
**Rider 33
Designated Extension Service Area**

Applicable to Rates 1, 4, and 74

Section A – Purpose & Applicability.

This rider is applicable to customers and/or applicants that want or receive service from the Company under Rates 1, 4, and 74 at the service address or service addresses located within the boundaries of a Designated Extension Service Area (DESA). The purpose of this rider is to recover the Required Contribution to extend gas mains to and within a DESA from customers at service addresses located within that DESA.

This rider is intended to provide a mechanism to allow the Company to extend its distribution system to new locations within its service territory in situations in which (i) customer deposits required under the Gas Main Extension provisions set forth in the General Terms and Conditions are not provided to the Company and (ii) there is sufficient interest shown in obtaining gas service within the boundaries of the DESA. In such situations, the Company may extend its distribution system to new locations within its service territory pursuant to this rider. The determination whether or not to extend its distribution system pursuant to this rider shall be made by the Company in each situation at its discretion but the Company will not extend its distribution system pursuant to this rider without first having obtained written indications of interest in obtaining gas service from prospective customers at fifty percent or more of the Estimated Connections located within the boundaries of the DESA.

When an application for service is made after the distribution system has been designed and installed in the DESA and the applicant's or customer's gas requirements are known or are estimated to be large enough in either hourly, monthly or annual term requirements, such that an additional investment in facilities would be required solely to accommodate such applicant's or customer's gas requirements, the Company may deny the application for service under this rider and charge based on a separate economic assessment of those requirements pursuant to the Gas Main Extension provisions set forth in the General Terms and Conditions.

Section B – Definitions.

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

Carrying Cost shall mean, with respect to the Customer Payment Option, the Company's authorized rate of return as approved in the Company's last general rate proceeding at the time a DESA is established.

Connection Period shall mean a period of time commencing when service first becomes available within the DESA and ending on the tenth anniversary.

Customer Payment Option or "CPO" shall mean the option available at CPO Eligible Service Addresses to pay the DESA Connection Charge in installments under the terms set forth in this rider.

Customer Payment Option Agreement or "CPOA" shall mean, with respect to a DESA, an agreement, in the form established by the Company from time to time, to reflect the selection by a customer or applicant at a CPO Eligible Service Address of the Customer Payment Option.

CPO Eligible Service Address shall mean, with respect to a DESA, a service address (i) that is located in the DESA, (ii) that will receive service under Rate 1-Residential Service, (iii) that is to be connected to the Company's distribution system at the request of the property owner or, if the customer of record is not the property owner, the customer has provided the Company a written authorization for the connection from the property owner in form and substance deemed acceptable by the Company, and (iv) for which the DESA Connection Charge exceeds \$225.

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Section B – Definitions. (continued)

DESA Connection Charge shall mean, with respect to a DESA, the Required Contribution to extend gas main to and within the DESA divided by the Estimated Connections. The DESA Connection Charge shall not exceed \$5,000.

Designated Extension Service Area or “DESA” shall mean a specific address or geographical area located within the Company’s service territory that is designated by the Company to receive gas service under this rider.

Estimated Connections shall mean, with respect to a DESA, the Company’s good faith estimate of the number of eligible service addresses that will be connected to the Company’s distribution system located within the DESA during the Connection Period.

Required Contribution shall mean the payment required to make the extension of gas main to and within the DESA economic using the Company’s estimated cost of the required extension minus the sum of (i) the estimated average cost of an extension of 100 feet of low pressure main or 200 feet of high pressure main, as the case may be, times the number of Estimated Connections and (ii) any contributions in aid of construction received from prospective customers to defray any of the Company’s cost of the required extension that are in excess of the DESA Connection Charges that customers pay to the Company under this rider.

Recovery Period shall mean a period of time commencing when service first becomes available within the DESA and ending on the twenty fifth anniversary.

Section C – DESA Connection Charge.

The applicable DESA Connection Charge shall be charged for the connection to the Company’s distribution system during the applicable Connection Period of an eligible service address within the DESA.

The DESA Connection Charge shall be non-refundable. For a service address connecting to the Company’s distribution system within the DESA during the Connection Period that is not a CPO Eligible Service Address, the DESA Connection Charge must be paid by the customer or applicant requesting service in advance of the connection of the service address to the Company’s distribution system. If the customer or applicant requesting service within the DESA is not the property owner for that service address, that customer or applicant must provide the Company a written authorization for the connection from the property owner in form and substance deemed acceptable by the Company. For a CPO Eligible Service Address connecting to the Company’s distribution system within the DESA during the Connection Period, the DESA Connection Charge may, at the election of the customer or applicant requesting service, either (1) be paid in advance of connection, or (2) may be paid through the Customer Payment Option.

Service addresses within the DESA that connect to the Company’s distribution system after the Connection Period will not be assessed the DESA Connection Charge initially established, but may be assessed a connection charge under the Extension of Distribution System provisions set forth in the Gas Main Extension provisions in the General Terms and Conditions based on a separate economic assessment of such connections.

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Section D – Customer Payment Option (CPO).

Those obligated to pay a DESA Connection Charge who receive service at a CPO Eligible Service Address have the option to select the Customer Payment Option. To select the Customer Payment Option for a CPO Eligible Service Address, the customer or applicant requesting to connect such CPO Eligible Service Address to the Company's distribution system must enter into a Customer Payment Option Agreement with the Company.

The Customer Payment Option shall include, but not be limited to, the following terms, which shall also be reflected in the Customer Payment Option Agreement:

- (i) Monthly installment payments for all of the DESA Connection Charge or, if the customer elects to pay a portion of the DESA Connection Charge prior to connection of the CPO Eligible Service Address, the portion of the DESA Connection Charge that remains to be paid;
- (ii) Monthly installment payment options of \$20, \$30, \$40, \$50 and \$60 may be available as provided in the Information Sheet applicable to each DESA;
- (iii) Installment payments shall not exceed one-hundred twenty (120);
- (iv) The Carrying Cost assessed on the outstanding installment balance;
- (v) The option by the customer at any time to pay off the entire remaining installment payment balance through a single lump sum payment equal to the present value at the payment date of the remaining monthly installments as determined by the Company at a discount rate equal to the Carrying Cost used to calculate the installment payment amounts;
- (vi) No option, other than the lump sum payment option specified in Section D(v) of this rider, shall be available to the customer to apply any monies paid to the Company in excess of the current period monthly installment amount specified in the Customer Payment Option Agreement to the outstanding installment payment balance such that any additional monies paid by the customer in excess of the current amount due shall be credited to the customer's account for utility service;
- (vii) No option, other than the lump sum payment option specified in Section D(v) of this rider, shall be available to the customer to alter the payment terms initially agreed upon by the customer or applicant in the Customer Payment Option Agreement; provided, however, that a new customer at the applicable CPO Eligible Service Address will be permitted a one-time option at the time service is initiated for that customer to enter into a Customer Payment Option Agreement with different permissible payment terms for the remaining outstanding installment payment balance; provided further, however, that if such new customer of record does not elect to enter into a new Customer Payment Option Agreement at the time service is initiated for that new customer, the new customer shall be obligated to continue payments under the terms of the Customer Payment Option Agreement in effect for the prior customer or applicant at that CPO Eligible Service Address;
- (viii) Any new customer requesting to initiate gas service in such new customer's name at a CPO Eligible Service Address for which there is an outstanding installment payment balance due on a DESA Connection Charge shall, as a condition of service, be deemed to have assumed and shall be liable to the Company for the remaining installment payment amounts established under the CPO for that CPO Eligible Service Address;

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Section D – Customer Payment Option (CPO). (continued)

- (ix) Nicor Gas will disclose to any requestor for billing information regarding the premises the DESA Connection Charge balance remaining at the premises.
- (x) Should a CPO Eligible Service Address where installment payments under a CPO are outstanding and owed to the Company have no customer of record for a period of time, the monthly payment term shall be suspended for the equivalent period of time, and the payment term shall resume under a CPO for the balance of the monthly payment term when a new customer activates gas service;
- (xi) Non-payment of amounts due and owing with respect to the DESA Connection Charge shall be subject to the same terms for disconnection of service as other monthly utility service charges and shall be subject to late payment charges; and
- (xii) The current monthly installment payment amount due and the number of outstanding installments remaining for the premises under Rider 33 - Designated Extension Service Area shall be shown as a separate line item on the customer's bill. The Company will also note on the bill no less than three times per year that the DESA Connection Charge balance remaining attaches to the premises and, until fully paid, would continue as the responsibility of any subsequent owners.

Upon its receipt of an initial request for service at a CPO Eligible Service Address, the Company will provide the prospective customer or applicant with (i) notice that service at the CPO Eligible Service Address is subject to payment of the DESA Connection Charge, and (ii) the amount of such charge. Upon the request of the customer or applicant at a CPO Eligible Service Address desiring to initiate the Customer Payment Option the Company will provide a Customer Payment Option Agreement reflecting the customer's or applicant's payment elections.

Section E – General.

At least 45 days before the effective date of any new DESA Connection Charge, the Company shall file with the Commission an Information Sheet supplemental to this rider, with a copy provided to the Manager of Rates. Such Information Sheet shall include (i) the specific address(es) or geographic or legal description of the Designated Extension Service Area, (ii) the corresponding DESA Connection Charge, (iii) the effective dates of the DESA Connection Charge, and (iv) the payment options available for the DESA.

DESA Connection Charges under this rider shall be subject to the applicable provisions of the Company's Rider 8 – Adjustments for Municipal, Local Governmental Unit and State Utility Taxes, as in effect from time to time.

CPO amounts that have been billed to customers and are uncollectible shall qualify for recovery through the Company's Rider 26 – Uncollectible Expense Adjustment.

Section F – Reporting.

The Company shall file with the Commission an annual report by April 30th of each year. The report shall contain the number of Estimated Connections, the number of actual connections, the DESA Connection Charge and Recovery Period in effect in the preceding calendar year.

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Section G – Customer Payment Option Agreement.

An example of a CPOA is shown in this Section.

NICOR GAS COMPANY DESIGNATED EXTENSION SERVICE AREA
PAYMENT OPTION AGREEMENT

This Payment Option Agreement (this “Agreement”) is entered into this ___ day of ___, _____ between Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas”) and the applicant for gas service identified below (the “Customer”).

WITNESSETH

WHEREAS, the Customer has requested Nicor Gas to initiate or continue gas service at the service address identified in this Agreement (the “Service Address”); and

WHEREAS, the Service Address is located within a portion of the Nicor Gas service territory that is classified as a Designated Extension Service Area under Rider 33 of the Nicor Gas tariff on file with the Illinois Commerce Commission (the “Nicor Gas Tariff”); and

WHEREAS, pursuant to Rider 33, Nicor Gas is entitled to collect from customers of record at the Service Address a special charge that compensates Nicor Gas for a portion of the costs to extend its gas main to the Designated Extension Service Area (the “Connection Charge”); and

WHEREAS, Rider 33 provides eligible customers within a Designated Extension Service Area options to pay all or a portion of the Connection Charge through installment payments; and

WHEREAS, the payment arrangement specified in this Agreement (the “Payment Arrangement”) is permitted under Rider 33 for the Designated Extension Service Area in which the Service Address is located; and

WHEREAS, the Customer represents that the Customer is the owner of record of the Service Address or has obtained any written authorization from the owner of record of the Service Address that is required under Rider 33; and

WHEREAS, the Customer is eligible to select the Payment Arrangement and desires to select the Payment Arrangement;

NOW THEREFORE, Nicor Gas and the Customer agree as follows:

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1. Service Address, Designated Extension Service Area, Customer, and Owner of Record

The Service Address and the Designated Extension Service Area in which the Service Address is located are as follows:

Service Address: _____

Designated Extension
Service Area: _____

The name of the Customer and, if the Customer is not the owner of record of the property located at the Service Address, the name of that owner of record are as follows:

Customer Name: _____

Name of Owner of Record
Of Service Address: _____

If the line to identify the name of the owner of record is left blank, the Customer shall be deemed to have represented to Nicor Gas that the Customer is the owner of record of the Service Address.

2. Connection Charge and Remaining Balance

The Connection Charge that is applicable to the Service Address is _____.

Nicor Gas has credited payments in the amount of ____ that were received on or before the date of this Agreement, and that are required to be so credited pursuant to Rider 33, against the Connection Charge applicable to the Service Address.

The Connection Charge less the amount credited leaves a balance to be collected by Nicor Gas (the "Remaining Balance") with respect to the Service Address as of the date of this Agreement of _____.

3. Payment Arrangement

On the Remaining Balance, Nicor Gas will bill, and the Customer will pay, installment payments each month during the Payment Period (as hereinafter defined) in the amount shown below. The monthly installment payment amount and the number of outstanding installments remaining for the premises will be included as a separate line item on the Customer's monthly bill. Nicor Gas will also note on the bill no less than three times per year that the Connection Charge balance remaining attaches to the premises and, until fully paid, would continue as the responsibility of any subsequent owners. The Payment Arrangement reflects the inclusion of a percentage carrying cost charge shown below (the "Carrying Cost") applied to the unpaid portion of the Remaining Balance.

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Monthly Installment Payment Amount: _____ (except that the final monthly installment payment amount will be _____)
Carrying Cost: _____

The Payment Period will commence on the date of this Agreement and will end on the due date of the final monthly installment payment; provided, however, that if the Customer ceases to be the customer of record at the Service Address before the date the final installment payment accrues, the Customer shall only remain obligated for installment payments accruing during the period the Customer was the customer of record. The number of monthly installment payments is indicated below. Any remaining amount of the Connection Charge that has not then been collected by Nicor Gas with respect to the Service Address will be charged to subsequent customers of record at the Service Address to the extent provided in Rider 33. Nicor Gas will disclose the remaining amount of the Connection Charge for the Service Address to any person who represents to Nicor Gas that such person may become a subsequent customer of record at the Service Address, and the Customer hereby consents to any such disclosure by Nicor Gas.

Number of Monthly Installment Payments: _____

4. Prepayment.

The Customer may, at any time, pay off the entire remaining installment payment balance through a single lump sum payment equal to the present value at the payment date of the remaining monthly installments as determined by Nicor Gas at a discount rate equal to the Carrying Cost.

No option, other than the lump sum payment option specified in the preceding paragraph, will be available to the Customer to apply any monies paid to Nicor Gas in excess of the monthly installment amounts that have been billed by Nicor Gas pursuant to this Agreement for current or prior periods to the outstanding installment payment balance. Any such additional monies paid by the Customer will be credited to the Customer's account for utility service.

5. Effect of Nonpayment

Nonpayment of amounts due and owing by the Customer under this Agreement will be subject to the same terms for disconnection of service and assessment of late payment charges as other monthly utility service charges.

6. Service Subject to the Nicor Gas Tariff

Service provided by Nicor Gas to the Customer at the Service Address shall be subject to the terms and conditions set forth in the Nicor Gas Tariff including, without limitation, Rider 33. Further, the payments required to be made by the Customer pursuant to this Agreement are in addition to all other applicable payments required to be made by the Customer for service at the Service Address pursuant to the Nicor Gas Tariff. The Nicor Gas Tariff is incorporated into this Agreement by reference and, in the event of a conflict between any stated term in this Agreement and a term contained in the Nicor Gas Tariff, the term in the Nicor Gas Tariff shall be deemed to control.

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7. Authorization from Owner of Record

If the Customer is not the owner of record of the Service Address and has requested that Nicor Gas extend a service line to connect to the Service Address, the Customer will be obligated to have obtained the prior authorization of the owner of record of the Service Address and to provide Nicor Gas with a written authorization to that effect in the form attached to this Agreement as Exhibit A, signed by the owner of record. Notwithstanding anything in this Agreement to the contrary, in the event the Customer knowingly misrepresents the ownership of the Service Address to Nicor Gas or provides Nicor Gas with an invalid authorization form, the Customer will be obligated to pay Nicor Gas on demand the entire unpaid amount of the Connection Charge.

8. Governing Law

This Agreement is governed by, and will be construed in accordance with, the laws of the state of Illinois without regard to its choice of law provisions.

9. Invalidity

If any of the provisions of this Agreement are held to be invalid, illegal, or unenforceable, the provisions shall remain in effect to the extent allowed by law, and the validity, legality, and enforceability of the remaining provisions of this Agreement shall not be affected or impaired.

10. Assignment.

The Customer shall not have the right to assign this Agreement without the prior written consent of Nicor Gas.

IN WITNESS WHEREOF, this Agreement is hereby duly executed by the Customer and Nicor Gas effective as of the date first above written.

CUSTOMER

NORTHERN ILLINOIS GAS COMPANY D/B/A
NICOR GAS COMPANY

Print Name

By: _____
Print Name and Title

Signature

Signature

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(Continued From Sheet No. 86.7)

EXHIBIT A

AUTHORIZATION FOR GAS UTILITY SERVICE

I have been advised that Northern Illinois Gas Company d/b/a Nicor Gas Company (“Nicor Gas”) has received a request from the applicant identified below (the “Customer”) for gas service at the service address identified below (the “Service Address”).

I represent to Nicor Gas that I am the owner of record of the Service Address.

I hereby authorized Nicor Gas to provide gas service to the Service Address.

In providing this authorization, I acknowledge the following:

- (i) the Service Address is located in a portion of the Nicor Gas service territory that has been classified as a Designated Extension Service Area under Rider 33 of the Nicor Gas tariff on file with the Illinois Commerce Commission (the “Nicor Gas Tariff”);
- (ii) because of that classification, a special utility charge (the “Connection Charge”) will apply for gas service provided by Nicor Gas to the Service Address to compensate Nicor Gas for a portion of the costs to extend its gas main to the Designated Extension Service Area;
- (iii) the Customer has exercised an election under Rider 33 of the Nicor Gas Tariff to pay the Connection Charge through monthly installments;
- (iv) under Rider 33 of the Nicor Gas Tariff, the Customer is only obligated to Nicor Gas for the monthly installment payments that accrue during the period that the Customer is the customer of record for gas service at the Service Address; and
- (v) under the terms of Rider 33 of the Nicor Gas Tariff, any unpaid balance of the Connection Charge that remains when a customer of record (including the Customer) ceases to be the customer of record for gas service at the Service Address will become the obligation of subsequent customers of record for gas service at the Service Address. Nicor Gas will disclose the amount of the unpaid balance of the Connection Charge for the Service Address to any person who represents to Nicor Gas that such person may become a subsequent customer of record at the Service Address, and I hereby consent to any such disclosure by Nicor Gas.

CUSTOMER’S NAME: _____

SERVICE ADDRESS: _____

OWNER OF RECORD: _____

Print Name

Signature