

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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**Rider FST
Full Standby Transportation Service
Applicable to Service Classification Nos. 2 and 4**

Transportation service under this rider is available to any customer who:

- (1) executes a written contract for deliveries under this rider at a single point of metering,
- (2) is a customer under Service Classification No. 2 or 4 at said single point of metering, and
- (3) has arranged for the delivery of customer-owned gas to a mutually agreeable point on the Company's system for the purpose of service under said contract.

* **Section A – Definitions**

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

Allowable Bank (AB) shall be the maximum quantity of gas that the customer can retain in storage at any time, and shall be determined as the customer's MDQ times the number of total days of AB provided for in the Company's rates as shown on an 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.

The customer's AB shall be stated in the contract between the Company and the customer and shall remain in effect during the term of said contract, 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 4 under which the customer purchases gas service at said single point of metering.

Excess Bank shall be the quantity of customer-owned gas in the customer's GBA that exceeds AB.

Gas Bank Account (GBA) shall be the account in which customer-owned gas delivered to the Company in excess of the customer's requirements shall be held by the Company until taken by the customer. The customer's GBA shall consist of the summation of the customer's Allowable Bank and Excess Bank.

Date Issued: SEPTEMBER 24, 2013
Asterisk (*) indicates change.

Date Effective: NOVEMBER 8, 2013

**Issued by Dennis M. Derricks, Assistant Vice President
130 East Randolph Street, Chicago, Illinois 60601**

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Section A – Definitions – continued

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 E of this rider.

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 to the Company 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.

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.

Unaccounted for Gas shall mean the quantity of customer-owned gas the Company shall retain, at the time of delivery into the Company's 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.

* **Section B – Rates**

The rates for service hereunder shall consist of an Administrative Charge, an Excess Bank Charge, an Imbalance Trade Charge, a Standby Commodity Charge, and a Standby Demand 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 the customer for a Standby Demand Charge as well as those charges defined in the customer's Companion Classification.

Administrative Charge

The monthly Administrative Charge shall be \$6.14 per account for each account listed on a contract.

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**Issued by Dennis M. Derricks, Assistant Vice President
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* **Section B – Rates – continued**

Excess Bank Charge

The monthly Excess Bank Charge shall be \$0.10 per therm of customer-owned gas in the customer's Excess Bank at the end of the month.

Imbalance Trade Charge

The Imbalance Trade Charge shall be \$5.00 per imbalance trade transaction in the month.

Standby Commodity Charge

The Standby Commodity Charge shall be the Average Monthly Index Price (AMIP) as defined in Section C of Rider SST of this rate schedule multiplied by the Company-owned gas therms delivered to the customer under the Companion Classification in the month.

Standby Demand Charge

The monthly Standby Demand Charge shall be determined according to the following formula:

$$\text{DGC} \times \text{MDQ}$$

The effective per therm factor DGC (Demand Gas Charge) shall have the meaning and determination ascribed to it in Rider 2 of this rate schedule.

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 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.

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Asterisk (*) indicates change.

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**Issued by Dennis M. Derricks, Assistant Vice President
130 East Randolph Street, Chicago, Illinois 60601**

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Section C – Order of Deliveries to the Company

In any month 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 to the customer's GBA. For the purposes of this paragraph, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section D – Order of Deliveries to the Customer

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

- (1) the quantity of customer-owned gas delivered to the Company's system in the current month,
- (2) any quantity of customer-owned gas available for withdrawal from the customer's GBA,
- (3) the quantity of gas delivered under the Companion Classification.

For the purposes of this section, the quantity of customer-owned gas delivered to the Company's system is understood to be net of the amounts retained by the Company for Unaccounted for Gas as defined in this rider.

Section E – Inventory/Allowable Bank/Daily Deliveries/Limitation on GBA Withdrawals

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, as defined under Section C of Rider SST of this rate schedule, 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 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.

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**Issued by Dennis M. Derricks, Assistant Vice President
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Section E – Inventory/Allowable Bank/Daily Deliveries/Limitation on GBA Withdrawals – continued

For the period April through October, the customer's daily delivery nominations to the Company shall be no greater than the MDN. 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. If the required billing and usage data are available, 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 monthly withdrawals from its GBA during the period November 1 through March 31 shall be limited to the lesser of (i) the customer's GBA balance at the beginning of the month, or (ii) the sum of the customer's Excess Bank at the beginning of the month plus 1/3 of the customer's AB. For quantities that would be in excess of this limitation, the customer shall purchase the gas under the Companion Classification.

* **Section F – Trading and Daily Reallocations**

The customer shall have the right to trade amounts accounted for as GBA 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.

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 requirement, or cause the AB balance to be less than zero or greater than the maximum AB quantity.

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.

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Asterisk (*) indicates change.

**Issued by Dennis M. Derricks, Assistant Vice President
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* **Section F – Trading and Daily Reallocations – continued**

The Company shall accept nominations subsequent to the timely nomination deadline, set forth in the contract, in accordance with this paragraph. No later than two and one-half hours after the timely nomination deadline 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 two and one-half hours after the timely nomination deadline, the quantities set forth in this paragraph shall apply. No later than three and one-half hours after the timely nomination deadline 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 G – 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, all amounts due the Company shall then be paid, including the Standby Demand Charge for the unexpired portion of the remaining contractual term.

Upon contract termination, the customer shall trade or cash-out any gas remaining in the GBA at 100 percent of the AMIP as defined under Section C of Rider SST of this rate schedule. 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.

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* **Section G – Contract with the Customer – continued**

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 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.

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 H – 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.

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.

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Section H – Terms and Conditions of Service – continued

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 Rider SST of this rate schedule plus \$1.50 per therm.

The customer shall be responsible for the expenses of delivering its gas to the Company's system and shall ensure deliveries to the Company's 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 suppliers' deliveries are excessive in relation to the related gas requirements and may cause an adverse effect on system operations.

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**Issued by Dennis M. Derricks, Assistant Vice President
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Section H – 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.

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Asterisk (*) indicates change.

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**Issued by Dennis M. Derricks, Assistant Vice President
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