

**North Shore Gas Company**

**RIDER TO SCHEDULE OF RATES FOR GAS SERVICE**

Page 1 of 3

**Rider SSC**

**Storage Service Charge**

**Applicable to Service Classification Nos. 1, 2 and 3**

The purpose of this rider is to recover the costs related to providing base rate storage services to sales and transportation customers. Separate charges applicable to sales customers and transportation customers shall be determined by the Company at least annually.

Sales customer shall mean a customer who takes service solely under a service classification and does not also take transportation service under Rider CFY, FST, SST or SST-T. A transportation customer shall mean a customer who takes service under a service classification and Rider CFY, FST, SST or SST-T.

Each year, on or before May 31, the Company shall file with the Commission an information sheet specifying the charges to be effective for the 12-month period beginning June 1 and ending May 31 of the succeeding calendar year. Each 12-month period ending May 31 shall be considered the Annual Recovery Period. Such filing shall include a statement showing the determination of such charges in accordance with Section A of this rider, the determination to be accompanied by data supporting the determination. The charges for storage service will be a Storage Banking Charge for all transportation customers and a Storage Service Charge for all sales customers. The Storage Banking Charge will be assessed as a cents per therm charge for each therm of storage capacity allocated to or subscribed by transportation customers under Rider CFY, FST, SST or SST-T. The Storage Service Charge will be assessed as a cents per therm charge for all gas delivered to sales customers. The initial Storage Banking Charge and the initial Storage Service Charge shall be effective on the date that the base rates filed in the Company's most recent rate proceeding become effective.

**Section A – Determination of Charges**

- (1) The Company shall at least annually determine under this Section the Storage Banking Charge and Storage Service Charge. The Company shall file an information sheet at least annually with the Commission, which shall remain in effect in accordance to the terms of this rider.
- (2) **The Storage Banking Charge** shall recover the cost of the Company's investment in production and storage excluding the carrying cost of gas in storage and shall be determined as follows:

$$\text{Storage Banking Charge} = ((\text{SRRE}) / \text{SC} / 12) \times 100$$

Where:

SRRE = The sum of the production and storage classified revenue requirement, excluding the carrying cost of gas in storage, in the Company's embedded cost of service study for rates approved in the Company's most recent rate proceeding.

**Date Issued:** JANUARY 17, 2012

**Date Effective:** JANUARY 21, 2012

**Asterisks not needed replacing this sheet in its entirety.**

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

**North Shore Gas Company**

**RIDER TO SCHEDULE OF RATES FOR GAS SERVICE**

Page 2 of 3

**Rider SSC**

**Storage Service Charge**

**Applicable to Service Classification Nos. 1, 2 and 3**

**Section A – Determination of Charges – continued**

SC = Total on and off-system storage capacity that is estimated to be available for service to sales and transportation customers for the 12-month period beginning the May 1 prior to the Annual Recovery Period.

The initial Storage Banking Charge shall be 0.080 cents per therm. The Storage Banking Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(2).

- (3) **The Storage Service Charge** shall consist of a Storage Service Charge and a Reconciliation Adjustment which shall be summed together for billing purposes. The Storage Service Charge shall recover the cost of the Company's investment in production and storage and shall be determined as follows:

$$\text{Storage Service Charge} = ((\text{SRR} - \text{SBCR}) / \text{T}) \times 100 + \text{RA}$$

Where:

SRR = The storage classified revenue requirement in the Company's embedded cost of service study for rates approved in the Company's most recent rate proceeding.

SBCR = The estimated revenues arising from the Storage Banking Charge for the Annual Recovery Period based upon the amount of storage allocated and subscribed by transportation customers as of the most recent May 1 prior to the Annual Recovery Period.

T = The therms estimated to be delivered to sales customers during the Annual Recovery Period.

RA = The amount due the Company (+RA) or due the customers (-RA) as a result of any under or over-collection of amounts under this rider during the previous Annual Recovery Period. The RA shall be determined in accordance with the provisions of Section (A)4 of this rider.

The initial Storage Service Charge shall be 0.769 cents per therm. The Storage Service Charge to be effective each June 1 thereafter, shall be determined as described under this Section A(3).

**Date Issued:** JANUARY 17, 2012

**Date Effective:** JANUARY 21, 2012

**Asterisks not needed replacing this sheet in its entirety.**

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

Filed Pursuant to Order of Illinois Commerce Commission  
Entered January 10, 2012 in Docket No.11-0280

**North Shore Gas Company**

**RIDER TO SCHEDULE OF RATES FOR GAS SERVICE**

Page 3 of 3

**Rider SSC**

**Storage Service Charge**

**Applicable to Service Classification Nos. 1, 2 and 3**

- (4) **The Reconciliation Adjustment (RA)** shall be calculated annually, and amortized over a ten-month period beginning August 1 and ending May 31 (Amortization Period). The initial RA shall be amortized beginning August 1, 2013. For the initial RA determined under this rider, the prior Annual Recovery Period shall begin on the date that the base rates approved in Docket No. 11-0280 effective and end May 31, 2013. The RA shall be determined as follows:

$$RA = ((ER - AR) \times (1 + i)) / T \times 100$$

Where:

ER = The revenue expected to be billed under this rider for the prior Annual Recovery Period.

AR = Actual revenue billed under this rider for the prior Annual Recovery Period.

T = The estimated applicable therms of gas to be delivered to sales customers during the Amortization Period.

i = The interest rate established by the Commission under 83 Ill. Adm. Code 280.70 (e)(1) and in effect when the adjustment under this section is calculated, adjusted for the number of months in the Amortization Period.

The reconciliation adjustment shall be determined separately. If an adjustment computes to 0.01¢ per therm or more, any fraction of 0.01¢ in the computed per therm adjustment amount shall be dropped if less than 0.005¢ or, if 0.005¢ or more, shall be rounded up to the next full 0.01¢.

**Section B – Reconciliation**

On or before July 31 of each year, the Company shall file with the Commission an information sheet specifying the reconciliation adjustment to be effective for the Annual Recovery Period. This reconciliation amount will be refunded or collected over the ten-month period of August to May of the subsequent annual recovery period.

**Date Issued:** JANUARY 17, 2012

**Date Effective:** JANUARY 21, 2012

**Asterisks not needed replacing this sheet in its entirety.**

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

Filed Pursuant to Order of Illinois Commerce Commission  
Entered January 10, 2012 in Docket No.11-0280