ORDER

By the Commission:

I. PROCEDURAL HISTORY

On December 20, 2006 Northern Illinois Gas Company d/b/a Nicor Gas Company ("Nicor Gas") filed a verified petition requesting a Certificate of Public Convenience and Necessity that would authorize Nicor Gas to construct, operate and maintain natural gas distribution facilities for, and provide natural gas service to, KeyLime Cove of Gurnee, LLC ("KeyLime"), located in the service territory of North Shore Gas Company ("North Shore").

Pursuant to proper notice, hearings were conducted on January 18 and February 14, 2007 by a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois. Nicor Gas, North Shore, Commonwealth Edison ("ComEd") and Commission Staff all appeared through legal counsel. At the February 14 hearing, all parties agreed that no contested issues remained in the case and that a proposed draft Order could be filed by Nicor Gas without objection. The evidentiary record was marked heard and taken on February 15, 2007.

II. EVIDENCE

Nicor Gas is an Illinois corporation with headquarters at 1844 Ferry Road, Naperville, DuPage County, Illinois. It is in the business of constructing, operating and maintaining natural gas transmission, distribution and storage facilities and distributing and selling natural gas to more than 2 million customers in northern Illinois. It is a public utility subject to

North Shore is an Illinois corporation with headquarters at 130 East Randolph Drive, Chicago, Cook County, Illinois. It is principally in the business of constructing, operating and maintaining natural gas transmission and distribution facilities and distributing and selling natural gas to approximately 150,000 customers in Cook and Lake Counties in Illinois. It is also a public utility subject to the Commission’s jurisdiction pursuant to the Act.

KeyLime is a Delaware limited liability corporation qualified to do business in Illinois. It proposes to construct and operate a water park in Gurnee, Illinois. Although KeyLime’s water park will be located in North Shore’s service territory, it will be in close proximity to Nicor Gas’ existing facilities, the Waukegan line in Gurnee.

North Shore believes that it does not currently have adequate facilities to serve KeyLime and that it would be cost prohibitive to construct new facilities. North Shore may later install facilities that would enable it to cost-effectively serve KeyLime, if there is future growth in that part of its service territory. If that occurs, North Shore may ask that Nicor Gas request abandonment authority from the Commission. Nicor Gas has agreed to North Shore’s terms in order to serve KeyLime.

KeyLime has asked Nicor Gas to construct, operate and maintain a service line to KeyLime’s property and to provide natural gas service. Once Nicor Gas receives authorization to serve KeyLime, Nicor Gas and KeyLime will execute a construction contract for the installation of a service line, meter, regulator tap and other related facilities. KeyLime will pay construction costs, because Nicor Gas cannot determine how long its service to KeyLime may continue. Therefore, Nicor Gas intends to offset its economic risk by recovering its costs initially, rather than over the depreciable life of the facilities.

The estimated construction cost is $82,000, which includes a 20-inch pipeline tap, an easement across a ComEd right-of-way, 300 feet of 4-inch steel service pipe, and all applicable taxes. The regulators and meter-set would be installed at Nicor’s expense. Any easement necessary between ComEd’s right of way and KeyLime’s property line would be at KeyLime’s expense. Additionally, Nicor Gas and KeyLime would execute a standard contract for firm transportation service either under Rate 74 or Rate 76 (whichever KeyLime prefers).

Commission Staff states that it has reviewed the Nicor Gas petition, attachments, data responses and other documentation and has no objection to the grant of the requested Certificate. All other parties also state that they do not oppose Nicor Gas’s request.

III. COMMISSION ANALYSIS AND CONCLUSION
The Commission finds that the requested certificate is in the public interest and will promote public convenience. Nicor has demonstrated that its proposal is necessary to provide adequate, reliable and efficient service to KeyLime, and that Nicor is capable of efficiently managing and financing any associated construction. Moreover, Nicor Gas’ service is presently less costly than other alternatives, since North Shore does not now have sufficient gas utility facilities for serving KeyLime. Additionally, because KeyLime Cove will bear the construction costs associated with its service request, and will contract for transportation service on Nicor Gas Rate 74 or Rate 76, Nicor Gas’ provision of service will not adversely impact its ability to provide reliable service to other customers. Further, Nicor Gas customers will benefit from this certificate because the revenues received by Nicor Gas will contribute to fixed cost recovery. Thus, a certificate should be granted.

IV. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

1) Northern Illinois Gas Company d/b/a Nicor Gas Company is a corporation engaged in the distribution of natural gas in Illinois, and, as such, is a “public utility” within the meaning of the PUA;

2) North Shore Gas Company is a corporation engaged in the distribution of natural gas in Illinois, and, as such, is a “public utility” within the meaning of the PUA;

3) the Commission has jurisdiction over Nicor Gas, North Shore and the subject-matter of this proceeding;

4) Nicor Gas has satisfied the requirements of Section 8-406 of the Act, 220 ILCS 5/8-406;

5) the statements of facts set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact;

6) the petition for a certificate is reasonable, it will promote the public interest and convenience, and it should be approved;

7) Nicor Gas should be allowed to perform all acts that are not contrary to the Public Utilities Act and the Commission’s rules and regulations, but which are necessary to exercising the rights and fulfilling the responsibilities associated
with the certificate.

IT IS THEREFORE ORDERED that the Nicor Gas petition for a Certificate of Public Convenience and Necessity be, and hereby is, approved.

IT IS FURTHER ORDERED that authority to perform all acts that are not contrary to the Public Utilities Act and the Commission's rules and regulations, but which are necessary to exercising the rights and fulfilling the responsibilities associated with the certificate, be, and hereby is, granted to Nicor Gas.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 6th day of March, 2007.

(SIGNED) CHARLES E. BOX

Chairman