
Rider 6
Gas Supply Cost

Applicable to All Rates

The Gas Charges shall be determined in accordance with the provisions of this rider.

*** Section A - Applicability**

The Gas Charges' general definitions and their applicability shall be as follows. These charges are applicable to all rates except as specifically noted. The monthly charge for each Gas Charge shall be determined in accordance with Section F.

<u>Type</u>	<u>Description</u>
CGC	Commodity Gas Cost - A commodity related, per therm, gas cost recovery mechanism applied to all Company-supplied therms delivered or estimated to be delivered.
NCGC	Non-Commodity Gas Cost - A non-commodity related, per therm, gas cost recovery mechanism applied to all Company supplied therms delivered or estimated to be delivered.
GC	Gas Cost - The sum of CGC and NCGC.
DGC	Demand Gas Cost - A non-commodity related, per contract therm, gas cost recovery mechanism applied to the contracted backup levels of transportation Customers. This charge is the backup level based counterpart to the NCGC. Revenues arising through the application of this charge will be credited to the NCGC.
CSBC	Customer Select Balancing Charge – Primarily a non-commodity related, per therm, gas cost recovery mechanism applied to all deliveries or estimated deliveries of gas to the Customer's facilities under the provisions of Rider 15, Customer Select. This charge is the usage level based counterpart to the NCGC, and excludes firm transportation costs for which the Supplier is directly responsible. The charge may also include costs associated with the purchase of supplies during periods of Operational Flow Orders necessary to maintain the reliability of the system. Revenues arising through the application of this charge will be credited to the NCGC, except for revenues associated with commodity costs during periods of Operational Flow Orders, which shall be credited to the CGC.
TSA	Transportation Service Adjustment - A per therm charge or credit recovery mechanism applied to the deliveries or estimated deliveries of Customer-owned gas to the Customer's facilities. The determination of the TSA shall include credits for collected gross revenues received by the Company from the operation of its Chicago area Hub and any other costs and revenues as approved and ordered by the Illinois Commerce Commission to be applied to transportation customers. Revenues or credits arising through the application of this adjustment will be included in the CGC.

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A monthly report, in a format designated by the Illinois Commerce Commission ("Commission"), postmarked by the 20th of the filing month, shall show determinations of the Gas Charges for the effective month.

Section B - Definitions

"Base period" shall mean the effective month or the remaining months in the reconciliation year which includes the effective month.

"Effective month" shall mean the month following the filing month, during which the Gas Charges will be in effect.

"Filing month" shall mean the month in which Gas Charges are determined and filed with the Commission.

"Gas used by the Company" shall include all gas used by the Company except gas utilized in the manufacture of gas through a reforming process, and shall include gas furnished to municipalities or other governmental authorities without reimbursement in compliance with franchise, ordinance or similar requirements.

"Reconciliation year" shall mean the calendar year for which actual gas costs and associated revenues are to be reconciled.

"System average cost of gas" shall mean the weighted average cost per therm of gas estimated to be purchased, withdrawn from storage, and manufactured during the base period or reconciliation year.

Section C - Cost Basis

The Gas Charges shall represent the Company's estimate of recoverable gas costs (as prescribed in Section D) to be incurred during the base period, with an adjustment to such costs through use of Adjustment Factors (as prescribed in Sections E, F, and G). Any Gas Charges established to recover commodity gas costs (separately or in conjunction with non-commodity gas costs) shall use an estimate of the recoverable costs to be incurred during the effective month. Any Gas Charges established to recover only non-commodity gas costs shall use an estimate of the recoverable costs to be incurred during the remaining months of the reconciliation year.

Section D - Recoverable Gas Costs

a) Costs recoverable through the Gas Charges shall include the following:

- 1) costs of natural gas and any solid, liquid or gaseous hydrocarbons purchased for injection into the gas stream or purchased as a feedstock or fuel for the manufacture of gas, or delivered under exchange agreements;

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- 2) costs for storage services purchased; and
 - 3) transportation costs related to such natural gas and any solid, liquid or gaseous hydrocarbons and any storage services; and
 - 4) other out-of-pocket direct non-commodity costs, related to hydrocarbon procurement, transportation, supply management, or price management, net of any associated proceeds, and Federal Energy Regulatory Commission-approved charges required by pipeline suppliers to access supplies or services described in subsections (a)(1) through (3) of this Section.
- b) Determinations of the Gas Charges shall exclude the actual cost of gas used by the Company. Gas used by the Company will be provided for by purchasing supplies separately from supplies purchased for customers except that, beginning on January 1, 2011, Franchise Gas volumes subject to Rider 2 will be purchased in conjunction with supplies purchased for customers and such volumes shall be excluded from determination of Gas Costs at the system average gas cost for the effective month.
- c) The cost of gas estimated to be withdrawn from storage during the base period shall be included in the Gas Charges.
- d) Recoverable gas costs shall be offset by the revenues derived from transactions at rates that are not subject to the Gas Charges if any of the associated costs are recoverable gas costs as prescribed by subsection (a) of this Section and by any collected revenues generated from the sale of services under the Company's FERC certificated services and Rate 21, Intrastate Transportation and Storage Services. This subsection shall not apply to transactions subject to rates contained in tariffs on file with the Commission, with the exception of Rate 21, or in contracts entered into pursuant to such tariffs, unless otherwise specifically provided for in the tariff. Taking into account the level of additional recoverable gas costs that must be incurred to engage in a given transaction, the Company shall refrain from entering into any such transaction that would raise the Gas Charges.
- e) Revenues from penalty charges or imbalance charges, which the Commission has previously approved to prevent unauthorized actions of customers, shall offset gas costs.
- * f) Revenues from "cash-out" schedules, which the Commission has previously approved for transportation customers' and RNG Producers' daily and monthly imbalances, shall offset gas costs. Under such schedules, the Company can charge customers for gas used in excess of the amount contracted for, or can refund to Customers the avoided cost of gas not taken. Refunds by the Company pursuant to any such "cash-out" schedule shall be treated as gas costs recoverable under this Section.

Section E - Adjustments to Gas Costs

- a) The Adjustment Factors (Factors A) shall be treated as additions to or offsets against gas costs. These Adjustment Factors shall include the total of the following items:

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- 1) refunds, directly billed pipeline surcharges, unamortized balances of adjustments in effect as of the Company's implementation date, and other separately designated adjustments;
 - 2) the cumulative difference between actual recoverable gas costs and purchased gas adjustment ("PGA") recoveries for months preceding the filing month; and
 - 3) the unamortized portion of any Adjustment Factors included in prior determinations of the Gas Charges.
- * b) If the Company determines the need to amortize an Adjustment Factor over a period longer than the base period, this Adjustment Factor shall be amortized over a period not to exceed 12 months. The Company shall, in the monthly filing in which the Factor A is first amortized, include an amortization schedule showing the Adjustment Factor amount to be included in the base period. The associated carrying charge established by the Commission under 83 Ill. Adm. Code 280.40(g)(1) and in effect when the Adjustment Factor is first amortized shall be applied to each month's unamortized balance and included within Factor A.

Section F - Determination of Gas Charges

- a) Each month, the Company shall determine the Gas Charges to be placed into effect for services rendered or estimated to be rendered during the effective month.
- b) The Gas Charges shall be determined in accordance with the following formula:

$$\text{Gas Charge} = (G \pm A \pm O) / T \times 100$$

Where:

Gas Charge = Each Gas Charge in cents per therm rounded to the nearest 0.01 cent; any fraction of 0.01 cents shall be dropped if less than 0.005 cents or, if 0.005 cents or more, shall be rounded up to the next full 0.01 cents.

G = The sum of the estimated recoverable gas costs associated with the base period for each Gas Charge, as prescribed in Section D.

A = An amount representing the total adjustments to gas costs, as prescribed in Section E. If the Company has elected to amortize the total adjustments to gas costs, Factor A shall include the amount applicable to the base period.

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- O = An amount representing the additional over- or under-recovery for a reconciliation year ordered by the Commission to be refunded or collected, including interest charged at the rate established by the Commission under 83 Ill. Adm. Code 280.40(g)(1) from the end of the reconciliation year to the order date in the reconciliation proceeding. If the Commission determines it is necessary to amortize additional over- or under-recovery, additional interest shall be charged in the same manner as that prescribed in Section E (b).
- T = The estimated applicable therms of gas associated with the service to be rendered during the base period.

Section G - Annual Reconciliation

- a) In conjunction with a docketed reconciliation proceeding, the Company shall file with the Commission an annual reconciliation statement, which shall be certified by the Company's independent public accountants and verified by an officer of the Company. This statement shall show the difference between the following:
- 1) the costs recoverable through the Gas Charges during the reconciliation year, as adjusted by Factor A and Factor O; and
 - 2) the revenues arising through the application of all the Gas Charges to applicable therms during the reconciliation year.
- b) If, after hearing, the Commission finds that the utility has not shown all costs to be prudently incurred or has made errors in its reconciliation statement for such reconciliation year, the difference determined by the Commission shall be refunded or recovered, as appropriate, under the Ordered Reconciliation Factor (Factor O), along with any interest or other carrying charge authorized by the Commission.

*** Section H – Uncollectible Factor**

An Uncollectible Factor shall be applied to the gas supply costs calculated pursuant to the provisions of this rider. The Uncollectible Factor to be applied to each monthly gas supply cost filing will be based on the Company's uncollectible expense for supply (retail gas sales) customers established in Docket No. 21-0098. The amounts billed pursuant to the Uncollectible Factor shall be 2.16% for residential service classes and 1.12% for non-residential service classes. The Uncollectible Factor shall be revised in each of the Company's subsequent general rate case proceedings. The Company must reflect the inclusion of the Uncollectible Factor in its monthly gas supply cost filing with the Commission prior to it becoming effective for billing.