
RIDER TAR – RECOVERY OF COAL TAR COSTS
Applicable Only to Customers Receiving Service in Rate Zone II

PURPOSE OF RIDER

Rider TAR shall operate for Customers receiving service in Rate Zone II to distribute to all applicable rate classes their respective shares of coal tar cleanup costs, which shall include all payments by Company to outside vendors in connection with Environmental Remediation Activities associated with the investigation and cleanup of former Manufactured Gas Plants. Such costs also include but are not limited to consultant and legal fees, land acquisition costs, litigation expenses, costs or expenses associated with judgments, orders or decisions (including settlements) by a court, a governmental agency or department, or other adjudicatory or quasi-adjudicatory body related to Manufactured Gas Operations/Sites.

Costs will be credited to reflect proceeds received from insurance carriers or other entities which represent reimbursement of costs associated with Environmental Remediation Activities and proceeds from the sale of any real property whereby said property was purchased for Environmental remediation Activities and the purchase costs were recovered from ratepayers. GEA Costs shall not include accrued costs not expected to be paid in the recovery year or the salaries of Company employees, or any benefits related thereto.

The charges and credits calculated under this Rider shall be applied to all Customers except Customers receiving service under Rate GDS-7 - Special Contract Gas Delivery Service.

APPLICABLE RATE CLASSES

Coal tar cleanup costs shall be calculated for each applicable Rate Class in Rate Zone II and shall be applied monthly as a separate line item to Customer bills on a cents per Therm basis.

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CALCULATION OF COAL TAR CLEANUP CHARGES

For calendar years beginning after December 31, 1994, coal tar cleanup costs shall be recovered through a Factor TAR which shall be added to all blocks of the base rate energy charges billed to all Customers in the applicable rate classes during such calendar year. A separate Factor TAR shall be calculated for each rate class for each such calendar year by (a) multiplying the total of the estimated coal tar cleanup costs to be incurred during that calendar year by a fraction, the numerator of which is the estimated base rate revenues, during the calendar year, of the rate class for which Factor TAR is being calculated, and the denominator of which is the estimated total base rate revenues, for the calendar year, of all three applicable rate classes, and (b) dividing the product by the estimated therms of gas to be billed, during the remainder of the calendar year, to all Customers in the rate class for which Rider TAR is being calculated. If the Company shall determine during the calendar year that it is appropriate to revise Factor TAR to better match revenues recovered under this Rider with actual coal tar cleanup costs incurred during the calendar year, the Company may from time to time calculate a revised Factor TAR for each rate class to become effective as of the beginning of any calendar month during the calendar year. A revised Factor TAR shall be separately calculated for each rate class by (a) multiplying the total of the coal tar cleanup costs recovered to date during the calendar year from the rate class for which the adjustment is being calculated, by a fraction, the numerator of which is the estimated net coal tar revenue over/underrecoveries for the calendar year from all three applicable rate classes, and the denominator of which is the actual coal tar revenues recovered to date during the calendar year from all three applicable rate classes and (b) dividing the product by the estimated therms of gas to be billed, during the remainder of the calendar year, to all Customers in the rate class for which the revised Rider TAR is being calculated. The quotient shall be added to or subtracted from the existing Factor TAR, as appropriate, to determine the revised Factor TAR.

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CREDIT FACTOR

Coal tar cleanup costs recovered by the Company during any calendar year from any source other than Rider TAR, less any amounts not otherwise recovered through this Rider which are billed to the Company in connection with attempts to obtain recovery of coal tar cleanup costs, shall be credited to the applicable rate classes in identical percentages of the base rate revenues of each rate class. The credit shall be applied through a Credit Factor which shall be subtracted from all blocks of the base rate energy charges billed to all Customers in the applicable rate classes. A separate Credit Factor shall be calculated for each rate class for the Credit Period by (a) multiplying the net amounts to be credited (which amounts may be estimated to the extent the actual amounts are not available at the time of calculation) by a fraction, the numerator of which is the estimated base rate revenues, during the Credit Period, of the rate class for which the Credit Factor is being calculated, and the denominator of which is the estimated base rate revenues for the Credit Period of all three applicable rate classes, and (b) dividing the product by the estimated therms of gas to be delivered, during the Credit Period, to all Customers in the rate class for which the Credit Factor is being calculated. If the Company shall determine during the Credit Period in which the credit is being applied that it is appropriate to revise the Credit Factor to better match the credit being given with the actual net amounts of coal tar cleanup costs to be credited, the Company may from time to time calculate a revised Credit Factor for each rate class in a manner similar to the calculation of a revised Factor TAR during any calendar year recovery period. Any revised Credit Factor shall become effective as of the first day of a calendar month beginning during the Credit Period. For purposes of this Paragraph, when amounts to be credited are recovered by the Company prior to June 30 of any calendar year, the Credit Period with respect to such recoveries shall be the remainder of the calendar year, and when amounts to be credited are recovered by the Company after June 30 of any calendar year, the Credit Period with respect to such recoveries shall be the next succeeding calendar year.

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RECONCILIATION

Beginning in 1996, and continuing each year thereafter, within 90 days after the end of each calendar year, the Company shall file with the Illinois Commerce Commission a statement reconciling the Company's actual coal tar cleanup expenses prudently incurred, with the amount recovered for such expenses through Factor TAR in effect during the calendar year immediately preceding the filing. The filing shall also reconcile the net amounts, if any, of coal tar cleanup costs recovered from sources other than through this Rider, with amounts credited through the Credit Factor to the applicable rate classes during the Credit Period in effect during the calendar year immediately preceding the filing. The filing shall include information which will demonstrate the prudence of the Company's coal tar cleanup costs included in the filings, based upon the following standards:

- (a) reasonable and appropriate business practices;
- (b) the requirements of state and federal authorities;
- (c) minimization of costs to ratepayers, consistent with safety, reliability and quality assurance; and
- (d) based on facts and knowledge the Company knew or reasonably should have known at the time the costs were incurred.

The credits or collections shall be applied through a Reconciliation Factor, which shall allocate the underrecovery or overrecovery to the applicable rate classes in identical percentages of the base rate revenues for each class, calculated in the same manner as Factor TAR. If, within ten months after the filing of any annual reconciliation statement under this Rider, the Commission has not ordered a hearing to review such filing, the Company may at any time thereafter file a petition with the Commission to initiate a hearing to reconcile the amounts theretofore collected under this Rider TAR or from any other source for coal tar cleanup costs not previously reviewed in a reconciliation hearing, with expenses prudently incurred by the Company for coal tar cleanup costs. All amounts previously credited or collected under this Rider and included in the petition for reconciliation hearing, shall be subject to further adjustments, through an Ordered Reconciliation Factor, as directed by the Commission following such review.

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TERMS AND CONDITIONS

The amount of any new or revised Factor TAR and Credit Factor shall be shown for each applicable rate class on an information sheet supplemental to this Rider and filed with the Commission by the 20th day of the calendar month immediately preceding the calendar month in which the new or revised Factor TAR or Credit Factor is to become effective. The information sheet shall be accompanied by backup data showing the calculation of Factor TAR and the Credit Factor. Unless otherwise ordered by the Commission, each new or revised Factor TAR and Credit Factor shown on an information sheet filed in accordance with this paragraph, shall become effective as indicated in the information sheet and shall remain in effect until superseded by a new or revised Factor TAR or Credit Factor.

In the event a Customer receives service under any rate or rider which does not contain a separate energy charge, then Factor TAR, the Credit Factor, and the Reconciliation Factor shall be applied by multiplying the applicable factor(s) by the average number of therms delivered monthly to the Customer under said rate or rider, and the product(s) shall be included in the monthly bill for service.

Net overrecoveries or underrecoveries at the end of any Reconciliation Period, together with any overrecovery or underrecovery remaining from any period prior to 1995, shall be recorded in a Rider TAR Refund Account and refunded or collected as hereinafter described.

Notwithstanding any other provision of this Rider TAR, if the amount of any Factor TAR, Credit Factor or Reconciliation Factor, calculated as set forth in this Rider, shall be less than .01 cents per therm for any class to which such factor is otherwise applicable, the total amount to be collected or credited from all classes through such factor shall instead be recorded in the Rider TAR Refund Account. When the total amounts in the Refund Account, after netting all positive and negative amounts recorded in such account, produce a factor of 0.01 cents per therm or more for each class to which Rider TAR is applicable for the remaining months of any calendar year, the amount in the Refund Account shall be refunded or recovered, as appropriate, over the remainder of the calendar year, in the same manner as any other amounts to be refunded or recovered pursuant to this Rider TAR. The calculation of refunds or recoveries from the Refund Account shall be included in an information sheet to be filed with the Commission in the same manner as information sheets for Factor Tar.