

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SST

* **Subscription Storage Transportation Service**

Applicable to Service Classification Nos. 2 and 3

* Transportation and unbundled storage service under this rider is available on and after May 1, 2012 to any customer who:

- (1) executes a written contract for deliveries hereunder at a single point of metering;
- (2) is a customer under Service Classification No. 2 or 3 at said single point of metering;
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable receipt point on the Company's system for service under said contract; and
- (4) elects to contract for at least 1 day of storage service without standby service.

* **Section A - Definitions**

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

Allowable Bank (AB) shall mean the maximum quantity of gas that the customer can retain in storage at any time, determined by the customer's MDQ times the number of days of storage bank selected by the customer. The number of days selected must be an integer with a minimum value of 1, and no more than the maximum number of days of storage determined by the SST Capacity Days filing provided, however, a customer may request and, if there are unsubscribed SST Capacity Days, the Company may provide days of AB in excess of such maximum in the manner described in Section G of this rider.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term, unless revised by the Company to reflect a change in any one of the factors in the formula. As used in this rider, AB also shall mean the account in which the Company maintains a balance of customer-owned gas accounted for as deliveries to and from the AB.

Companion Classification shall mean the Service Classification No. 2 or 3 under which the customer purchases gas service at said single point of metering.

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gas delivered to the customer that has not been delivered to the Company by the customer's supplier on its behalf or withdrawn from their AB.

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Asterisk (*) indicates change.

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

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Section A - Definitions - continued

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.

Daily Unauthorized Use shall mean that quantity of Company-owned Gas delivered to the customer on any day, unless Authorized Overtake has been made available.

Imbalance Account (IA) shall mean the account in which customer-owned gas delivered to the Company in excess of the summation of (i) the customer's daily requirements and (ii) AB is accounted for.

Maximum Daily Nomination (MDN) shall be the maximum daily quantity of customer-owned gas that a customer may nominate for delivery to the Company for the period April through October. The MDN shall be determined in accordance with Section G of this rider.

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* **Section A - Definitions** - continued

Maximum Daily Quantity (MDQ) shall mean the quantity that shall be stated in and remain effective during the term of the contract and shall be the maximum quantity of customer-owned gas that a customer may nominate for delivery on any day. The minimum MDQ shall be the highest daily demand recorded by the installed Daily Demand Measurement Device during the most recent December through February period. If sufficient recorded daily demand device data is not available, the minimum MDQ shall be the highest metered gas requirements in a billing period during the most recent December through February period, adjusted to a 30 day equivalent basis and divided by 21, rounded to the nearest therm. For new premises, the Company shall determine, in its reasonable judgment, an MDQ based on factors such as the MDQ for similar premises. The Company retains the right to change the MDQ at any time based on evidence of changed usage.

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

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

Pool shall have the meaning ascribed to it in Rider P of this rate schedule.

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

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Section A - Definitions - continued

SST Capacity Days shall mean the maximum number of days of storage capacity available under this rider and such quantity shall be shown on the Rider SST Information Sheet filed annually with the Commission no later than April 1, to be effective on the next May 1 for a one-year period.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain at the time of delivery into its system, representing the customer's proportionate share of Unaccounted for Gas. Such quantity shall equal the number of therms delivered by the customer 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.

Unauthorized Use of Gas shall mean the sum of Daily Unauthorized Use plus Monthly Unauthorized Use.

Section B - Rates

The rates for service hereunder shall consist of an Administrative Charge, a Cash-out Charge, a Daily Demand Measurement Device Charge, an Imbalance Account Charge, an Imbalance Trade Charge, a Storage Gas Charge and an Unauthorized Use Charge as well as those charges defined in the customer's Companion Classification.

For a customer that is a member of a Customer Group as defined under Rider P of this rate schedule, the Company shall bill a Daily Demand Measurement Device Charge and a Storage Gas Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$5.74 per account for each account listed on a contract.

Cash-out Charge

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

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Section B - Rates – continued

Daily Demand Measurement Device Charge

A Daily Demand Measurement Device shall be required for each meter at which service is taken under this rider. For each such device installed by the Company to meet this requirement, the monthly charge shall be \$33.00. Charges billed under this provision shall begin with the bill for the first full month following installation, and shall not apply for a device installed as an incident of service under the customer's Companion Classification.

Imbalance Account Charge

The daily Imbalance Account Charge shall be \$.10 per therm of customer-owned gas in the 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.

Storage Gas Charge

The monthly Storage Gas Charge shall be determined according to the following formula:
AB multiplied by the effective Storage Gas Charge as determined under Rider 2 of this rate schedule.

Unauthorized Use Charge

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

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Section B - Rates – continued

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 customer shall reimburse the Company for any and all taxes which the Company shall be required to pay or be obligated to collect from the customer 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 customer on a monthly basis.

Section C - Cash-Out

IA amounts determined under this rider and subject to cash-out shall be cashed out on a tiered basis pursuant to the following schedule:

<u>Monthly Imbalance</u>	<u>Overage (Company pays Customer)</u>	<u>Underage (Customer pays Company)</u>
0% to 5%	100% times AMIP	100% times AMIP
> than 5% to 10%	90% times AMIP	110% times AMIP
> than 10% to 15%	80% times AMIP	120% times AMIP
> than 15% to 20%	70% times AMIP	130% times AMIP
Greater than 20%	60% times AMIP	140% times AMIP

The imbalance will be cashed out based on the percentage of that imbalance compared to the total deliveries to the customer during the month.

The Average Monthly Index Price (AMIP) for a month shall be the arithmetic average of the daily prices published for that month in "Gas Daily" under the headings Citygates, Chicago city-gates, Midpoint (average price in the Common range), or any successor to that index. On any day that the index is unavailable, the Company shall compute the AMIP using the remaining days. 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. The monthly Cash-out Charge shall be the sum of each tier's monthly imbalance multiplied by the corresponding price.

Section D - Authorized Overtake

Authorized Overtake gas shall be any Company-owned gas made available to the customer pursuant to authorization under this provision. The Company shall notify customers of the availability of Authorized Overtake gas 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 under this provision shall be paid for by the customer under the Companion Classification.

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Section E - Order of Deliveries to the Company

On any day in which customer-owned gas delivered to the Company exceeds the customer's metered gas deliveries from the Company, the difference between such deliveries shall be credited as follows (i) AB and (ii) IA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section F - Order of Deliveries to the Customer

For billing purposes, gas delivered to the customer in any day at the point of metering for this rider shall be in the following order:

- (1) the quantity of customer-owned gas delivered to the Company's system in the current day;
- (2) any quantity of customer-owned gas available for withdrawal from the customer's IA;
- (3) any quantity of customer-owned gas available for withdrawal from the customer's AB;
- (4) Authorized Overtake; and
- (5) Unauthorized Use.

For this Section, the quantity of customer-owned gas delivered to the Company's system is net of the amounts retained by the Company for Unaccounted for Gas.

Section G - Inventory / Allowable Bank / Daily Deliveries

On or about April 1 of each year, the Company shall notify each customer of the SST Capacity Days. On or before April 15, the customer may request a change to the number of days used in calculating its AB. If the customer requests no change, then its previous selection shall remain in effect for the one-year period beginning May 1, provided that, if the customer's previous selection exceeds the maximum number of days available, then the customer's AB shall be reduced to the product of the customer's MDQ times the maximum number of days available. A customer may request days of storage in excess of the SST Capacity Days. The Company shall allocate unsubscribed SST Capacity Days on a pro rata basis, subject to the requirement that the number of days must be an integer, to all customers requesting capacity exceeding the maximum days available.

In no event shall the quantity of gas accounted for in the AB be negative or customer-owned gas deliveries be accounted for as 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 AB must be no less than 75% of the AB. To the extent that the customer's inventory is less than 75%, the customer shall purchase the deficient quantity from the Company at 110% of the AMIP under Section C of this rider determined for November. If the customer has transferred management of its contract to a Pool, the determination of whether the customer meets this inventory requirement shall be made pursuant to Rider P. If the

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Section G - Inventory / Allowable Bank / Daily Deliveries – continued

customer has not transferred management of its contract to a Pool, the customer's supplier may, by notice to the Company no later than December 1, include the customer in its aggregation of Pools and customers for the sole purpose of meeting this inventory requirement, as further described in Section F of Rider P; provided, however, that if such customer has purchased gas from more than one supplier in November, the customer may not be included in a supplier's aggregation; provided further, that if more than one supplier timely notifies the Company that the customer should be in its aggregation, the customer shall not be included in an aggregation.

For the period April through October, the customer's daily delivery nominations to the Company shall be no greater than the MDN. If the required billing and usage data are available, the MDN shall be the Company's estimate of the customer's average daily use for the comparable month of the prior year plus 0.67% of the customer's AB. The customer's average daily use shall be the usage in the customer's bill for the prior year's comparable month divided by the number of days in the month. The MDN shall be the same for each day of the month for which it is determined. If the required billing and usage data are not available or if the customer's usage profile has changed materially, the Company shall make a good faith estimate of the average daily use in order to compute the MDN. If a customer's usage profile materially changes as compared with the prior year, the Company shall accept a customer's request to revise the MDN and, in good faith, entertain granting the customer's request to revise the MDN based on demonstrable evidence of the occurrence or reasonably expected occurrence of a material change in the customer's usage profile. The Company shall have no obligation to accept a customer nomination to deliver any quantity in excess of the applicable MDN. For the period November through March, the customer's daily deliveries to the Company shall be no greater than the MDQ.

A customer's daily withdrawals from the AB on any Critical Supply Shortage Day shall be limited to the lesser of (i) the customer's AB balance at the beginning of the day or (ii) the quantity of gas determined by multiplying the customer's AB times 2.6%. A customer will not be allowed daily injections into the AB on any Critical Supply Surplus Day.

A customer's monthly withdrawals from the AB during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's AB balance at the beginning of the month or (ii) 1/3 of the customer's AB. For quantities that would be in excess of this limitation, the customer shall purchase gas under the Companion Classification and such quantity shall be deemed Unauthorized Use.

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

The customer shall have the right to trade amounts accounted for as AB or IA to customers or suppliers receiving service under Riders FST, SST and P 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.

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Section H - Imbalance Trading, Daily Reallocations and Critical Day Reallocations – continued

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 the minimum 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.

In addition to imbalance trading, each day a customer with more than one contract under Riders FST and SST may reallocate the customer-owned gas that it nominated for delivery among its contracts. The customer may not increase or decrease the confirmed quantity of customer-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 customer that has not assigned its contract to a supplier under Rider P may notify the Company, in writing by the first business day of the month following the Critical Day(s), that the customer wishes to participate in a Critical Day Reallocation. A "Critical Day Reallocation" means that a customer may notify the Company that it is requesting the Company to move gas that the customer delivered to one or more of its Rider FST or SST contracts on a Critical Day to another one or more of its Rider FST or SST contracts for said Critical Day. The Company shall execute the Critical Day Reallocation prior to issuing bills to the customer for the month in which the Critical Day(s) occurred.

For the period commencing May 1, 2012, and ending January 31, 2014, 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 and all suppliers under Rider P. 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 customer 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 customer's right to correct a timely nomination, required by upstream pipeline cuts, as part of the confirmation process.

Section I - Disposition of Imbalance Account Amounts

At the end of the month, the amount in the customer's IA shall first be injected into the AB up to the maximum AB quantity. Any remaining imbalance shall be traded or cashed-out under Section C of this rider. Amounts credited to the IA each day shall be assessed an Imbalance Account Charge.

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Section J - Contract with the Customer

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 customer shall have the right to terminate service under the contract at the end of any contract year on 30 days written notice.

Upon contract termination, the customer shall trade or cash-out any gas remaining in the AB at 100 percent of the AMIP as defined under Section C of this rider. A customer may not discontinue and renew service under this rider within a consecutive twelve month period if service is not renewed under this rider within 120 days of such discontinuance.

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

- (1) the measurement of customer-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 customer hereunder and the pressure at which such gas is to be delivered;
- (3) the procedure by which the customer shall nominate daily delivery quantities of customer-owned gas to the Company. The customer shall arrange to have the pipeline transporter and its supplier provide the Company with the daily delivery data for all customer-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.

If the customer has a legal or beneficial ownership or leasehold interest in the premises at more than a single point of metering and is financially responsible for all service rendered under this rider and the Companion Classification, such premises, up to 200 accounts unless otherwise agreed by the Company, may, for the convenience of the parties, be consolidated under the contract for the limited purposes defined in the contract.

The customer, 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. Any additional facilities required for the Company to take delivery of customer-owned gas or to meter deliveries of quantities of gas transported for the customer hereunder shall be paid for by the customer prior to service initiation.

A customer, except a customer receiving service pursuant to Section L of this rider, may transfer management of its contract to one supplier under Rider P of this rate schedule. Upon such a transfer, the customer's AB will be transferred to the supplier's AB. No transfer shall relieve the customer of its contractual liabilities and obligations hereunder. The customer shall be liable for its pro rata share of amounts due or to become due under the Rider P contract under which it is a member of a Customer Group. This pro rata share shall be determined by the ratio of the MDQ under its contract with the Company to the Pool MDQ under the Rider P contract under which it is a member of a Customer Group, as defined in Rider P of this rate schedule.

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Section J - Contract with the Customer – continued

The provisions of Rider P shall govern when there is a conflict between the provisions of this rider and that of Rider P with respect to a transferred contract. The provisions of this rider shall govern when either Rider P is silent or there is no conflict between the provisions of this rider and that of Rider P. Upon termination of the contract under Rider P the transfer of the customer's contract shall be cancelled.

Section K - Terms and Conditions of Service

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

The customer shall be responsible for providing, installing and maintaining telephone wiring and, if required, electric wiring from the source of power to the device. The Company may terminate the contract hereunder if a customer does not repair malfunctioning telephone wiring or electric wiring within 30 days of notification by the Company. Equipment installed by the Company shall remain its property, regardless of the customer's payment of charges hereunder.

In the event there is a Company gas supply interruption or curtailment, customer-owned gas delivered to the Company will be available to the customer, except that the Company may interrupt deliveries of the same for reasons of limitation of system capacity to the same extent that service to the customer 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 customer-owned gas to the customer 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 customer-owned gas shall be 100 percent of the AMIP as defined under Section C of this rider plus \$1.50 per therm.

The customer 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 customer-owned gas that does not conform to the contractual gas quality specifications. The gas delivered by the Company hereunder shall be measured in accordance with the Terms and Conditions of Service of this rate schedule.

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

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Section K - Terms and Conditions of Service - continued

If the customer 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 customer-owned gas into the Company's system until the customer cures such failure; or (ii) terminate all service 10 days after providing written notice, unless the customer cures such failure during this ten-day period. The suspension or termination of service for any such cause shall not release the customer 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.

Section L - Transition

Any customer that has not yet had a Daily Demand Measurement Device installed may receive service under this rider subject to this Transition provision. This Transition provision shall apply to the customer's service until the first day of the next month following the installation of the Daily Demand Measurement Device (Transition Period). For customers having a contract covering more than one account, the Transition Period shall end upon the first day of the next month following the completed installation of Daily Demand Measurement Devices for all specified accounts.

Service under this Transition provision shall be available upon execution of a contract. If a Daily Demand Measurement Device has not been installed due to any customer failure, including failure to install telephone wiring, after 3 months, the contract shall be terminated and the customer shall be re-billed as if the customer has received service under Rider FST for the period that Rider SST service was taken under this Transition provision. If the contract is terminated due to such failure, the customer may not subsequently renew service under this rider within a twelve-month period. If the customer elects not to receive service under this rider before installation of a Daily Demand Measurement Device, the customer shall be re-billed as if the customer has received service under Rider FST for the period that Rider SST service was taken under this Transition provision.

Notwithstanding any other provision in this rider, billing during the Transition Period for a customer subject to this Transition provision shall be based upon monthly rather than daily data. The daily limitations, except the MDN, set forth in Section G of this rider shall be applied on a monthly basis.

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Section L - Transition – continued

For the months of November through March, a customer subject to this Transition provision must have, at the beginning of each month, a minimum balance of gas in the customer's AB (Minimum AB Balance) calculated by the formula $.75 \times AB$, with the factor AB having the contractually-specific value. If the balance in the customer's AB is less than the Minimum AB Balance required at the beginning of any month, the customer shall purchase from the Company, under its Companion Classification, an amount of gas equal to the difference between the quantity of customer-owned gas in the AB and the Minimum AB Balance. Any purchased gas hereunder shall be priced at 110% of the AMIP as defined under Section C of this rider. Such quantity shall be deemed to have been purchased on the last day of the month prior to that in which the required Minimum AB Balance does not exist. The Minimum AB Balance is in place of the inventory requirement set forth in Section G of this rider.

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