

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY :
 :
Petition for Approval of Tariffs Implementing : No. 07-
A New Competitive Procurement Process and :
Recovering Procurement Costs :

**AFFIDAVIT OF LAWRENCE S. ALONGI
IN SUPPORT OF COMED’S VERIFIED PETITION FOR
APPROVAL OF TARIFFS IMPLEMENTING A NEW COMPETITIVE
PROCUREMENT PROCESS AND RECOVERING PROCUREMENT COSTS**

STATE OF ILLINOIS)
) SS.
COUNTY OF DuPAGE)

I, Lawrence S. Alongi, being first duly sworn, declare under oath as follows:

1. I am the Manager, Retail Rates of Commonwealth Edison Company (“ComEd”). My primary duties are to direct the planning, design, implementation, administration, and revision of ComEd’s retail tariffs. I also direct the preparation of filings with the Commission relating to such tariffs.

2. I have a Bachelor of Science degree in Electrical Engineering from Northwestern University. I have been employed by ComEd since July 1974, during which time I have worked in field engineering, project engineering, distribution planning, system planning, distribution engineering, and rates. I have served as District Engineering Supervisor, Area Engineering Supervisor, Planning Supervisor, Assistant Division Engineer, Division Engineer, and Senior System Rate Administrator. In March 1998, I assumed my present position as Manager, Retail Rates (the Retail Rates Department was at that time called the Rate Department, and my position was then called “Director of Rates”). I have been a member of the Edison Electric Institute Economic Regulation and Competition Committee since I assumed my present position in 1998.

3. The purpose of my affidavit is to provide the Commission with additional information concerning the package of tariffs submitted with ComEd’s “Verified Petition For Approval Of Procurement Tariffs Under Public Act 95-0481” (the “Petition”). The affidavit is divided into two parts. **First**, I identify the functions served by the tariff package and explain how it implements the new planned competitive procurement structure established by Public Act 95-0481 (“PA 95-0481”). **Second**, I detail the terms of each new tariff or tariff revision that ComEd is proposing.

I. The Proposed Tariff Package

4. ComEd is required by PA 95-0481 to “procure power and energy for its eligible retail customers in accordance with the applicable provisions” of that law (220 ILCS 5/16-115.5(a)). A workable tariff package that implements the new planned competitive procurement process established by PA 95-0481 must:

- a. identify ComEd’s obligations to procure supply resources and related transmission services and ancillary transmission services required to provide retail services to supply customers;
- b. establish a tariff structure through which the procurement plans (“Plans”) adopted under the new structure can be implemented;
- c. identify and define the specific procurement-related costs to be recovered through ComEd’s retail rates;
- d. specify how those costs are translated into retail charges, and establish retail end use rates that incorporate those charges; and
- e. transition customers and ComEd in an orderly manner from the Illinois Auction structure approved by the Commission in Dockets Nos. 05-0159 and 05-0160 (cons.) to the new procurement structure.

5. The tariff package ComEd proposes identifies ComEd’s obligations to procure supply resources and the related transmission services and ancillary transmission services that are required to provide retail services to eligible retail customers. Prior to PA 95-0481, ComEd (and Ameren’s Illinois utilities) proposed a procurement structure which, after regulatory review and approval, was memorialized in tariffs. By contrast, under the new procurement structure, ComEd’s tariffs are to reflect its obligation to procure resources in accordance with the procurement Plans periodically submitted to and approved by the Commission. The specific terms of the procurement processes are in those Plans, not in the tariffs. Accordingly:

- a. The tariff package reflects ComEd’s obligation to procure supply for “eligible” customers in accordance with approved Plans. Under new Section 16-111.5(a) of the Act, eligible customers are those that purchase power and energy from ComEd under fixed-price bundled service tariffs, other than those retail customers whose service is declared or deemed competitive under Section 16-113 of the Act and other customer groups including self-generating customers, customers electing hourly pricing, or those customers who are otherwise ineligible for fixed-price bundled tariff service.
- b. The tariff package addresses ComEd’s obligations to offer energy supply to customers other than “eligible retail customers,” including customers opting for hourly priced service, competitive customers, self-generating customers, and customers taking service under power purchase options (PPOs).

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c. The tariff package identifies new ComEd obligations flowing from the planning process itself, such as the obligation to provide detailed load information, and provides for those obligations to be met.

6. The proposed tariffs also establish a framework through which approved procurement Plans can be implemented.

a. ComEd's tariffs reflect the fact that the Plan will detail the procurement process. Unlike Rider CPP – Competitive Procurement Process (“Rider CPP”), which itself set out a specific and detailed competitive procurement process for ComEd's portion of the Illinois Auction, ComEd's proposed tariffs are the vehicle for implementing whatever process is specified in each periodic Plan.

b. ComEd's tariffs function with a variety of procurement processes that may be included in a Plan. Unlike Rider CPP, that was designed principally to procure a uniform “full requirements” product, a Plan may require ComEd to acquire individual supply resources, transmission services, and ancillary transmission services using different methods. ComEd's tariffs, therefore, must be able to function with a variety of products (*e.g.*, block energy, balancing energy, capacity, transmission and other services provided by PJM Interconnection L.L.C. (“PJM”)) that may be procured in a variety of different ways (*e.g.*, Request For Proposal (“RFP”) process, bilateral purchases from PJM and/or suppliers, and purchases in PJM-administered spot or forward markets).

c. ComEd also acquires transmission services and ancillary transmission services required to serve retail customers' instantaneous electric power and energy requirements. Under the Illinois Auction structure, some of these services were included with the supply procured by auction bidders; others were procured by ComEd directly. Under the new procurement structure, ComEd will still need these services, but which of these services are in particular acquired through an RFP process and which are directly acquired by ComEd from, for example, PJM may vary from Plan to Plan. The tariffs are designed to work with a range of Plans in this regard. The tariffs are also sufficiently flexible that changes in applicable tariffs on file with the Federal Energy Regulatory Commission (“FERC”) can also be properly reflected.

d. Rider CPP called for a “steady state” of annual reverse auctions. By contrast, Plans approved under the new structure may change procurement processes in ways that cannot be predicted in advance. ComEd's new tariffs enable it to procure in a changing manner, while respecting its continuing obligations under previously-adopted Plans, the pre-existing Supplier Forward Contracts (“SFCs”) resulting from the 2006 Illinois Auction (so long as they are in force), and the multi-year financial swap contract described in Section 16-111.5(k) of the Act.

7. The proposed tariffs identify and define the component procurement related costs that are to be recovered through retail rates. Although the procurement structure has changed, ComEd's tariffs must continue to define how ComEd's procurement related costs are recovered. Section 16-111.5(l) of the Act requires ComEd to file, concurrently with its proposed initial procurement plan, “its proposed tariffs through which its costs of procuring power that are

incurred pursuant to a Commission-approved procurement plan and those other costs identified in this subsection ... will be recovered.” That section also provides:

A utility shall recover through the tariff all reasonable costs incurred to implement or comply with any procurement plan that is developed and put into effect pursuant to Section I-75 of the Illinois Power Agency Act and this Section, including any fees assessed by the Illinois Power Agency, costs associated with load balancing, and contingency plan costs.

8. ComEd’s tariffs identify the costs of pre-existing procurement contracts and specifies how those costs are recovered. Section 16-111.5(l) of the Act provides that ComEd shall recover through its tariffs “its full costs of procuring electric supply for which it contracted before the effective date of this Section in conjunction with the provision of full requirements service under fixed-price bundled service tariffs subsequent to December 31, 2006.” Section 16-111.5(l) also provides that these costs are among those that “shall be deemed to have been prudently incurred.”

9. The tariffs also recover ComEd’s costs related to the multi-year financial swap contract that ComEd entered into in accordance with PA 95-0481. Section 16-111.5(k) of the Act provides, in part:

Costs incurred pursuant to a [multi-year financial swap] contract authorized by this subsection (k) shall be deemed prudently incurred and reasonable in amount and the electric utility shall be entitled to full cost recovery pursuant to the tariffs filed with the [Illinois Commerce] Commission.

10. ComEd’s tariffs address the costs of required transmission services, ancillary transmission services, and related charges. Section 16-111.5(l) of the Act provides that ComEd tariffs shall include a formula rate or charge to pass through “any just and reasonable costs that a utility incurs in arranging and providing for the supply of electric power and energy.” Moreover, whether the charges for particular services are subsumed in the price of products acquired via an RFP may vary from Plan to Plan. Thus, ComEd’s tariffs must provide for appropriate recovery of the costs of these services such that costs of arranging and providing for the supply of electric power and energy are neither under nor over recovered.

11. ComEd’s tariffs detail how procurement related charges are translated into retail charges. New Rate BES – Basic Electric Service (“Rate BES”) and new Rider PE – Purchased Electricity (“Rider PE”) explain how the costs of the various supply resources and related transmission and transmission ancillary services are converted into charges payable by retail customers. These tariffs “include a formula rate or charge designed to pass through both the costs incurred by the utility in procuring a supply of electric power and energy for the applicable customer classes with no mark-up or return on the price paid by the utility for that supply ...,” as required by Section 16-111.5(1) of the Act. They also contain necessary “provisions that ensure that its application does not result in over or under recovery due to changes in customer usage and demand patterns, and that provide for the correction” on an annual basis consistent with the PJM planning year “of any accounting errors that may occur.”

12. The proposed tariff package also provides for an orderly transition from the Illinois Auction structure to the new procurement structure. The tariffs provide charges to customers that reflect the new structure and also recover pre-existing procurement costs as they are phased out.

13. Finally, the proposed tariff package complies with all other requirements of the law (*e.g.*, with respect to refunds to residential customers, common area accounts of condominium association customers) as well as the Commission’s order in Docket No. 07-0166 with respect to ComEd’s rate design. They also reflect ComEd’s continued obligations to customers to whom service has been newly declared competitive.

II. Tariff Detail

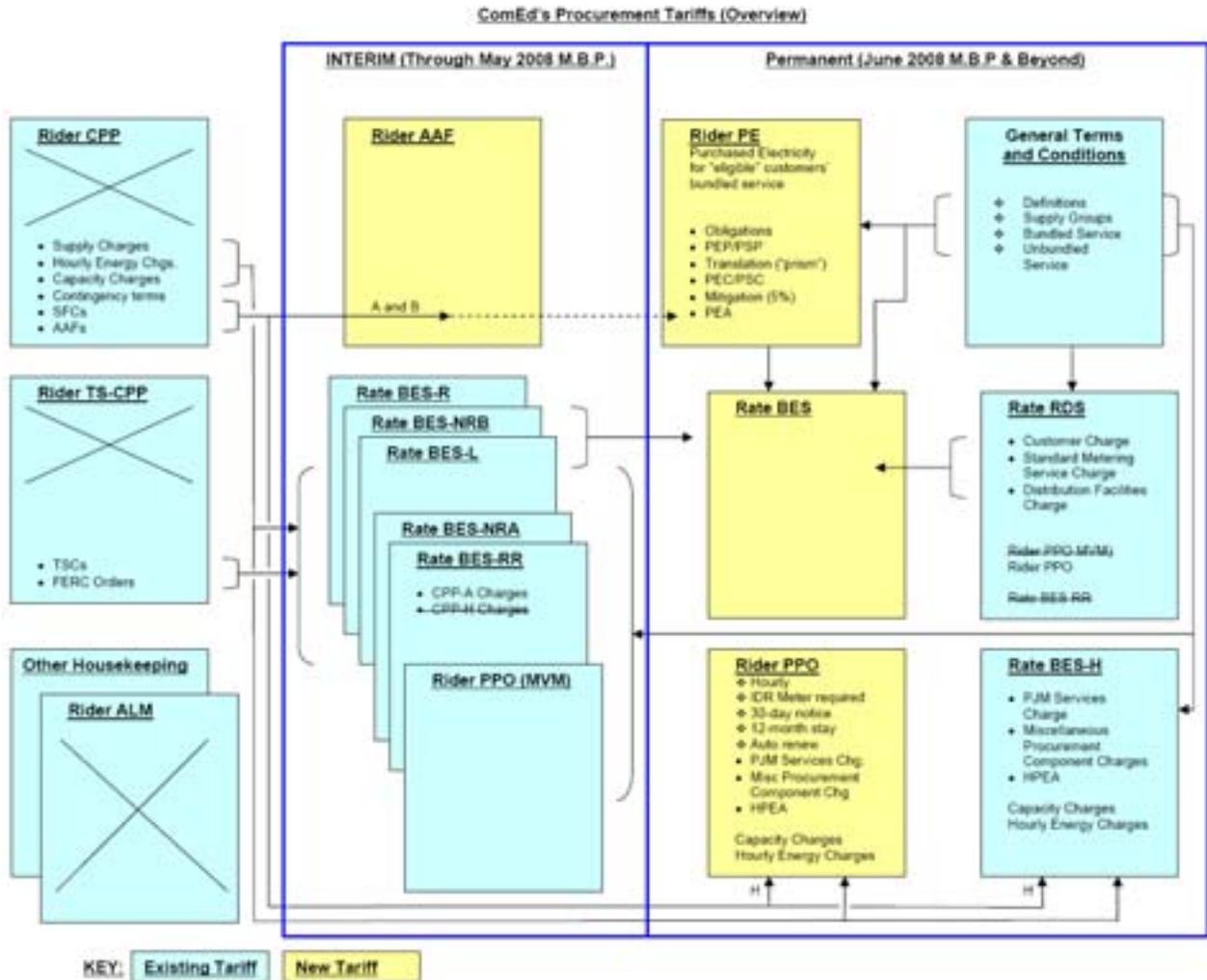
14. ComEd’s proposed tariffs package includes:

a. **First**, tariffs required to implement the new procurement structure, to provide for the acquisition of required resources, and to eliminate the Illinois Auction process contained in ComEd’s exiting tariffs.

b. **Second**, end user electric service rates to define and establish charges for the retail supply services offered by ComEd. For supply and related services offered to eligible retail customers, these end user tariffs are designed to mesh with the new procurement structure and establish charges based on the costs of resources procured through that process and costs of remaining resources procured through pre-existing procurement processes. These tariffs detail the services offered to other customers and phase out charges linked to the Illinois Auction structure. These rates also allow ComEd to recover its costs to procure electricity and, together with the procurement process tariffs, ensure that ComEd does not under- or over-recover those costs.

c. **Third**, housekeeping revisions in Rate RDS – Retail Delivery Service (“Rate RDS”) and various riders required to reflect the aforementioned changes in ComEd’s procurement and end use service rates.

15. The chart below illustrates how the proposed tariffs work together to seamlessly meet ComEd’s obligations under PA 95-0481, provide required services to retail customers and appropriate charges under that law, and transition in an orderly manner from the Illinois Auction structure to the new procurement structure. New tariffs are tinted yellow; existing tariffs (including those that are being cancelled or phased out) are tinted blue. As illustrated, the proposed tariff package operates in two phases: the first – an “interim” phase – is applicable to billing periods through May, 2008; and the second is applicable thereafter, once the first set of charges calculated under the new procurement structure become effective.



A. Procurement Process Tariffs

16. **Rider PE - Purchased Electricity** is a new rider that replaces both Rider CPP and Rider TS-CPP – Transmission Services (Competitive Procurement Process) (“Rider TS-CPP”). It reflects the termination of the Illinois Auction process and its replacement with the new planned competitive procurement structure as of June 1, 2008. Rider PE sets out ComEd’s obligations under that structure with respect to: (a) the planning process associated with procurement plans in accordance with Section 16-111.5(d)(1) of the Act and the contracts that result from that process; (b) the contingency procurement of electric power and energy in accordance with Sections 16-111.5(e)(5)(i) and 16-111.5(e)(5)(iii) of the Act; (c) pre-existing contracts including SFCs entered into under the Illinois Auction process and financial swap contracts under Section 16-111.5(k) of the Act; (d) renewable energy resources addressed under Section 1-75 of the IPA Act; (e) other supply procurement obligations, including those relating to balancing energy not otherwise addressed by the Plan; and (f) required transmission and ancillary transmission services.

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17. Rider PE establishes Purchased Electricity Prices (“PEPs”) for four periods – summer peak, summer off-peak, nonsummer peak, and nonsummer off-peak – and defines the cost bases for those PEPs. The PEPs, in turn, are used in translation formulae stated in the rider to develop the Summer and Nonsummer Retail Purchased Electricity Charges (“PECs”) that will be used to calculate Electricity Supply Charges that appear on the bills of eligible customers that elect bundled service from ComEd. In calculating these charges, Rider PE provides for rate mitigation limiting, as applicable, the percentage increase of any customer group to the greater of five percentage points above the average percentage increase for all eligible customers or zero percent.

18. Rider PE also establishes the PJM Services Price (“PSP”), which is used to compute the PJM Services Charge (“PSC”), that ultimately appears on customers’ bills as their “Transmission Services Charge.” The PSP includes the costs paid by ComEd, under rates, terms, and conditions regulated by FERC, for transmission services (including Network Integration Transmission Service), ancillary transmission services, and to satisfy other charges imposed by PJM that are not included in the PEPs.

19. Rider PE also recovers ComEd’s supply procurement administration costs. ComEd must administer and manage supply acquisition functions, just as it did under the Illinois Auction structure. Some additional functions are also required by the new structure (*e.g.*, active load balancing and energy management). These administration costs are relatively minor and consist mostly of payroll for employees dedicated to the supply administration function and the costs of the information systems that they use. These costs have been recovered through a separate Supply Administration Charge (“SAC”). However, because they are costs of providing supply service under approved procurement Plans, the tariffs integrate them into the supply charges so as to “recover through the tariff all reasonable costs incurred to implement or comply with any procurement plan” (220 ILCS 5/16-111.5(l)).

20. Rider PE, together with Rate BES and a new interim tariff, Rider AAF – Accuracy Assurance Factor (“Rider AAF”), provide for the required reconciliation of ComEd’s procurement related costs and corresponding revenues to ensure that ComEd does not over or under recover the costs ComEd incurs to provide supply and related services to eligible retail customers. Rider PE establishes the Purchased Electricity Adjustment (“PEA”) Factor, the successor to the Accuracy Assurance Factor (“AAF”), and contains the formulas analogous to those contained in Rider CPP to calculate the AAF.

21. **Rider CPP – Competitive Procurement Process** is canceled, reflecting the termination of the Illinois Auction structure and its replacement with the new planned competitive procurement structure adopted by PA 95-0481. The same currently effective charges calculated under Rider CPP as a result of the 2006 Illinois Auction are now “hard wired” in the applicable end user rates (*e.g.* Rate BES-NRB – Basic Electric Service-Nonresidential (Blended) (“Rate BES-NRB”)) for the remaining periods that they are in effect. The costs of pre-existing SFCs are addressed in Rider PE.

22. As an interim measure pending the effectiveness of charges calculated under the formulae in Rider PE, the AAF provisions of Rider CPP for fixed price service are incorporated into an interim rider, Rider AAF, discussed in more detail below. This will permit continued

determination of AAFs for electricity provided through May 2008 and application of such AAFs in the corresponding monthly billing periods as previously provided in Rider CPP.

23. For hourly customers, the analogous AAF provisions of Rider CPP are incorporated directly into Rate BES-H – Basic Electric Service – Hourly Energy Pricing (“Rate BES-H”). The provisions of Rider CPP related to the determination of capacity charges and hourly priced energy for hourly priced service are also incorporated into Rate BES-H, along with the other changes described under Rate BES-H. This is consistent with Rate BES-H’s status as an end user rate that relies on supply resources not obtained under annual procurement Plans, and makes Rate BES-H a stand-alone tariff consistent with the new procurement structure.

24. **Rider TS-CPP - Transmission Services (Competitive Procurement Process)** is canceled to reflect the termination of the Illinois Auction structure and its replacement with the new planned competitive procurement structure. In particular, the division, which was reflected in Rider TS-CPP, of various transmission services, ancillary transmission services, and related charges between those charges that were paid directly by ComEd and those that were paid by suppliers is no longer certain – or even likely – to apply. Rider TS-CPP is cancelled to account for the fact that the division may change depending upon the Plan in force and other circumstances, such as changes in FERC-regulated tariffs.

25. As an interim measure to transition to the new electricity procurement structure, the currently effective Transmission Services Charges (“TSCs”) determined under Rider TS-CPP are “hard-wired” into the following currently effective end user tariffs so as to remain effective through the May 2008 monthly billing period: Rate BES-R – Basic Electric Service – Residential (“Rate BES-R”), Rate BES-NRA - Basic Electric Service – Nonresidential (Annual) (“Rate BES-NRA”), Rate BES-NRB, Rate BES-RR - Basic Electric Service – Railroad (“Rate BES-RR”), Rate BES-L - Basic Electric Service – Lighting (“Rate BES-L”), Rate BES-H, and Rider PPO-MVM – Power Purchase Option (Market Value Methodology) (“Rider PPO-MVM”). In addition, provisions in Rider TS-CPP that address FERC approved changes in transmission charges are also incorporated into those rates.

26. **Rider AAF - Accuracy Assurance Factor** is a new interim rider that provides a clearly defined transition from the application of the current AAF for fixed price service determined under Rider CPP to the new PEA factor determined under Rider PE. The new interim Rider AAF preserves the AAF provisions of terminated Rider CPP for fixed price service for electricity provided through May 2008, after which time electricity is procured and provided under the new structure, and provides for application of such AAFs in the corresponding monthly billing periods as previously provided in Rider CPP. A single AAF will be computed and applied to service to eligible retail customers in periods thereafter until the AAF is replaced by the PEA.

27. **General Terms and Conditions** is revised to include changes to definitions, supply groups, and the descriptions of bundled service and unbundled services. Specifically, references to the Illinois Auction structure, Rider CPP, and terms related to the Illinois Auction (such as CPP Annual Segment, CPP Blended Segment, CPP Hourly Segment, Retail Aggregate Load – Annual, Retail Aggregate Load – Blended, Retail Aggregate Load – Hourly, and Tranche) are deleted or replaced with language appropriate to the new procurement structure.

28. In addition, certain definitions are revised as required by the new structure. The definitions for Determination Period and Effective Period that were used in determining and applying AAFs under Rider CPP are removed and incorporated into the new interim Rider AAF. The definitions for Small Load, Medium Load, Large Load, and Very Large Load nonresidential customer supply groups are revised to remain applicable through the May 2008 monthly billing period and a new definition for a Demand customer supply group is incorporated for use thereafter. The definition of Bundled Electric Service is revised to replace references to procurement of full requirements electric supply and to directly procured electric power and energy with references to the component services ComEd requires under the new procurement structure and to add references to new Rate BES. Similarly, the definition for Unbundled Electric Service is revised to replace references to procurement of full requirements electric supply with references to component services that are consistent with the new procurement structure and to add references to new Rider PPO – Power Purchase Option (“Rider PPO”). Other new definitions required for that structure, such as of “procurement event” and “procurement plan,” have been added.

29. Finally, other housekeeping changes have been made to add additional references to new Rate BES and new Rider PPO as well as to reflect revised information such as the change in name for NERC, which has changed its name from North American Reliability Council to North American Reliability Corporation.

B. Retail Electric Service Rates

30. **Rate BES - Basic Electric Service** is a new end user bundled electric service rate for “eligible retail customers.” Rate BES clearly reflects the termination of the rates linked to various segments and sections of the Illinois Auction process and the replacement of that process with the new procurement structure adopted by PA 95-0481. Rate BES replaces Rate BES-R, Rate BES-NRB, and for eligible customers (*e.g.*, those not above 400 kW demand) Rate BES-L, beginning with the June 2008 monthly billing period. Similar to the current Basic Electric Service rates that it will replace, Rate BES is designed with “pointers” to other tariffs for charges. For example, it references Rate RDS for those charges that relate to the distribution components of this bundled service (*i.e.*, Customer Charge, Standard Metering Service Charge, Distribution Facilities Charge), new Rider PE for procurement related charges (*i.e.*, Electricity Supply Charge, Transmission Services Charge, Purchased Electricity Adjustment), and General Terms and Conditions and other riders for other generally applicable charges. Although it also uses the uncollectible factors currently in effect, those factors are addressed in a separate section of the tariff rather than being embedded in various sections.

31. **Rate BES-R - Basic Electric Service-Residential** is revised to expire at the end of the May 2008 monthly billing period, at which time it will be supplanted by new Rate BES. The currently effective Supply Charges and TSCs are being “hard-wired” into Rate BES-R to facilitate the transition to Rate BES and the transition from Rider CPP and Rider TS-CPP to Rider PE. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to refer to the new interim Rider AAF, which also facilitates the transition from the AAF to the PEA. The contract term and termination provisions are revised to reflect the expiration of Rate BES-R after the May 2008 monthly billing period. There are also some minor changes to

the Other Charges section of Rate BES-R related to the Regulatory Asset Account Adjustment applicable in the event that Rider RRS – Residential Rate Stabilization Program (“Rider RRS”) is terminated before the June 2008 monthly billing period. Regulatory Asset Account

32. **Rate BES-NRB - Basic Electric Service-Nonresidential (Blended)** is revised to expire at the end of the May 2008 monthly billing period at which time it will be supplanted, for eligible customers, by new Rate BES. The currently effective Supply Charges and TSCs are being “hard-wired” into Rate BES-NRB to facilitate the transition to Rate BES and the transition from Rider CPP and Rider TS-CPP to Rider PE. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to refer to new interim Rider AAF, which also facilitates the transition from the AAF to the PEA. The contract term and termination provisions are revised to reflect the expiration of Rate BES-NRB after the May 2008 monthly billing period. In addition, as a housekeeping matter, a provision for common area accounts of condominiums is added.

33. **Rate BES-L - Basic Electric Service-Lighting** is revised to expire at the end of the May 2008 monthly billing period at which time it will be supplanted, for eligible customers, by new Rate BES. The currently effective Supply Charges and TSCs are being “hard-wired” into Rate-BES-L to facilitate the transition to Rate BES and the transition from Rider CPP and Rider TS-CPP to Rider PE. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to refer to new interim Rider AAF, which also facilitates the transition from the AAF to the PEA. The contract term and termination provisions are revised to reflect the expiration of Rate BES-L after the May 2008 monthly billing period.

34. **Rate BES-NRA - Basic Electric Service-Nonresidential (Annual)** is revised to expire at the end of the May 2008 monthly billing period. The currently effective Supply Charges and TSCs are being “hard-wired” into Rate BES-NRA to accommodate the cancellation of Rider CPP and Rider TS-CPP. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to refer to new interim Rider AAF, which will calculate the AAF for the remainder of the period that this rate is available. The contract term and termination provisions are revised to reflect the termination of Rate BES-NRA after the May 2008 monthly billing period. Also, as a housekeeping matter, provisions have been incorporated to preclude applicability to common area accounts of condominiums.

35. **Rate BES-RR - Basic Electric Service-Railroad** is revised to expire at the end of the May 2008 monthly billing period. The currently effective Supply Charges and TSCs are being “hard-wired” into Rate BES-RR to accommodate the cancellation of Rider CPP and Rider TS-CPP. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to refer to new interim Rider AAF, which will calculate the AAF for the remainder of the period that this rate is available. The contract term and termination provisions are revised to reflect the expiration of Rate BES-RR after the May 2008 monthly billing period. In addition, Rate BES-RR is revised to omit the CPP-H Charges section in conjunction with

changes to Rate RDS that are designed to apply Rate BES-H charges for split load service taken by railroad customers rather than the CPP-H Charges section of Rate BES-RR.

36. **Rate BES-H - Basic Electric Service-Hourly Energy Pricing** is revised to accommodate the cancellation of Rider CPP and Rider TS-CPP and to make Rate BES-H a stand-alone tariff. This restructuring of Rate BES-H as a stand-alone tariff reflects the manner in which ComEd must procure electricity for hourly priced service under the new procurement structure, in which it is excluded from acquisition under procurement Plans. Although ComEd also uses that method today, because of the Commission's rejection of the Hourly Section of the 2006 Illinois Auction, that process will become permanent.

37. Additionally, beginning with the June 2008 monthly billing period, Rate BES-H will determine a separate PSC, analogous to the PSC under Rider PE. The PSC determined under Rate BES-H will appear on customers' bills as their "Transmission Services Charge." In addition, to reflect the cancellation of Rider CPP, the currently effective Capacity Charges determined under Rider CPP are being "hard wired" into Rate BES-H for use through the May 2008 monthly billing period. Appropriate formulas for determining the Capacity Charge thereafter, analogous to those previously contained in Rider CPP, have been incorporated into Rate BES-H for use beginning with the June 2008 monthly billing period.

38. Similarly, to reflect the cancellation of Rider CPP and Rider TS-CPP, currently effective TSCs are also being "hard-wired" in Rate BES-H for application through the May 2008 monthly billing period. Thereafter, such costs as well as other non-distribution costs not recovered through Capacity Charges, Hourly Energy Charges, or the PSC, will be recovered through a Miscellaneous Procurement Component Charge. Additionally, formulas previously contained in Rider CPP are added to Rate BES-H for determining an Hourly Purchased Electricity Adjustment ("HPEA"), which replaces the AAF for hourly priced service. Furthermore, unnecessary language specific to the post-2006 transition is removed, current pertinent terms associated with PJM capacity are added, and some organizational changes are incorporated to more clearly identify certain charges (*e.g.*, the Off-Cycle Termination Fee). Finally, pursuant to Section 16-113 of the Act, Rate BES-H is now directly available to customers in the railroad delivery class.

39. **Rider PPO - Power Purchase Option** is a new rider that replaces Rider PPO-MVM in accordance with the new procurement structure. Service under Rider PPO must be taken in conjunction with Rate RDS and is available only to customers that paid Customer Transition Charges at any time during the period that started October 1, 1999 and extended through December 31, 2006. Service under Rider PPO is not available to customers in the Self-Generating Customer Group or the Competitively Declared Customer Group. Rider PPO customers are, under law, excluded for supply procured through the Plan. Accordingly, Rider PPO prices unbundled power purchase option supply on an hourly basis beginning with the June 2008 monthly billing period. These hourly prices comply with pricing requirements applicable to ComEd's remaining obligations to offer PPO service under 220 ILCS 5/16-110(c) & (d). Rider PPO also includes "pointers" to incorporate the Capacity Charge, Hourly Energy Charges, PSC, Miscellaneous Procurement Component Charge, and the HPEA factor from Rate BES-H.

40. Customers requesting service under Rider PPO must sign a Rate RDS/Rider PPO contract at least 30 days prior to the date on which service under the rider is to commence and work with ComEd to ensure the required meter-related facilities are installed prior to commencement of service under the rider. The term of service under Rider PPO is twelve monthly billing periods and service under the rider is renewed automatically at the end of each term unless the customer provides a written termination notice to ComEd at least thirty days prior to the expiration of a term of service. Other requirements apply for split load service (*i.e.*, less than all of the customer's electric service requirements are supplied under Rider PPO).

41. **Rider PPO-MVM - Power Purchase Option (Market Value Methodology)** is revised to expire at the end of the May 2008 monthly billing period, at which time it will be replaced by Rider PPO. To address the interim period, the currently effective SACs, Supply Charges, and TSCs are being "hard-wired" into Rider PPO-MVM to reflect the cancellation of Rider CPP and Rider TS-CPP and the termination of the Illinois Auction process. Provisions previously contained in Rider TS-CPP for incorporating FERC approved transmission rate changes in retail TSCs are also incorporated. The language for the AAF is revised to reference new interim Rider AAF, which facilitates the transition from the AAF to the PEA. The contract term and termination provisions are revised to reflect the expiration of Rider PPO-MVM after the May 2008 monthly billing period. The provision for a docketed reconciliation proceeding in the miscellaneous general provisions section is deleted because PA 95-0481 deems the SFCs and costs incurred thereunder to be prudent.

C. "Housekeeping" Revisions

42. **Rate RDS - Retail Delivery Service** is revised to incorporate references to new Rider PPO and remove references to Rate BES-RR that are no longer necessary. Rate RDS is also revised to apply Rate BES-H charges for split load service taken by railroad customers. Additionally, unnecessary post-2006 transition language is removed.

43. A number of tariffs (specifically, **Rider AC7 – Residential Air Conditioner Load Cycling Program 2007**, **Rider ACT – Allowance for Customer-Owned Transformers**, **Rider CLR7 – Capacity Based Load Response and System Reliability Program 2007**, **Rider CTR – Credit Tariff Residential**, **Rider GCB7 – Governmental Consolidated Billing 2007**, **Rider PM – Primary Metering Adjustment**, **Rider VLR7 – Voluntary Load Response and System Reliability Program 2007**, and **Rider RESALE – Allowance for Resale or Redistribution of Electricity**) are revised to reflect appropriate applicability for the (a) interim period extending through the May 2008 monthly billing period, and (b) billing periods thereafter.

44. **Rider ALM - Active Load Management** is canceled because it is no longer needed.

45. **Rider RRS – Residential Rate Stabilization Program** is revised to remain applicable to Rates BES-R, BES-H, and RDS only through the May 2008 monthly billing period and to be applicable to Rates BES, BES-H, and RDS thereafter, although service under the rider remains available only to residential customers. In addition, the language governing the determination of Residential Rate Stabilization ("RRS") Adjustments is revised beginning with the June 2008 RRS Adjustment both to replace references to Rate BES-R with appropriate

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references to Rate BES and to replace references to activities that had been part of the Illinois Auction structure with appropriate references to activities under the new procurement structure. A reference to Rate BES is also incorporated into the provisions for adjustments due to rate changes. A reference to Rider TS-CPP and a reference to full requirements electric supply are removed from those provisions because they are obsolete. Finally, a reference to the PEA Factor is added in the miscellaneous general provisions to exclude the PEA from computations of RRS Adjustments, consistent with the treatment of the AAF that the PEA replaces.

FURTHER AFFIANT SAYETH NOT.

Lawrence S. Alongi

Lawrence S. Alongi

SUBSCRIBED AND SWORN to before me
this 29th day of October, 2007.

John L. Leick

Notary Public

