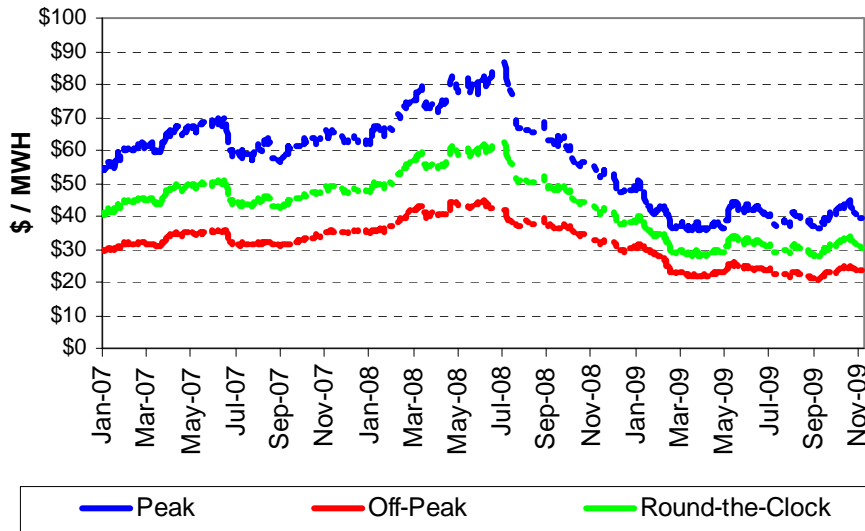


# NEU Electric and Natural Gas Price Update

## Electric: Short-Term Outlook

NYMEX Northern Illinois Hub forward prices for the December 2009 to November 2010 period are approximately 3.1¢ per kWh (\$31 per MWh). October 2009 PJM Chicago Zone Day-Ahead prices averaged about 2.83¢ per kWh (\$28.83 per MWh). Supplier margins, distribution costs, and transmission related costs must be added to these costs to obtain a delivered cost. If electric prices continue to follow natural gas prices, short-term electric prices should continue to be a good buy.

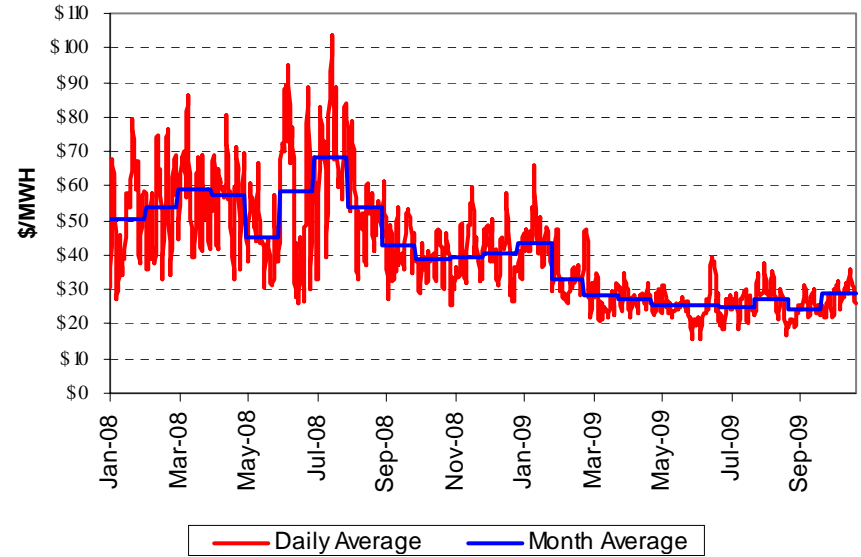
## NYMEX N. Illinois Hub Forward Electric Prices 12-Month Prices Through November 9, 2009 \*



\* 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 11/1/09



## Summary of Day-Ahead and Real-Time Prices ComEd Zone

|         | 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  |
| Feb-09  | \$32.82       | \$38.23 | \$27.90  | \$33.53       | \$39.72 | \$27.91  |
| Mar-09  | \$28.35       | \$34.85 | \$22.49  | \$26.92       | \$33.45 | \$21.04  |
| Apr-09  | \$27.21       | \$32.55 | \$22.10  | \$27.13       | \$32.62 | \$21.89  |
| May-09  | \$25.82       | \$32.66 | \$20.19  | \$25.97       | \$33.74 | \$19.57  |
| Jun-09  | \$24.65       | \$32.54 | \$17.11  | \$25.72       | \$34.73 | \$17.09  |
| Jul-09  | \$24.78       | \$30.61 | \$19.08  | \$24.99       | \$29.86 | \$20.22  |
| Aug-09  | \$27.45       | \$33.30 | \$22.64  | \$27.81       | \$34.06 | \$22.66  |
| Sep-09  | \$24.51       | \$29.60 | \$20.06  | \$24.65       | \$29.07 | \$20.78  |
| Oct-09  | \$28.26       | \$33.67 | \$23.81  | \$28.02       | \$33.85 | \$23.22  |
| Cal '08 | \$50.50       | \$66.24 | \$36.74  | \$49.38       | \$65.70 | \$35.11  |
| Cal '09 | \$28.74       | \$34.85 | \$23.39  | \$28.70       | \$35.03 | \$23.15  |

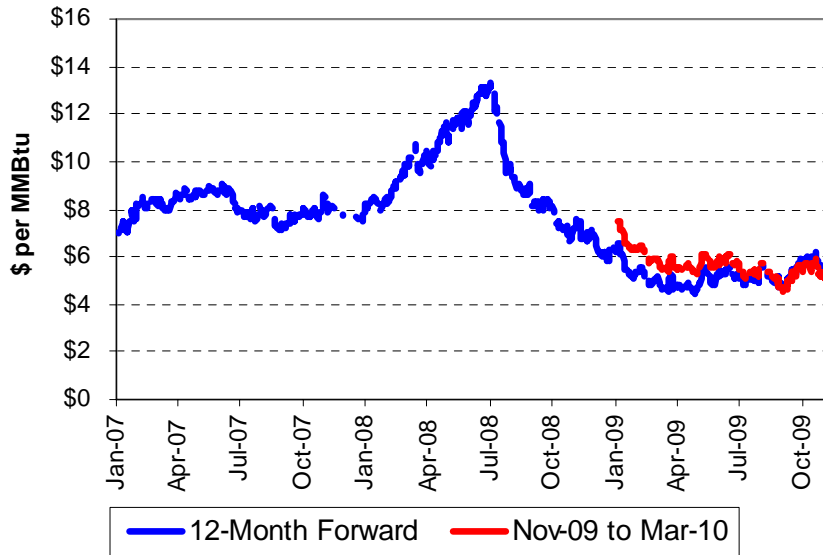


# NEU Electric and Natural Gas Price Update

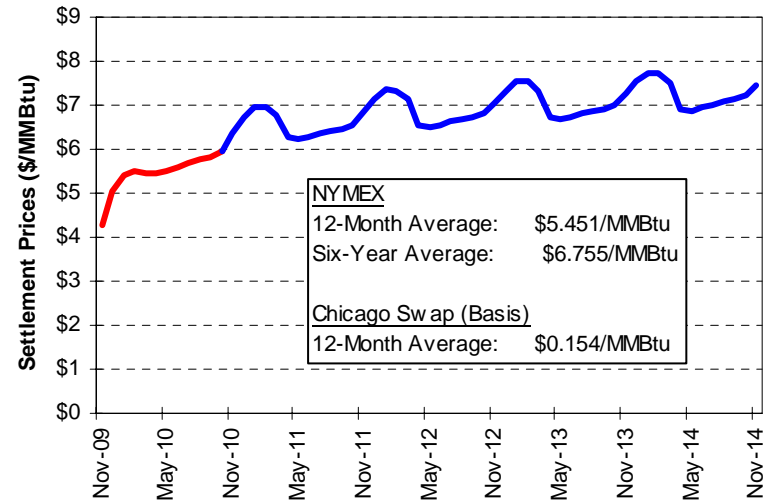
## Natural Gas: Short-Term Outlook

The Energy Information Administration (“EIA”) reported that storage levels reached new record highs in all storage regions (east, west and producing), as well as on a national level. Current levels are 11% higher than last year and 12% higher than 5-year average. The EIA reported in its November 10, 2009 Short-Term Report expectations for natural gas prices to remain in the \$5 per MMBtu range. The projected Henry Hub spot price average in 2010 is \$5.01 per MMBtu. Twelve-month forward prices have decreased about \$0.40 per MMBtu since October 1, 2009.

## NYMEX Natural Gas Forward Prices Through November 9, 2009



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



## Utility Natural Gas Supply Costs – Nov ‘09

| Gas Supply Costs:                  | Peoples    |             |            |
|------------------------------------|------------|-------------|------------|
|                                    | Gas        | North Shore | NICOR      |
| Bundled Gas Supply Cost            | \$0.5457   | \$0.5811    | \$0.4699   |
| Commodity                          | \$0.4881   | \$0.4936    | \$0.4447   |
| Non-Commodity Charge               | \$0.0576   | \$0.0875    | \$0.0252   |
| Demand                             | \$0.2932   | \$0.3745    | \$0.5200   |
| Environmental Surcharges           |            |             |            |
| Rider 11, Peoples and North Shore  | \$0.0122   | \$0.0135    |            |
| Rider 12, NICOR - Small C&I        |            |             | \$0.0034   |
| Rider 12, NICOR - Large C&I        |            |             | \$0.0008   |
| Rider VBA - Balancing Adjustment   | (\$0.0083) | (\$0.0035)  |            |
| Hub Service Credit                 | \$0.0008   |             |            |
| NICOR Transportation Service Adj.  |            |             | (\$0.0015) |
| NICOR, Rider 5 Storage Adj. Factor |            |             | \$0.0001   |



# On-Going NEU Regulatory Issues

## ICC Hearing Examiner's Issue Proposed Order in Peoples Gas and North Shore Rate Increase Proceedings

On November 6, 2009 Administrative Law Judges (ALJ's") issued a proposed order in Peoples Gas' and North Shore's requests for increases in their distribution rates. Based on a preliminary review of the 289 page Proposed Order the ALJ's are recommending the ICC approve:

- \$66.2 Million (14.4%) increase for Peoples Gas. Peoples Gas requested a \$161 Million increase (35%)
- \$13.4 Million (20.5%) increase for North Shore. North Shore requested a \$22 Million increase (34%)
- Approve Peoples Gas's proposed Infrastructure Cost Recovery Rider (Rider ICR) allowing Peoples Gas to accelerate the replacement pipelines
- Allow both companies to implement a usage restriction for Rate 2 eligibility. Under this provision Rate 2 customers will be limited to using on average less than 41,000 therms per month.
- Approved both companies cost of service study which does not allocate the increase equally to each customer class. Large commercial and industrial customers will receive a larger increase. The full impact of this increase will not be known until the ICC issues a Final Order and new rates are filed. Based on the initially proposed rates, the increase for commercial and industrial customers was in the 40% to 80% range depending on rate class and usage.

The ICC must issue a Final Order by January 24, 2010.

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

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

On January 30, 2009 Commonwealth Edison Company ("ComEd") 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 Initial Briefs are due on November 20. No date has been set for a Final Order.

### ComEd's Smart Metering Programs

On October 14, 2009 the ICC approved ComEd's petition to implement a pilot Advanced Metering Infrastructure ("AMI") program of approximately 141,000 meters. In addition, ComEd's request for stimulus funding of \$175 Million for its Chicago Area Smart Grid Initiative ("CASGrid") was not selected by the Department of Energy. ComEd requested its proceeding before the ICC seeking approval of CASGrid be closed.

### Utilities Filed Tariff Revisions to Recover Incremental Uncollectible Costs

IL electric and natural gas utilities have filed petitions with the ICC for recovery of the incremental difference between its actual uncollectible amounts and the uncollectible amounts included in its existing rates. Changes to Section 16-111.8 of the Illinois Public Utility Act, enacted on July 10, 2009, allow utilities to recover incremental costs. Customers will likely see this change 2010.

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