

The Peoples Gas Light and Coke Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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Rider 1

Additional Charges for Taxes and Fixed Charge Adjustments

Applicable to All Service Classifications and to All Riders Except Rider Nos. 3, 4, 5, 8 and 10

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Additional Charges for State Taxes

Section 9-222 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liabilities to the State of Illinois for the tax imposed by the Gas Revenue Tax Act and the Gross Revenue Tax imposed by Section 2-202 of the Public Utilities Act. Pursuant to Section 9-222, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for State Utility Taxes equal to (1) the lower of 2.4 cents per therm or 5 percent of all gross receipts, each billing period, plus (2) .10 percent of all gross revenue under this rate schedule.

One such applicable regulation is 86 Illinois Administrative Code Part 470, which, among other exemptions, provides that the Gas Revenue Tax is not applicable to gross receipts from specified gas services to unincorporated entities of the Federal Government. Accordingly, the Additional Charge for State Utility Taxes applicable to bills issued to such entities shall be .10 percent.

Section 5-15 of the Gas Use Tax Law requires a utility to collect from certain of its customers a tax equal to 2.4 cents per therm on purchase of out-of-state gas for use or consumption in Illinois, but not for resale, if the gas is purchased in a manner that does not subject the seller of that gas to liability under the Gas Revenue Tax Act. The Gas Revenue Tax is not applicable to transactions with customers being charged the Gas Use Tax. The Company will not collect the Gas Use Tax from customers that are exempt, subject to such customer providing the Company a valid exemption certificate. The Company will not collect the Gas Use Tax from customers that are self-assessing purchasers, subject to such purchaser providing the Company a valid certificate of registration from the Illinois Department of Revenue.

Additional Charges for Municipal Taxes

Section 9-221 of the Public Utilities Act authorizes a utility to recover from certain of its customers its liability for any municipal tax imposed under Section 8-11-2 of the Illinois Municipal Code plus 3 percent of that liability to cover the costs of accounting. Pursuant to Section 9-221, the Company will charge a customer not exempt by applicable law or regulations an Additional Charge for Municipal Utility Tax equal to 8.24 percent of all billings under this rate schedule for gas service furnished for use or consumption and not for resale within the corporate limits of the City of Chicago, except for billings and billing items excluded from the base of the tax.

Chapter 3-41-050 of the Municipal Code of Chicago authorizes the City of Chicago to enter into an agreement with a utility to collect from its transportation customers the Chicago Gas Use Tax, as imposed by Chapter 3-41-030 of such Code, equal to 6.3 cents per therm on the privilege of using or consuming in the City of Chicago gas that is purchased in a sale at retail, except use or consumption excluded by such Code. Pursuant to an agreement between the Company and the City of Chicago, the Company will charge a customer not exempt by applicable law or regulations the Chicago Gas Use Tax.

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Asterisk (*) indicates change.

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**Issued by Theodore Eidukas, Vice President – Regulatory Affairs
200 East Randolph Street, Chicago, Illinois 60601**

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Additional Charges for Compressed Natural Gas Use Tax

A customer receiving gas for compression and use as compressed natural gas shall reimburse the Company for all taxes payable to any governmental body on the delivery of gas to be used as compressed natural gas.

* **Fixed Charge Adjustments**

(1) Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund

Pursuant to the provisions of the Energy Assistance Act of 1989, as amended by Section 13 of the Act, the Company is required to impose a monthly Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund on each gas service account and shall be added to and combined with the monthly customer charge shown on the customer's bill. This adjustment shall be determined in accordance with the following formulas:

Service Classification No. 1 Accounts

BEAC x 1 per month on each account.

All Other Accounts

BEAC x 10 per month on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

BEAC x 375 per month on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.

Where:

BEAC is the Base Energy Assistance Charge as specified in 305 ILCS 20/13 which provides that the initial BEAC shall be \$0.48 per month. Subsequent BEAC's shall increase by \$0.16 per month for any calendar year, provided that at least 80% of the previous State fiscal year's available Supplemental Low-Income Energy Assistance Fund funding has been exhausted. Further, the maximum BEAC shall not exceed \$0.96 per month for any calendar year.

The initial amounts of the respective Energy Assistance Charges shall be specified in an information sheet filed coincident with the filing seeking approval of these provisions, effective with the first full monthly Billing Period after approval. Subsequent information sheets shall be filed, as necessary, to set forth any change to the Energy Assistance Charges.

(2) Renewable Energy Resources and Coal Technology Development Assistance Charge

Pursuant to the provisions of Section 6-5 of the Renewable Energy, Energy Efficiency and Coal Resources Development Law of 1997, the Company is required to impose a monthly Renewable Energy Resources and Coal Technology Development Assistance Charge on each gas service account and shall increase the monthly fixed charge by the following amounts:

Service Classification No. 1 Accounts

\$0.05 per month on each account.

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* **Fixed Charge Adjustments** – continued

All Other Accounts

\$0.50 per month on each account which had distributed to it less than 4,000,000 therms of gas in the previous calendar year.

\$37.50 per month on each account which had distributed to it 4,000,000 or more therms of gas in the previous calendar year.

(3) Public Utility Assessment Charge

The Public Utility Assessment Charge recovers Illinois Commerce Commission (“ICC”) assessments paid by the Company pursuant to Section 2-202(i-5) for costs of the ICC exercising its regulatory and supervisory functions; Section 4-604(h) and (j) for report filing costs and the ICC exercising its regulatory functions; and Section 9-229(b)(5) for the initial contribution made to the Consumer Intervenor Compensation Fund. The adjustments shall be included in the fixed charge component during a twelve-month effective period beginning June 1 and extending through May 31 (“Effective Period”).

Determination of Charge:

$$PUAC = ((UA + (RA + O) \times (1 + i)) / (R + (10 \times C) + (750 \times I)))$$

Where:

PUAC = Public Utility Assessment Charge.

UA = Utility Assessment is the dollars assessed to Company by the Commission pursuant to 220 ILCS5 Sections 2-202 (i-5), 4-604 (h and j), and 9-229 (b(5)).

RA = The dollar amount due the Company (+RA) or the customers (-RA) arising from adjustments under this rider that were under-billed or over-billed in the previous Effective Period. The RA shall be effective September 1 and extending through May 31).

O = Ordered adjustment, in dollars (\$), ordered by the Commission that is to be refunded to or collected from customers as a result of the reconciliation.

i = The interest rate established by the Commission under 83 Ill. Adm. Code 280.40(g)(i) and in effect when each adjustment under this section is calculated, adjusted for the number of months in the Effective Period.

R = Number of Service Classification No. 1 (“S.C. No. 1”) bills forecasted to be sent to customers by the Company for the Effective Period.

C = Number of bills for all other service classifications taking less than 4,000,000 therms per year of gas forecasted to be sent to customers by the Company for the Effective Period.

I = Number of bills for all other service classifications taking 4,000,000 therms or more per year of gas forecasted to be sent to customers by the Company for the Effective Period.

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Fixed Charge Adjustments – continued

The Public Utility Assessment Charge shall be assessed as follows:

- (1) 1 x PUAC per month on each S.C. No. 1 account.
- (2) 10 x PUAC per month on each non-S.C. No. 1 account taking less than 4,000,000 therms per year of gas during the previous calendar year.
- (3) 750 x PUAC per month on each non-S.C. No. 1 account taking 4,000,000 therms or more of gas during the previous calendar year.

The Company shall file with the Commission annually, on or before May 20, an information sheet that specifies the adjustments to be effective under the Public Utility Assessment Charge for the Effective Period. The Company shall file any corrections from a timely filed information sheet on or before the last day of May. If the Company determines that it is appropriate to revise the PUAC to better match revenues or expected revenue with costs incurred or expected to be incurred, the Company may, from time to time, calculate a revised PUAC to become effective at the beginning of any monthly billing period.

The Company shall file a petition annually with the Commission no later than August 31, seeking initiation of an annual reconciliation process. The petition shall include a reconciliation that will compare revenues collected under this rider during the Effective Period with the expected revenues plus or minus Reconciliation and Commission Ordered Adjustments. In conjunction with the reconciliation filing, a new Information Sheet may be filed adjusting the then effective charges or credits under this rider for the amount to be reconciled. The reconciling amount from such proceeding (Factor O) shall be recovered in the manner determined by the Commission in the annual reconciliation proceeding.

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