

NEU Electric and Natural Gas Price Update

Electric: Short-Term Outlook

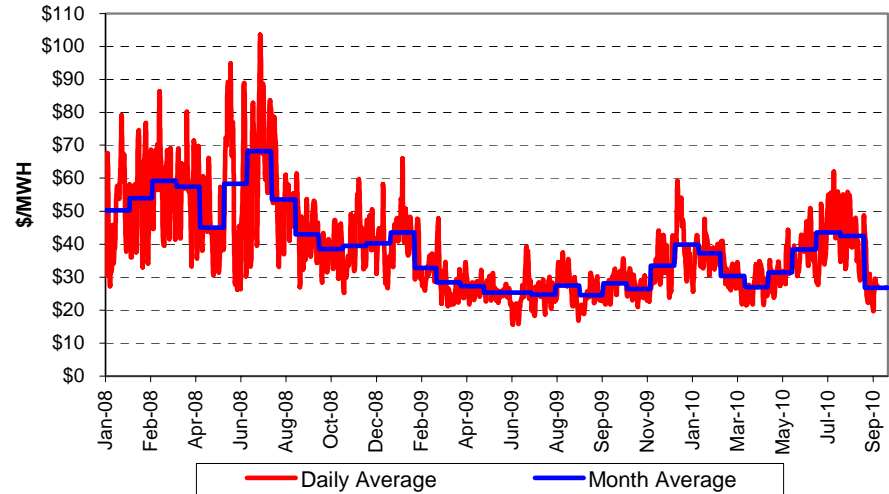
NYMEX Northern Illinois Hub forward prices for the September 2010 to August 2011 period are approximately \$30.20 per MWH (3.02¢ per kWh). Forward peak prices are \$37.56 per MWH and off-peak prices are \$24.24 per MWH. These forward prices are down about \$2.00 per MWH since mid-August. PJM Chicago Zone Day-Ahead hourly index prices in August averaged \$42.53 per MWH and Real-Time prices averaged \$43.88 per MWH. ComEd Day-Ahead prices in September are averaging \$26.79 per MWH and Real-Time prices are averaging about \$24.76 per MWH. Supplier margins, distribution costs, and PJM costs (transmission, capacity, and ancillary) must be added to obtain a ComEd metered cost.

PJM Day-Ahead and Real-Time Prices ComEd Zone

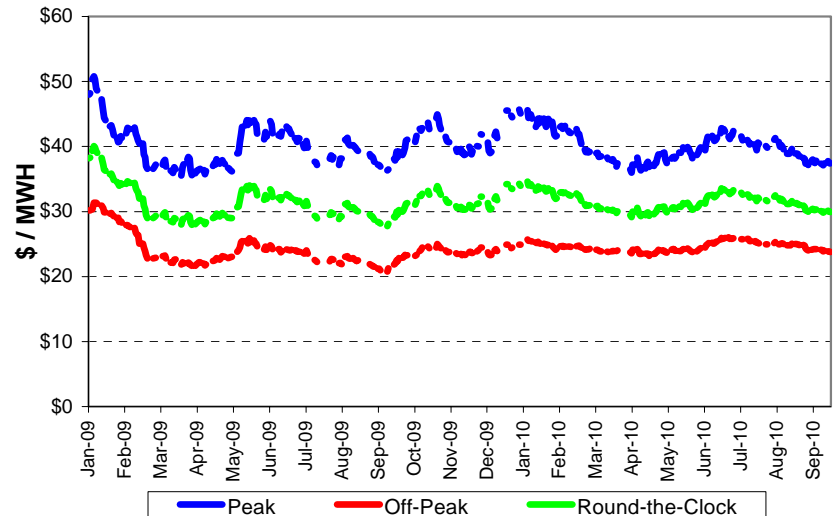
	ComEd Zonal Price - \$/MWH						Daily Nat Gas \$/MMBtu
	Day-Ahead LMP			Real-Time LMP			
	Mo Avg	Peak *	Off-Peak	Mo Avg	Peak *	Off-Peak	
Jul-09	\$24.78	\$30.61	\$19.08	\$24.99	\$29.86	\$20.22	\$3.31
Aug-09	\$27.45	\$33.30	\$22.64	\$27.81	\$34.06	\$22.66	\$3.21
Sep-09	\$24.51	\$29.60	\$20.06	\$24.65	\$29.07	\$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
Apr-10	\$26.99	\$33.84	\$20.44	\$26.28	\$34.85	\$18.09	\$4.09
May-10	\$31.43	\$40.60	\$26.11	\$32.44	\$42.77	\$26.46	\$4.17
Jun-10	\$38.46	\$46.98	\$30.31	\$38.97	\$47.46	\$30.85	\$4.81
Jul-10	\$43.57	\$55.11	\$34.06	\$46.23	\$60.41	\$34.56	\$4.57
Aug-10	\$42.53	\$54.13	\$32.12	\$43.88	\$54.86	\$34.02	\$4.36
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	\$36.32	\$44.35	\$29.29	\$36.52	\$45.17	\$28.96	\$4.96

* NERC Hours (6 AM TO 10 PM)

PJM Day-Ahead Prices for ComEd Zone
Average of Daily Hourly Prices Through 9/15/10



NYMEX N. Illinois Hub Electric Prices
12-Month Forward Prices Through 9/15/2010 *



* 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 September 2010 monthly Short-Term Energy Outlook report that 2010 Henry Hub natural gas prices are expected to average about \$4.54 per MMBtu, down \$0.15 from its August report. The EIA expects prices to average \$4.76 per MMBtu during 2011.

Short-term natural gas prices continue to be a good buy. The September 2010 NYMEX natural gas futures price closed at \$3.651 per MMBtu compared to \$2.850 in September 2009. Forward NYMEX prices for the September 2010 to August 2011 period are \$4.273 per MMBtu, about \$0.46 lower than forward prices at this same time last year.

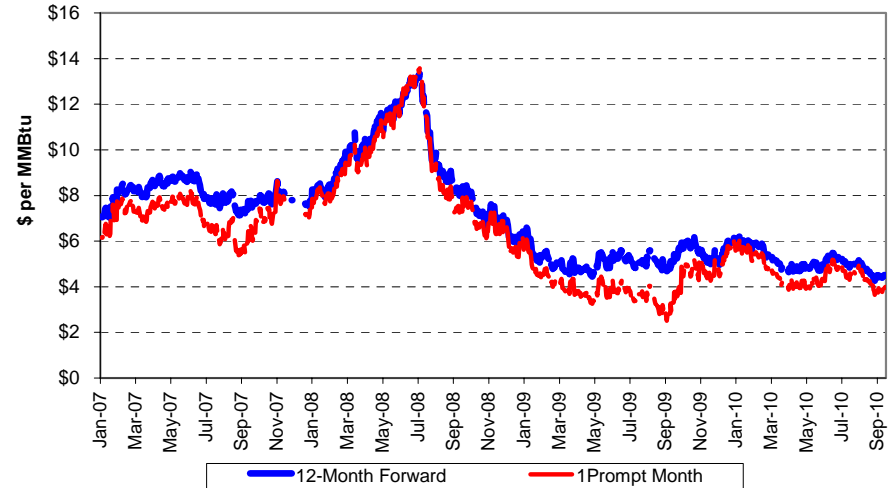
While NOAA is reporting an active hurricane season, hurricane activity has not really affected natural gas prices as of mid-September. The hurricane season officially ends on November 1 according to NOAA.

For the first eight months of 2010, land and ocean temperatures averaged 58.5 F, tied with 1998 for the warmest temperatures on record. The average temperature was 1.21 F above the 20th century average. June through August temperatures were the second warmest on record (1998 was the warmest).

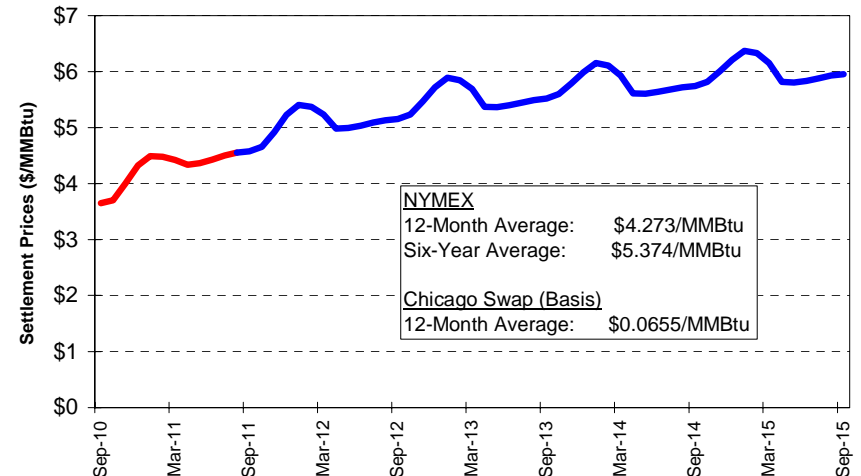
NOAA also reported that La Nina strengthened during August 2010 resulting in cooler temperatures and the La Nina is expected to continue through the 2010-11 winter season.

Natural gas prices, storage volumes and rig counts are summarized in the following graphs.

**NYMEX Natural Gas Forward Prices
Through September 15, 2010**



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



NEU Electric and Natural Gas Price Update

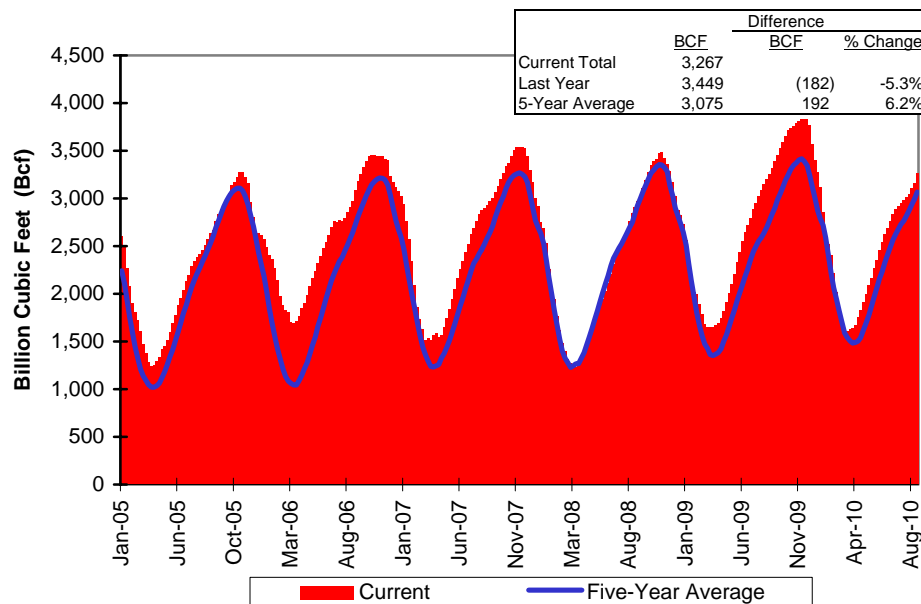
Utility Natural Gas Supply Costs – September 2010 \$ per Therm

Gas Supply Costs:	Peoples		
	Gas	North Shore	NICOR
Bundled Gas Supply Cost	\$0.5228	\$0.5391	\$0.4100
Commodity	\$0.4660	\$0.4457	\$0.3621
Non-Commodity Charge	\$0.0568	\$0.0934	\$0.0479
Demand	\$0.2229	\$0.3440	\$0.5225
Environmental Surcharges			
Rider 11, Peoples and North Shore	\$0.0029	\$0.0250	
Rider 12, NICOR - Small C&I			\$0.0026
Rider 12, NICOR - Large C&I			\$0.0005
Rider VBA - Balancing Adjustment	(\$0.0063)	(\$0.0011)	
Hub Service Credit	\$0.0002		
NICOR Transportation Service Adj.			(\$0.0008)
NICOR, Rider 5 Storage Adj. Factor			\$0.0000

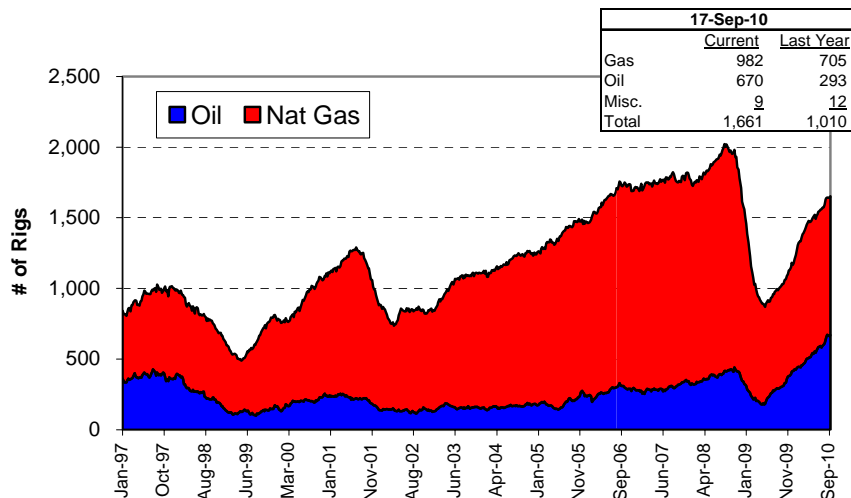
Chicago citygate natural gas prices reported by Intercontinental Exchange ("ICE") for the September 2009 to September 2010 period are summarized in the adjacent table. The September 2010 index price of \$3.79 per MMBtu is \$0.84 lower than the August 2010 index price of \$4.63 per MMBtu. Daily prices in August averaged \$4.36 per MMBtu, \$0.16 lower than the July average daily price of \$4.52 per MMBtu.

ICE Natural Gas Index Prices \$ per MMBtu		
Month	Average Daily	Monthly Index
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	\$4.09	\$4.00
May-10	\$4.17	\$4.29
Jun-10	\$4.81	\$4.13
Jul-10	\$4.52	\$4.75
Aug-10	\$4.36	\$4.63
Sep-10		\$3.79

EIA Weekly Storage Report January 2007 through September 10, 2010



Natural Gas Rig Count Through September 17, 2010



ComEd Files Alternative Rate Regulation Plan

Commonwealth Edison Company ("ComEd") on August 31, 2010 filed an Alternative Rate Regulation Plan ("ARRP") with the Illinois Commerce Commission ("ICC"). While ComEd is proposing ARRP as a "pilot" plan, if approved by the ICC it will have long-term rate impacts for customers. ARRP would allow ComEd to obtain pre-approval for future investment in its distribution system and the costs would be recovered with limited regulatory oversight. Bi-annual reports for review by the ICC will be submitted by ComEd.

ComEd is proposing to recover ARRP costs under proposed Rate ACEP, Accelerated Customer Enhancement Pilot. Costs for the ARRP pilot programs would be recovered from all delivery class customers as a monthly fixed charge. ComEd will calculate a separate monthly charge for each delivery class.

ComEd is initially proposing ARRP programs with a total cost of \$195 Million. Capital costs are \$130 Million and expenses are \$65 Million.

ComEd filed the ARRP plan to meet Section 9-244 of the Illinois Public Utility Act allowing a utility flexible rate options, providing the utility meets eight criteria. The plan criteria are:

1. Lower rates for recovered capital expenditures and O&M expenses than under traditional rate recovery methods;
2. Other substantial and identifiable benefits to the customers that they would not otherwise receive;
3. Meet existing reliability standards;
4. No impact on ComEd's financial condition;
5. No adverse impact on competitive markets;

6. Plan is in compliance with ComEd's obligation to offer delivery services;
7. Plan contains reporting requirements allowing the ICC to monitor implementation of ComEd's proposed programs;
8. Plan provides for sharing of economic benefits between ComEd and its customers.

In its petition ComEd has proposed four initial pilot programs. If this plan is approved by the ICC, ComEd will likely use this plan as a mechanism to recover costs for future capital investments. Proposed plan projects are:

Advanced Metering Infrastructure ("AMI")

ComEd presently has deployed a pilot AMI program where approximately 131,000 AMI meters are installed in the Maywood area. The evaluation results of this pilot program are expected to be completed by September 2011.

This pilot program was approved in ICC Docket No. 09-0263. In its 2007 rate proceeding, ComEd was seeking approval to invest almost \$1 Billion in Smart Grid Technologies. This proposal was rejected by the ICC. However, in rejecting this proposal the ICC directed ComEd to implement a pilot AMI program. Workshops were held during 2008 and the ICC approved the pilot program. Concurrent with ComEd's pilot AMI program, ComEd and other stakeholders are participating in an Illinois Statewide Smart Grid Collaborative initiative to address policy issues concerning full deployment of Smart Grid Technology in Illinois.

Under the proposed ARRP plan, ComEd would expand the pilot program and install an additional 191,000 AMI meters, accelerate deployment of more distribution automation equipment and customer applications. The total investment proposed by ComEd under ARRP is \$125 Million. Capital costs are \$95 Million and O&M costs are \$30 Million.



On-Going NEU Regulatory Issues

ARRP Proposed Programs

Urban Underground Facilities Reinvestment Program (“UUF”)

Under the proposed UUF program ComEd would invest \$45 Million to accelerate the maintenance and reconstruction of mainline cable and cable support manhole systems in the City of Chicago and other dense urban areas. ComEd already has an annual budget for \$7 Million for testing and replacement of underground circuits. This proposed UUF program will allow ComEd to accelerate the testing and replacement of mainline cables and circuits over an 18 month period. ComEd anticipates replacing and refurbishing 2,400 to 3,600 manholes and replacing 25 to 37 miles of cable.

Electric Vehicle (“EV”) Pilot Program

Under the EV pilot program ComEd would invest \$5 Million in electric vehicles and associated charging stations. This pilot program would allow ComEd to test the operational viability of electric vehicles and provide knowledge on the operational and maintenance costs. ComEd is proposing the purchase of 45 plug-in cars and 14 larger electric service related vehicles. The vehicles would be purchased starting in August 2011 and the study would extend through December 2013. Results of ComEd’s study will be made available to the general public. Hopefully a successful program will lead customers to consider investing in electric vehicles.

Low Income Assistance Programs (“LIAP”)

The ARRP would fund the continuation of the Low Income Assistance Programs at \$10 Million annually. Much of ComEd’s current funding for LIAP is set to expire at the end of 2010, with limited funding in 2011. Without this ARRP program, many of the low income programs such as the All Clear Program may end. The All Clear Program assists leaseholders by paying for half of their electric bill.

It appears that LIAP funding under ARRP would continue annually, unless Rate ACEP is terminated or another method became available to fund LIAP programs.

Potential ARRP Cost Impact to ComEd Customers

In its ARRP petition filed with the ICC ComEd provided an illustration of monthly cost assessments to customers. The following table summarizes potential costs for non-residential customers.

<u>Customer Class</u>	<u>Monthly Surcharge</u>
Large Load (400 kW - 1 MW)	\$14.88 to \$20.15
Very Large Load (1-10MW)	\$54.12 to \$74.41
Extra Large Load (>10 MW)	\$453.81 to \$594.12
High Voltage (<10 MW)	\$31.47 to \$42.03
High Voltage (> 0MW)	\$1,549.54 to \$2,090.49

The foregoing monthly assessments do not include costs for the recovery of the Smart Grid Technologies – AMI programs. The AMI cost is \$125 Million of the total \$195 Million proposed by ComEd under ARRP.



On-Going NEU Regulatory Issues

Status of ComEd's June 30, 2010 Rate Increase Proposal, ICC Docket No. 10-0467

On June 30, 2010 Commonwealth Edison Company ("ComEd"), filed its petition with the ICC seeking an overall increase \$396.1 Million. On August 9, 2010 ComEd filed a supplemental filing with additional testimony showing the impact for separating rates between primary and secondary service.

The ICC suspended the initial rate increase petition on July 28, 2010 for hearings and has set the following rate case schedule. The ICC has 11 months from June 30, 2010 to issue a final order.

Hearing Schedule, Docket No. 10-0467

ComEd Files Rate Case	June 30, 2010
Supplemental Rate Filing	August 9
Non-Rate Design Issues	
Staff/Intervenor Direct Testimony	October 26
ComEd Rebuttal Testimony	November 22
Staff/Intervenor Rebuttal Testimony	December 23
ComEd Surrebuttal Testimony	January 3, 2011
Rate Design Issues	
Staff/Intervenor Direct Testimony	November 19
ComEd Rebuttal Testimony	December 8
Staff/Intervenor Rebuttal Testimony	December 30
ComEd Surrebuttal Testimony	January 5, 2011
Evidentiary Hearings	January 10
Initial Briefs	February 8
Reply Briefs	February 15
Proposed Order	March 31

Overview of ComEd Rate Increase Filing

ComEd is seeking an overall rate increase of \$396.1 Million (20.%). The following table summarizes the rate increase percentage by customer class.

	<u>% Inc.</u>
All Customers	20.4%
Residential	23.97%
Small (< 100 kW)	31.43%
Medium (100 kW to 400 kW)	6.98%
Large (400 kW to 1 MW)	7.48%
Very Large (1 MW to 10 MW)	14.94%
Extra Large (Over 10 MW)	33.30%
High Voltage (Total)	9.57%
Railroad	5.15%

MAJOR RATE DESIGN CHANGES

A major rate design change being proposed by ComEd is to the remove the Illinois Electric Distribution Tax ("IEDT") from base rates and collect this tax on a per kWh fee from all customers. This tax is currently collected from customers in the distribution facilities demand charge (\$ per kW month). The impact of this change will be larger increases for large high-load factor customers, and customers who use a significant amount of off-peak electricity.

ComEd is also proposing to move towards a "Straight Fixed/Variable" rate design method for residential customers. Under the SFV method a greater share of total costs are recovered through fixed charges. The SFV method will benefit ComEd by reducing revenue fluctuation due to lower customer usage.

ComEd's proposed rates are summarized on the following page.



Summary of ComEd Current vs. Proposed Rates

	Final Order Rates 07-0566				2010 Proposed Rates				
	Monthly Charges		\$/kW-Mo.		Monthly Charges		\$/kW-Mo.	\$/kWh	Dist. Loss
	Customer	Meter	Facilities (a)	Loss	Customer	Meter	Facilities	IEDT	
Small Load	\$8.29	\$6.73	\$4.86	7.52%	\$12.72	\$8.92	\$5.88	\$0.00123	7.70%
Medium Load	\$13.46	\$9.68	\$5.67	6.40%	\$14.80	\$19.47	\$5.55	\$0.00123	6.73%
Large Load	\$94.90	\$15.33	\$6.04	6.08%	\$59.23	\$20.63	\$6.06	\$0.00123	6.32%
Very Large Load	\$532.67	\$19.60	\$5.71	5.81%	\$47.39	\$21.45	\$6.04	\$0.00122	5.91%
Extra Large Load (Over 10-MW)	\$771.49	\$51.60	\$3.28	5.83%	\$944.47	\$50.99	\$3.76	\$0.00122	5.87%
High Voltage (Other)	\$435.11	\$25.30	\$2.87	2.28%	\$488.85	\$41.70	\$2.51	\$0.00122	2.33%
High Voltage (Over 10-MW)	\$435.11	\$25.30	\$1.33	1.83%	\$488.85	\$41.70	\$0.79	\$0.00122	1.93%

The Embedded Cost of Service Study ("ECOSS") complaint rates shows rates assuming ComEd separates primary and secondary service costs. A new primary rate would be applicable to customers who receive primary service.

ECOSS Complaint Rates in Docket. No. 08-0532 with NO Cost Mitigation for Over 10-MW and High Voltage Customers

	2010 Proposed Rates				2010 Proposed Rates				
	Monthly Charges		\$/kW-Mo.		Monthly Charges		\$/kW-Mo.		IEDT
	Customer	Meter	Facilities	IEDT	Customer	Meter	Facilities	Transformer	
Small Load	\$12.72	\$8.92	\$5.88	\$0.00123	\$12.62	\$8.92	\$5.54		\$0.00123
Medium Load	\$14.80	\$19.47	\$5.55	\$0.00123	\$16.07	\$19.48	\$5.87		\$0.00123
Large Load	\$59.23	\$20.63	\$6.06	\$0.00123	\$63.29	\$20.68	\$6.55		\$0.00123
Very Large Load	\$47.39	\$21.45	\$6.04	\$0.00122	\$541.28	\$21.60	\$6.73		\$0.00122
Extra Large Load (Over 10-MW)	\$944.47	\$50.99	\$3.76	\$0.00122	\$2,168.09	\$65.22	\$7.33		\$0.00122
High Voltage (Other)	\$488.85	\$41.70	\$2.51	\$0.00122	\$487.44	\$41.71	\$0.32	\$3.48	\$0.00122
High Voltage (Over 10-MW)	\$488.85	\$41.70	\$0.79	\$0.00122	\$489.01	\$41.71	\$0.24	\$1.01	\$0.00122
Primary Service Rate					\$297.11	\$20.02	\$4.53	\$0.25	\$0.00122

NEU Energy Price Update is prepared by:

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

Progressive Energy Solutions, LLC
September 22, 2010

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) 631-7963.