

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider PIPP

Percentage of Income Payment Program

Applicable to Service Classification No. 1

Section A – Availability

The Percentage of Income Payment Program (PIPP) shall be available on and after August 28, 2011, or such later date as prescribed by the DCEO, at which time service under Rider PIPP-T will transition to this rider. PIPP Participants must meet the criteria described in Section C of this rider.

Section B – Definitions

As used in this rider, the terms below are defined as follows:

Arrearage Forgiveness Amount shall mean an amount equal to one-twelfth of the PIPP Participant's Pre-program Arrears.

Business Rules shall mean the Business Rules for the Statewide PIPP, dated January 20, 2011, and approved by the Policy Advisory Council established pursuant to Section 5 of the Law.

Current shall mean that the PIPP Participant has no outstanding Required PIPP Payments due the Company.

DCEO shall mean the Department of Commerce and Economic Opportunity or any successor to that agency and, for purposes of this rider, shall include local administering agencies.

Fixed PIPP Bill Amount shall mean the Company's forecast fixed bill payment amount based on its estimate of the amount of the PIPP Participant's utility bill for which the PIPP Participant will be responsible. Such Fixed PIPP Bill Amount: may be adjusted no more often than quarterly; is the levelized payment plan required by the Law; applies only to this rider; and is not determined under or subject to Rider 3 of this rate schedule.

Law shall mean Section 18 of the Energy Assistance Act (305 ILCS 20/18).

LIHEAP shall have the meaning ascribed to it in the Law.

Monthly PIPP Grant shall mean an amount that DCEO determines pursuant to its formula and submits to the Company, such amount not to exceed \$100 per month or \$1,200 per Program Year for a PIPP Participant.

PIPP Participant shall mean a customer taking service under this rider and receiving a Monthly PIPP Grant and an Arrearage Forgiveness Amount credit.

Pre-program Arrears shall have the meaning ascribed to it in the Law and the Business Rules.

Date Issued: July 14, 2011

Date Effective: August 28, 2011

Asterisks not needed replacing this sheet in its entirety.

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

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Section B – Definitions (continued)

Program Year shall mean the period beginning July 1 and ending June 30 of the following year, provided that the first Program Year shall begin August 28, 2011, or such later date as prescribed by DCEO.

Required PIPP Payment shall mean the amount that the PIPP Participant is required to pay for utility service each month.

Section C - Customer Qualifications

- * A PIPP Participant must: (1) take service under Service Classification No. 1; (2) be eligible for LIHEAP funding, as verified by DCEO; (3) have an active account at the time the customer applies for service under this rider; and (4) have no amounts owing for theft or tampering with the Company's equipment.

Section D - Required PIPP Payment

The PIPP Participant's Required PIPP Payment will be the difference between the Fixed PIPP Bill Amount and the Monthly PIPP Grant and will be due on the date specified on the PIPP Participant's bill. Each month, the Company will post the Monthly PIPP Grant amount, provided that the sum of the Monthly PIPP Grants shall not exceed \$100 per month or \$1,200 per Program Year. The PIPP Participant is responsible for all amounts due and owing for utility service in excess of the sum of the Required PIPP Payment and the Monthly PIPP Grant and any excess charges will accrue as Pre-program Arrears for the following Program Year.

Section E - Arrearage Forgiveness Amount

Subject to and consistent with any limitations imposed by DCEO, the Company will credit an Arrearage Forgiveness Amount up to \$83.33 per month or \$1,000 per Program Year to the PIPP Participant's account for each month that the Company receives the Required PIPP Payment, in full, on or before the payment due date. This is the Arrearage Reduction Program described in the Law.

Date Issued: August 30, 2011
Asterisk (*) indicates change.

Date Effective: October 14, 2011

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Section F - Terms of Service

Except as otherwise provided in this rider, Rider PIPP is subject to Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service, which are applicable to this rider.

Exemption From Collection Actions

Customers who remain Current will be exempt from the actions and conditions listed under Section F – Default.

Termination of Participation

In all cases of Termination of Participation due to Default, Voluntary Withdrawal, or Termination of Service at the premises at which the PIPP Participant is receiving service, previously forgiven Arrearage Forgiveness Amounts and monies paid to the PIPP Participant's actual bill shall remain paid. The remaining portion of the Pre-program Arrears, as well as all other outstanding balances, are due immediately upon termination from service under this rider. Upon termination of participation, the amounts of the final Monthly PIPP Grant and the Arrearage Reduction Amount will be determined pursuant to the Business Rules.

Default

DCEO may terminate a PIPP Participant's participation under this rider as specified in the Law. The following will apply to such PIPP Participants: (1) all account balances owed the Company are due immediately, including a deposit, as applicable under 83 Illinois Administrative Code Part 280; (2) Late Payment Charges begin accruing; (3) written notice of the Company's intention to terminate service will be sent; and (4) collection activities and credit reporting will begin or resume.

Voluntary Withdrawal

A PIPP Participant may withdraw from service under this rider at any time. The following will apply to such PIPP Participants: (1) all account balances owed the Company are due immediately; (2) if the PIPP Participant's account is Current, the PIPP Participant may enter into a standard Deferred Payment Agreement; and (3) if the PIPP Participant's account is Current, no deposit will be requested. The Company reserves the right to request a deposit in the future.

Termination of Service

A PIPP Participant who requests that service be terminated at the premises where the PIPP Participant is receiving service under this rider must withdraw from service under this rider, unless the service termination is in conjunction with a Transfer of Service. The following will apply to PIPP Participants requesting termination of service, unless the service termination is in conjunction with a Transfer of Service: (1) all account balances owed the Company are due immediately; (2) if the PIPP Participant's account is Current, the PIPP Participant may enter into a standard Deferred Payment Agreement; and (3) if the PIPP Participant's account is Current, no deposit will be requested. The Company reserves the right to request a deposit in the future.

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Date Effective: August 28, 2011

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Section F - Terms of Service (continued)

Transfer of Service

A PIPP Participant who requests that service be terminated at the premises where the PIPP Participant is currently receiving service and concurrently requests service at a new premises may continue to receive service under this rider at the new premises.

Late Payment Charges

Late Payment Charges shall not be applicable to PIPP Participants while the customer is receiving service under this rider.

Section G - Funding

The Company shall recover its reasonable administrative and operational costs incurred to comply with the Law and the Arrearage Forgiveness Amount. The Company shall either net from amounts that it would otherwise be required to remit to the Supplemental Low-Income Energy Assistance Fund established in Section 13 of the Energy Assistance Act or submit a bill to DCEO for, all amounts it is allowed to recover under this rider.

If DCEO fails to timely remit any payments required by the Law to the Company, the Company may recover such deficient payments under the rider established under Section 19-145 of the Public Utilities Act.

Section H - Company Reporting

On or before 45 days after the end of each Program Year, the Company shall submit to DCEO and to the Commission, with copies to the Manager of Accounting, a report showing, for the Program Year, information requested by the Commission or its Manager of Accounting.

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