
**Rider 31
On-Bill Financing Program**

Applicable to Rates 1, 4, 5, 74 and 75

Section A – Applicability.

Customers served under Rates 1, 4, 5, 74 and 75, shall have the option to apply for loans offered by a Third-Party Lender to facilitate Eligible Customers' purchase and installation of Efficiency Measures from and by Vendors. Customers that are excluded from Nicor Gas' Rider 30, Energy Efficiency Plan Cost Recovery as provided by Section 8-104(m) of the Public Utilities Act are excluded from this rider.

Section B – Definitions.

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

Eligible Customer shall have the meaning set forth in Section D of this rider.

Efficiency Measure shall mean an eligible gas energy efficiency measure meeting the criteria in Section H of this rider.

On-Bill Financing (OBF) Program shall mean the on-bill financing program offered under this rider and Section 19-140 of the Public Utilities Act ("the Act").

Participant shall mean an Eligible Customer who purchases Efficiency Measures under the OBF Program.

Small Commercial Customer shall be a Rate 4, 5, 74 or 75 customer.

Third-Party Lender shall mean a lender selected by the Company pursuant to a request for proposal process conducted in accordance with Section 19-140 of the Act.

Transportation Customer shall mean a customer taking service under Riders 15 and 25 and Rate 74 of this rate schedule.

Vendors shall mean retailers, technicians and installers of gas energy efficiency measures and energy auditors.

*** Section C - Program Description.**

The OBF Program is designed to facilitate Eligible Customers' purchase and installation of Efficiency Measures. Participants will be able to borrow funds from a Third-Party Lender to purchase Efficiency Measures from a Vendor without any required upfront payment, subject to the terms of this rider. Monthly payment requirements on the loan will be billed to the customer during their normal billing cycles through the Company's utility bill. The total outstanding amount financed under the Company's OBF Program shall not exceed \$9.0 million at any time.

Section D – Customer Eligibility and Eligible Customer and Participant Responsibility.

Any Eligible Customer may apply for service under this rider. An Eligible Customer:

1. must own a residential single family home, duplex or other residential buildings or be a Small Commercial Customer who owns the premises;
2. may be a Transportation Customer;

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3. must have an active account with the Company at the time the customer applies for service under this rider; and
4. if the customer is an owner of a multifamily or mixed-use building, the repayment costs of the energy efficiency measures may not be recovered through tenants' utility bills. Such customer must have a gas service account at the premises where the energy efficiency measures being financed are installed.

An Eligible Customer wishing to take service under this rider consents to the Company's disclosure of utility service information to the Third-Party Lender and the Vendor. A loan issued to a Participant shall be the sole responsibility of the Participant. The Participant is responsible for resolving with the Third-Party Lender any dispute that may arise concerning the loan's terms, conditions, or charges. Upon transfer of the property title for the premises at which the Participant receives gas service from the Company, or the Participant's request to terminate service at such premises, the Participant shall pay in full its gas utility bill, including all amounts due under the OBF Program, subject to any modification required by Section 19-140(g) of the Act. Amounts due under the program shall be deemed amounts owed for residential and, as appropriate, commercial gas service, and therefore Participant shall be subject to disconnection of service in the event of a payment default. The amount of a loan to a Participant shall be a minimum of \$500, not to exceed a maximum of \$150,000, and shall not have a term exceeding one-hundred twenty (120) months. A Participant may repay the full outstanding loan amount early without penalty.

Section E - Company's Responsibility.

The Company shall:

1. issue a request for proposal, consistent with Section 19-140 of the Act, to prospective Third-Party Lenders, and such request for proposal shall include, but not be limited to, the following criteria:
 - a. interest rate;
 - b. credit terms
2. work with Third-Party Lenders and Vendors to establish the terms and processes pursuant to which a Participant may purchase Efficiency Measures using the financing obtained from the Third-Party Lender;
3. show amounts due and owing under the OBF Program as a separate line item on the Participant's utility bill;
4. remit payment in full to the Third-Party Lender each month on behalf of the Participant, even if the Participant defaults on payment of its utility bill, in which event the Company shall be entitled to recover all costs related to a Participant's non-payment. Such bad debt expense shall be charged to Prime Account 904 and Nicor Gas shall be entitled to recover all costs related to a Participant's non-payment through the automatic adjustment clause tariff established pursuant to Section 19-145 of the Act;
5. reserve the right to retain a security interest in the Efficient Measures purchased under this rider;
6. retain its right to disconnect service to a Participant that defaults on the payment of its utility bill;
7. accumulate and subsequently recover all of the prudently incurred costs of offering the OBF Program, including, but not limited to, all start-up and administrative costs, loan origination fees, security interest expense, and the costs for program evaluation, through the automatic adjustment clause tariff established pursuant to Section 8-104 of the Act – Natural Gas Energy Efficiency Programs;
8. have no liability or responsibility for Efficiency Measures procured from and/or installed by Vendors;

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9. not be required to comply with any other statute, order, rule, or regulation of the State of Illinois that may relate to the offering of such program, provided that nothing in this rider is intended to limit the Company's obligation to comply with the Act and the Commission's orders, rules, regulations, and 83 Illinois Administrative Code Part 280, including, but not limited to, rules for the disconnection and reconnection of service and deferred payment arrangements; and
10. file the loan interest rate with the Commission.

Section F – Third-Party Lender Responsibility.

The Third Party Lender shall:

1. conduct credit checks or undertake other appropriate measures to limit credit risk;
2. review and approve or deny financing applications submitted by Eligible Customers; and
3. following its approval of financing and the Participant's purchase of the Efficiency Measure(s), forward payment information to the Company.

Section G - Vendor Responsibility.

The Vendor shall:

1. explain and offer the approved financing packaging to Eligible Customers;
2. assist Eligible Customers in applying for financing;
3. provide the Participants information about any other incentives that may be available for the Efficiency Measures;
4. indemnify the Company for causes of action arising from the Vendor's sale and/or installation of Efficiency Measures; and
5. assist in the collection of data required by Section 19-140(g) of the Act and Section J of this rider.

*** Section H - Efficiency Measures.**

The Efficiency Measure must be a product or service that: (a) has estimated gas savings, determined by rates in effect at the time of purchase, that are sufficient to cover the costs of implementing the Efficiency Measure, including finance charges and any OBF Program fees not recovered pursuant to Section E (7) of this rider; or (b) is included in the Company's Commission-approved energy efficiency plan under Section 8-104 of the Act. Criteria for identifying and approving eligible Efficiency Measures shall be the responsibility of the Company. Qualifying Efficiency Measures shall include all products and services included in the Company's energy efficiency plan applicable to the Customer's rate. In the future, the Company may elect to modify or expand the list of qualifying Efficiency Measures applicable under its OBF Program.

Section I - 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.

Section J - Reporting.

The Company shall retain an independent evaluator who shall evaluate the effects of the Efficiency Measures installed under the OBF Program and the overall operation of the OBF Program, as required by Section 19-140(g) of the Act. The OBF program shall continue during the pendency of the evaluation process. The independent evaluator shall issue a report to the Commission on its findings no later than four (4) years after the date on which the OBF Program commenced.