



Helpful information for Illinois utility consumers from the Citizens Utility Board

CUBFacts Natural Gas

“Customer Select” – Making the Right Choice

At the end of this guide, CUB lists current offers in the “Customer Select” program.

What is “Customer Select”?

The “Customer Select” program allows Nicor 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 Customer Select means you will still pay Nicor to deliver gas 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). Those companies charge whatever they want.

What kind of plans are offered?

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.

Variable-rate plans fluctuate from month to month. These plans offer the same kind of pricing as Nicor Gas, 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.

Are there other charges?

Yes, and these charges will inflate the advertised price. Some suppliers charge a monthly fee. Also, Nicor Gas charges all program participants a per therm Customer Select fee. The charge helps cover “balancing” costs for maintaining appropriate pressure in Nicor’s pipes. (**Note:** The impact

Avoiding Natural Gas 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) If you don’t want unregulated gas companies to bother you with a sales pitch, get on your utility’s do-not-market list. Nicor customers should call **1-888-642-6748**.

of this charge is lessened by a 2 cents per therm “Transportation Service Credit.”) Also, beware of an “exit” fee if you want to get out of your plan before the term of service ends. Companies may have an “opt-out period” during which a customer can exit without being penalized. Find out when that period begins and ends.

What about some alternative suppliers’ billing methods?

Like Nicor Gas, the utility, an alternative supplier buys more gas than customers actually use in the summer and stores the extra gas for winter usage. *Unlike* Nicor 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 say this method can lead to lower winter bills and 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 paying a cancellation 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 Customer Select?

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, Customer Select is optional. If you don’t sign up, you will continue to be served by Nicor Gas, with rates regulated by the ICC. If you find Customer Select too confusing or too risky, you’re not alone.

Customer Select Prices as of Aug. 25, 2010*

The following prices are offered by companies in the Customer Select program.

- 1) Add a 2.11¢ per therm “Customer Select Charge” to these prices.
- 2) Subtract a 2.11¢ per therm “Transportation Service Credit” from these prices.
- 3) Compare the final price with **Nicor Gas’ current 50¢ per therm variable rate.**

***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
Ambit Energy 1-877-282-6248 www.ambitenergy.com	1) 49.5¢ per therm variable rate.	None
Corn Belt Energy Corp. 1-866-806-3411 www.cornbeltenergy.com	1) 53.8¢ per therm variable rate (estimated). The “Winter Protection Plan” estimates your gas usage for the coming year and buys it all before Nov. 1. Your price is adjusted according to market prices if you use more or less gas than was bought for you. 2) 51.2¢ per therm variable rate (estimated). The “Market-Based Plan” buys about 30% of your estimated gas needs in the summer. The rest is bought monthly at market rates.	Cancellation fee (10-day opt-out period after receiving first bill.)
Dominion Retail 1-800-260-7297 retail.dom.com	1) 66.3¢ per therm variable rate 2) 69.9¢ per therm fixed rate through Aug. 2011	None
IGS Energy 1-800-280-4474 www.igsenergy.com	69¢ per therm fixed rate through June 2011	None

Company	Offer	Fees
Integrus Energy Services 1-888-698-1730 www.integrusenergy.com	1) 48.5¢ per therm variable (2.5¢ below utility rate through Dec. Then regular variable rate.) 2) 48.5¢ per therm variable rate (2.5¢ below utility rate through Oct. Then switches to fixed rate of 70¢ a therm.) 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 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 the \$19.95 fee is for the 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.
MXenergy 1-800-785-4373 www.mxenergy.com	69.9¢ per therm variable rate.	Cancellation fee (Only for fixed rates. 10-day opt-out period after receiving first bill.) \$2.49 monthly fee for fixed plans
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 5-6 cents per therm.)	Cancellation fee (Only for fixed rates. 10-day opt-out period after receiving first bill.) \$1.50 monthly fee

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<p>Nicor Advanced Energy 1-866-369-0911 www.nicoradvancedenergy.com</p> <p><i>*Note: Given the structure of these plans, it's impossible to make an "apples-to-apples" comparison with the rate offered by Nicor Gas, the utility. Nicor Advanced Energy acknowledges you "may or may not save money" compared to the regulated Nicor Gas rates.</i></p>	<p>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.</p> <p>2) PriceGuard: 70¢ per therm 1-year fixed rate.</p> <p>3) Flex: This variable plan 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.</p> <p>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.</p>	

Is Nicor Advanced Energy the same as Nicor Gas?

No. Nicor Gas is the traditional regulated utility. Nicor Advanced Energy has an almost identical name and logo, but it is an unregulated gas supplier. It is a sister company of the utility, but that doesn't guarantee its prices and services are better than any other company in "Customer Select."

<p>Santanna Energy Services 1-800-827-0067 www.santannaenergyservices.com</p>	<p>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.)</p> <p>2) 64.9¢ per therm 1-year fixed rate</p>	<p>\$3.99 monthly fee</p>
<p>Spark Energy 1-877-228-9427 www.sparkenergy.com</p>	<p>1) 40.48¢ per therm monthly variable (Two-year term, two-month discounted rate of 41.4¢ per therm)</p> <p>2) 61.2¢ per therm 1-year fixed rate.</p>	<p>Cancellation fee (10-day opt-out period after receiving first bill.)</p> <p>\$4.95 monthly fee</p>