

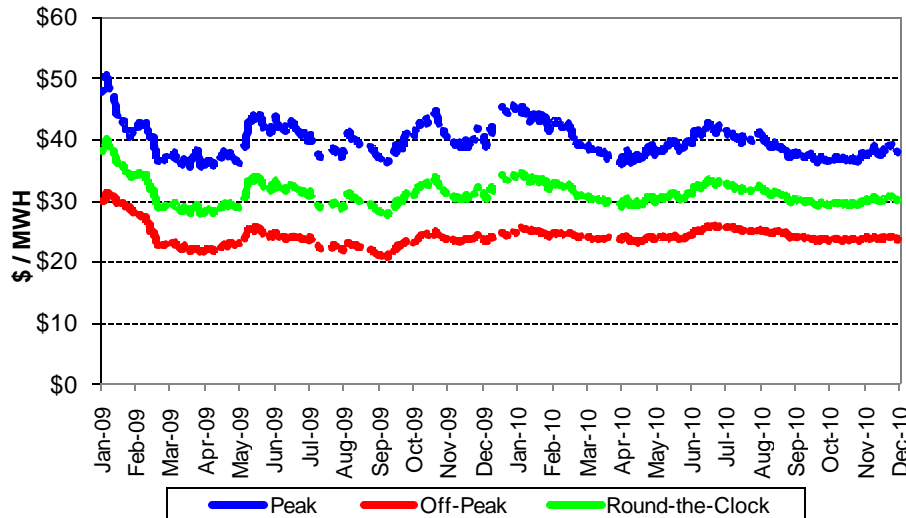
NEU Electric and Natural Gas Price Update

Electric: Short-Term Outlook

NYMEX Northern Illinois Hub **forward prices** for the December 2010 to November 2011 period are approximately \$30.09 per MWH (3.01¢ per kWh). Forward peak prices are \$37.95 per MWH and off-peak prices are \$23.65 per MWH.

PJM ComEd Zone Day-Ahead hourly index prices in November averaged \$25.54 per MWH and Real-Time prices averaged \$25.63 per MWH. PJM index prices continue to be a good buy with round-the-clock prices around \$25.50 per MWH. Current index prices are about \$5.00 per MWH lower than forward NYMEX prices. Supplier margins, distribution costs, and PJM costs (transmission, capacity, and ancillary) must be added to obtain a ComEd metered cost.

**NYMEX N. Illinois Hub Electric Prices
12-Month Forward Prices Through 11/30/2010 ***

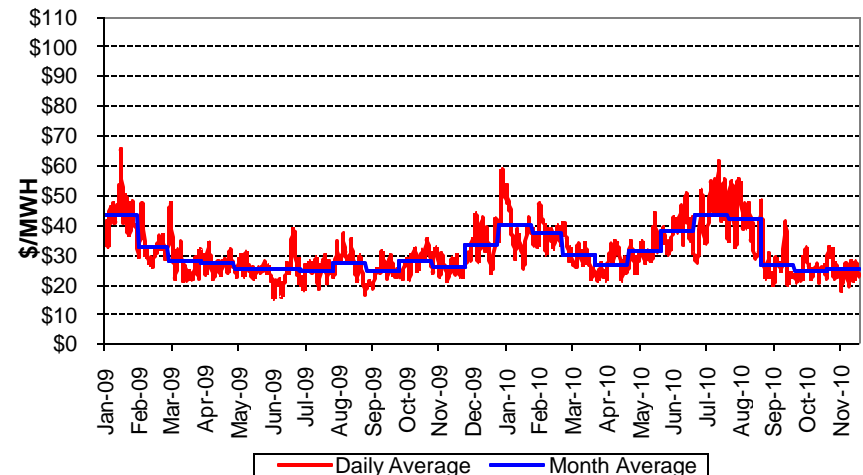


PJM Day-Ahead and Real-Time Prices ComEd Zone

	ComEd Zonal Price - \$/MWH						Daily Nat Gas \$/MMBtu
	Day-Ahead LMP			Real-Time LMP			
	Mo Avg	Peak*	Off-Peak	Mo Avg	Peak*	Off-Peak	
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
Sep-10	\$26.96	\$35.38	\$19.60	\$25.52	\$34.24	\$17.89	\$3.91
Oct-10	\$24.83	\$30.32	\$20.31	\$26.05	\$32.80	\$20.49	\$3.55
Nov-10	\$25.54	\$31.87	\$19.48	\$25.63	\$33.29	\$18.30	\$3.89
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	\$33.44	\$41.11	\$26.72	\$33.58	\$41.96	\$26.24	\$4.46

* NERC Hours (6 AM TO 10 PM)

PJM Day-Ahead Prices for ComEd Zone Average of Daily Hourly Prices Through 11/30/10



NEU Electric and Natural Gas Price Update

Natural Gas: Short-Term Outlook

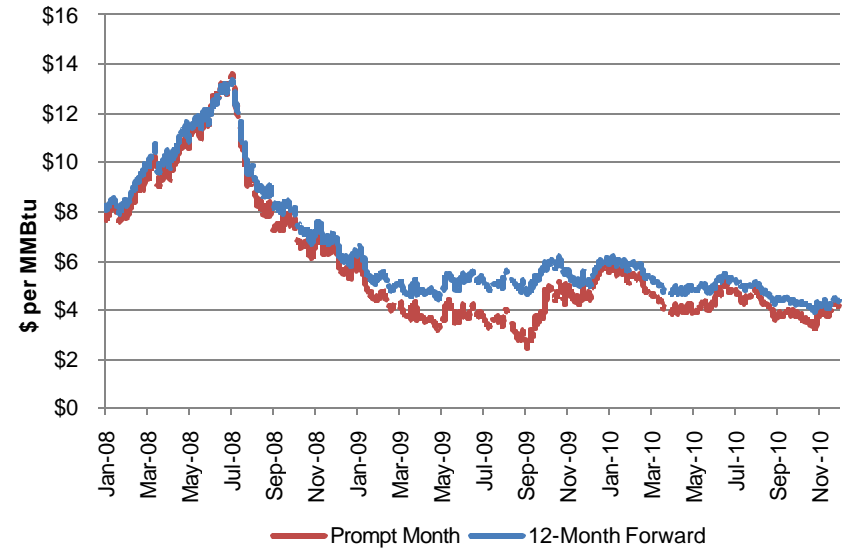
The Energy Information Administration (“EIA”) reported in its November 9, 2010 Short-Term Energy Outlook report that Henry Hub prices in 2010 will average \$4.35 per MMBtu, down \$0.12 from its expected 2010 price of \$4.47 per MMBtu in October.

The EIA expects Henry Hub prices to average \$4.31 per MMBtu in 2011. In 2010 the EIA is projecting natural gas consumption to increase about 4% over 2009 consumption with only a slight increase in 2011. Most of the increase is attributed to increases in the industrial and electric generation sectors.

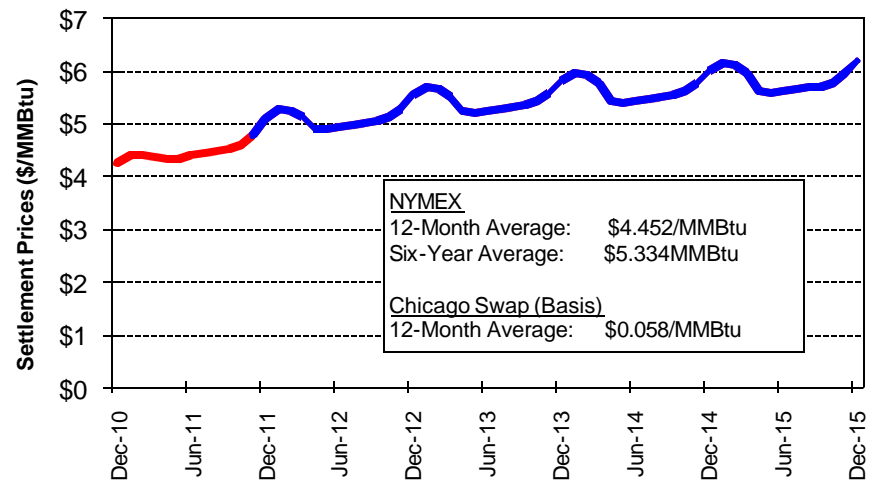
The December 2010 NYMEX natural gas futures price closed at \$4.267 per MMBtu compared to \$3.292 in November 2010. The closing twelve-month forward NYMEX price for the December 2010 to November 2011 period was \$4.452 per MMBtu. Adding the forward Chicago swap basis of \$0.058 per MMBtu to the forward NYMEX price shows a Chicago forward price of \$4.510 per MMBtu for the December 2010 to November 2011 period. Last year at this time the twelve-month forward Chicago price was \$5.249 per MMBtu.

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

NYMEX Natural Gas Forward Prices Through November 30, 2010



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



NEU Electric and Natural Gas Price Update

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

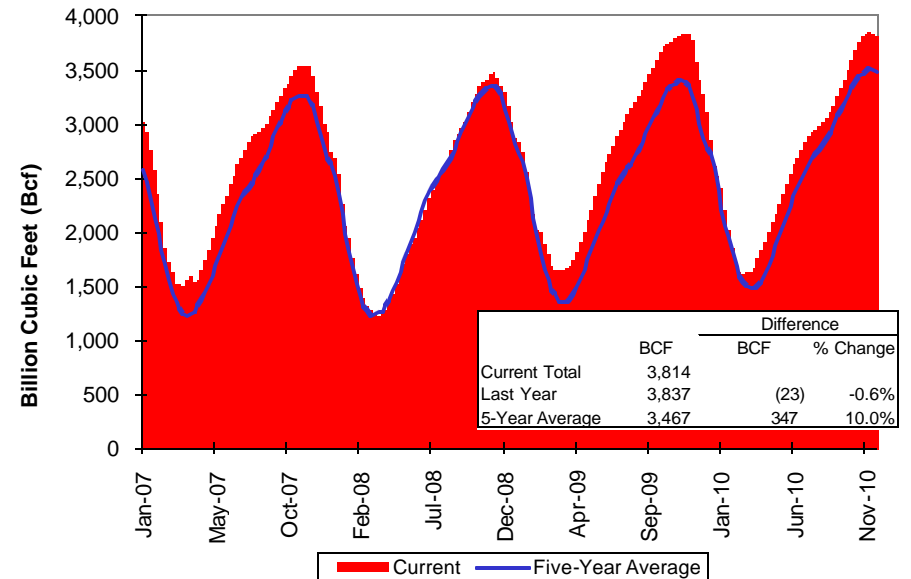
Gas Supply Costs:	Peoples		
	Gas	North Shore	NICOR
Bundled Gas Supply Cost	\$0.4629	\$0.5091	\$0.4600
Commodity	\$0.4021	\$0.4115	\$0.4016
Non-Commodity Charge	\$0.0608	\$0.0976	\$0.0584
Demand	\$0.2509	\$0.3792	\$0.4736
Environmental Surcharges			
Rider 11, Peoples and North Shore	\$0.0019	\$0.0272	
Rider 12, NICOR - Small C&I			\$0.0011
Rider 12, NICOR - Large C&I			\$0.0004
Rider VBA- Balancing Adjustment	\$0.0087	\$0.0027	
Hub Service Credit	(\$0.0023)		
NICOR Transportation Service Adj.			(\$0.0009)
NICOR, Rider 5 Storage Adj. Factor			\$0.0000

ICE Natural Gas Index Prices \$ per MMBtu

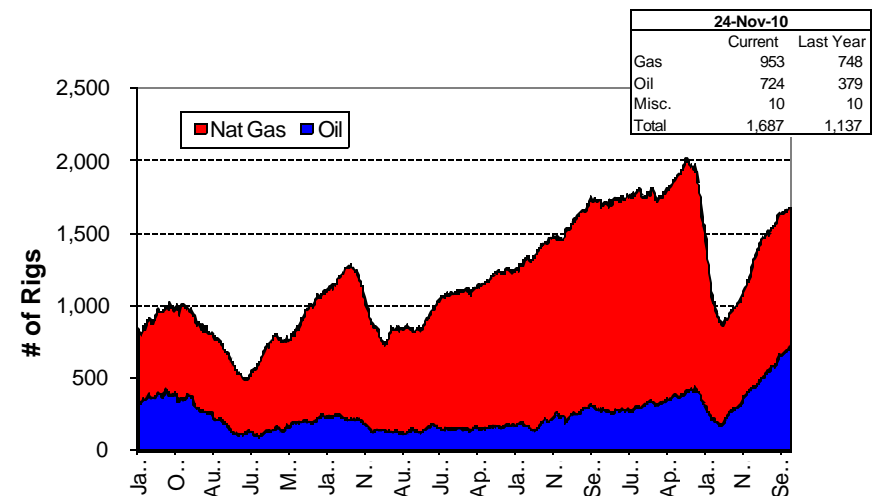
Month	Average	
	Daily	Index
Sep-09	\$3.04	\$2.79
Oct-09	\$4.31	\$3.87
Nov-09	\$3.79	\$4.82
Dec-09	\$5.53	\$4.75
Jan-10	\$5.98	\$6.18
Feb-10	\$5.47	\$5.90
Mar-10	\$4.46	\$5.01
Apr-10	\$4.09	\$4.00
May-10	\$4.17	\$4.29
Jun-10	\$4.81	\$4.13
Jul-10	\$4.52	\$4.75
Aug-10	\$4.36	\$4.63
Sep-10	\$3.91	\$3.79
Oct-10	\$3.55	\$3.92
Nov-10	\$3.89	\$3.45
Dec-10		\$4.52

Chicago citygate natural gas prices reported by Intercontinental Exchange ("ICE") for the September 2009 to December 2010 period are summarized in the adjacent table. The December 2010 index price of \$4.52 per MMBtu is up \$1.07 per MMBtu over the reported November 2010 index price of \$3.45 per MMBtu. Daily prices in November averaged \$3.89 per MMBtu, up \$0.34 from the average October daily price of \$3.55 per MMBtu.

EIA Weekly Storage Report January 2007 through November 26, 2010



Natural Gas Rig Count Through November 24, 2010



NEU Regulatory Issues

Illinois General Assembly Considering Approval of Proposed Coal Gasification Generation Plant

The Illinois General Assembly in its fall veto session is considering approval of a Taylorville, IL coal "gasification" electric generation project. The project proposed by Tenaska Inc. would require Illinois customers to purchase the electricity under a 30-year contract. Based on a study by the Illinois Commerce Commission ("ICC") the annual cost above market prices would be about \$286 Million (\$8.58 Billion over 30 years).

Highlights of the Taylorville Energy Center project are:

1. Proposed 600 MW coal gasification generating plant with carbon capture and storage.
2. In Illinois Senate Bill 1987, the Clean Coal Portfolio Standard Act, requires large utilities to enter into long-term, cost-based contracts to purchase up to 5 percent of their electricity from clean coal electric generation facilities. Retail Energy Suppliers providing service to large commercial and industrial customers would also be required to purchase some of this electricity.
3. The estimated above market cost to ratepayers is \$286 Million annually for the next 30-years.
4. The Illinois Commerce Commission estimates the cost per kWh to exceed 21¢ per kWh. The current forward market price for the next few years is around 4.00¢ per kWh.
5. There is a 2% annual rate cap for residential and small businesses customers, but not large commercial and industrial ("C&I") customers. Therefore, C&I customers will be at risk for all additional costs above the capped costs to residential and small commercial customers.
6. Uncertainty exists on how Tenaska will handle CO₂ sequestering.

Various organizations are attempting to stop this legislation. One group called "Stop Coalition" set up a website www.stopcoalition.com to provide customers with more information about this project. Cost estimates provided by the Stop Coalition indicates that some of the largest users could see their annual electric costs increase by over \$1 Million.

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

On October 26 and November 19, 2010 intervenors filed direct testimony in Commonwealth Edison Company's ("ComEd") 2010 rate increase proceeding. ComEd is requesting an overall increase of \$396.1 Million (20.6%). Testimony filed on October 26 addressed overall revenue requirements, and testimony filed on November 19 addressed rate design issues.

Testimony filed by ICC Staff and the Attorney General/Citizen's Utility Board showed that ComEd's proposed overall rate increase should be significantly lower. The following table shows that Staff recommended a \$70 Million increase and AG/CUB recommended that ComEd's revenue be decreased by \$28 Million.

	Billions \$		
	Operating Revenue	Increase	% Inc.
ComEd Current	\$1.941		
ComEd Proposed	\$2.337	\$0.396	20%
Staff Adjusted Inc.	\$2.011	\$0.070	4%
AG/CUB	\$1.913	(\$0.028)	-1%
IIEC	(a)		

a) Did not provide a Statement of Income with Adjustments.



NEU Regulatory Issues

On November 19, 2010 intervenors filed testimony on rate design issues. Two major issues affecting large C&I customers are:

1. Movement Towards Cost Based Rates for Over 10 MW Size Customers
In Docket No. 07-0566 the ICC ruled that ComEd's Embedded Cost of Service Study ("ECOSS") was flawed and resulted in proposed increases of over 120% to over 10-MW size customers. The ICC ordered ComEd to only move rates 25% towards cost for Extra Large over 10 MW and High-Voltage customers. The ICC then opened an investigation requiring ComEd to perform a cost of service study separating primary and secondary costs. Presumably this separation would lower rates for large customers who only take service from primary service distribution facilities. However, ComEd's revised ECOSS contained many flaws such as the use of engineering estimates and small sampling of distribution facilities to separate primary and secondary facilities for large customers. In this special investigation the ICC directed ComEd to fix these flaws and file primary-secondary rates (called Exemplar rates) as part of its next rate proceeding. When ComEd filed its 2010 rate case on June 30, 2010 it did not include the Exemplar rate design as ordered by the ICC. ComEd subsequently filed supplemental testimony on August 9 with rates based on primary and secondary distribution facilities. Results of this study and the proposed Exemplar rates did nothing to lower the large proposed cost increase for over 10-MW and high-voltage customers.

Intervenors provided testimony explaining to the ICC that ComEd's ECOSS is still flawed. As a result most intervenors continued to support the ICC directive in Docket 07-0566 that rates only be moved an additional 25% towards ComEd's claimed cost of service for Extra Large and High-Voltage customers. ComEd proposed non-exemplar rates with the additional 25% cost movement in its June 30 filing. Even with this limit, proposed rate increase for Extra Large customers exceeds 70% over 2007 rates.

ComEd's Exemplar rates also failed to recognize extra large over 10 MW size customers by providing only a single primary service rate (i.e. no over 10-MW primary service rate). Intervenors recommended that if Exemplar rates are approved by the ICC, ComEd should continue to have an over 10-MW primary service rate. This rate would significantly reduce ComEd's proposed rate increase for these customers. This rate should also include the 25% limit towards cost of service.

REACT provided testimony that ComEd has the data to identify only the primary distribution facilities installed to service its largest customers. Therefore, ComEd should use only those costs to develop the Exemplar rates which would significantly lower ComEd's proposed rates for over 10-MW size customers.

2. Illinois Electricity Distribution Tax
Intervenors proposed that the ICC reject ComEd's proposal to remove the Illinois Electricity Distribution Tax from distribution charges and recover this tax as a line item per kWh fee. Intervenors testified this proposed rate design change is unnecessary and it moves away from ComEd's current rate design where costs are recovered in the distribution facilities charge. The impact of this proposed change will increase costs for large high load factor customers.

The ICC has 11 months from June 30, 2010 to issue a final order. The next testimony filing dates for rate design issues are:

ComEd Rate Design Rebuttal Testimony	December 8, 2010
Staff/Intervenor Testimony	December 30, 2010
ComEd Surrebutal Testimony	January 3, 2011

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Progressive Energy Solutions, LLC
December 6, 2010