
**Rider 2
Franchise Cost Adjustment**

Applicable to All Rates Except 17, 19 and 21

Applicability.

This rider is applicable to customers taking service from the Company within the boundaries of a local governmental unit that has a franchise agreement or similar contract with the Company. The purpose of this rider is to recover the cost of reduced rate service or monetary contribution provided by the Company solely from those customers residing within the boundaries of each local governmental unit receiving such compensation. For the purposes of this rider, a local governmental unit means any county, municipality, township, special district, or unit designated as a unit of local government by law and which exercises limited governmental powers or powers in respect to limited government subjects.

*** Franchise Cost Adjustment.**

Franchise costs include the cost of reduced rate service or other monetary contribution provided to local governmental units under a franchise agreement or other similar agreement with the Company. Such franchise agreements grant the Company the privilege of using the local governmental unit's public right(s)-of-way for the delivery of gas for which the Company in turn compensates such local governmental unit with reduced rate service or other monetary contribution. Each local governmental unit that currently has a franchise agreement and receives reduced rate service or other monetary contribution from Company is shown on the information sheet(s) supplemental to this rider. The franchise costs paid by the Company to those local governmental units receiving reduced rate service or other monetary contribution shall be recovered from those customers taking service from the Company within the boundaries of each such local governmental unit. The applicable Franchise Cost Adjustment, expressed as a monthly fixed dollar amount, shall be added to the customer's bill. The Franchise Cost Adjustment (FCA) for each local governmental unit shall be recomputed annually and shall be determined according to the following formula:

$$\text{FCA} = \frac{\text{Value}}{\text{Customers}} \div 12$$

Where:

FCA = Franchise Cost Adjustment, in \$ per customer for the monthly billing period.

Value = Value of reduced rate service or other monetary contribution, expressed in \$, provided by the Company to such local governmental unit during the previous calendar year as published in the Company's Form 21 ILCC Annual Report to the Commission.

Customers = The number of customers residing within such local governmental unit as of December 31 of the prior calendar year.

A new Franchise Cost Adjustment shall be effective with the customer's first bill period with an issue date on or after May 1 of each year. The amount of the applicable Franchise Cost Adjustment will be separately designated on each customer's bill as "Franchise Cost" or similar legend. The Company will file an information sheet with the Commission on or before the 20th day of April each year specifying the FCA applicable to each governmental unit to be effective during the subsequent twelve months. Such informational sheets must include work papers documenting that the computations of the Franchise Cost Adjustments are made in accordance with the applicable equation provided in this Franchise Cost Adjustment subsection.

(Continued On Sheet No. 55.52)

**Rider 2
Franchise Cost Adjustment**

(Continued From Sheet No. 55.51)

***CANCELED**

(Continued On Sheet No. 55.53)

Filed with the Illinois Commerce Commission on March 31, 2009
Issued pursuant to order of the Illinois Commerce Commission
entered March 25, 2009 in Docket No. 08-0363
Items in which there are changes are preceded by an asterisk (*)

Effective April 3, 2009
Issued by - Gerald P. O'Connor
Senior Vice President
Post Office Box 190
Aurora, Illinois 60507

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(Continued From Sheet No. 55.52)

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(Continued From Sheet No. 55.54)

***CANCELED**

(Continued On Sheet No. 55.56)

**Rider 2
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(Continued From Sheet No. 55.55)

***CANCELED**

(Continued On Sheet No. 55.57)

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(Continued From Sheet No. 55.56)

***CANCELED**