



CUBFacts^{Natural Gas}

Nicor's 'Fixed Bill' and 'Lock 12' Plans

What are the "Fixed Bill" and "Lock 12" plans?

Nicor Solutions, an unregulated sister company of the utility, Nicor Gas, offers the "Fixed Bill" plan. Another unregulated sister company, Nicor Advanced Energy, offers a very similar program called "Lock 12." CUB has yet to find a customer who has saved money under either of these plans. They both lock a participant into a fixed monthly natural gas bill for one year, all surcharges and taxes included. It's not clear how a participant's "customized" monthly billing amount is determined, although the companies say it's based on factors such as weather, gas prices, and the customer's past gas usage. There also is a hefty markup.

Should I sign up for the Fixed Bill or Lock 12 program?

Again, CUB has yet to find a customer who actually saved money under these programs. Simply put, the plans are insurance policies against an unusually cold winter combined with unusually high prices. However, the companies don't disclose that they build a big premium into the price. Remember, these plans are optional. You don't have to sign up. You can stay with the regulated rates of Nicor Gas if you choose.

What's the difference between Fixed Bill and Lock 12?

With Fixed Bill, Nicor Solutions serves as a billing agent. Nicor Gas, the utility, remains the gas supplier, and a household's fixed monthly bill will be reflected on the same gas bill it has always gotten from the utility.

On the other hand, Lock 12 is marketed by Nicor Advanced Energy, an alternative gas supplier in the Customer Select program. Customer Select allows Nicor Gas customers to choose another company other than the utility to supply them with natural gas. So, in Lock 12, Nicor Advanced Energy supplies the gas, instead of Nicor Gas, the utility. Nicor Gas will continue to deliver the gas to a customer's home, but those delivery charges will be included in the Lock 12 monthly billing amount. Also, instead of getting a Nicor Gas bill, Lock

12 participants will get a monthly statement from Nicor Advanced Energy.

Like Fixed Bill, Lock 12 does not allow customers to leave the plan without paying an exit fee, which can be triple the Lock 12 monthly amount, depending on the time of year. As with Fixed Bill, customers can avoid that fee by getting out of the plan within 30 days.

Are Fixed Bill and Lock 12 the same as Nicor Gas' "budget plan"?

No. Don't confuse the utility's "budget" plan with Fixed Bill or Lock 12, which could result in you paying much more for gas service than you would under the standard rates of Nicor Gas. Nicor Gas' budget plan is similar to Lock 12 and Fixed Bill in that it spreads out your annual gas bill into equal monthly payments, based on estimates of your usage, future gas prices, and weather. However, during that period, your monthly budget amount may change with fluctuations in gas prices. Also, at the end of the year, the company will bill you for any gas you used beyond your estimated usage—or credit your account if your actual usage was less than your estimated usage. Remember, if under the Fixed Bill or Lock 12 plan, you pay more than Nicor's standard, regulated gas rates, you do NOT get that money back.

The Fixed Bill or Lock 12 plan also shouldn't be confused with so-called fixed-price plans offered by suppliers in the "Customer Select" program. Such offers give customers a fixed price per therm, but customers' total bills will still fluctuate according to how much gas they use. The monthly billing amount under the Fixed Bill and Lock 12 plans stay the same—unless a customer's usage goes beyond what would be expected for the weather.

How do I prevent being mistakenly signed up for these plans?

If you are mailed a postcard or other materials advertising Fixed Bill or Lock 12, you are in danger of being enrolled if you fill out that card and send it back. Don't send the postcard until you're absolutely sure what you will pay under such a program and you want to sign up for it. First you have to analyze your own natural gas us-

age from previous years. (See the box for information on how to do that.) The same goes for phone solicitations. If you want more information before deciding whether to sign up, clearly tell the sales representative that you DON'T want to sign up for the plan. As an added measure of protection, get the sales representative's name before you get off the phone. Remember, if you sign up for the plan, even mistakenly, you could be billed at a much higher rate than you would have paid under standard Nicor Gas rates—and it will be very difficult, if not impossible, to get that money back.

How do I determine what I would pay under the Fixed Bill or Lock 12 vs. standard Nicor Gas rates?

The Lock 12 or Fixed Bill quote you get is good until the end of the day. Compare it to what you've paid in the past. Get your billing history by calling Nicor (1-888-642-6748) or going to this link on Nicor's website: www.nicor.com. (If you don't have Internet access, call CUB, at 1-800-669-5556.)

Click "Residential," then "My Account," and then "Sign Up Now." Follow the directions to log on. You will have to give yourself a username and password. There are two different ways to see your past gas bills online.

1. Plug in your phone number AND the last four digits of your social security number (if the account is under your name).

2. Get your most recent Nicor Gas bill and plug in your account number and the meter number from that bill.

Finally, click on "Your Gas Use History" to view your billing history. From this information, you can figure what your average bill has been over the past couple of years and compare it to the Fixed Bill or Lock 12 quote you received.

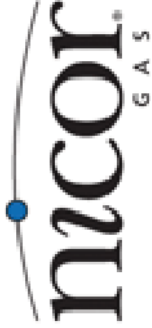

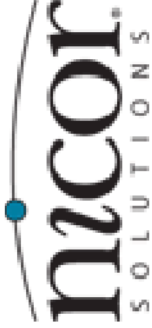




Sorting through three offers

Company

Offer

Details

 <p>Regulated utility</p>	 <p>Unregulated sister company</p>	 <p>Unregulated sister company</p>
<p>The Budget Plan</p>	<p>Lock 12</p> 	<p>Fixed Bill</p> 
<ul style="list-style-type: none"> • Spreads out annual gas bill into equal monthly payments for a year. The utility determines the monthly payment based on your past gas usage and predictions of weather and gas prices. <i>Payments may be adjusted if gas prices go way up or way down.</i> • No risk. This program costs you no more than you would have paid Nicor under the company's standard bill. At the end of the year, you pay Nicor Gas what you would have normally paid, at rates regulated by the Illinois Commerce Commission (ICC). • NO "exit" fee if you get out before the year is up. • At the end of year, if the utility overestimated your usage and you overpaid, you will get a credit with interest. If you underpaid, you will be billed the difference plus interest. • Gas supplied by Nicor Gas, the utility. 	<ul style="list-style-type: none"> • Locks a customer into a fixed monthly gas bill for a year, based on such factors as past gas usage, normal weather conditions, predicted gas prices—and a markup. Company reserves the right to <i>increase</i> the monthly bill if your gas usage goes up for a non-weather related reason. • High risk. Customer may save money, but is likely to pay more. Rates <i>not</i> regulated by the ICC. • You pay an "exit" fee (up to three times the monthly bill depending on what time of year you sign up) if you get out before the year is up. You can avoid this fee by getting out of the plan within 30 days of signing up. • At the end of the year, if you overpaid you do NOT get a credit. You are out that money. • Gas supplied by Nicor Advanced Energy, an unregulated supplier in the Customer Select program. 	<ul style="list-style-type: none"> • Locks a customer into a fixed monthly gas bill for a year, based on such factors as past gas usage, normal weather conditions, predicted gas prices—and a markup. Company reserves the right to <i>increase</i> the monthly bill if your gas usage goes up for a non-weather related reason. • High risk. Customer may save money, but is likely to pay more. Rates <i>not</i> regulated by the ICC. • You pay an "exit" fee (up to three times the monthly bill depending on what time of year you sign up) if you get out before the year is up. You can avoid this fee by getting out of the plan within 30 days of signing up. • At the end of the year, if you overpaid you do NOT get a credit. You are out that money. • Gas supplied by Nicor Gas, the utility. Nicor Solutions acts as a billing agent.