

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider SBO

Supplier Bill Option Service

Applicable to Riders CFY and AGG

Service under this rider, pursuant to which CFY Suppliers shall issue bills to CFY Billing Customers that include the Company Charges, is available to a CFY Supplier who:

- (1) satisfies each of the qualifications set forth in Section B of this rider;
- (2) is a CFY Supplier under Rider AGG of this rate schedule;
- (3) provides the performance assurances set forth in Section G of this rider; and
- (4) contracts with the Company.

Section A - Definitions

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

Business Day shall mean those days on which the Company is open for the conduct of business with the public.

CFY Billing Customer shall mean a CFY Customer receiving billing service from a CFY Supplier pursuant to this rider.

CFY Customer shall mean a customer of the Company taking service pursuant to Rider CFY.

CFY Supplier shall mean a marketer or broker providing service to CFY Customers pursuant to Rider AGG.

* **Companion Classification** shall mean the service classification under which the CFY Customer takes service from the Company, and such Companion Classification shall be Service Classification No. 1, 2 or 8.

Company Charges shall mean the charges due and owing the Company for services pursuant to this rate schedule provided by the Company to the CFY Billing Customer that the Company assesses while services are being provided by the CFY Supplier.

Consumption Data shall mean the gas volume consumed by the CFY Billing Customer and used in the determination of Company Charges.

EFT shall mean electronic funds transfer in immediately available funds.

Pool shall mean the group of CFY Customers that the CFY Supplier establishes under its Rider AGG contract with the Company.

Date Issued: JANUARY 25, 2010

Date Effective: JANUARY 28, 2010

Asterisk (*) indicates change.

Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601

Filed Pursuant to Order of Illinois Commerce Commission
Entered January 21, 2010 in Docket No. 09-0167

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Section B - CFY Supplier Qualifications

Before commencing service hereunder, a CFY Supplier shall comply with the following prerequisites. Such CFY Supplier shall have, and demonstrate through the successful completion of the Company's testing program:

- (1) the ability to electronically accept billing information for each of the CFY Billing Customers, and electronically accept from and transmit to the Company on a timely basis billing information and payment transaction information on a per customer basis for each of the CFY Billing Customers;
- (2) the ability to accept from CFY Billing Customers and electronically transmit by EFT to the Company payments of Company Charges for the CFY Billing Customers; and
- (3) the ability to issue bills for each of the CFY Billing Customers pursuant to the conditions hereunder.

The ability to accept and transmit information electronically shall be subject to a testing program developed by the Company. Such testing program shall specify:

- (1) the responsibilities of the CFY Supplier and the Company during testing;
- (2) the infrastructure required for testing and production;
- (3) hardware, software and other technical requirements that are required for the testing and ongoing interchange of data between the CFY Supplier and the Company;
- (4) a schedule, including target dates, by which certain testing phases shall be completed;
- (5) samples of reports and screens that shall be produced during testing. The Company shall provide CFY Suppliers all testing life cycles and files;
- (6) a problem resolution process for obstacles encountered during testing; and
- (7) the final approval process by which a successful test shall be documented and communicated from the Company to the CFY Supplier.

Section C - Company Obligations

The Company shall:

- (1) electronically submit the Company Charges, Consumption Data and other pertinent billing information to the CFY Supplier for each CFY Billing Customer no later than three (3) Business Days after the same for such CFY Billing Customers are determined for the applicable billing period;
- (2) determine the Companion Classification charges and other billing information submitted to the CFY Supplier taking service hereunder;
- (3) provide a credit of \$0.35 per customer per month to the CFY Supplier on the Rider AGG bill,
- (4) electronically accept from the CFY Supplier billing information and payment transaction information on a per customer basis for each CFY Billing Customer; and
- (5) accept from the CFY Supplier payments by EFT for the Company Charges received by the CFY Supplier from the CFY Billing Customers.

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Section D - CFY Supplier Obligations

The CFY Supplier shall:

- (1) identify CFY Customers pursuant to Section F of this rider for whom the CFY Supplier wishes to provide billing service under this rider and, for each, identify a default billing mechanism if such CFY Customer is or becomes ineligible to receive service under this rider;
- (2) issue bills to CFY Billing Customers that include the Company Charges;
- (3) identify the Company with the Company's trade name as the distribution services provider on each bill the CFY Supplier issues to the CFY Billing Customers;
- (4) list in the format required by 83 Illinois Administrative Code Section 500.330 the Company Charges, Consumption Data and other information provided by the Company on each bill the CFY Supplier issues to the CFY Billing Customers;
- (5) provide the Company a copy of a bill format that complies with Section D(4) each time the CFY Supplier's bill format is revised, but in no event less than annually on or before April 1;
- (6) electronically transmit to the Company payment transaction information for each of the CFY Billing Customers on the Business Day of the CFY Supplier's receipt of such payment;
- (7) remit by EFT payments due to the Company from each of the CFY Billing Customers by either (i) the payment due date established pursuant to the Terms and Conditions of Service of this rate schedule and 83 Illinois Administrative Code Part 280 ("payment option (i)"), or (ii) one Business Day after the CFY Supplier's receipt of payment from each such CFY Billing Customer ("payment option (ii)"); and
- (8) each year, on or before April 1, select one of the available payment options to apply to all CFY Billing Customers; if the CFY Supplier selects payment option (i) the CFY Supplier shall pay to the Company all Company Charges submitted pursuant to Section C(1) regardless of whether payments are actually received by the CFY Supplier from the CFY Billing Customers; if the CFY Supplier selects payment option (ii) and the CFY Supplier receives a payment from a CFY Billing Customer for less than all amounts due and owing, the CFY Supplier shall apply such partial payment as follows: (a) past due Company Charges, (b) past due CFY Supplier charges, (c) current Company Charges, and (d) current CFY Supplier charges.

For purposes of this Section D(8), the date of the Company's bill shall be the date on which the Company electronically submits billing information to the CFY Supplier pursuant to Section C(1) of this rider.

Late payment charges shall be determined under the Late Payment Charge provision in the Terms and Conditions of Service of this rate schedule for untimely remittances.

Date Issued: FEBRUARY 8, 2008

Date Effective: FEBRUARY 14, 2008

**Issued by James F. Schott, Vice President
130 East Randolph Drive, Chicago, Illinois 60601**

Filed Pursuant to Order of Illinois Commerce Commission
Entered February 5, 2008 in Docket No. 07-0242

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Section E - Trade Names, Trademarks and Service Marks

A CFY Supplier taking service under this rider is hereby licensed to reproduce on its bills to each CFY Billing Customer, without charge, the trade names, trademarks and service marks of the Company that are included in or with the billing materials submitted by the Company to the CFY Supplier for that customer.

No CFY Supplier shall by reason of this license obtain any right, title, or interest in, or continuing right to use, any such trade name or mark. This license grants only the specific and limited rights expressly stated herein and the Company reserves all other rights. The license may be terminated upon notice to a CFY Supplier.

Section F - Terms and Conditions of Service

A CFY Supplier may provide billing of the Company Charges for only those CFY Customers (a) for which the CFY Supplier is providing gas supply services, and (b) who have no arrearages with the Company, except if such arrearages are the subject of a complaint pursuant to 83 Illinois Administrative Code Part 280. A CFY Supplier may elect to provide billing under this rider for all or some of such CFY Customers. A CFY Billing Customer that is receiving Rider SBO service can be removed from this rider and changed to their default billing mechanism pursuant to Section D(1) if the customer has Company Charge arrearages that are at least 60 days past due.

The CFY Supplier shall electronically submit to the Company, in a manner determined by the Company, a listing of each CFY Customer to be designated as a CFY Billing Customer. Such listing shall include each CFY Customer's account number and may be included in the CFY Supplier's electronic submission designating the CFY Customer as a member of the CFY Supplier's Pool. The CFY Supplier shall warrant that it has obtained billing agent authorization from each CFY Customer and shall agree to provide access to agency or other agreements to the Company for auditing purposes. Service under this rider for eligible CFY Customers shall be effective on their next estimated or actual meter reading date.

If the CFY Supplier terminates its contract under this rider, terminates billing service under this rider to any CFY Billing Customer or terminates gas supply service to any CFY Billing Customer, the CFY Supplier shall submit electronic notification to the Company of the same for each such affected CFY Billing Customer. The termination of service under this rider for such CFY Billing Customers shall be effective on their next estimated or actual meter reading date. If the CFY Supplier terminates its service contract under this rider, it shall not be eligible to resume service for one (1) year from the date of termination. If the CFY Supplier terminates service under this rider or gas supply service to any CFY Billing Customer, it shall not be eligible to provide service under this rider for such customer for one year from the termination date.

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Section F - Terms and Conditions of Service - continued

The CFY Supplier agrees that the Company has the right to draw on the performance assurances provided pursuant to Section G of this rider if Company Charges are not timely remitted. Payment for Company Charges billed shall not be considered remitted by the CFY Billing Customer until payment is received by the Company from the CFY Supplier pursuant to Sections D(6) and D(7) of this rider.

Nothing in this rider shall affect the Company's right to terminate service to a customer pursuant to Rider CFY or in accordance with 83 Illinois Administrative Code Part 280.

Section G - Contract with the CFY Supplier

The initial term of the contract shall end on the first March 31 following the effective date thereof, and automatically renew annually thereafter. The CFY Supplier can terminate the contract at the end of any contract year on 60 days written notice. Upon contract termination, all amounts due the Company shall then be paid.

CFY Suppliers must provide adequate assurances of payment to the Company. Such assurances shall be an irrevocable standby letter of credit drawn on a bank acceptable to the Company, cash deposit, or parent guaranty, based upon Company's determination of qualifications. The amount of the assurances shall be 15% of the Company's good faith estimate of the amounts for which the Company expects the CFY Supplier to be liable to the Company during a twelve-month period of time and shall be determined annually, by November 1 each year. The Company shall base its good faith estimate on (i) the CFY Billing Customers served by the CFY Supplier pursuant to this rider, (ii) the rates in such CFY Billing Customers' Companion Classification(s), excluding the Gas Charge, plus taxes and surcharges, and (iii) the load profile of an average customer under such Companion Classification(s) assuming normal weather.

Date Issued: FEBRUARY 8, 2008

Date Effective: FEBRUARY 14, 2008

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Section G - Contract with the CFY Supplier - continued

If the CFY Supplier shall fail to comply with or perform any of the conditions or obligations under this rider and the contract between the CFY Supplier and the Company, the Company may: (i) after verbal and written notice, suspend service under this rider until the CFY Supplier cures such failure; or (ii) terminate service ten days after providing written notice, unless during this ten-day period the CFY Supplier shall cure such failure. The suspension or termination of service for any such cause shall not release the CFY Supplier from the obligation to make payment of any amounts due or to become due in accordance with terms of this rider and the CFY Supplier's contract hereunder.

The Company shall not be liable for any act, omission, promise, or representation of any CFY Supplier that takes service under this rider. A CFY Supplier is not an agent of the Company and shall have no authority to amend, modify, alter or waive any of the conditions of any contract or agreement entered into between the Company and a customer under any service classification or rider of this rate schedule or to bind the Company by making any promise or representation contrary to or inconsistent with the provisions of any such contract, agreement, service classification or rider.

This rider is subject to the applicable Terms and Conditions of Service and Riders to Schedule of Rates for Gas Service.

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