**Section 551.10 Definitions and Incorporations**

a) Definitions

"Accountant's report" has the same meaning as in 17 CFR 210.1-02 and 210.2-02 as of April 1, 2001.

"Act" means the Public Utilities Act [220 ILCS 5].

"Alternative gas supplier" or "AGS" has the same meaning as in Section 19-105 of the Act [220 ILCS 5/19-105].

"Applicant" means an entity that files an application with the Illinois Commerce Commission to provide residential or small commercial gas service as an alternative gas supplier under Section 19-115 of the Act [220 ILCS 5/19-115].

"Best's financial size category" refers to a numerical value that A.M. Best or its successor assigns to an insurance company based on the amount of that insurance company's policyholders' surplus and reserve funds.

"Best's rating" refers to a rating from A.M. Best or its successor that provides an overall opinion of an insurance company's ability to meet its obligations to policyholders.

"Certified", when used in regard to financial statements, has the same meaning as in 17 CFR 210.1-02 as of April 1, 2001.

"Commission" means the Illinois Commerce Commission.

"Dekatherm" means one thousand Mcf of natural gas at one thousand British Thermal Units per cubic foot or one million British Thermal Units.

"Dun & Bradstreet Business Information Report" means a credit report on businesses published by Dun & Bradstreet or its successor.

"Dun & Bradstreet Composite Credit Appraisal" means a number, one through four (one being the highest), that reflects Dun & Bradstreet's or its successor's overall assessment of a firm's creditworthiness.

"Experian Small Business Intelliscore report" means a credit report on individuals or businesses published by Experian or its successor.

"Financial statements" has the same meaning as in 17 CFR 210.3-01 to 210.3-05 as of April 1, 2001.

"Funds from operations interest coverage" equals (cash flow from operations exclusive of changes in working capital plus gross interest expense) divided by gross interest incurred before subtraction of capitalized interest and interest income.

"Funds from operations to average total debt" equals (cash flow from operations exclusive of changes in working capital plus depreciation adjustment for operating leases) divided by the average balance of total debt.

"Guarantee" means an undertaking by a guarantor to pay or fulfill the obligation upon failure of the principal obligor to fulfill its contractual obligations. A guarantee shall contain the following provisions:

The guarantee is one of payment and not of collection;

The guarantor's obligations under the guarantee are weighed equally with other guarantees;

The obligations from transactions entered into under the original guarantee must be the subject of an ongoing guarantee;

The guarantee reinstates if any guaranteed payment made by the primary obligor is recaptured as a result of bankruptcy or insolvency; and

The guarantee is binding on successors of the guarantor.

"Intelliscore" means a score range from 0 to 100 that reflects Experian's assessment of the likelihood of an individual or business becoming seriously delinquent on its outstanding obligations, as reported in the Experian Small Business Intelliscore report.

"Letter of credit" means an instrument issued by a bank guaranteeing the payment of a customer's (i.e., the applicant or AGS) drafts in favor of a third party up to a stated amount for a specified period.

"License bond" or "Permit bond" means an obligation of a surety to pay the monies that the licensee owes the State of Illinois for violations of the duties and obligations imposed on it as an AGS.

"Management position" means an employed position whereby an individual is responsible for directing, supervising, or administering the activities of a group of two or more people with fiscal responsibility and authority over that group.

"Material" has the same meaning as in 17 CFR 210.1-02 as of April 1, 2001.

"Mcf" means one thousand cubic feet at 14.73 pounds per square inch and 60 degrees Fahrenheit and free of water vapor.

"Parent" has the same meaning as in 17 CFR 210.1-02 as of April 1, 2001.

"Payment bond" means an obligation of a surety to pay the monies that the principal (i.e., the applicant or AGS) owes another party in the event that the applicant or AGS fails for whatever reason to perform its contracts.

"PAYDEX Score" is a number from 1 to 100 that represents Dun & Bradstreet's assessment of a company's payment performance, as reported in the Dun & Bradstreet Business Information Report.

"Pre-tax interest coverage" equals earnings from continuing operations before interest and taxes divided by gross interest incurred before subtraction of capitalized interest and interest income.

"Qualifying surety" or "insurance company" means a surety or insurer that is authorized by the U.S. Department of the Treasury pursuant to 31 USC 9305. A qualifying surety or insurer may not underwrite more than the amount specified by the U.S. Department of the Treasury on a single bond.

"Ratings agency" means Standard & Poor's or its successor, Moody's Investors Service or its successor, or Fitch Ratings or its successor.

"Residential customer", as used in this Part, means the same as the term is defined in Section 19-105 of the Act.

"Segment" refers to a component of an entity whose activities represent a separate major line of business or class of residential or small commercial customer.

"Small commercial customer", as used in this Part, means the same as the term is defined in Section 19-105 of the Act.

"Surplus Line Association of Illinois" is an organization of Illinois surplus line producers as defined in Section 445.1 of the Illinois Insurance Code [215 ILCS 5/445.1].

"Technical staff" means a staff of trained technical experts in gas and energy supply, including persons who have completed an accredited or otherwise recognized apprenticeship program or a formal education program and persons who possess no less than four years of experience working in a similar position with a utility, AGS or related business. This shall also include those persons registered as professional engineers as required by the Professional Engineering Practice Act of 1989 [225 ILCS 325].

"Total debt" equals notes payable plus the current portion of long-term debt, preferred stock and capitalized lease obligations plus long-term debt plus capitalized lease obligations plus total off balance sheet debt.

"Total debt to total capitalization" equals total debt divided by (total debt, plus minority interest, plus total preferred and preference stock, plus common equity).

"Unconditional guarantee" has the same meaning as "guarantee" with these additional provisions:

The guarantor has subjected itself to jurisdiction and service of process in accordance with the laws of the State of Illinois, and the guarantee will be construed in accordance with the laws of the State of Illinois without reference to conflict of laws principles; and

The guaranteed obligations are unconditional, irrespective of value, genuineness, validity, waiver, release, alteration, amendment, and enforceability of the guaranteed obligations.

b) Incorporations by Reference. No incorporation by reference in this Part includes any later amendment or edition beyond the date stated.

(Source: Amended at 28 Ill. Reg. 833, effective January 1, 2004)