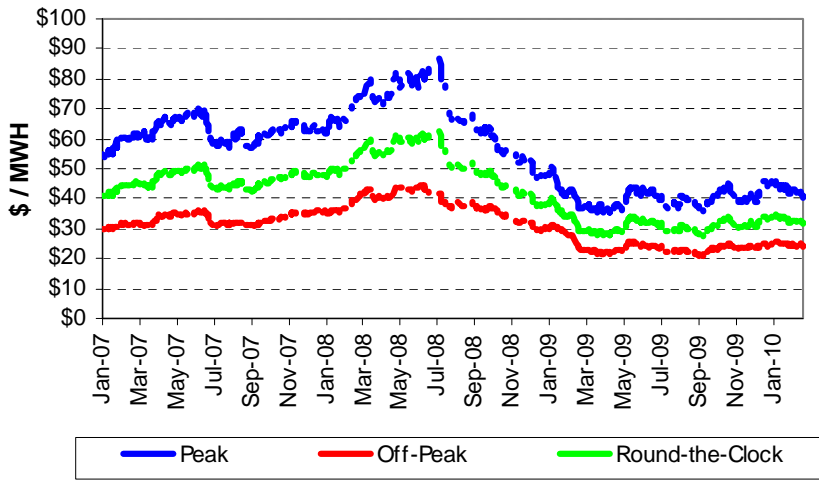


NEU Electric and Natural Gas Price Update

Electric: Short-Term Outlook

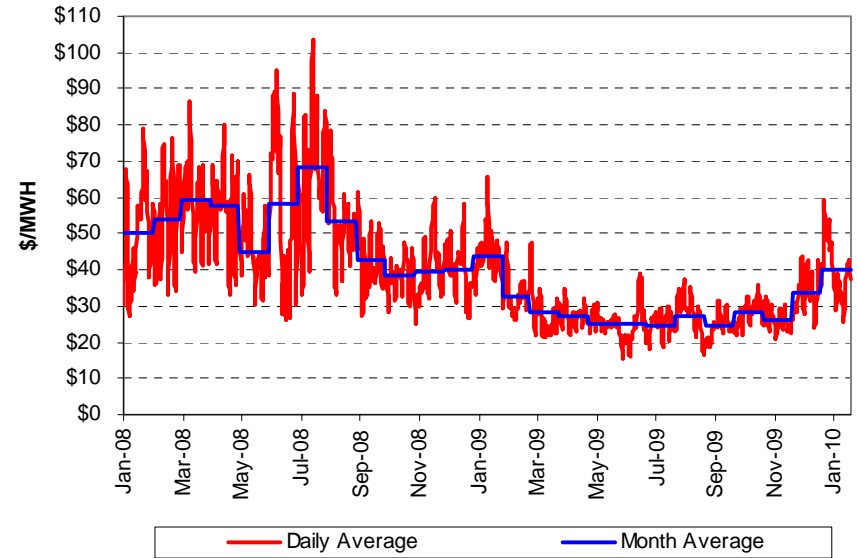
NYMEX Northern Illinois Hub forward prices for the March 2010 to February 2011 period are approximately 3.17¢ per kWh (\$31.7 per MWH). January 2010 PJM Chicago Zone Day-Ahead hourly index prices averaged 3.99¢ per kWh (\$39.89 per MWH) and Real-Time prices averaged 3.85¢ per kWh (\$38.52 per MWH). Short-term Day-Ahead prices in January 2010 were about \$3.73 per MWH lower than January 2009 prices. Supplier margins, distribution costs, and transmission related costs must be added to these costs to obtain a delivered cost.

NYMEX N. Illinois Hub Forward Electric Prices 12-Month Prices Through February 19, 2010 *



* 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 1/31/10



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

	\$/ MWH						Daily Nat Gas \$/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
Jan-10	\$39.89	\$47.33	\$34.27	\$38.52	\$46.36	\$32.59	\$5.98
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)



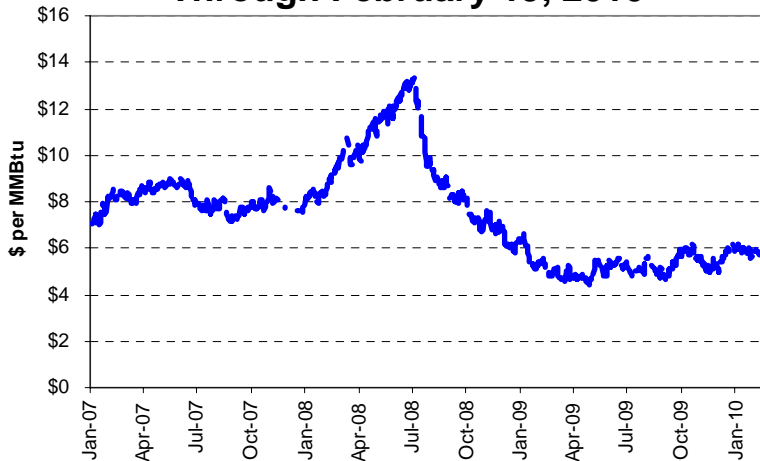
NEU Electric and Natural Gas Price Update

Natural Gas: Short-Term Outlook

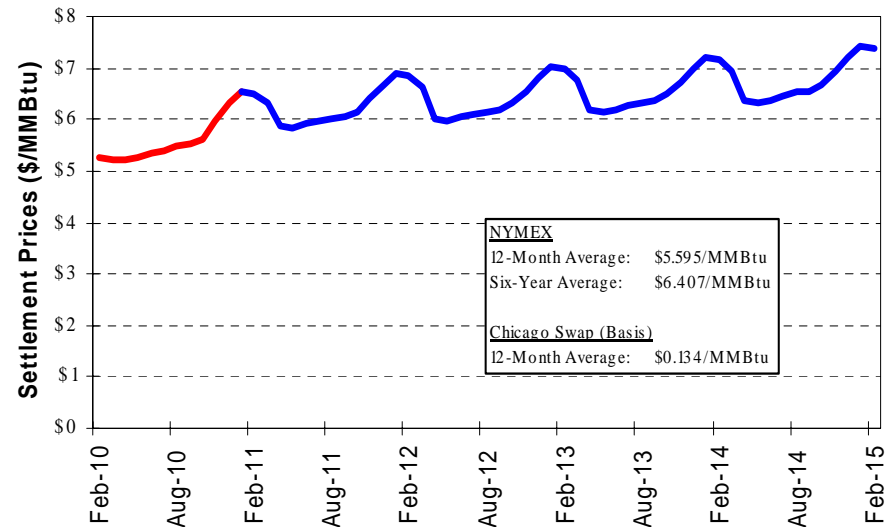
The Energy Information Administration ("EIA") reported in its February 10, 2010 Short-Term Energy Outlook expectations that Henry Hub natural gas prices will average about \$5.37 per MMBtu in 2010 and \$5.86 per MMBtu in 2011. The 2010 expected price of \$5.37 per MMBtu is an increase of \$1.42 per MMBtu over 2009 prices. High storage levels and increased production supply from domestic resources are expected to keep prices from rising dramatically in 2010, even though the EIA is expecting prices to be about 20% higher in 2010 compared to 2009 prices

Forward NYMEX prices for the March 2010 to February 2011 period are about \$5.60 per MMBtu. Natural gas storage on February 5, 2010 was 2,206 Bcf compared to 2,020 a year ago. Current storage volumes are about 7% higher than the five-year average. NYMEX prices for the next few near months have decreased below \$5.00 per MMBtu, the first time since early December 2009.

NYMEX Natural Gas Forward Prices Through February 19, 2010



NYMEX Natural Gas Settlement Prices on Last Trade Day of February 2010 Contract



Utility Natural Gas Supply Costs – February 2010 \$ per Therm

Gas Supply Costs:	Peoples		
	Gas	North Shore	NICOR
Bundled Gas Supply Cost	\$0.6392	\$0.6525	\$0.6599
Commodity	\$0.5890	\$0.5645	\$0.6178
Non-Commodity Charge	\$0.0502	\$0.0880	\$0.0421
Demand	\$0.2044	\$0.3311	\$0.5349
Environmental Surcharges			
Rider 11, Peoples and North Shore	\$0.0088	\$0.0207	
Rider 12, NICOR - Small C&I			\$0.0033
Rider 12, NICOR - Large C&I			\$0.0007
Rider VBA - Balancing Adjustment	(\$0.0022)	(\$0.0026)	
Hub Service Credit	(\$0.0054)		
NICOR Transportation Service Adj.			(\$0.0008)
NICOR, Rider 5 Storage Adj. Factor			\$0.0001



On-Going NEU Regulatory Issues

Proposed Interim Order Issued in ComEd's Cost of Service Study Investigation

On February 1, 2010 Administrative Law Judges ("ALJ's") issued a Proposed Interim Order ("PIO") in the special investigation of Commonwealth Edison Company's ("ComEd's") Cost of Service Study ("COSS"). This special investigation was initiated in September 2009 because the Commission ruled that ComEd's COSS approved in Docket No. 07-0566 on September 10, 2009 was deficient in several areas – especially in how ComEd allocated primary and secondary costs to various customer classes. Intervenors in Docket 07-0566 testified that the improper primary secondary cost split would cause significant increases for large 10 over MW size customers and high voltage customers. ComEd proposed increases for these customer in excess of 100%.

As part of the special investigation ComEd prepared a revised COSS separating primary and secondary service costs. Intervenors participating in this special investigation testified that ComEd's revised COSS continued to be flawed. These flaws included the use of small size sampling of customers to make cost allocations, used engineering estimates, and an assumption that transformer costs should be allocated to primary service customers. ComEd also failed to properly remove all customer care cost issues from base rates.

The ALJ's Proposed Interim Order found that ComEd's revised COSS continued to suffer deficiencies and questions the validity of the study. ALJ's recommended that the Commission adopt ICC Staff's proposal to resolve the deficiencies through a workshop process. The workshop process would be completed in six months from the date of a Final Order in this proceeding. The ALJ's also ruled that no increase or cost reallocation among customer classes be implemented at this time. There is no date for release of the Final Order in this special investigation.

Final Order Issued in Peoples Gas and North Shore Rate Increase Proceeding

On January 21, 2010 the ICC issued a Final Order on Peoples Gas' and North Shore's petitions for rate increases of \$161.9 Million (35%) and \$22 Million (34%), respectively. The Final Order allowed Peoples Gas to increase rates by \$69.8 Million (15.2%) and North Shore to increase rates by \$13.9 Million (21.3%). New rates were filed by both companies with an effective date of January 28, 2010.

Key findings in the Final Order were:

1. Approved the companies Cost of Service Study which **DOES NOT** allocate the rate increases uniformly among all customer classes. Large customers will see increases ranging from about 20% to 50%, depending on their unique usage.
2. Approved a new maximum size restriction for Rate 2 customers. Customers who use on average more than 41,000 therms per month **must** take distribution service under Rate 4 (Peoples Gas) and Rate 3 (North Shore). Some Rate 4 and Rate 3 customers had been taking service under Rate 2 because their distribution costs were lower.
3. Approved new Rider ICR, Infrastructure Cost Recovery, allowing Peoples Gas to accelerate the replacement of old cast-iron pipelines under a 19-year plan through 2030. This plan may include costs in excess of \$2.2 Billion. These costs will be recovered under Rider ICR. The long-term cost impact to customers is unknown since Rider ICR costs are capped at a 5% increase in customer rates.
4. Ordered that transportation customers receive a credit based on the companies' savings from reduced storage inventory requirements arising from transportation customers filling their Allowable Bank inventory. These credits will be 3.73¢ per therm of standby demand for Peoples Gas and 3.02¢ per therm of standby demand for North Shore.
5. Ordered that additional workshops be held to review further unbundling of storage services for customers who do not contract for 100% standby service. Currently Rate 4 and Rate 3 customers must contract for standby service to obtain Allowable Bank storage.



On-Going NEU Regulatory Issues

Peoples Gas/North Shore Key Findings Continued:

6. Ordered a four-year trial for intra-day nomination changes.
7. Allowed "super pooling" for suppliers on Critical Days to minimize unauthorized use of gas penalties.

The following tables summarize the new rates for Peoples Gas and North Shore.

Peoples Gas Distribution Rate Comparison

Service Classification 2	Old	Initially Proposed	Final Order	% Change	
				Proposed	Final Order
Customer Charge					
Up to 700 CFH	\$21.00	\$23.80	\$22.30	13.3%	6%
Over 700 CFH	\$60.00	\$83.70	\$76.00	39.5%	27%
Over 3000 CFH	\$60.00	\$204.70	\$188.20	241.2%	214%
Distribution (¢ per Therm)					
First 100 therms	35.537¢	35.942¢	30.615¢	1.1%	-14%
Next 4,900	13.068¢	15.361¢	13.084¢	17.5%	0%
Additional	6.525¢	12.389¢	10.554¢	89.9%	62%
Service Classification 4					
Customer Charge	\$565.00	\$750.00	\$680.00	32.7%	20%
Demand (¢ per Therm)					
First 7,500 Therms	42.621¢	66.707¢	58.634¢	56.5%	38%
Additional	33.824¢	66.707¢	58.634¢	97.2%	73%
Distribution	2.677¢	4.861¢	4.023¢	81.6%	50%
Standby Service Charge	20.000¢	33.000¢	24.000¢	65.0%	20%

North Shore Distribution Rate Comparison

Service Classification 2	Old	Initially Proposed	Final Order	% Change	
				Proposed	Final Order
Customer Charge					
Up to 700 CFH	\$17.00	\$20.20	\$18.00	18.8%	5.9%
Over 700 CFH	\$60.00	\$65.80	\$58.00	9.7%	-3.3%
Over 2300 CFH	\$60.00	\$187.50	\$163.90	212.5%	173.2%
Distribution (¢ per Therm)					
First 100 therms	20.506¢	15.445¢	13.794¢	-24.7%	-32.7%
Next 4,900	7.583¢	7.963¢	7.112¢	5.0%	-6.2%
Additional	2.263¢	6.398¢	5.715¢	182.7%	152.5%
Service Classification 3					
Customer Charge	\$660.00	\$760.00	\$645.00	15.2%	-2.3%
Demand (¢ per Therm)					
First 10,000 Therms	66.913¢	61.719¢	54.139¢	-7.8%	-19.1%
Additional	41.551¢	61.719¢	54.139¢	48.5%	30.3%
Distribution	0.581¢	1.578¢	1.529¢	171.6%	163.2%
Standby Service Charge	4.000¢	11.000¢	9.000¢	175.0%	125.0%

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