

# NEU Electric and Natural Gas Price Update

## Electric: Short-Term Outlook

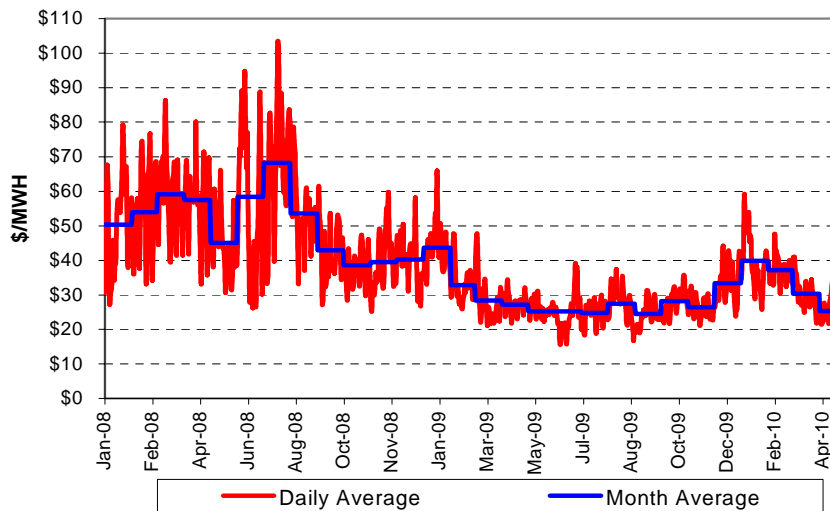
NYMEX Northern Illinois Hub forward prices for the May 2010 to April 2011 period are approximately \$29.9 per MWH (2.99¢ per kWh). Peak prices are about \$37.7 per MWH and off-peak prices are about \$23.5 per MWH. PJM Chicago Zone Day-Ahead hourly index prices in March averaged \$30.3 per MWH and Real-Time prices averaged \$28.8 per MWH. For the period April 1, 2010 through April 15 2010, ComEd Day-Ahead prices are averaging about \$25.3 per MWH. Supplier margins, distribution costs, and PJM costs (transmission, capacity, ancillary, balancing operating reserve) must be added to these costs to obtain a ComEd metered cost.

### PJM Day-Ahead and Real-Time Prices ComEd Zone

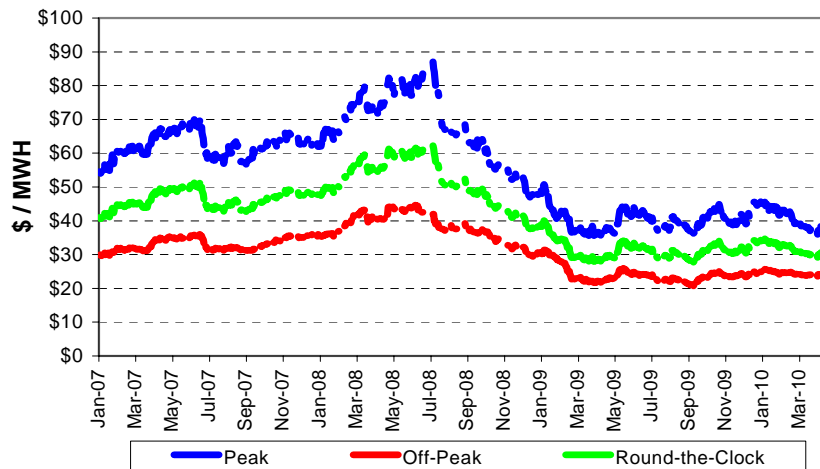
	\$/ MWH						Daily Nat Gas \$/MMBtu
	Day-Ahead LMP			Real-Time LMP			
	Mo Avg	Peak **	Off-Peak	Mo Avg	Peak *	Off-Peak	
Jan-09	\$43.63	\$50.93	\$37.63	\$42.47	\$49.47	\$36.71	\$5.59
Feb-09	\$32.82	\$38.23	\$27.90	\$33.53	\$39.72	\$27.91	\$4.48
Mar-09	\$28.35	\$34.85	\$22.49	\$26.92	\$33.45	\$21.04	\$3.54
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
Feb-10	\$37.19	\$43.23	\$31.70	\$36.84	\$42.19	\$31.98	\$5.47
Mar-10	\$30.31	\$35.89	\$24.84	\$28.77	\$35.02	\$22.64	\$4.46
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
Cal '10	\$35.75	\$41.85	\$30.41	\$34.64	\$40.90	\$29.16	\$5.18

\* NERC Hours (6 AM TO 10 PM)

### PJM Day-Ahead Prices for ComEd Zone Average of Daily Hourly Prices Through 4/15/10



### NYMEX N. Illinois Hub Electric Prices 12-Month Forward Prices Through April 14, 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).



# NEU Electric and Natural Gas Price Update

## Natural Gas: Short-Term Outlook

The Energy Information Administration (“EIA”) reported in its April 6, 2010 Short-Term Energy Outlook that Henry Hub natural gas prices will average about \$4.44 per MMBtu in 2010, significantly lower than the expected price of \$5.17 per MMBtu reported in its March report. This revision is due to the EIA’s upward projection to its domestic natural gas production estimate of nearly 2 Bcf per day. The EIA expects prices to remain low for the next few months. With the lower natural gas prices, natural gas will compete with coal for base-load electric generation this summer. The EIA, through statistical analysis of prices, indicated a 19% probability that the December 2010 price will exceed \$6.50. In March this probability was 30%.

Progressive Energy Solutions reported in its March 25 price update that one of the quiet factors affecting natural gas supply and prices is the increasing supply of shale gas. The American Gas Association hinted that the US could be sitting on top of 50 to 100 years of recoverable natural gas. New technologies are decreasing the costs to recover shale gas. The following website link provides an excellent short presentation on shale gas drilling techniques.

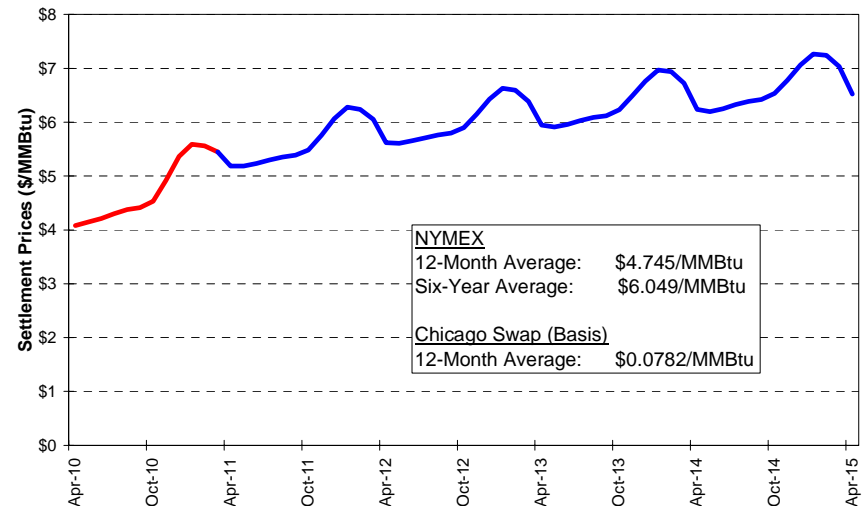
<http://www.pamarcellus.com/web/>

Natural gas storage on April 9, 2010 was 1,756 Bcf compared to 1,692 Bcf a year ago, and above the five-year average of 1,510 Bcf. The April 9 reported volume is the first reported injection of the season. Warmer than normal temperatures in March decreased withdrawals during this period compared to historical withdrawals.

## NYMEX Natural Gas Forward Prices Through April 14, 2010



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



# NEU Electric and Natural Gas Price Update

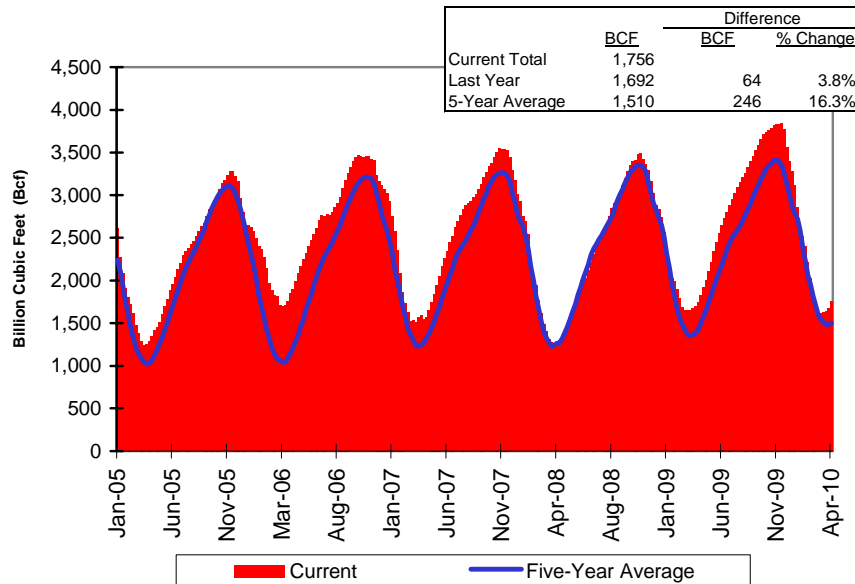
## Utility Natural Gas Supply Costs – April 2010 \$ per Therm

	Peoples		
	Gas	North Shore	NICOR
Gas Supply Costs:			
Bundled Gas Supply Cost	\$0.5166	\$0.5254	\$0.4900
Commodity	\$0.4775	\$0.4634	\$0.4449
Non-Commodity Charge	\$0.0391	\$0.0620	\$0.0451
Demand	\$0.1831	\$0.2719	\$0.5380
Environmental Surcharges			
Rider 11, Peoples and North Shore	\$0.0052	\$0.0264	
Rider 12, NICOR - Small C&I			\$0.0026
Rider 12, NICOR - Large C&I			\$0.0005
Rider VBA - Balancing Adjustment	(\$0.0466)	(\$0.0311)	
Hub Service Credit	\$0.0000		
NICOR Transportation Service Adj.			(\$0.0009)
NICOR, Rider 5 Storage Adj. Factor			\$0.0001

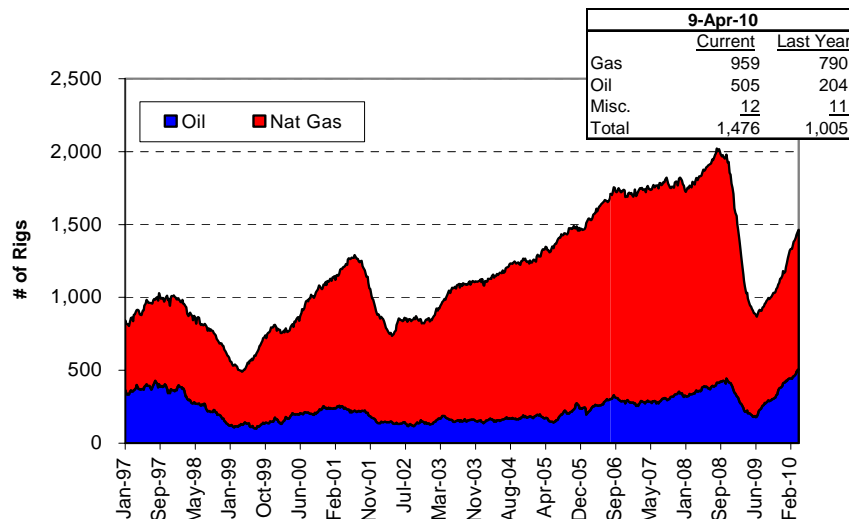
Chicago citygate natural gas prices reported by Intercontinental Exchange ("ICE") for the January 2009 to April 2010 period are summarized in the adjacent table. Results show that the April 2010 Chicago index price of \$4.00 per MMBtu is \$1.01 lower than the reported March 2010 price of \$5.01 per MMBtu. The April price is also over \$2.00 per MMBtu lower than the January index price. There is a similar downward trend in the daily prices.

ICE Natural Gas Index Prices \$ per MMBtu		
Month	Average Daily	Monthly Index
Jan-09	\$5.59	\$6.215
Feb-09	\$4.48	\$4.925
Mar-09	\$3.54	\$4.037
Apr-09	\$3.36	\$3.54
May-09	\$3.71	\$3.11
Jun-09	\$3.61	\$3.42
Jul-09	\$3.31	\$3.56
Aug-09	\$3.21	\$3.50
Sep-09	\$3.04	\$2.79
Oct-09	\$4.31	\$3.87
Nov-09	\$3.79	\$4.82
Dec-09	\$5.53	\$4.75
Jan-10	\$5.98	\$6.18
Feb-10	\$5.47	\$5.90
Mar-10	\$4.46	\$5.01
Apr-10		\$4.00

## EIA Weekly Storage Report January 2007 through April 9, 2010



## Natural Gas Rig Count Through April 9, 2010



# On-Going NEU Regulatory Issues

## Illinois Utility Incremental Uncollectible Costs

Customers served by ComEd, NICOR and Peoples Gas should start to see some additional charges for incremental uncollectible costs. Changes to Section 16-111.8 of the Illinois Public Utility Act, enacted on July 10, 2009, allow utilities to recover incremental uncollectible costs on customer bills. The March 25<sup>th</sup> NEU bulletin contains an overview of NICOR's and ComEd's uncollectible surcharges, and reported that Peoples Gas and North Shore would file surcharges no later than April 1, 2010.

Both Peoples Gas and North Shore have filed their uncollectible surcharges with an effective date of April 1, 2010. The charges shown in the following tables will be added to the monthly customer charge for each customer class.

Peoples Gas Light and Coke Company \$ per Month		
	Customer Class	
	Sales	Transportation
Rate 1 - Residential	\$1.12	\$0.42
Rate 2 - Small C&I	\$2.05	\$0.42
Rate 4 - Large C&I	\$18.13	\$18.13

North Shore Gas Company \$ per Month		
	Customer Class	
	Sales	Transportation
Rate 1 - Residential	\$0.33	\$0.09
Rate 2 - Small C&I	\$0.91	\$0.33
Rate 4 - Large C&I	\$0.12	\$0.17

## Uncollectible Expenses - Continued

The uncollectible amounts included in Peoples Gas' and North Shore's rates are shown below. The amounts after January 28, 2010 are effective until new rates are filed for each company.

Peoples Gas Light and Coke Company	
Period	Total \$
Feb. 14, '08 to Jan. 27, '10	\$39.3 Million
After Jan 28, '10	\$29.9 Million

North Shore Gas Company	
Period	Total \$
Feb. 14, '08 to Jan. 27, '10	\$2.0 Million
After Jan 28, '10	\$1.7 Million

## No Commission Action on Proposed Interim Order Issued in ComEd's Cost of Service Study Investigation

The March 25<sup>th</sup> NEU bulletin reported that 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"). The Illinois Commerce Commission has not ruled on the PIO. It is anticipated that Commission will rule within the next few weeks on this matter. The ALJ's are recommending that additional workshops be held to resolve deficiencies identified in ComEd's revised COSS.

## ComEd Preparing to File Another Rate Increase

ComEd has publicly announced its intent to file for another rate increase in the 2<sup>nd</sup> or 3<sup>rd</sup> quarter of 2010. It is unclear how much additional revenue ComEd will seek. ComEd received a \$270 Million increase in September 2008 which was about 75% of their requested increase of \$361 Million.

