



# Gas Competition

## A guide for Nicor Gas customers

FACT SHEET

February 2017

### Can I choose another gas supplier?

Yes. Nicor Gas customers are allowed to choose another company (also known as an “alternative retail gas supplier,” or “ARGS”) to supply them with natural gas. This program is called “Customer Select.” Alternative suppliers sell their offers in a number of ways: door-to-door, over the phone and through the mail—but also at community events and through friends. We’ve even received reports of suppliers working through churches.

**WARNING: Right now, the regulated utility—Nicor Gas—is still probably your best choice.**

### How does competition work?

Your gas bill is divided into three main sections: delivery, supply and taxes. The “delivery” section is where the utility makes a profit, and covers the costs of maintaining the pipes, reading the meter, mailing the bills, and all the other duties relating to administration and infrastructure. You will always pay the regulated utility, Nicor Gas, for delivery; this is how the company makes its money. Also, if there is a gas leak or any other problem with your gas service, you will still call Nicor Gas.

The “supply” section of the bill covers the cost of the actual gas you use. This is the part of your bill that changes if you opt for a different supplier. Traditionally, Nicor buys gas on the market and uses the pipelines to deliver that gas to your home. The utility is supposed to sell the gas at the same price it pays, with no markup. Choosing another supplier means that you will pay a different company to buy and supply that gas. Although those charges will still appear on your Nicor Gas bill, they are actually being set by that other supplier—and unlike the utility, that supplier’s rates are not regulated or reviewed by the Illinois Commerce Commission (ICC).

### What consumer protections do I have?

Illinois law mandates:

- You do not have to pay a cancellation penalty if you cancel a contract within 10 days of the supplier’s charges first appearing on your gas bill.
- After that, no cancellation penalty can be higher than \$50.
- You must give consent, through a signature and a third-party verification process, before being signed up for a door-to-door offer.

### Will I save money with another supplier?

There’s no guarantee you’ll save money. Since 2003 CUB has been monitoring alternative supplier offers, and the consumer group has found that about 9 of 10 offers marketed by suppliers have been money-losers. Remember, you don’t have to go with another supplier. It’s 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 gas choice too confusing or too risky, you’re not alone, and can opt to remain with the utility.

### How to avoid natural gas scams

- 1) Be careful about people at your door who say they’re from the “gas company” and offer to lower your bill. Don’t give out your account number or gas bill unless you’re sure you want to sign up for an offer. A dishonest sales rep can use your account number to sign you up for an alternative supplier without permission.
- 2) Find out what the company is charging and how that compares with the utility’s price, below. Ask whether the supplier rate is a fixed rate, and for how long, or a variable rate that changes monthly.

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Nicor Gas’ Price for February:  
**41¢/therm**

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- 3) Ask if the rate is an introductory rate, how long it lasts, and what the new rate will be. People complain to CUB that the low price they signed up for disappeared after a few months and their bill skyrocketed.
- 4) Ask if the plan charges any fees. CUB has seen monthly fees as high as \$9 a month. That’s about \$100 in costs over a year, before you even use any gas. Also ask if the company charges an exit fee if you want to leave a plan before the contract is up.
- 5) If you don’t want unregulated gas companies to bother you, get on your utility’s do-not-market list. Nicor customers should call 1-888-642-6748.



## WARNING:

# Nicor Advanced Energy is NOT the same as Nicor Gas

### Are offers from Nicor Gas' sister companies any better?

Despite having a similar name and logo, Nicor Gas and Nicor Advanced Energy are not the same. Nicor Advanced Energy is an unregulated sister company of the utility, Nicor Gas, that markets gas offers to consumers. You also may see promotional materials from another unregulated sister company, Nicor Solutions, which markets a "fixed bill" product.

For years, customers have complained that they had no idea the unregulated Nicor affiliates are different from the regulated utility because the names and logos look so similar. Customers often say they thought they were simply signing up for a special Nicor Gas offer to help them control costs, only to see their gas bills go up with the unregulated companies. Under a legal settlement with consumer advocates, Nicor Advanced Energy and Nicor Solutions will change their names and logos by Jan. 1, 2018. Read below for a description of Nicor Advanced Energy plans.

### Guaranteed Bill

You are locked into a fixed monthly gas bill for 12 months, all surcharges and taxes included. According to the company, your customized monthly billing amount is determined by such factors as weather, gas prices and your usage history. The price also includes a markup. The company reserves the right to increase your billing amount for "excessive gas usage."

**CUB Analysis:** CUB has yet to find a customer who has saved money under Guaranteed Bill. This is NOT your utility's budget-billing plan, which attempts to even out your monthly bills over a year. Similar to Guaranteed Bill, the budget-billing amount is based on past usage, projected gas prices and weather forecasts. Unlike Guaranteed Bill, the monthly budget-billing amount can be adjusted, and there's no markup. In fact, if the utility overestimated your usage and assigned you a monthly billing amount that's too high, it will reimburse you at the end of the year. If you pay more under Guaranteed Bill than the standard utility rates, you do NOT get that money back.

### Price Guard

You are locked into a fixed price per therm for a year.

**CUB Analysis:** It's not clear how Nicor Advanced Energy sets the price, but the company makes it clear PriceGuard may not

offer a lower rate than the utility. Fixed rates are tempting, but they can lose you money, unless market prices stay high for an extended period of time. What seems like a good deal now may not be in a few months.

### Price Cap

You pay a monthly variable price that is the sum of the "first-of-month Bidweek Survey index price at the Chicago Citygate, published in Natural Gas Intelligence (NGI)," and a cents-per-therm charge. You will always pay this monthly variable price or a cents-per-therm price cap (set when you enroll), whichever is lower.

**CUB Analysis:** PriceCap's complexity coupled with the volatility of the gas market make it difficult to tell whether it would ever save you money. In addition to the variable rate, you also pay a \$1.99 "monthly administrative fee" for this plan.

### Flex Plan

You pay a variable rate, which can change on a monthly basis. The company has at times offered a per-therm discount in the warmer months of the plan (ending Oct. 31), when usage is typically lower.

**CUB Analysis:** A variable plan can change on a monthly basis, and Nicor Advanced Energy says that under this plan your bill could go up if market prices go up. If there is a discount, you could save in warmer months when usage is typically low. However, those savings could be wiped out during the winter months, when you use the most gas. Unlike other Nicor Advanced Energy plans, Flex does not charge an exit fee, so you can get out at any time.

### TruBalance

This plan is a 50-50 combination of a variable plan and a fixed price plan. Half of your monthly usage is charged a market-based variable rate and the other half at a rate that is locked in according to market conditions at the time of enrollment. The variable rate is based on "the first-of-month Bidweek Survey index price at the Chicago Citygate, published in Natural Gas Intelligence" — plus a set cost per therm.

**CUB Analysis:** This is a complex and confusing plan. Given the volatility of the gas market, as with the other plans, you're gambling that Nicor Advanced Energy's price will be better than the utility's rate.

# How do I know if I'm with an alternative supplier?

**Beware:** Even if you're with an alternative supplier, you will continue to get a bill from your regulated utility. Alternative suppliers include their charges on the supply section of your utility bill. People on a bad supplier deal often tell CUB they had no idea they were with another company until their bill went up. Check your bill each month to see if you're with an alternative supplier. Here's where to look:

## On your Nicor Gas bill:

If you're with another supplier, its name should be on page 1, under "A Message for You." A per-therm rate for the alternative supplier should be listed under "Additional Products and Services."

## To end an offer:

If you want to end an alternative supplier offer, call the supplier. The name and number of the company should be listed on your gas bill.

If you think you were fraudulently signed up, tell the supplier you want the exit fee—if it charges one—waived, and push for a full refund. (Note: Under Illinois law, a company is not allowed to charge you an exit fee of more than \$50.)

If you're not pleased with the company's response, or you can't reach it, file a complaint with CUB, at [CitizensUtilityBoard.org](http://CitizensUtilityBoard.org), or by calling 1-800-669-5556.

**Nicor Gas**  
An AGL Resources Company

[nicorgas.com/myaccount](http://nicorgas.com/myaccount)  
1 888 Nicor4U 1 888 642-6748

Account Summary for	
Account Number:	
Meter Number:	
Service Address:	Roselle
Bill Period:	12/02/15 - 01/04/16 (33 days)
Bill Issue Date:	01/07/16
Total Previous Balance	\$21.49
Payment Received 12/29/2015 - Thank you!	-\$21.49
Remaining Balance	\$0.00
New Charges - Utility	\$25.52
New Charges - Additional Products & Services	\$263.75
<b>Total Amount Due by 01/29/2016</b>	<b>\$289.27</b>

**A Message for You**

Your Customer Select supplier is **ABC Supplier Inc.** For questions relating to your natural gas cost, contact your supplier at: 877-228-9427. If you have any questions regarding natural gas safety, call Nicor Gas at 1 888 642-6748. Learn more about payment options and changes coming soon to our processing vendor's fees by visiting [nicorgas.com](http://nicorgas.com).

Total - Additional Products & Services	
Customer Select supplier previous balance	\$0.00
ENERGY CHARGE-125THM@1.26016 PER THM 01/04/2016	\$157.52
ADJUSTMENT 01/04/2016	\$106.23
Total Due ABC Supplier Inc.	\$263.75
ABC Supplier Inc. Questions? Please call 1-877-555-5555	

**New Charges - Residential - Heat**  
Rate 1: Residential Service

Delivery Charges 12/02/2015 - 01/04/2016	
Monthly Customer Charge	\$13.77
All Therms 125.11 @ \$0.0485 =	\$6.07
Environmental Cost Recovery 113.77 @ \$-0.0006 =	-\$0.07
Environmental Cost Recovery 113.77 @ \$0.0111 =	\$0.13
Government Agency Compensation Adjustment	\$0.05
Franchise Cost Adjustment	\$0.32
Transportation Service Credit 125.11 Therms @ \$-0.0211 =	-\$2.64
Balancing and Storage Adjustment	\$2.53
Efficiency Program 12/02/15 @ \$0.0043	\$0.54
Qualified Infrastructure Chrg \$ 17.55 @ 3.59%	\$0.63
Qualified Infrastructure Chrg \$ 1.76 @ 3.84%	\$0.07
<b>Taxes</b>	<b>\$4.12</b>
Municipal Utility Tax for Roselle \$21.40 @ 5.15%	\$1.10
Utility Fund Tax \$21.40 @ 0.1%	\$0.02
State Gas Use Tax 125.11 @ \$0.024 =	\$3.00
<b>Total</b>	<b>\$25.52</b>

*Please see the reverse side of this bill for additional billing explanations.*

Monthly Energy Profile					
Current Reading 01/04/16 (Actual)	7075	Previous Reading 12/02/15 (Estimated)	6854	Usage CCF	221
				BTU Factor	1.034
				Therms	125.11
				Avg. Daily Therms	3.77
				Avg. Daily Therms	3.79
CCF x BTU Factor = Therms					

**Monthly Therm Use**

### A Message for You

Your Customer Select supplier is **ABC SUPPLIER** For questions relating to your natural gas cost, contact your supplier at: **1-555-555-5555** If you have any questions regarding natural gas safety, call Nicor Gas at 1 888 642-6748.

Your safety is important to us. Ask to see an employee ID when our field team is working in or around your premises. Also, verify your account information with customer service before making a transaction over the phone.

### Total - Additional Products & Services **\$263.75**

Customer Select supplier previous balance	\$0.00
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