



CUBFacts^{Natural Gas}

“Choices For You” – Making the Right Choice

At the end of this guide, CUB provides a list of current natural gas offers to help consumers make educated decisions about “Choices For You.”

What is “Choices for You”?

The “Choices for You” program allows Peoples Gas and North Shore Gas customers to choose an alternative company to supply their natural gas.

How does it work?

Traditionally, a utility buys gas on the market and uses its pipelines to deliver fuel to your home. The utility is supposed to sell the gas at the same price it pays, with no markup. Opting for Choices for You means you will continue to pay Peoples Gas or North Shore Gas to deliver the heating fuel to your home, but you will pay a different company to buy and supply the actual gas. Unlike your utility, the rates and services of your new supplier will not be regulated or reviewed by the Illinois Commerce Commission (ICC). Your new supplier charges whatever it wants.

What kind of plans do the companies offer?

Most of the plans fall under one of two categories:

Fixed-rate plans won’t change for the length of the contract. Their simplicity may be appealing but such plans will likely charge a premium price and you could lose money in the long-run.

Variable-rate plans fluctuate from month to month. These plans offer the same kind of pricing as the gas utilities, with the same degree of uncertainty about what the actual price will be. The prices are tied to the suppliers’ cost of gas or some market indicator of gas prices, plus a markup. When you opt for a variable rate, you’re betting that the new supplier can do a better job buying gas than the utility. That may not be a good bet.

Since Feb. 2008, customers in the Choices for You program got a discount on the rates they paid Peoples Gas or North Shore Gas to deliver the heating fuel through their pipes from an alternative supplier to their homes. Originally, it was a per-therm discount, but that changed in January of 2010, when it became a per-month discount (\$1.50 per month for Peoples, and 50 cents per month for North Shore).

Tips on Avoiding Scams:

- 1) Don’t sign up for any offer on the spot. You may be charged a hefty termination fee if you later want out.
- 2) Don’t give out your utility account number to any sales representative at your door or over the phone.
- 3) Don’t sign up for a new supplier until you compare the prices and terms of service with other companies, including your utility.
- 4) If you’re not interested in switching suppliers, ask your gas utility to put a block on your account, which will prohibit any unauthorized changes to your service.
- 5) **Stop** unregulated gas companies from bothering you with a sales pitch. Join your utility’s do-not-market list. Peoples Gas customers should call 1-866-556-6001. North Shore customers should call 1-866-556-6004.

Are there other charges?

Yes. Some suppliers charge a monthly fee. The companies also slap you with a separate “balancing” charge. It helps cover “balancing” costs for maintaining appropriate pressure in the utilities’ pipe systems. Beware of an “exit” fee if you want to get out of your plan before the term of service ends. Most companies have an “opt-out period” that allows a customer to exit without being penalized. Know when that period begins and ends.

What should I know about some suppliers’ billing methods?

Like Peoples Gas, the utility, an alternative company buys more gas than customers actually use in the summer and stores the extra for winter usage. Unlike Peoples Gas, some suppliers may bill customers for the extra gas immediately—before they actually

use it. This has led to unexpectedly high summer gas bills, and confusion, for some customers. Companies that use this method have said it can lead to lower winter bills and overall savings in the long run. But nobody can guarantee savings.

What new consumer protections just became Illinois law?

A new state law mandates that any customer signing up with an unregulated supplier on or after April 10, 2009...

- Have up to 10 days to cancel their contracts—once the supplier’s charges first appear on the gas bill—without penalty.
- Can’t pay a cancellation penalty higher than \$50.
- Must give consent, through a signature and a third-party verification process, before they’re signed up for a door-to-door offer.

Should I participate in Choices for You?

There’s no guarantee you’ll save money. In fact, CUB’s Gas Market Monitor, at www.CitizensUtilityBoard.org, shows that consumers are much more likely to lose money with unregulated gas companies. Remember, Choices for You is optional. If you don’t sign up, you will continue to be served by Peoples Energy or North Shore Gas, with rates regulated by the ICC. If you find Choices for You too confusing or too risky, you’re not alone.

Choices for You Prices as of Aug. 25, 2010*

The following prices are offered by companies in the Choices for You program.

- 1) Add a 3.59¢ per therm “Balancing Charge” if you live in Peoples Gas territory, and a 6.58¢ per therm charge if you live in North Shore Gas territory.
- 2) Compare the final price with **Peoples Gas’ current 53.88¢ per therm variable rate or North Shore Gas’ 56.08¢ per therm variable rate.**
- 3) Please note that all Choices for You customers get a per-month discount on the delivery charges they pay Peoples Gas (\$1.50 per month) or North Shore Gas (50 cents per month) to pipe the heating fuel from their alternative supplier to their home.

***This is a snapshot of plans being offered.** The rates and details of these offers can change often, even daily. Beware that plans may change drastically after the initial term. Call a company to verify a rate, to get a plan in writing, and to find out what happens to that plan after the initial term. The rates only reflect the price of natural gas. Nicor Gas will continue to bill you for the cost of delivering gas to your home. Each plan’s price is inflated by a “Customer Select Charge” and reduced by a “Transportation Service Credit.”

Company

Offer

Fees

Nicor Advanced Energy

1-866-369-0911
www.nicoradvancedenergy.com

Note: *Given the structure of these plans, it’s impossible to make an “apples-to-apples” comparison with the rate offered by Peoples Gas and North Shore Gas, the utilities. Nicor Advanced Energy acknowledges you “may or may not save money” compared to the regulated Peoples/ North Shore rates.*

1) **Lock 12:** CUB has yet to find any customers who have saved money under Lock 12, which charges a set monthly bill for a year based on a formula known only by the company. Because the offer partly depends upon usage history, the cost varies by customer. There is a \$50 fee if you cancel after 10 days of receiving your first bill.

2) **PriceGuard:** 72¢ per therm
1-year fixed rate.

Cancellation fee (10-day opt-out period after receiving first bill.)

3) **Flex:** Unlike most variable plans, which change on a monthly basis, this one changes daily, based on a market index price called the Gas Daily Daily (GDD). The company takes your total monthly usage and estimates how much you used each day based on a “typical” profile of residences in your area and actual weather. The daily usage is multiplied by the GDD (PLUS a “set cost per therm”), for each day of the billing period to come up with a total billing amount. There is no exit fee.

4) **TruBalance:** A 50-50 combination of a variable price per therm and a fixed price per therm. Half of your usage is based on a variable price that moves up and down with the market price weekly. The other half of the usage is based on a fixed rate determined on the day you sign up for the program and remains unchanged for a year. There is a \$50 fee if you cancel after 10 days of receiving your first bill.

Company	Offer	Fees
Integrus Energy Services 1-888-698-1730 www.integrusenergy.com	1) 55.04¢ per therm variable (Peoples), 55.08¢ per therm variable (North Shore) (2.5¢ below utility rate through Dec.. Then switches to regular variable rate.) 2) 55.04¢ per therm variable (Peoples), 55.08¢ per therm variable (North Shore) (2.5¢ below utility rate through Oct. Then 70¢ per therm fixed rate.) 3) 59.5¢ per therm 1-year fixed rate 4) 63.5¢ per therm 2-year fixed rate 5) 66.5¢ per therm 3-year fixed rate	Cancellation fee (Only for the fixed rates. 10-day opt-out period after receiving first bill)
Just Energy (formerly U.S. Energy Savings Corp.) 1-866-587-8674 www.energysavings.com	1) 66¢ per therm 1-year fixed rate. 2) 81¢ per therm 3-year fixed rate. 3) 79¢ per therm 5-year fixed rate. 4) Utility's variable rate capped at 89¢ per therm for five years. (Just Energy says \$19.95 fee is for the "Gas Price cap" and 5 metric tons of carbon offsets.)	Cancellation fee (10-day opt-out period after receiving first bill) \$19.95 monthly fee for No. 4
Nordic Energy Services 1-877-808-1022 www.nordicenergy-us.com	51.3¢ per therm variable rate. (It's a monthly market index price plus about 5-6 cents per therm.)	Cancellation fee (10-day opt-out period after receiving first bill) \$1.50 monthly fee
Santanna Energy Services 1-800-827-0067 www.santannaenergyservices.com	1) 54.3¢ per therm monthly variable rate (It's a monthly market index price PLUS 8¢ per therm. That changes to 11.9¢ per therm after 12 months.) 2) 64.9¢ per therm 1-year fixed rate	\$3.99 monthly fee