

North Shore Gas Company

RIDER TO SCHEDULE OF RATES FOR GAS SERVICE

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**Rider LIDA
Low Income Discount Adjustment**

Applicable to Service Classification Nos. 1, 2, 4, 5, and 7

Section A – Applicability and Purpose

On December 15, 2022, the Commission approved the Low Income Discount Rates report conducted pursuant to Section 9-241 of the Illinois Public Utilities Act. This tariff complies with the report's directive to submit a low income discount rate. The Low Income Discount Adjustment (LIDA), expressed on a per customer basis, recovers the lost revenues (i.e. the under recovery of the Commission approved revenue requirement) due to Low Income Discount Credits as defined in Section B and described in Section G.

This Rider is applicable to all customers taking service from the Company under Service Classification ("S.C.") Nos. 1, 2, 4, 5, and 7. The LIDA charge shall be presented as a separate line item on customer bills as the "Low Income Discount Adjustment".

Section B – Definitions

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

Effective Period shall mean the twelve-month period of April 1 through March 31, during which the LIDA charge will be in effect. The initial Effective Period shall mean the period of October 1, 2024 through March 31, 2025.

LIHEAP Program Year shall mean the annual period as defined by the Illinois Department of Commerce and Economic Opportunity.

Low Income Discount Credits (LIDC) shall mean the customer credits applied to Low Income Qualified Customer accounts as described in Section G on bills issued on or after October 1, 2024.

Low Income Qualified Customer (LIQC) shall mean a residential customer as defined under S.C. No. 1 who has an income at or below 300% of the Federal Poverty Level ("FPL") and/or qualifies for Low Income Home Energy Assistance Program ("LIHEAP") or Percentage of Income Payment Plan ("PIPP") benefits under Section 6 of the Energy Assistance Act of 1989 [305 ILCS 20/6]. Qualification is specifically recognized for purposes of this Rider when the LIHEAP administrator notifies the Company that the Customer is qualified for any tier of this Rider or the Company receives the self-certification from a Customer for Tier 5. The Company will accept self-certification from a Tier 5 customer via the application provided on the Company's web page, by fax, via call center enrollment or by mail. See Section G for the eligibility criteria by tier. Qualification for all tiers shall remain effective for purposes of this definition until the end of the following LIHEAP Program Year.

When the Company is notified by the LIHEAP administrator of eligibility or when the Company processes a Tier 5 customer self-certification, the LIQC will receive the appropriate credit on their monthly billing statement no later than the next bill issued after the Company is notified and has reasonable time to place on the Customer bill.

The Company or a third party administrator shall periodically, but at least annually, verify through sampling of 5% of the LIQCs enrolled for Tier 5 discounts (up to a maximum of 200 customers) that customers meet income thresholds necessary to receive a Tier 5 discount credit. Customer eligibility for the Tier 5 discounts should be verified based upon examination of income tax returns, pay stubs, examination of proof of participation in

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Asterisk not needed; replacing sheet in its entirety.

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200 East Randolph Street, Chicago, Illinois 60601**

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Section B – Definitions (cont'd)

another state or federal program that demonstrates income, or any other means that provides documented proof of the customer's income. Customers shall not be removed from eligibility for a discount based upon failure to provide proof of eligibility.

Reconciliation Period shall mean the nine-month period of July 1 through March 31. The initial Reconciliation Period shall mean the period of July 1, 2025 through March 31, 2026.

Total Bill shall mean current service bill charges including delivery charges, supply charges, rider surcharges, other applicable service charges and taxes associated with those charges, but excluding prior balances.

Section C – Determination of Low Income Discount Adjustment (LIDA)

The amount of the Low Income Discount Adjustment (LIDA) applicable to each Effective Period shall be determined annually using the following formula:

$$LIDA = ((TLIDC / (R + (B \times C) + (D \times I))) + (((RA + O) / (R + (B \times C) + (D \times I))))$$

Where:

- LIDA = Monthly Charge filed in dollars per customer rounded to two decimals.
- TLIDC = Estimated Annual Total Low Income Discount Credits dispersed to Low Income Qualified Customers for the Effective Period.
- RA = Company-determined reconciliation component as described in Section E of this rider.
- O = Commission-ordered adjustment as described in Section E of this rider.
- R = Sum of the number of Service Classification No. 1 ("S.C. No. 1") bills forecasted to be sent to customers by the Company for the Effective Period or Reconciliation Period.
- B = Multiplier of the Base Energy Assistance Charge as described in 305 ILCS 20/13(b)(3).
- C = Sum of the 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 or the Reconciliation Period.
- D = Multiplier of the Base Energy Assistance Charge as described in 305 ILCS 20/13(b)(4).
- I = Sum of the 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 or the Reconciliation Period.

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Section C – Determination of Low Income Discount Adjustment (LIDA) (cont'd)

The Low Income Discount Adjustment shall be assessed as follows:

- (1) 1 x LIDA per month on each S.C. No. 1 account
- (2) B x LIDA 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) D x LIDA per month on each non-S.C. No. 1 account taking 4,000,000 therms or more of gas during the previous calendar year.

Section D – Information Sheet Filings

The LIDA shall be filed with the Commission or postmarked on an Information Sheet with supporting data no later than March 20 of each year. An Information Sheet with supporting data filed after that date, but prior to the effective date, shall be accepted only if it corrects an error or errors from a timely filed Information Sheet for the same effective date. If the Company determines that it is appropriate to revise the LIDA to better match revenues or expected revenue with Low Income Discount Credits incurred or expected to be incurred, the Company may, from time to time, calculate a revised LIDA to become effective at the beginning of any monthly billing period.

The initial LIDA will be applied to customer bills issued beginning October 1, 2024. Thereafter, a new LIDA shall become effective on April 1, with a new RA component becoming effective, if required, on July 1. The initial Information Sheet shall be filed no later than September 20, 2024.

Section E – Annual Reconciliation

No later than June 30 of each year, the Company shall file a petition with testimony and exhibits seeking initiation of an annual reconciliation process. The reconciliation will compare the revenues collected under this rider during the Effective Period with the actual Total Low Income Discount Credits applied under this rider during the same period. In conjunction with the reconciliation filing, a new Information Sheet may be filed adjusting the then effective LIDA under this rider for the amount to be reconciled. Supporting documentation and workpapers affecting the information presented in the Company's reconciliation petition shall be provided to the Commission's Accounting Staff at the time of the reconciliation filing. The initial reconciliation shall be filed on or before June 30, 2025.

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Section E – Annual Reconciliation (cont'd)

If, after hearing, the Commission finds that the Company has not shown all credits to be reasonable and prudently incurred or has incorrectly calculated, debited, or credited credits or revenues during the applicable Reconciliation Period to the extent that the adjustment has not already been reflected through an adjustment to the RA component of the LIDA, the difference determined by the Commission shall be refunded or recovered, as appropriate, in the same manner that the charge was initially collected through the O component. Amounts either collected or refunded through the O component shall accrue interest at the rate established by the Commission under 83 Illinois Administrative Code Part 280 from the end of the Reconciliation Period until the O component amount is charged or refunded to customers.

The Company shall submit a report as part of the Company's Annual Reconciliation to the Commission that provides the following information:

- (1) The number of participants enrolling in each Tier for each month of the preceding year by zip code;
- (2) The billed usage in each Tier for each month of the preceding year by zip code;
- (3) Itemized list of administrative costs incurred to implement and operate the Low-Income Discount Program for each year since approval of the program;
- (4) Description of educational and outreach materials (plus copies of those materials where applicable).
- (5) Data on processing time for Tier 5 eligibility from initial request to approval under each of the options available to customers requesting the Tier 5 credit (e.g., online, by mail); and
- (6) Detailed description of the sampling technique used to verify eligibility of Tier 5 discounts/credits using 5% sampling specified in the tariff, or a maximum of 200 customers, and results of the audit including, but not limited to, the number of customers within the 5% of customers sampled that were unable to meet the income requirement or the income verification requirement.

Section F – Annual Internal Audit

The Company shall submit annually by electronic mail to the Commission's Director of the Financial Analysis Division, ICC.AccountingMgr@illinois.gov, no later than October 1, an internal audit of the credits applied and revenue recovered or refunded pursuant to this rider. Such report shall be verified by an officer of the Company. The initial internal audit under this rider shall be submitted no later than October 1, 2025. All internal audits conducted under this rider shall include at least the following tests:

- (1) Low Income Discount Adjustment charges are accurate and in compliance with the tariff;
- (2) Low Income Discount Adjustments are being properly billed to customers;
- (3) Rider LIDA credits and adjustments are recorded in the appropriate general ledger accounts; and
- (4) Rider LIDA credits and adjustments are not collected through other approved tariffs.

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Section G – Low Income Discount Credit (LIDC)

The Company shall apply a Low Income Discount Credit (LIDC) to eligible Low Income Customers as defined in Section B.

LIDC shall be calculated by applying a percentage credit to the Total Bill on each residential customer bill under the applicable tier based on the household income of the LIQC.

The eligibility criteria and the discounted amounts for each LIDC Tier are shown below:

Tier	Eligibility Limit for Tiers	Daily LIDC
Tier 1	0% to 50% of Federal Poverty Level	79% of Total Bill
Tier 2	>50% to 100% of Federal Poverty Level	60% of Total Bill
Tier 3	>100% to 150% of Federal Poverty Level	36% of Total Bill
Tier 4	>150% to 200% of Federal Poverty Level	12% of Total Bill
Tier 5	Up to 300% of Federal Poverty Level	5% of Total Bill

The LIDC shall be presented as a separate line item on customer bills as the “Low Income Discount Credit”.

Section H – Compliance Filings

System Savings Reports: The Company shall track and report on the following information (to the extent possible):

- (1) the dollar amount of uncollectibles costs that have been reduced on an annual basis subsequent to the implementation of Rider LIDA;
- (2) the dollar amount of credit and collections costs, and any other Company costs that have been reduced on an annual basis subsequent to the implementation of Rider LIDA;
- (3) the aggregated Tier 1 (0%-50% FPL) and Tier 2 (51%-100% FPL) customer billing and arrearage data from the two years prior to Rider LIDA implementation to assess how Rider LIDA impacts the customer and utility system benefit analysis (with eventual tracking said information for all Tiers as the LIDA discount program matures);
- (4) how the Company has marketed the availability of Rider LIDA to populations who may qualify for the discount;
- (5) what improvements can be made in those marketing efforts to reach more eligible customers; and
- (6) other information that the Staff of the Commission identifies as needed for incorporating system savings into a Rider LIDA reconciliation.

The report will be filed annually in Docket Nos. 23-0068/23-0069 (cons.). The first report will be filed on or before October 1, 2025.

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