

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider OBF

On-Bill Financing

Applicable to Service Classification Nos. 1 and 2

Section A – Applicability

The terms and conditions of this rider shall apply to customers that apply for loans offered by a Third Party Lender to facilitate Eligible Customers' purchase and installation of Efficiency Measures from and by Vendors. This rider is available on and after June 1, 2011.

* **Section B – Definitions**

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

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

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

OBF Program shall mean the on bill financing program offered under this rider and Section 19-140 of the Public Utilities Act.

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

Residential Customer shall mean, for purposes of this rider, any customer that resides in a residential dwelling using gas for space heating, cooling, water heating and/or other residential uses through a single meter.

Small Commercial Customer shall mean, for purposes of this rider, any customer primarily engaged in retail trade and other services that uses 60,000 therms or less in a month through a single meter.

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 Public Utilities Act.

Transportation Customer shall mean a customer taking service under Rider CFY, FST or SST 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 during their normal billing cycles through the Company's utility bill. The total outstanding amount financed under the Company's and The Peoples Gas Light and Coke Company's OBF Program shall not exceed \$2.5 million at any time.

Date Issued: NOVEMBER 15, 2013

Date Effective: DECEMBER 30, 2013

Asterisk (*) indicates change.

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* **Section D – Customer Eligibility and Participant's 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 with four or less units or condominium at which the gas service is being provided;
2. may be a Transportation Customer; and
3. must have an active account with the Company at the time the customer applies for service under this rider.

On and after December 30, 2013, an Eligible Customer includes customers meeting the criteria described in the first paragraph of this Section D and the following:

1. must own a multifamily residential or mixed-use building with no more than 50 residential units;
2. must either be a Residential Customer or Small Commercial Customer and may not use the program in such a way that repayment of the cost of energy efficiency measures is made through tenants' utility bills; and
3. may be a Transportation Customer.

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 Public Utilities Act; provided, however, that if the Participant is a customer of the Company at a different premises, the Participant shall pay in full all amounts due under the OBF Program, subject to any modifications required by Section 19-140 (g) of the Public Utilities Act, but other amounts due and owing may be transferred to the new account. Amounts due under the OBF Program shall be deemed amounts owed for residential gas service. The amount of a loan to a Participant shall not be less than \$500 and shall not exceed \$150,000 and shall not have a term exceeding 120 months. If a Participant's service is terminated, for any reason other than those addressed elsewhere in this paragraph, and the Participant applies for service, the amount under the OBF Program that the Participant must pay prior to service reconnection are the amounts due and owing under the OBF Program prior to service termination and amounts that became due and owing during the period of service discontinuance; nothing in this sentence applies to or affects other amounts the Participant must pay, including any deposit and reconnection charges, prior to service reconnection.

* **Section E- Company's Responsibility**

The Company shall:

1. individually or jointly with other Illinois utilities, issue a request for proposal, consistent with Section 19-140 of the Public Utilities Act, to prospective Third Party Lenders;
2. individually or jointly with other Illinois utilities, 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;

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Section E- Company's Responsibility – continued

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3. show amounts due 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 nonpayment through the automatic adjustment clause tariff established pursuant to Section 19-145 of the Public Utilities Act (Rider UEA);
 5. retain a security interest in the Efficiency 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. recover, from the residential retail customer classes eligible to participate in the OBF Program, all of the prudently incurred costs of offering the OBF Program, including, but not limited to, all start-up and administrative costs and the costs for program evaluation, through the automatic adjustment clause tariff established pursuant to Section 8-104 of the Public Utilities Act;
 8. have no liability or responsibility arising from, associated with or related to Efficiency Measures procured from and/or installed by Vendors; and
 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 Public Utilities Act and the Commission's orders, rules, and regulations, including 83 Illinois Administrative Code Part 280.

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. meet qualifications established by the Company;
5. indemnify the Company for causes of action arising from the Vendor's sale and/or installation of Efficiency Measures; and

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Section G - Vendor Responsibility – continued

The Vendor shall:

6. assist in the collection of data required by Section 19-140(g) of the Public Utilities Act and Section J of this rider.

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Section H - Efficiency Measures

The Efficiency Measure must meet the requirements established in Section 19-140 and offered by the Company under the OBF Program. The Company may, but shall not be required to, consult with the Department of Commerce and Economic Opportunity to assist in identifying or approving measures. The Company shall establish reasonable criteria for identifying and approving Efficiency Measures.

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, individually or jointly with other Illinois utilities, 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 Public Utilities Act. The Company and the Vendors shall collect the data, including about appliances replaced and Efficiency Measures installed, to facilitate this evaluation. The Company and the Third Party Lender shall collect data, including about applications, booked loans and collections activity, to facilitate this evaluation. The independent evaluator shall issue a report to the Commission on its findings no later than 4 years after the date on which the OBF Program commenced.

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Issued by Dennis M. Derricks, Assistant Vice President
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