

North Shore Gas Company

SCHEDULE OF RATES FOR GAS SERVICE

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Service Classification No. 3

Large Volume Demand Service

The following rates are available to any customer who uses an average of over 41,000 therms per month. The Company shall assess eligibility at two-year intervals, or more frequently based on evidence of changed usage, and shall consider usage data from the most recent preceding twenty-four month or two calendar years in making this assessment. If the customer does not have usage data for the most recent twenty-four month or two calendar year period, the Company's assessment of the customer's eligibility shall be based on usage at the same or a similar premise and for a similar type of customer.

* "Sales Customers" are customers who take service solely under this Service Classification. "Transportation Customers" are customers who take service under this Service Classification and under Rider FST, SST or SST-T.

* **Rates**

The rates for service hereunder shall consist of a Customer Charge, a Demand Charge, a Distribution Charge, a Storage Charge and a Gas Charge. The Customer Charge, the Demand Charge, the Distribution Charge and the Storage Charge represent the charges for delivery service from the Company.

* **Customer Charge**

The monthly Customer Charge shall be \$477.00.

* **Demand Charge**

The monthly Demand Charge shall be 54.801 cents per therm of Billing Demand.

* **Distribution Charge**

The Distribution Charge shall be 1.690 cents per therm for all gas delivered in any month.

* **Storage Charge**

For Sales Customers, the Storage Charge shall be the Storage Service Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of all gas delivered. For Transportation Customers, the Storage Charge shall be the Storage Banking Charge, an amount, as determined under Rider SSC of this rate schedule, per therm of storage capacity.

Gas Charge

The Gas Charge shall be, for all gas delivered, an amount per therm determined under Rider 2 of this rate schedule.

Subject to adjustments under riders applicable to this service classification.

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.

Date Issued: JANUARY 17, 2012
Asterisk (*) indicates change.

Date Effective: JANUARY 21, 2012

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

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Billing Demand

The Billing Demand shall be the customer's highest daily demand, in therms, that has occurred during the peak period months of December through February in the most recent twelve-month period.

The minimum Billing Demand shall be 60 percent of the customer's highest daily demand that has occurred during the most recent nine non-peak months.

To determine the highest daily demand, the maximum consumption during any Gas Day shall be measured by a daily demand measurement device; provided, however, that if actual data are not available from such device, the customer's daily demand in any billing period shall be the customer's metered usage in the billing period, adjusted to a 30 day equivalent basis, divided by 21; provided, further, the Company may, in its sole discretion, permit the customer to exclude from the calculation up to ten Gas Days during any December through February period, subject to each of the conditions listed below.

1. The customer submits its request in writing, including by electronic means, and the Company receives this request by 9:00 a.m. Central Time at least two business days prior to the affected Gas Day(s). The Company will grant or deny, in writing, including by electronic means, any requested waiver prior to the start of the affected Gas Day(s).
2. The request to exclude Gas Day(s) is due to infrequent, unusual and short duration customer loads, such as the testing and/or maintenance of equipment, or short-term production requirements.
3. The Company expects no adverse impacts to other customers.
4. The customer shall be subject to any constraints, curtailments, or other limitations of service, as well as any associated penalties, and charges during Gas Day(s) covered by a request that the Company grants.

* **Standby Demand**

The Standby Demand shall be equal to the Billing Demand for all customers except those taking service under Rider SST; for a customer taking service under Rider SST, its Standby Demand shall be equal to its Selected Standby Quantity.

* **Maximum Contract Daily Demand**

The Company shall determine a Maximum Contract Daily Demand (MCDD), which shall be the maximum daily number of therms the Company shall be obligated to deliver to the customer. If at any time a customer's Billing Demand exceeds the customer's MCDD, then such Billing Demand shall become the MCDD, beginning with the month in which the Billing Demand first exceeds the MCDD; provided, however, that such increase in MCDD shall not become effective if the Company determines that a sufficient supply of gas is not available to meet such increase; provided, further, that the customer must provide the Company written notification, as far in advance as practicable, if the customer expects to increase its MCDD by more than 10 percent from its existing MCDD.

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Asterisk (*) indicates change.

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130 East Randolph Drive, Chicago, Illinois 60601**

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Terms of Service

* The Company's obligation shall commence when it begins to supply service hereunder and shall continue for an initial term ending the first April 30 after service commences and after the initial term shall extend automatically for additional 12-month periods, subject to the provisions of its Terms and Conditions of Service, until terminated under the terms of this rate schedule. The customer's obligation to pay for gas and services rendered hereunder shall begin when the Company begins to supply service and continue until payment in full of all amounts due hereunder shall have been made. In addition, if service terminates prior to the end of the initial term or any 12-month period, except if the customer transfers to Service Classification No. 2 because the customer no longer meets the minimum usage requirement under this service classification, then all amounts due the Company shall be paid, including the Demand Charge for the unexpired portion of the remaining initial or 12-month period.

* The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the daily demand measurement device. The Company on 30 days' prior written notice, may suspend or terminate service under this service classification if a customer fails to install or maintain the required telephone wiring or electric wiring.

General

Subject to the Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service that are applicable to this service classification.

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