

RIDER CPP - COMPETITIVE PROCUREMENT PROCESS

(Continued from Sheet No. 244)

- * Notwithstanding any other provision in this rider, in accordance with the provisions of Section 16-111.5 of the Illinois Public Utilities Act (Act) which became effective on August 28, 2007, preparatory activities associated with performing the Illinois Auction in 2008 are not to be undertaken.

APPLICABILITY

Rider CPP is applicable to any Company tariff that (1) obligates the Company to procure for and provide to retail customers full requirements electric supply or directly procured electric power and energy, as applicable, on a bundled or unbundled basis, and (2) refers to this rider or any portion of this rider, or any data calculated or otherwise derived under or in accordance with this rider. Notwithstanding the previous sentence, no retail tariff charge computed in accordance with the provisions of this rider is applicable for service provided prior to January 2, 2007.

PURPOSE

Rider CPP describes a competitive procurement process which employs an annual auction conducted by an independent auction manager in which registered bidders vie for the opportunity and obligation to provide full requirements electric supply in amounts sufficient to serve percentage shares of the Company's retail full requirements electric supply requirements for specified, varying durations. Through the implementation of this competitive procurement process, the Company and suppliers enter into wholesale contracts that contain the terms, conditions, and prices under which the Company procures full requirements electric supply from such suppliers. Rider CPP defines criteria that such process must meet in order for such contract terms and prices to be used as provided in this rider and also includes computations that provide for seasonal differentiation in the payments to suppliers provided for in such contracts. Rider CPP provides for appropriate determination, on a periodic basis and in a transparent manner, of the market value of electric power and energy as a function of market traded contracts that meet the requirements herein. These contracts also establish the Company's costs of procurement under this tariff. Rider CPP establishes the methodologies by which such market values, which are equivalent to the Company's costs of such procurement, are translated into seasonal and peak and off-peak values, as applicable, for use in calculating individual supply-related charges in the Company's retail tariffs to which this rider is applicable. Such methodologies take into account relevant characteristics of retail customers in the Company's service territory and are described through formulae provided herein. Rider CPP provides mechanisms to ensure the Company does not over or under recover such procurement costs due to changes in customer usage and demand patterns and during temporary employment, in the specified contingencies, of the other specific wholesale market competitive procurement processes provided for herein.

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