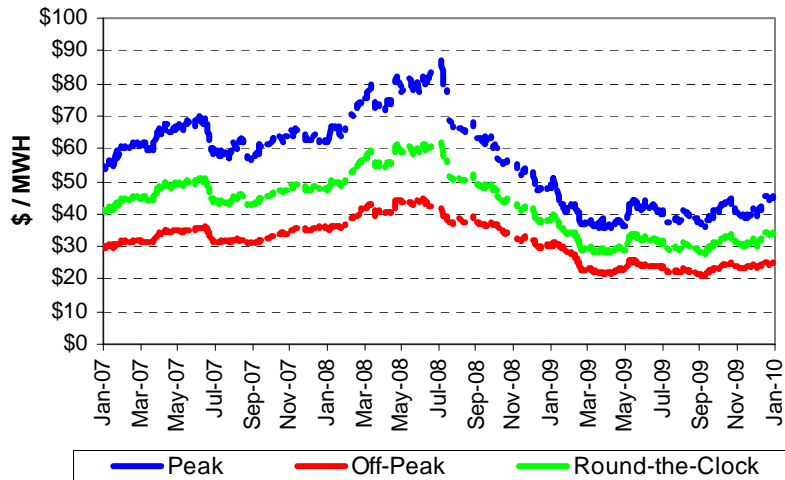


# NEU Electric and Natural Gas Price Update

## Electric: Short-Term Outlook

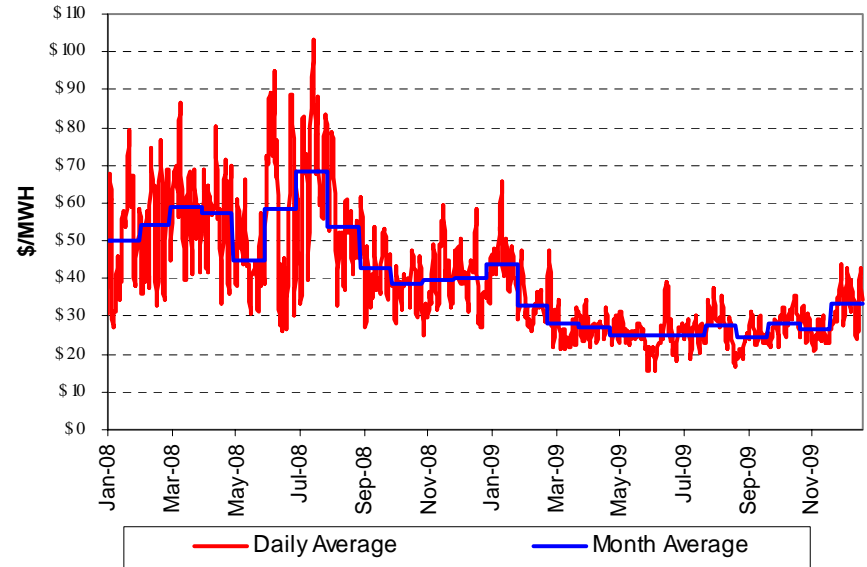
NYMEX Northern Illinois Hub forward prices for calendar 2010 are approximately 33.6¢ per kWh (\$33.6 per MWh). December 2009 PJM Chicago Zone Day-Ahead hourly index prices averaged 3.34¢ per kWh (\$33.4 per MWh) and Real-Time prices averaged 3.49¢ per kWh. Supplier margins, distribution costs, and transmission related costs must be added to these costs to obtain a delivered cost. The average Day-Ahead price for Cal' 09 averaged \$28.9 per MWh and the average Real-Time price is \$29.1 per MWh. These prices were down about \$21 per MWh from Cal '08 average prices.

## NYMEX N. Illinois Hub Forward Electric Prices 12-Month Prices Through December 31, 2009 \*



\* ComEd prices are about \$2 per MWh higher than NI-Hub prices. Peak prices are based on NERC wholesale pricing periods (6AM to 10 PM, M-F).

## PJM Day-Ahead Prices for ComEd Zone Average of Daily Hourly Prices Through 12/31/09



## Summary of Day-Ahead and Real-Time Prices ComEd Zone (\$ per MWh)

|         | \$/ MWh       |         |          |               |         |          | Daily<br>Nat Gas<br>\$/MMBtu |
|---------|---------------|---------|----------|---------------|---------|----------|------------------------------|
|         | Day-Ahead LMP |         |          | Real-Time LMP |         |          |                              |
|         | Mo Avg        | Peak *  | Off-Peak | Mo Avg        | Peak *  | Off-Peak |                              |
| Jan-09  | \$43.63       | \$50.93 | \$37.63  | \$42.47       | \$49.47 | \$36.71  | \$5.59                       |
| Feb-09  | \$32.82       | \$38.23 | \$27.90  | \$33.53       | \$39.72 | \$27.91  | \$4.48                       |
| Mar-09  | \$28.35       | \$34.85 | \$22.49  | \$26.92       | \$33.45 | \$21.04  | \$3.54                       |
| Apr-09  | \$27.21       | \$32.55 | \$22.10  | \$27.13       | \$32.62 | \$21.89  | \$3.36                       |
| May-09  | \$25.82       | \$32.66 | \$20.19  | \$25.97       | \$33.74 | \$19.57  | \$3.71                       |
| Jun-09  | \$24.65       | \$32.54 | \$17.11  | \$25.72       | \$34.73 | \$17.09  | \$3.61                       |
| Jul-09  | \$24.78       | \$30.61 | \$19.08  | \$24.99       | \$29.86 | \$20.22  | \$3.31                       |
| Aug-09  | \$27.45       | \$33.30 | \$22.64  | \$27.81       | \$34.06 | \$22.66  | \$3.21                       |
| Sep-09  | \$24.51       | \$29.60 | \$20.06  | \$24.65       | \$29.07 | \$20.78  | \$3.04                       |
| Oct-09  | \$28.26       | \$33.67 | \$23.81  | \$28.02       | \$33.85 | \$23.22  | \$4.31                       |
| Nov-09  | \$26.36       | \$31.82 | \$22.00  | \$26.55       | \$31.16 | \$22.88  | \$3.79                       |
| Dec-09  | \$33.42       | \$40.02 | \$27.49  | \$34.86       | \$42.24 | \$28.23  | \$5.53                       |
| Cal '08 | \$50.50       | \$66.24 | \$36.74  | \$49.38       | \$65.70 | \$35.11  | \$8.82                       |
| Cal '09 | \$28.94       | \$35.06 | \$23.61  | \$29.05       | \$35.35 | \$23.55  | \$3.95                       |

\* NERC Hours (6 AM TO 10 PM)



# NEU Electric and Natural Gas Price Update

## Natural Gas: Short-Term Outlook

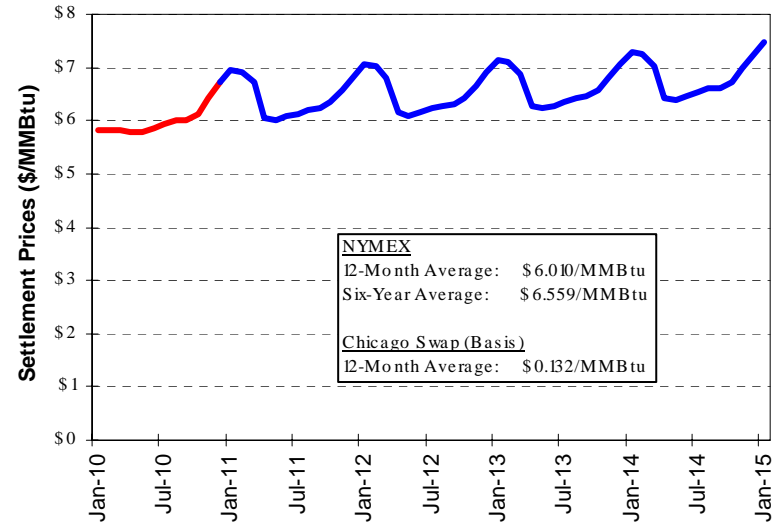
The Energy Information Administration ("EIA") reported in its January 12, 2010 Short-Term Energy Outlook expectations that Henry Hub natural gas prices will average about \$5.36 per MMBtu in 2010 and \$6.12 per MMBtu in 2011. Forward NYMEX prices for Cal '10 are about \$6.00 per MMBtu compared to forward Cal '09 prices of about \$6.10 per MMBtu last year at this same time. Natural gas storage was 3,123 Bcf on January 1, 2010 compared to 2,837 a year ago. Current storage volumes are about 11.3% higher than the five-year average.

NOAA is reporting above normal temperature for most of the U.S. for the January to April period due to El Nino. Below normal temperatures are predicted for the southern third of the U.S. for this same period.

## NYMEX Natural Gas Forward Prices Through January 11, 2009



## NYMEX Natural Gas Settlement Prices on Last Trade Day of January 2009 Contract



## Utility Natural Gas Supply Costs – Jan '10 \$ per Therm

| Gas Supply Costs:                  | Peoples    |             |            |
|------------------------------------|------------|-------------|------------|
|                                    | Gas        | North Shore | NICOR      |
| Bundled Gas Supply Cost            | \$0.6414   | \$0.6606    | \$0.6799   |
| Commodity                          | \$0.5841   | \$0.5663    | \$0.6374   |
| Non-Commodity Charge               | \$0.0573   | \$0.0943    | \$0.0425   |
| Demand                             | \$0.2298   | \$0.3623    | \$0.5370   |
| Environmental Surcharges           |            |             |            |
| Rider 11, Peoples and North Shore  | \$0.0086   | \$0.0205    |            |
| Rider 12, NICOR - Small C&I        |            |             | \$0.0033   |
| Rider 12, NICOR - Large C&I        |            |             | \$0.0007   |
| Rider VBA - Balancing Adjustment   | \$0.0065   | \$0.0021    |            |
| Hub Service Credit                 | (\$0.0072) |             |            |
| NICOR Transportation Service Adj.  |            |             | (\$0.0008) |
| NICOR, Rider 5 Storage Adj. Factor |            |             | \$0.0001   |



# On-Going NEU Regulatory Issues

## Governor Guinn Names New Illinois Commerce Commission Chairman

On January 4, 2010 Illinois Governor Quinn named Alderman Manual Flores the new Chairman of the Illinois Commerce Commission. Alderman Flores replaces ICC Chairman Charles Box who term ended a year ago. Chairman Box has announced that he will leave the ICC effective January 18, 2010 after four years of service. Public news reports suggest that Flores will be more pro-consumer.

## New Capacity PLC's "Peak Load Contribution" Calculated for ComEd Customers

ComEd has released new Capacity PLC's for customers for the June 1, 2010 to May 31, 2011 period. Each year ComEd updates these values based on each customer's peak load during the five high summer peaks for PJM. For most customers their PLC should be lower than values for last year which were increased by a 27% weather normalization adjustment. PES understands that the new PLCs are more representative of actual load during these hours because ComEd did not include a weather adjustment factor.

The new PJM capacity price beginning June 1, 2010 will be about \$198 per MW-day compared to the current price of \$119 per MW-day. Lower PLCs will help off-set some of the cost increase. In June 2011 the expected capacity price will decrease to about \$125 per MW-day.

PES understands suppliers are contacting and offering customers curtailment options under PJM sponsored Interruptible Load for Reliability (ILR) programs. **The sign-up date is February 1, 2010.** Contact PES if you have questions about these programs.

## Open Electric and Natural Gas Proceedings before the Illinois Commerce Commission

### Investigation of ComEd's Cost of Service Study

On January 30, 2009 ComEd's filed a revised Cost of Service Study ("COSS") separating costs by primary and secondary service levels. Hearings were completed during the first week of November and Briefs were filed in November and December. Parties involved in this proceeding are waiting for the Administrative Law Judges (ALJ's") to issue a Proposed Order. It is expected that the Proposed Order will be issued by end of January. No date has been set for release of a Final Order.

### Peoples Gas and North Shore Rate Increase Proceedings

On November 6, 2009 ALJ's issued a Proposed order in Peoples Gas' and North Shore's requests for increases in their distribution rates. ALJ's are recommending the ICC approve increases \$66.2 Million (14.4%) for Peoples Gas and \$13.4 Million (20.5%) for North Shore. ALJ's also are recommending approval of Peoples Gas' proposed Infrastructure Cost Recovery Rider (Rider ICR) allowing Peoples Gas to accelerate the replacement of cast-iron pipelines. These Rider ICR would be assessed to customers as a line item charge. **A Final Order is expected by January 24, 2010.**

### NEU Energy Price Update is prepared by:

Brad Fults, NEU Staff Support, Progressive Energy Solutions, LLC  
Email: bfults@progressiveenergyllc.com; Phone: 763-424-2377

Contact either Brad Fults or Charles Drake if you have questions about information in this bulletin or if you would like information about the NEU. Charles Drake can be reached at (630) 766-6677.

Copyright 2010 by Progressive Energy Solutions, LLC. Reproduction by permission only.

