger number is approved by the Company.

Diversity Factor (DF) shall have the meaning ascribed to it in Rider FST or SST-T.

Non-Critical Day shall have the meaning ascribed to it in Rider SST-T.

Pool shall mean the Customer Group that the supplier establishes under its Pooling contract with the Company.

Pool Allowable Bank (AB) shall mean the sum of the Allowable Banks of customers in the Customer Group, as determined under Rider FST or SST-T.

Pool Daily Company-owned Gas shall mean Company-owned Gas that is delivered to the Pool on any day under the Companion Classification up to the customer's SSQ.

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**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

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Section A - Definitions – continued

Pool Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool on any day which is in excess of the Pool's SSQ, unless Authorized Overtake has been made available.

Pool Excess Bank shall mean, for a Rider FST Pool, the quantity of gas in the Pool GBA that exceeds the Pool AB.

Pool Gas Bank Account (GBA) shall mean the account for Rider FST Pools in which supplier-owned gas in excess of the Customer Group's requirements is accounted for.

Pool Imbalance Account (IA) shall mean the account for Rider SST-T Pools in which supplier-owned gas delivered to the Company in excess of the summation of (i) the Customer Group's daily requirements and (ii) Pool AB is accounted for.

Pool Maximum Daily Nomination (MDN) shall be the sum of the MDNs of customers in the Customer Group, as determined under Rider FST or SST-T and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day during the April through October period.

Pool Maximum Daily Quantity (MDQ) shall mean the sum of the MDQs of customers in the Customer Group, as determined under Rider FST or SST-T and shall be the maximum quantity of supplier-owned gas that a supplier may nominate for delivery on any day.

Pool Monthly Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the Pool in excess of the quantity it is authorized to receive in the month less the sum of the month's daily unauthorized use.

Pool Selected Standby Percentage (SSP) shall mean the weighted average of the SSPs in the contracts included in the Pool.

Pool Selected Standby Quantity (SSQ) shall mean the sum of the SSQs of customers in the Customer Group, as determined under Rider SST-T. The maximum monthly quantity of gas that can be delivered to the Pool under the Companion Classifications shall be the Pool SSQ multiplied by the number of days in the month.

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

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Section A – Definitions - continued

Pool Unauthorized Use of Gas shall mean, for a Customer Group, the sum of daily unauthorized use plus monthly unauthorized use.

Pooling Service shall mean a service that allows suppliers to deliver gas to the Company, on an aggregated basis, for one or more Rider FST or SST-T contracts that comprise the membership of the supplier's Pool.

Receipt Point shall mean that point of connection where the Company agrees to receive supplier-owned gas for service under this rider.

Section B - Rates

The rates for service hereunder shall consist of a Cash-out Charge, an Excess Bank Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Pooling Charge, a Standby Commodity Charge, and an Unauthorized Use Charge.

Cash-out Charge

The monthly Cash-out Charge shall be applied to any remaining imbalance calculated in accordance with Section H of this rider and be based on the percentage of that imbalance compared to the total deliveries to the Pool during the month.

Excess Bank Charge

The Excess Bank Charge for Rider FST pools shall be \$.10 per therm of gas in the Pool Excess Bank at the end of the month.

Imbalance Account Charge

The daily Imbalance Account Charge for Rider SST-T Pools shall be \$.10 per therm of gas in the Pool IA each Non-Critical Day. On a Critical Supply Shortage Day, the Imbalance Account Charge shall be zero. On a Critical Supply Surplus Day, the Imbalance Account Charge shall be \$6.00 per therm.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Pooling Charge

The monthly Pooling Charge shall be \$200.00 per month and \$1.97 per account in the Customer Group.

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Section B – Rates - continued

Standby Commodity Charge

For Rider FST Pools, the Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST-T of this rate schedule multiplied by the therms delivered to the Pool under the Companion Classification in the month.

For Rider SST-T Pools, the Standby Commodity Charge shall consist of a daily and a monthly component and be determined as follows:

Daily Standby Commodity Charge shall be determined by summing the amounts resulting from the daily charges determined by the following formula:

Pool Daily Company-owned Gas x the corresponding daily price published in “Gas Daily” as defined in Section C of Rider SST-T of this rate schedule.

Monthly Standby Commodity Charge shall be determined as follows:

Pool Monthly Standby Commodity determined as described in Section F of this rider multiplied by the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST-T of this rate schedule.

Unauthorized Use Charge

The monthly Unauthorized Use Charge shall be the applicable charge under Rider 9 of this rate schedule multiplied by the applicable quantities of Pool Unauthorized Use of Gas during the month.

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 supplier shall reimburse the Company for any and all taxes which the Company shall be required to pay or obligated to collect from the supplier for service hereunder. Any such taxes and associated costs that the Company is authorized by law or contract to recover shall be billed to the supplier on a monthly basis.

Section C - Authorized Overtake

Authorized Overtake gas shall be any Company-owned gas made available to the supplier pursuant to authorization under this provision. The Company shall notify suppliers of the availability of Authorized Overtake by notice posted on its electronic bulletin board or in a manner and format determined by the Company and available to all customers and suppliers. Authorized Overtake gas delivered to the Customer Group under this provision shall be paid for by the supplier under the Companion Classification.

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Section D - Order of Deliveries to the Company

On any day in which supplier-owned gas delivered to the Company exceeds the Customer Group's metered gas deliveries from the Company, the difference between such deliveries shall be determined pursuant to Section C of Rider FST or Section E of Rider SST-T of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned gas. For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

Section E - Order of Deliveries to the Customer Group

For billing purposes, gas delivered to the Customer Group in any day at the points of metering for this rider shall be in the order determined pursuant to Section D of Rider FST or Section F of Rider SST-T of this rate schedule; provided that, for purposes of applying such provisions, the determinations shall be based on supplier-owned and Company-owned Gas delivered to the Customer Group.

For this Section, the quantity of supplier-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Pool Unaccounted for Gas as defined in this rider.

Section F - Inventory / Allowable Bank / Daily Deliveries

In no event shall the quantity of gas accounted for in the Pool AB be negative or supplier-owned gas deliveries be accounted for as Pool AB to the extent it would cause the balance to exceed the maximum quantity.

On November 30, the amount of gas accounted for in the Pool AB must be no less than 75% of the Pool AB. To the extent that the supplier's inventory is less than 75%, the supplier shall purchase the deficient quantity from the Company at 110% of the AMIP under Section C of Rider SST-T of this rate schedule determined for November. For purposes of determining if this inventory requirement is met, the supplier may aggregate all or some of its Pools and all or some of the individual customers that it serves by giving notice to the Company on or before December 1 of the Pools and customers to be included in the aggregation. For an individual customer not in a Pool, a supplier may include such customer in its aggregation only if such customer purchased gas solely from the supplier in November of the year applicable to the inventory determination; if more than one supplier identifies an individual customer, the Company shall exclude such customer from any aggregation for purposes of determining compliance with this inventory requirement.

For the period April through October, the Pool's daily deliveries to the Company shall be no greater than the Pool MDN. The Pool MDN shall be the same for each Day of the month for which it is determined. For the period November through March, the Pool's daily deliveries to the Company shall be no greater than the Pool MDQ.

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Section F - Inventory / Allowable Bank / Daily Deliveries - continued

For Rider SST-T Pools, a Pool's daily withdrawals from the AB on any Critical Supply Shortage Day shall be limited to the lesser of (i) the Pool's AB balance at the beginning of the day or (ii) the quantity of gas determined by $[\text{BRD}/(\text{BRD} + \text{GCD}) + (\text{GCD}/(\text{BRD} + \text{GCD}) \times \text{Pool SSP})] \times \text{MDQ}$ for customers served under Service Classification No. 2 and for customers served under Service Classification No. 3, the quantity of gas determined by SSQ. A Pool's daily injections into the AB on a Critical Supply Surplus Day shall be limited to the Pool SSQ, provided that no deliveries shall be accounted for as Pool AB to the extent it would cause the balance to exceed the maximum quantity.

For Rider SST-T Pools, a Pool's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the Pool AB balance at the beginning of the month or (ii) 1/3 of the Pool's AB. For quantities that would be in excess of this limitation, the Pool shall purchase gas under the Companion Classification, designated as Pool Monthly Standby Commodity, a quantity not to exceed the product of SSQ times the number of days in the month minus the sum of Pool Daily Company-owned Gas purchased during the month, and any remaining quantity shall be Unauthorized Use.

For Rider FST Pools, a Pool's monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of (i) the Pool GBA balance at the beginning of the month or (ii) the sum of the Pool's Excess Bank at the beginning of the month plus 1/3 of the Pool's AB. For quantities that would be in excess of this limitation, the Pool shall purchase gas under the Companion Classification.

Section G - Imbalance Trading, Daily Reallocations and Critical Day Reallocations

The supplier shall have the right to trade amounts accounted for as GBA, AB or IA with customers or suppliers receiving service under Riders FST, SST-T and P-T of this rate schedule. All trades must be completed by 5:00 p.m. Central Time, using the Company's electronic bulletin board, on the third working day following the Company's notification that trades can commence. All trades must be confirmed by both parties and shall result in equal amounts of gas being transferred from one party to the other. The result of a trade cannot cause a customer or supplier to be out of compliance with minimum or maximum inventory requirements, cause the AB balance to be less than zero or greater than the maximum AB quantity or cause elimination of daily imbalance charges or increase the amount of the imbalance.

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Section G - Imbalance Trading, Daily Reallocations and Critical Day Reallocations - continued

In addition to imbalance trading, each day a supplier with more than one Pool contract may notify the Company that it wishes to re-allocate the supplier-owned gas that it nominated for delivery among its contracts. The supplier may not increase or decrease the confirmed quantity of supplier-owned gas that it nominated for delivery on the day prior to gas flow or change or reallocate among the Receipt Points at which it is delivering gas, but it may change how that quantity is allocated between or among its contracts. Such notification shall be no later than 4:00 p.m. Central Time the day of gas flow.

For any month in which one or more Critical Days was in effect, a supplier may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the supplier wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a supplier may notify the Company that it is requesting the Company to move gas that the supplier delivered to one or more of its Rider SST-T pools on a Critical Day to another one or more of its Rider SST-T pools for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the supplier and affected customers for the month in which the Critical Day(s) occurred.

For the period commencing February 1, 2010, and ending April 30, 2012, the Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than 2:00 p.m. central time on each business day, the Company shall post the aggregate quantity of changes that the Company shall accept. The "aggregate quantity of changes" shall refer to the net increase or net decrease to the total quantity nominated as timely nominations by all customers under Riders FST and SST-T and all suppliers under Rider P-T. The Company may post a quantity for net increases and a different quantity for net decreases. Except for Critical Days, such quantity shall be no less than 20,000 therms. For a Critical Supply Surplus Day, the permitted net increase shall be 0 therms. For a Critical Supply Shortage Day, the permitted net decrease shall be 0 therms. If the Company posts no quantity by 2:00 p.m., the quantities set forth in this paragraph shall apply. No later than 3:00 p.m. central time on the business day prior to the Gas Day on which the nomination is to be effective, a supplier may submit a change to its timely nomination. If the aggregate quantity of changes exceeds the posted quantity, the Company shall reduce the requested changes pro rata. The right described in this paragraph shall be in addition to, and not in lieu of, the supplier's right to correct a timely nomination, required by upstream pipeline cuts as part of the confirmation process.

Section H - Disposition of Imbalance Account Amounts

At the end of the month, the net amount in the Pool's IA shall first be injected into the Pool's AB up to the maximum Pool AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of Rider SST-T of this rate schedule. Amounts credited to the Pool's IA each day shall be assessed an Imbalance Account Charge.

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Section I - Contract with the 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 supplier shall have the right to terminate the contract at the end of any contract year on 30 days written notice. Upon contract termination, the supplier shall trade or cash-out any gas remaining in the Pool's GBA or AB at 100 percent of the AMIP as defined under Section C of Rider SST-T of this rate schedule.

The supplier must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parental guaranty, based upon the Company's determination of qualifications, for an amount equivalent to three months' service under this rider.

The contract between the Company and the supplier shall provide for:

- (1) the measurement of supplier-owned gas delivered to the Company and shall establish minimum quality specifications for such gas;
- (2) the rate or rates of delivery of gas transported for any supplier hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the supplier shall nominate daily delivery quantities of supplier-owned gas to the Company. The supplier shall arrange to have the pipeline transporter and the seller/shipper provide the Company with the daily delivery data for all supplier-owned gas delivered to the Company's system; and
- (4) standard and customary contract provisions such as governing law, notices and provisions governing contract interpretation.

The supplier, at the Company's request, will furnish the Company with copies of all contracts relating to service hereunder, including all amendments thereto in effect from time to time. Such contracts shall include each contract between the supplier and each member of the Customer Group authorizing the supplier to act as its agent, each member's Rider FST or Rider SST-T contract, and the transfer of contract showing that each customer transferred to the supplier management of its Rider FST or SST-T contract.

Section J - Terms and Conditions of Service

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

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Section J - Terms and Conditions of Service - continued

In the event there is a Company gas supply interruption or curtailment, all supplier-owned gas delivered to the Company will 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 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 supplier-owned gas shall be 100 percent of the AMIP as defined under Section C of Rider SST-T of this rate schedule plus \$1.50 per therm.

The Company reserves the right to limit the daily and monthly volumes of supplier-owned gas delivered for the suppliers' Customer Groups when it believes that the deliveries are excessive in relation to the Customer Groups' gas requirements and may cause an adverse effect on system operations.

The 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 supplier-owned gas that does not conform to the contractual quality specifications.

If the 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 supplier-owned gas into the Company's system until the supplier cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the supplier cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the supplier from the obligation to make payment of any amounts due or to become due under the terms of the contract hereunder.

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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