

**RIDER RRS
RESIDENTIAL RATE STABILIZATION PROGRAM**

Applicable to Rate BES-R, Rate BES-H, and Rate RDS

APPLICABILITY.

This rider is applicable to all residential retail customers.

PURPOSE.

The purpose of this rider is to determine and apply adjustments to charges for electric service applicable to residential retail customers in order to provide an extended transition for residential retail customers from previously frozen and reduced charges to cost-based charges for electric service, while providing an opportunity for the Company to recover its prudently incurred costs to serve its residential retail customers. This Residential Rate Stabilization (RRS) Program provides that, on a residential-wide basis, and subject to certain limitations as provided in this rider, the average increase in overall charges for electric service from 2006 to 2007 is limited to eight percent (8%), the average increase in overall charges for electric service from 2007 to 2008 is limited to seven percent (7%), and the average increase in overall charges for electric service from 2008 to 2009 is limited to six percent (6%). Any prudently incurred costs for which the Company foregoes recovery in the years 2007 through 2009 as part of the RRS Program are recorded in a Regulatory Asset Account (RAA), as described in the Regulatory Asset section of this rider, and are recovered by the Company in the years 2010 through 2012, except that under certain circumstances as provided in this rider, recovery may occur earlier. The adjustments determined and applied in accordance with the provisions of this rider are the RRS Adjustments.

CUSTOMER CATEGORIZATIONS.

For the purpose of determining and applying RRS Adjustments, the Residential Delivery Class is segmented into two (2) subclasses, the Residential Non-Electric Space Heating Subclass and the Residential Electric Space Heating Subclass. The Residential Electric Space Heating Subclass includes residential retail customers that were eligible to take service on January 1, 2007, under the then effective Rate 14 - Residential Service-Space Heating Customers (Rate 14), and any successors to such residential retail customers. The Residential Non-Electric Space Heating Subclass includes all other residential retail customers to which the Residential Delivery Class is applicable.

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(Continued from Sheet No. X)

ADJUSTMENT 2007.

For electric service provided to residential retail customers beginning January 2, 2007, and extending through the December 2007 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, an Historical Overall Electric Cost, in ¢/kWh, is computed in accordance with appropriate tariffs applicable to bundled electric service provided to residential retail customers prior to January 2, 2007, using residential retail customer consumption data utilized in determining Customer Transition Charges (CTCs) during the mandatory transition period as described in Article XVI of the Act;
2. For the subclasses in aggregate, a weighted Average Historical Overall Electric Cost, in ¢/kWh, is computed in accordance with appropriate tariffs applicable to bundled electric service provided to residential retail customers prior to January 2, 2007, using residential retail customer consumption data utilized in determining CTCs during such mandatory transition period;
3. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the provisions of Rate BES-R - Basic Electric Service-Residential (Rate BES-R) with charges that are applicable for service provided on and after January 2, 2007, and residential retail customer consumption data for the most recent available calendar year;
4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the provisions of Rate BES-R with charges that are applicable for service provided on and after January 2, 2007, and residential retail customer consumption data for the most recent available calendar year;
5. The Residential Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Projected Overall Electric Cost and dividing such difference by the Average Historical Overall Electric Cost;
- 6a. For a situation in which the Residential Average Increase does not exceed 8.0%, the RRS Adjustment for each subclass equals 0.000 ¢/kWh;
- 6b. For a situation in which the Residential Average Increase exceeds 8.0%, the Projected Overall Electric Cost for each subclass is adjusted downward, on a pro rata basis. Such downward adjustment of the Projected Overall Electric Costs is only to the point at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 8.0%. Such adjusted Projected Overall Electric Costs are named Limited Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Projected Overall Electric Cost and the Limited Overall Electric Cost for such subclass. Each such RRS Adjustment is a credit.

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**RIDER RRS
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(Continued from Sheet No. X+1)

ADJUSTMENT 2008.

For electric service provided to residential retail customers beginning with the January 2008 monthly billing period and extending through the December 2008 monthly billing period, RRS Adjustments are determined in accordance with the provisions of this Adjustment 2008 section.

January Adjustment

For electric service provided to residential retail customers beginning with the January 2008 monthly billing period and extending through the May 2008 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, an Historical Overall Electric Cost, in ¢/kWh, is computed. In the event that the RRS Adjustments computed in accordance with the provisions of the Adjustment 2007 section of this rider (a) are credits, then the Historical Overall Electric Cost equals the Limited Overall Electric Cost computed for such subclass in accordance with the provisions of such Adjustment 2007 section; or (b) equal 0.000 ¢/kWh, then the Historical Overall Electric Cost equals the Projected Overall Electric Cost computed for such subclass in accordance with the provisions of such Adjustment 2007 section;
2. For the subclasses in aggregate, a weighted Average Historical Overall Electric Cost, in ¢/kWh, is computed. Such Average Historical Overall Electric Cost equals the Average Historical Overall Electric Cost computed in accordance with the provisions of such Adjustment 2007 section increased by the lesser of (a) the Residential Average Increase computed in accordance with the provisions of such Adjustment 2007 section, or (b) 8%;
3. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;
4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;
5. The Residential Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Projected Overall Electric Cost and dividing such difference by the Average Historical Overall Electric Cost;
- 6a. For a situation in which the Residential Average Increase does not exceed 7.0% and as of October 31, 2007, there is no net positive balance in the RAA, the RRS Adjustment for each subclass equals 0.000 ¢/kWh;

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(Continued from Sheet No. X+2)

ADJUSTMENT 2008 (CONTINUED).

January Adjustment (Continued)

- 6b. For a situation in which the Residential Average Increase does not exceed 7.0% and as of October 31, 2007, there is a net positive balance in the RAA, an amount, the Subclass Recovery Amount, in ¢/kWh, is computed for each subclass that equals such subclass's pro rata share of the net positive balance in the RAA divided by residential retail customer consumption data for such subclass for the most recent available calendar year. The Projected Overall Electric Cost for each subclass is adjusted upward, on a pro rata basis. Such upward adjustment of the Projected Overall Electric Costs is only by an amount that is the lesser of (a) an amount at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 7.0%, or (b) the Subclass Recovery Amount. Such adjusted Projected Overall Electric Costs are named Recovery Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Recovery Overall Electric Cost and the Projected Overall Electric Cost for such subclass. Each such RRS Adjustment is a charge;
- 6c. For a situation in which the Residential Average Increase exceeds 7.0%, the Projected Overall Electric Cost for each subclass is adjusted downward, on a pro rata basis. Such downward adjustment of the Projected Overall Electric Costs is only to the point at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 7.0%. Such adjusted Projected Overall Electric Costs are named Limited Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Projected Overall Electric Cost and the Limited Overall Electric Cost for such subclass. Each such RRS Adjustment is a credit.

June Adjustment

For electric service provided to residential retail customers beginning with the June 2008 monthly billing period and extending through the December 2008 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, an Historical Overall Electric Cost, in ¢/kWh, is computed. Such Historical Overall Electric Cost equals the Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of this Adjustment 2008 section;
2. For the subclasses in aggregate, a weighted Average Historical Overall Electric Cost, in ¢/kWh, is equal to the Average Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of this Adjustment 2008 section;
3. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2008, and transmission services charges (TSCs) are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP – Transmission Services (Competitive Procurement Process) (Rider TS-CPP);

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(Continued from Sheet No. X+3)

ADJUSTMENT 2008 (CONTINUED).

June Adjustment (Continued)

4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2008, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
5. The Residential Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Projected Overall Electric Cost and dividing such difference by the Average Historical Overall Electric Cost;
- 6a. For a situation in which the Residential Average Increase does not exceed 7.0% and as of December 31, 2007, there is no net positive balance in the RAA, the RRS Adjustment for each subclass equals 0.000 ¢/kWh;
- 6b. For a situation in which the Residential Average Increase does not exceed 7.0% and as of December 31, 2007, there is a net positive balance in the RAA, an amount, the Subclass Recovery Amount, in ¢/kWh, is computed for each subclass that equals such subclass's pro rata share of the net positive balance in the RAA divided by residential retail customer consumption data for such subclass for the most recent available calendar year. The Projected Overall Electric Cost for each subclass is adjusted upward, on a pro rata basis. Such upward adjustment of the Projected Overall Electric Costs is only by an amount that is the lesser of (a) an amount at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 7.0%, or (b) the Subclass Recovery Amount. Such adjusted Projected Overall Electric Costs are named Recovery Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Recovery Overall Electric Cost and the Projected Overall Electric Cost for such subclass. Each such RRS Adjustment is a charge;
- 6c. For a situation in which the Residential Average Increase exceeds 7.0%, the Projected Overall Electric Cost for each subclass is adjusted downward, on a pro rata basis. Such downward adjustment of the Projected Overall Electric Costs is only to the point at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 7.0%. Such adjusted Projected Overall Electric Costs are named Limited Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Projected Overall Electric Cost and the Limited Overall Electric Cost for such subclass. Each such RRS Adjustment is a credit.

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(Continued from Sheet No. X+4)

ADJUSTMENT 2009.

For electric service provided to residential retail customers beginning with the January 2009 monthly billing period and extending through the December 2009 monthly billing period, RRS Adjustments are determined in accordance with the provisions of this Adjustment 2009 section.

January Adjustment

For electric service provided to residential retail customers beginning with the January 2009 monthly billing period and extending through the May 2009 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, an Historical Overall Electric Cost, in ¢/kWh, is computed. In the event that the RRS Adjustments computed in accordance with the provisions of the June Adjustment subsection of the Adjustment 2008 section of this rider (a) are credits, then the Historical Overall Electric Cost equals the Limited Overall Electric Cost computed for such subclass in accordance with the provisions of the June Adjustment subsection of such Adjustment 2008 section; (b) equal 0.000 ¢/kWh, then the Historical Overall Electric Cost equals the Projected Overall Electric Cost computed for such subclass in accordance with the provisions of the June Adjustment subsection of such Adjustment 2008 section; or (c) are charges, then the Historical Overall Electric Cost equals the Recovery Overall Electric Cost computed for such subclass in accordance with the provisions of the June Adjustment subsection of such Adjustment 2008 section;
2. For the subclasses in aggregate, a weighted Average Historical Overall Electric Cost, in ¢/kWh, is computed. In the event that the RRS Adjustments computed in accordance with the provisions of the June Adjustment subsection of the Adjustment 2008 section of this rider (a) are credits, then the Average Historical Overall Electric Cost equals the Average Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of such Adjustment 2008 section increased by 7%; (b) equal 0.000 ¢/kWh, then the Average Historical Overall Electric Cost equals the Average Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of such Adjustment 2008 section increased by the Residential Average Increase computed in accordance with the provisions of Item 5 in the June Adjustment subsection of such Adjustment 2008 section; or (c) are charges, then the Average Historical Overall Electric Cost equals the Average Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of such Adjustment 2008 section increased by the Residential Average Increase that would correspond to the Recovery Overall Electric Costs computed in accordance with the provisions of Item 6b in the June Adjustment subsection of such Adjustment 2008 section;
3. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;
4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;

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(Continued from Sheet No. X+5)

ADJUSTMENT 2009 (CONTINUED).

January Adjustment (Continued)

5. The Residential Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Projected Overall Electric Cost and dividing such difference by the Average Historical Overall Electric Cost;
- 6a. For a situation in which the Residential Average Increase does not exceed 6.0% and as of October 31, 2008, there is no net positive balance in the RAA, the RRS Adjustment for each subclass equals 0.000 ¢/kWh;
- 6b. For a situation in which the Residential Average Increase does not exceed 6.0% and as of October 31, 2008, there is a net positive balance in the RAA, an amount, the Subclass Recovery Amount, in ¢/kWh, is computed for each subclass that equals such subclass's pro rata share of the net positive balance in the RAA divided by residential retail customer consumption data for such subclass for the most recent available calendar year. The Projected Overall Electric Cost for each subclass is adjusted upward, on a pro rata basis. Such upward adjustment of the Projected Overall Electric Costs is only by an amount that is the lesser of (a) an amount at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 6.0%, or (b) the Subclass Recovery Amount. Such adjusted Projected Overall Electric Costs are named Recovery Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Recovery Overall Electric Cost and the Projected Overall Electric Cost for such subclass. Each such RRS Adjustment is a charge;
- 6c. For a situation in which the Residential Average Increase exceeds 6.0%, the Projected Overall Electric Cost for each subclass is adjusted downward, on a pro rata basis. Such downward adjustment of the Projected Overall Electric Costs is only to the point at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 6.0%. Such adjusted Projected Overall Electric Costs are named Limited Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Projected Overall Electric Cost and the Limited Overall Electric Cost for such subclass. Each such RRS Adjustment is a credit.

June Adjustment

For electric service provided to residential retail customers beginning with the June 2009 monthly billing period and extending through the December 2009 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, an Historical Overall Electric Cost, in ¢/kWh, is computed. Such Historical Overall Electric Cost equals the Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of this Adjustment 2009 section;
2. For the subclasses in aggregate, a weighted Average Historical Overall Electric Cost, in ¢/kWh, is equal to the Average Historical Overall Electric Cost computed in accordance with the provisions of the January Adjustment subsection of this Adjustment 2009 section;

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(Continued from Sheet No. X+6)

ADJUSTMENT 2009 (CONTINUED).

June Adjustment (Continued)

3. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2009, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2009, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
5. The Residential Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Projected Overall Electric Cost and dividing such difference by the Average Historical Overall Electric Cost;
- 6a. For a situation in which the Residential Average Increase does not exceed 6.0% and as of December 31, 2008, there is no net positive balance in the RAA, the RRS Adjustment for each subclass equals 0.000 ¢/kWh;
- 6b. For a situation in which the Residential Average Increase does not exceed 6.0% and as of December 31, 2008, there is a net positive balance in the RAA, an amount, the Subclass Recovery Amount, in ¢/kWh, is computed for each subclass that equals such subclass's pro rata share of the net positive balance in the RAA divided by residential retail customer consumption data for such subclass for the most recent available calendar year. The Projected Overall Electric Cost for each subclass is adjusted upward, on a pro rata basis. Such upward adjustment of the Projected Overall Electric Costs is only by an amount that is the lesser of (a) an amount at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 6.0%, or (b) the Subclass Recovery Amount. Such adjusted Projected Overall Electric Costs are named Recovery Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Recovery Overall Electric Cost and the Projected Overall Electric Cost for such subclass. Each such RRS Adjustment is a charge;
- 6c. For a situation in which the Residential Average Increase exceeds 6.0%, the Projected Overall Electric Cost for each subclass is adjusted downward, on a pro rata basis. Such downward adjustment of the Projected Overall Electric Costs is only to the point at which a Residential Average Increase that would correspond to such adjusted Projected Overall Electric Costs is limited to 6.0%. Such adjusted Projected Overall Electric Costs are named Limited Overall Electric Costs. For each subclass, the RRS Adjustment equals the difference between the Projected Overall Electric Cost and the Limited Overall Electric Cost for such subclass. Each such RRS Adjustment is a credit.

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**RIDER RRS
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(Continued from Sheet No. X+7)

ADJUSTMENT 2010.

For electric service provided to residential retail customers beginning with the January 2010 monthly billing period and extending through the December 2010 monthly billing period, RRS Adjustments are determined in accordance with the provisions of this Adjustment 2010 section.

January Adjustment

For electric service provided to residential retail customers beginning with the January 2010 monthly billing period and extending through the May 2010 monthly billing period, RRS Adjustments are determined in accordance with the following procedure:

1. For each subclass, a Basic Electric Cost, in ¢/kWh, is computed. Such Basic Electric Cost is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;
2. For the subclasses in aggregate, a weighted Average Basic Electric Cost, in ¢/kWh, is computed. Such Average Basic Electric Cost is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year;
3. The Deferred Collection Amount, in ¢/kWh, is computed. Such Deferred Collection Amount is determined as follows: (a) the net balance, in \$, in the RAA as of October 31, 2009, is adjusted by the amount, in \$, expected to be recorded in the RAA as a result of the application of RRS Adjustments during November and December of 2009 to determine the RAA's expected balance as of December 31, 2009; (b) such expected balance is then increased by an amount, in \$, equal to the carrying charges expected to accrue with respect to the expected monthly balances in the RAA over an amortization period of thirty-six (36) months at the Company's then current ICC-approved pre-tax weighted average cost of capital to determine the overall amount to be recovered, (c) one third of such overall amount to be recovered is multiplied by one hundred (100) and then divided by residential retail customer consumption data for the most recent available calendar year to determine the Deferred Collection Amount;
4. For the subclasses in aggregate, a weighted Average Projected Overall Electric Cost, in ¢/kWh, is computed. Such Average Projected Overall Electric Cost equals the sum of (a) the Average Basic Electric Cost computed in accordance with the provisions of this January Adjustment subsection, and (b) the Deferred Collection Amount;
5. For each subclass, a Projected Overall Electric Cost, in ¢/kWh, is computed. Such Projected Overall Electric Cost equals the (a) Basic Electric Cost for such subclass computed in accordance with the provisions of this January Adjustment subsection, increased by (b) a fixed percentage such that the weighted average of the resultant Projected Overall Electric Costs for both subclasses equals the Average Projected Overall Electric Cost. The RRS Adjustment for each subclass is equal to the difference between the Basic Electric Cost and the Projected Overall Electric Cost for such subclass. Notwithstanding the previous provisions of this Item 5, any such RRS Adjustment cannot be a credit;

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**RIDER RRS
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(Continued from Sheet No. X+8)

ADJUSTMENT 2010 (CONTINUED).

June Adjustment

For electric service provided to residential retail customers beginning with the June 2010 monthly billing period and extending through the December 2010 monthly billing period, RRS Adjustments are determined in accordance with the procedure described in the January Adjustment subsection of this Adjustment 2010 section with the following modifications:

- a. The Basic Electric Cost for each subclass is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2010, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- b. The Average Basic Electric Cost is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2010, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- c. The Deferred Collection Amount is identical to the Deferred Collection Amount determined in accordance with the provisions of the January Adjustment subsection of this Adjustment 2010 section.

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**RIDER RRS
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(Continued from Sheet No. X+9)

ADJUSTMENT 2011.

For electric service provided to residential retail customers beginning with the January 2011 monthly billing period and extending through the December 2011 monthly billing period, RRS Adjustments are determined in accordance with the provisions of this Adjustment 2011 section.

January Adjustment

For electric service provided to residential retail customers beginning with the January 2011 monthly billing period and extending through the May 2011 monthly billing period, RRS Adjustments are determined in accordance with the procedure described in the January Adjustment subsection of the Adjustment 2010 section of this rider with the following modification to the determination of the Deferred Collection Amount. The Deferred Collection Amount, in ¢/kWh, is determined as follows: (a) the net balance, in \$, in the RAA as of October 31, 2010, is adjusted by the amount, in \$, expected to be recorded in the RAA as a result of the application of RRS Adjustments during November and December of 2010 to determine the RAA's expected balance as of December 31, 2010; (b) such expected balance is then increased by an amount, in \$, equal to the carrying charges expected to accrue with respect to the expected monthly balances in the RAA over an amortization period of twenty-four (24) months at the Company's then current ICC-approved pre-tax weighted average cost of capital to determine the overall amount to be recovered, (c) one half of such overall amount to be recovered is multiplied by one hundred (100) and then divided by residential retail customer consumption data for the most recent available calendar year to determine the Deferred Collection Amount.

June Adjustment

For electric service provided to residential retail customers beginning with the June 2011 monthly billing period and extending through the December 2011 monthly billing period, RRS Adjustments are determined in accordance with the procedure described in the January Adjustment subsection of the Adjustment 2010 section of this rider with the following modifications:

- a. The Basic Electric Cost for each subclass is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2011, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- b. The Average Basic Electric Cost is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2011, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- c. The Deferred Collection Amount is identical to the Deferred Collection Amount determined in accordance with the provisions of the January Adjustment subsection of this Adjustment 2011 section.

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**RIDER RRS
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(Continued from Sheet No. X+10)

ADJUSTMENT 2012.

For electric service provided to residential retail customers beginning with the January 2012 monthly billing period and extending through the December 2012 monthly billing period, RRS Adjustments are determined in accordance with the provisions of this Adjustment 2012 section.

January Adjustment

For electric service provided to residential retail customers beginning with the January 2012 monthly billing period and extending through the May 2012 monthly billing period, RRS Adjustments are determined in accordance with the procedure described in the January Adjustment subsection of the Adjustment 2010 section of this rider with the following modification to the determination of the Deferred Collection Amount. The Deferred Collection Amount, in ¢/kWh, is determined as follows: (a) the net balance, in \$, in the RAA as of October 31, 2011, is adjusted by the amount, in \$, expected to be recorded in the RAA as a result of the application of RRS Adjustments during November and December of 2011 to determine the RAA's expected balance as of December 31, 2011; (b) such expected balance is then increased by an amount, in \$, equal to the carrying charges expected to accrue with respect to the expected monthly balances in the RAA over an amortization period of twelve (12) months at the Company's then current ICC-approved pre-tax weighted average cost of capital to determine the overall amount to be recovered, (c) such overall amount to be recovered is multiplied by one hundred (100) and then divided by residential retail customer consumption data for the most recent available calendar year to determine the Deferred Collection Amount.

June Adjustment

For electric service provided to residential retail customers beginning with the June 2012 monthly billing period and extending through the December 2012 monthly billing period, RRS Adjustments are determined in accordance with the procedure described in the January Adjustment subsection of the Adjustment 2010 section of this rider with the following modifications:

- a. The Basic Electric Cost for each subclass is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2012, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- b. The Average Basic Electric Cost is computed in accordance with the then current provisions of Rate BES-R and residential retail customer consumption data for the most recent available calendar year, except that supply charges are computed using applicable data from the Retail Supply Charge Informational Filing with charges applicable to residential retail customers submitted to the ICC after the conclusion of the Illinois Auction conducted in 2012, and TSCs are computed using applicable data from the associated annual informational filing made in accordance with the provisions of Rider TS-CPP;
- c. The Deferred Collection Amount is identical to the Deferred Collection Amount determined in accordance with the provisions of the January Adjustment subsection of this Adjustment 2012 section.

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**RIDER RRS
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(Continued from Sheet No. X+11)

ADJUSTMENT DUE TO RATE CHANGES.

In the event that any or all delivery service charges applicable to residential retail customers pursuant to the provisions of Rate BES-R are changed as a result of a filing by the Company of new or revised tariff sheets, the then current RRS Adjustments must be revised by the Company to reflect the change to such delivery service charges. In addition, in the event that the TSC applicable to residential retail customers pursuant to the provisions of Rate BES-R is changed in accordance with provisions in Rider TS-CPP regarding FERC approved tariff changes or changes to the constitution of full requirements electric supply, the then current RRS Adjustments must be revised by the Company to reflect the change to such TSC.

The revised RRS Adjustments are determined in accordance with the provisions of the Adjustment 2007, Adjustment 2008, and Adjustment 2009 sections of this rider, as applicable, by incorporating the changed charges into the determination of the Projected Overall Cost for each subclass and into the determination of the Average Projected Overall Cost.

The revised RRS Adjustments are determined in accordance with the provisions of the Adjustment 2010, Adjustment 2011, and Adjustment 2012 sections of this rider, as applicable, by incorporating the changed charges into the determination of the Basic Electric Cost for each subclass and into the determination of the Average Basic Electric Cost.

FINAL RECONCILIATION.

Following the December 2012 monthly billing period, the final net balance in the RAA is determined. Such balance, if any, is divided by the residential retail customer usage expected for the month of March 2013, to obtain a final RRS Adjustment, in ¢/kWh. If the net balance in the RAA is positive such RRS Adjustment is a charge. If the net balance in the RAA is negative, such RRS Adjustment is a credit.

RRS ADJUSTMENT APPLICATION.

A RRS Adjustment determined for the Residential Non-Electric Space Heating Subclass is applied to each kWh delivered to each residential retail customer to which the Residential Non-Electric Space Heating Subclass is applicable during the period of time for which such RRS Adjustment is determined, as described in this RRS Adjustment Application section. A RRS Adjustment determined for the Residential Electric Space Heating Subclass is applied to each kWh delivered to each residential retail customer to which the Residential Electric Space Heating Subclass is applicable during the period of time for which such RRS Adjustment is determined, as described in this RRS Adjustment Application section.

The total charge or credit applied in accordance with the provisions of this rider is separately stated on each residential retail customer's monthly bill.

2007 Application

RRS Adjustments computed in accordance with the Adjustment 2007 section of this rider are applied, as applicable, to each kWh delivered to residential retail customers during the period that begins January 2, 2007, and extends through the December 2007 monthly billing period.

(Continued on Sheet No. X+13)

**RIDER RRS
RESIDENTIAL RATE STABILIZATION PROGRAM**

(Continued from Sheet No. X+12)

RRS ADJUSTMENT APPLICATION (CONTINUED).

January Application

RRS Adjustments computed in accordance with the January Adjustment subsections of the Adjustment 2008, Adjustment 2009, Adjustment 2010, Adjustment 2011, and Adjustment 2012 sections of this rider are applied, as applicable, to each kWh delivered to residential retail customers during the period that begins with the January monthly billing period and extends through the May monthly billing period for the years 2008, 2009, 2010, 2011, and 2012, respectively.

June Application

RRS Adjustments computed in accordance with the June Adjustment subsections of such Adjustment 2008, Adjustment 2009, Adjustment 2010, Adjustment 2011, and Adjustment 2012 sections are applied, as applicable, to each kWh delivered to residential retail customers during the period that begins with the June monthly billing period and extends through the December monthly billing period for the years 2008, 2009, 2010, 2011, and 2012, respectively.

Notwithstanding the previous provisions of this RRS Adjustment Application section, in the event that RRS Adjustments are determined in accordance with the provisions of the Adjustment Due to Rate Changes section of this rider, such RRS Adjustments are applied, as applicable, to each kWh delivered to residential retail customers during the period that begins with the effective date of the associated rate change and extends through the monthly billing period that corresponds with the expiration of the RRS Adjustments replaced by the RRS Adjustments determined in accordance with such Adjustment Due to Rate Changes section.

The RRS Adjustment computed in accordance with the Final Reconciliation section of this rider is applied to each kWh delivered to residential retail customers during the March 2013 monthly billing period.

RRS Adjustments are not applied for the purposes of back billing or bill adjustments or any purpose whatsoever after this rider expires.

REGULATORY ASSET.

As explicitly approved by the ICC in its Order in Docket No. 06-XXXX, the Company must establish a regulatory asset corresponding to otherwise allowed expense recovery the Company foregoes in the years 2007 through 2009 due to the RRS Program. Such asset is maintained through an account, the RAA, in accordance with the provisions of the Financial Accounting Standards Board (FASB) Statement No. 71 "Accounting for the Effects of Certain Types of Regulation". The amounts of all RRS Adjustments in the form of credits to residential retail customers during the period that begins January 2, 2007, and extends through the December 2009 monthly billing period are recorded to the RAA. The amounts of all RRS Adjustments in the form of charges to residential retail customers during the period that begins with the January 2008 monthly billing period and extends through the December 2012 monthly billing period correspondingly reduce the RAA. The balance in the RAA earns a rate of return. At any given point in time, such rate of return equals the Company's most recent pre-tax weighted average cost of capital approved by the ICC.

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**RIDER RRS
RESIDENTIAL RATE STABILIZATION PROGRAM**

(Continued from Sheet No. X+13)

REGULATORY FILINGS.

RRS Adjustments determined in accordance with the provisions of the Adjustment 2007 section of this rider must be submitted by the Company to the ICC in an informational filing on the latter of (a) the same date in 2006 that the Company submits to the ICC the Retail Supply Charge Informational Filing with charges applicable to residential retail customers after the conclusion of the initial Illinois Auction, or (b) seven (7) calendar days after the ICC issues its Order in Docket No. 06-XXXX.

RRS Adjustments determined in accordance with the provisions of the January Adjustment subsections of the Adjustment 2008, Adjustment 2009, Adjustment 2010, Adjustment 2011, and Adjustment 2012 sections of this rider, must be submitted by the Company to the ICC in an informational filing no later than December 1 in the years 2007, 2008, 2009, 2010, and 2011, respectively.

RRS Adjustments determined in accordance with the provisions of the June Adjustment subsections of such Adjustment 2008, Adjustment 2009, Adjustment 2010, Adjustment 2011, and Adjustment 2012 sections must be submitted by the Company to the ICC in an informational filing on the same date in 2008, 2009, 2010, 2011, and 2012, respectively, that the Company submits to the ICC the Retail Supply Charge Informational Filing with charges applicable to residential retail customers after the conclusion of the Illinois Auction conducted in such respective year.

RRS Adjustments determined in accordance with the provisions of the Adjustment Due to Rate Changes section of this rider must be submitted by the Company to the ICC in an informational filing on the same date that the Company submits to the ICC the applicable filing for the rate changes described in such Adjustment Due to Rate Changes section.

Any informational filing described in this Regulatory Filing section must include supporting work papers providing documentation of the RRS Adjustment computations. In addition, such filing must include work papers that reconcile the balance in the RAA taking into account amounts added to the RAA during the years 2007, 2008, and 2009 due to credits provided to residential retail customers and amounts recovered through the application of RRS Adjustment charges.

The Company must submit a report to the ICC and its Staff each year, beginning in 2008, during which this rider is in effect that provides data concerning the operation of the RRS Program and the application of this rider.

(Continued on Sheet No. X+15)

**Filed with the Illinois Commerce Commission on
XXXXX XX, 2006.**

**Date Effective: XXXXX XX, 2006
Issued by A. R. Pramaggiore, Senior Vice President
Post Office Box 805379
Chicago, Illinois 60680-5379**

**RIDER RRS
RESIDENTIAL RATE STABILIZATION PROGRAM**

(Continued from Sheet No. X+14)

EARLY TERMINATION.

Notwithstanding the previous provisions of this rider, in a situation in which (a) the Company is assigned a senior unsecured credit rating (1) below BBB- by Standard and Poor's, a division of the McGraw-Hill Companies, Inc., or its successors (S&P), or (2) below Baa3 by Moody's Investors Service, Inc., or its successors (Moody's), or (3) below BBB- by Fitch Ratings, a subsidiary of Fimalac, S.A., or its successors; (b) the Company becomes the subject of a bankruptcy proceeding; or (c) the Company experiences a force majeure event, then the residential-wide limitations to the average increase in overall charges for electric service of 8% from 2006 to 2007, 7% from 2007 to 2008, and 6% from 2008 to 2009 are terminated and are no longer applicable if such situation commences prior to the start of the January 2010 monthly billing period. If such situation commences on or after the start of the January 2010 monthly billing period but prior to June 15, 2011, then the then effective RRS Adjustments are terminated and no longer applicable. For the purposes of this rider, a force majeure event means an act of God; an act of terrorists or other public enemy; expropriation or confiscation of Company facilities; compliance with any order or request of any governmental authority; act of war, rebellion, or sabotage, or damage resulting therefrom; or other incident of a catastrophic nature, provided that such force majeure event has, or threatens to have, a significant and adverse effect on the operations or finances of the Company. Such situation is deemed to commence, as applicable, on the date on which (i) any such aforementioned senior unsecured credit rating is assigned, (ii) the Company becomes the subject of a bankruptcy proceeding, or (iii) the Company submits written notification to the ICC that a force majeure event, as herein defined for the purposes of this rider, has occurred.

If such situation commences prior to the start of the January 2010 monthly billing period, the Company terminates the application of any RRS Adjustment credits that effectuate the limitation in overall charges for electric service provided to residential retail customers on the next calendar day after the commencement of the situation and begins recovery of any balance in the RAA during the first monthly billing period that begins no earlier than fifteen (15) calendar days after the commencement of the situation. If such situation commences on or after the start of the January 2010 monthly billing period but prior to June 15, 2011, the Company terminates the application of any then effective RRS Adjustments and begins accelerated recovery of any balance in the RAA during the first monthly billing period that begins no earlier than fifteen (15) calendar days after the commencement of the situation. Such recovery is accomplished through the application of RRS Adjustments computed in a manner that corresponds with the procedure described in the Adjustment 2010 section of this rider, except that such computation reflects the revised date of the start of such recovery and that the recovery period extends for the lesser of (a) the number of monthly billing periods equivalent to the number of billing periods during which RRS Adjustments had been applicable prior to the commencement of the situation, or (b) eighteen (18) monthly billing periods. Moreover, the amortization period used to determine the Deferred Collection Amount is correspondingly shortened. In the first monthly billing period that begins no earlier than fifteen (15) calendar days after the end of such recovery period, a final RRS Adjustment is applied. Such final RRS Adjustment is computed in a manner that corresponds with the provisions described in the Final Reconciliation section of this rider except that such computation reflects the earlier date of reconciliation. RRS Adjustments computed in accordance with this Early Termination section are applied in a manner that corresponds to the provisions of the RRS Adjustment Application section of this rider, except that such application occurs during the monthly billing periods described in this Early Termination section. In a situation in which RRS Adjustments are computed and applied in accordance with this Early Termination section, this rider expires at the end of the monthly billing period during which the final RRS Adjustment is applied to kWhs delivered to residential retail customers.

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**RIDER RRS
RESIDENTIAL RATE STABILIZATION PROGRAM**

(Continued from Sheet No. X+15)

EARLY TERMINATION (CONTINUED).

RRS Adjustments determined in accordance with the provisions of this Early Termination section must be submitted by the Company to the ICC in an informational filing no later than the twentieth day of the month preceding the monthly billing period during which such RRS Adjustments are applied to kWhs delivered to residential retail customers. Such filing must include supporting work papers providing documentation of the RRS Adjustment computations.

Notwithstanding the previous provisions of this Early Termination section, this rider terminates and becomes ineffective (a) as of the date that any court enters an order reversing, remanding, or otherwise setting aside or staying the effect of the ICC's Order in Docket No. 06-XXXX approving this rider, or (b) on the effective date of any law, or regulatory or court order that purports to change, suspend, or otherwise impair the effectiveness, provisions, operation, or applicability of this rider. In such event, any remaining balance in the RAA is recovered as provided in Rate BES-R, Rate BES-H - Basic Electric Service-Hourly Energy Pricing (Rate BES-H), and Rate RDS - Retail Delivery Service (Rate RDS).

MISCELLANEOUS GENERAL PROVISIONS.

In making the computations to determine RRS Adjustments, such computations include the application of Rider 16 – Franchise Cost Additions (Rider 16), Rider FCA - Franchise Cost Additions (Rider FCA), Rider 21 – Renewable Energy Resources and Coal Technology Development Assistance Charge and Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund (Rider 21), Rider RCA – Retail Customer Assessments (Rider RCA), and Rider 31 – Decommissioning Expense Adjustment Clause (Rider 31), or any such rider's successor, as appropriate. The inclusion of these riders is exclusive and no other riders are included in the computations to determine RRS Adjustments.

In making the computations to determine RRS Adjustments, such computations exclude the application of the Accuracy Assurance Factor (AAF) as described in the Monthly Charges section of Rate BES-R.

RRS Adjustments, in ¢/kWh, are rounded to the nearest thousandths of a cent.

The expiration of this rider occurs no later than the end of the March 2013 monthly billing period.

The Company's Schedule of Rates, of which this rider is a part, includes General Terms and Conditions and other tariffs. Service hereunder is subject to the General Terms and Conditions and such other tariffs, as applicable.