

Nicor Gas Sample Critical Day Allocation for Daily Balanced Groups

This document is intended to assist with the understanding of Critical Day (CD) allocation. It is not intended to represent actual customer data or an actual bill.

If group deliveries on CD (daily nomination) exceeds group usage, then daily nominations cover metered usage and you have a net injection into storage. No allocation protocols are undertaken.

If group deliveries on CD (daily nomination) are less than group usage, then allocation protocols are undertaken. For Example:

- (1) In theory, CD maximum withdrawal rights (Storage Banking Service (SBS) entitlement) are 16,762 therms (*A*) ($986,000$ (*B*) \times 0.017×1.0). However, in the below example withdrawal rights (SBS entitlement) were only 11,992 therms. Every customer received their maximum SBS withdrawal rights except for Customers 4 and 6. Customer 4 was allotted zero (0) SBS withdrawal rights because he has no metered therm usage on the CD. Customer 6 was allotted 500 therms of SBS withdrawal rights, not 510, because metered usage was only 500 therms. $16,762$ (*A*) $- 11,992$ (*C*) $= 4,770$ (*D*) $= (4,760$ (*E*) $+ 10$ (*F*)), and $11,992 + 5,000$ (*G*) $+ 2,508$ (*H*) $= 19,500$ (*I*)
- (2) Then assuming all accounts in the group have no Firm Banking Service (FBS) rights (FBS entitlement), the individual account's metered usage is then compared to each accounts individual CD withdrawal rights. If the account's individual withdrawal rights are greater than metered usage, then CD withdrawal rights are used first, and no daily deliveries are apportioned to that specific customer. See Customer 6 in the below example.
This way all CD withdrawal rights at the account level are utilized so that daily deliveries of gas can be allocated in such a way as to minimize the purchase of company-supplied gas either as Authorized Use or Unauthorized Use for other accounts.
- (3) After the individual account CD withdrawal rights are applied against usage, deliveries and Unauthorized Use, if any, are allocated to each account based on proration. After CD storage withdrawals are maximized, then we determine how much remaining gas is needed to cover each individual customer's metered usage. In the below example, since we know that the group's total CD withdrawal rights at the account level (11,992 therms (*C*)) plus the delivery of 5,000 therms are not adequate to cover total metered usage for the group (19,500 therms (*I*)), some amount of company-supplied gas will be required as either Authorized Use or Unauthorized Use.
- (4) Proration:
After the CD withdrawal rights of 11,992 (*C*) therms are utilized, the imbalance of 7,508 (*G+H*) therms ($19,500 - 11,992$) must be met by an allocation of deliveries and company-supplies. An Allocation Factor for company-supplied gas (Unauthorized Use) is first determined by subtracting deliveries from the remaining requirement not covered by the group's 11,992 therm SBS entitlement ($7,508 - 5,000 = 2,508$). Factor $= 2,508 / 7,508 = 0.334044$ (*J*). Lastly, is an allocation of deliveries as the remainder covering metered usage.

Example: Customer 1: 1,000 therms metered usage - 476 therms of SBS withdrawals = 524 therms to be allocated between Unauthorized Use and deliveries.
 $524 \text{ therms} \times 0.334044 = 175.04$ of Unauthorized Use. Deliveries = $524 \text{ therms} - 175.04$ of Unauthorized Use = 348.96.

Important Note. If you have no gas in storage and your deliveries are not sufficient to cover the group's metered usage, you will be purchasing some amount of Company-supplied gas. However, not all Company-supplied gas on Critical Day will necessarily be as Unauthorized Use. Authorized Use will be provided without the \$6 penalty up to each individual account withdrawal rights (SBS entitlement) as Authorized Use at the higher of the Company's monthly GSC or Market Price before Unauthorized Use kicks in.

Nicor Gas
Sample Critical Day Allocation for Daily Balanced Groups

This document is intended to assist with the understanding of Critical Day (CD) allocation. It is not intended to represent actual customer data or an actual bill.

Group Deliveries 5,000 therms Beginning Group Storage 100,000 therms

Customer	SBS Capacity	Firm Backup Service	Metered Usage	SWF	From Storage	From Deliveries	From Authorized Use	From Unauthorized Use	UnAuthor Use Allocation
1	28,000	0.00	1,000.00	1.00	476.00	348.96	0.00	175.04	0.334044 (J)
2	30,000	0.00	1,000.00	1.00	510.00	326.32	0.00	163.68	0.334044
3	15,000	0.00	1,000.00	1.00	255.00	496.14	0.00	248.86	0.334044
4	280,000	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.334044
5	28,000	0.00	500.00	1.00	476.00	15.98	0.00	8.02	0.334044
6	30,000	0.00	500.00	1.00	500.00	0.00	0.00	0.00	0.334044
7	15,000	0.00	500.00	1.00	255.00	163.16	0.00	81.84	0.334044
8	280,000	0.00	5,000.00	1.00	4,760.00	159.83	0.00	80.17	0.334044
9	280,000	0.00	10,000.00	1.00	4,760.00	3,489.61	0.00	1,750.39	0.334044
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
	986,000 (B)		19,500.00 (I)		11,992.00 (C)	5,000.00 (G)	0.00	2,508.00 (H)	

Assumptions

All quantities are in therms
 All customers have a Storage Withdrawal Factor (SWF) of 1.0
 All customers have no Firm Backup Service (FBS) entitlement
 Critical Day Withdrawal Rights = Storage Banking Service (SBS) Capacity x 0.017 x SWF
 Deliveries have already been reduced by the Unaccounted-for Gas percentage

Customer	MDCQ	SBS Days	% of MDCQ in Usage	SWF	Max Withdrawals Based on CD Formula	SBS Not Used Not Available
1	1,000	28	100	1.00	476.00	0.00
2	1,000	30	100	1.00	510.00	0.00
3	1,000	15	100	1.00	255.00	0.00
4	10,000	28	0	1.00	4,760.00	4,760.00 (E)
5	1,000	28	50	1.00	476.00	0.00
6	1,000	30	50	1.00	510.00	10.00 (F)
7	1,000	15	50	1.00	255.00	0.00
8	10,000	28	50	1.00	4,760.00	0.00
9	10,000	28	100	1.00	4,760.00	0.00
					16,762.00 (SBS capacity * 0.017 * 1.0)	4,770.00 (D)
						11,992.00 (C)

19,500.00	Total Metered (I)
11,992.00	SBS Withdrawal Rights Used (C)
7,508.00	Balance Required (Deliveries & Rider 6) (G+H)
5,000.00	Deliveries (G)
2,508.00	Imbalance (UnAuthorized Use) (H)

Friday, March 21, 2014