

**RATE BES-H
BASIC ELECTRIC SERVICE-HOURLY ENERGY PRICING**

(Continued from Sheet No. 336.1)

* **MISCELLANEOUS GENERAL PROVISIONS (CONTINUED).**

LMPs, listed in Eastern Prevailing Time (EPT), used to determine Hourly Energy Charges are available through PJM's web site. Furthermore, the Company electronically posts on its web site indicative day-ahead hourly energy prices and indicative real-time hourly energy prices determined from PJM day-ahead locational marginal prices and real-time locational marginal prices, respectively, for the ComEd Zone. Such indicative hourly energy prices, listed in Central Prevailing Time (CPT), include adjustments for applicable losses and uncollectible costs incurred by the Company as described in the Hourly Energy Charges subsection of the Monthly Charges section of this tariff.

The indicative day-ahead hourly energy prices are posted on a day-ahead basis in the form of twenty-four (24) hourly energy prices beginning with the hour from 11:00 p.m. of the present day to 12:00 a.m. (midnight) of the following day. The indicative real-time hourly energy prices are posted on a day-after basis in the form of twenty-four (24) hourly energy prices beginning with the hour from 11:00 p.m. of two days before to 12:00 a.m. (midnight) of the day before. There are twenty-three (23) hourly energy prices for the first Sunday of Central Daylight Savings Time and twenty-five (25) hourly energy prices for the first Sunday of Central Standard Time.

The Company is not required to obtain any consent or other approval, whether prospective, contemporaneous, or retrospective, from the ICC or any other entity in order to issue bills containing any TSC, DCC, MCC, HEC, PJM Services Charge, Miscellaneous Procurement Components Charge, Supply Administration Charge, or HPEA determined in accordance with the provisions of this tariff or in order to collect any such TSC, DCC, MCC, HEC, PJM Services Charge, Miscellaneous Procurement Components Charge, Supply Administration Charge, or HPEA, provided, however, that any such HPEA is subject to adjustment in accordance with annual proceedings conducted as provided in this Miscellaneous General Provisions section during which any error is determined to have been associated with the application of an HPEA.

Each year at least thirty (30) calendar days prior to the start of the June monthly billing period, internal administrative and operational costs expected to be incurred by the Company as a result of its electric power and energy supply procurement activities for retail customers for which the Company is to provide service hereunder during the PJM Planning Period beginning on the June 1 corresponding to such June monthly billing period, must be reviewed by Company representatives with personnel from the Accounting Department of the ICC Staff.

Each time the Company files any TSC, DCC, MCC, PJM Services Charge, Miscellaneous Procurement Components Charge, or HPEA with the ICC for informational purposes, such filing must include work papers supporting the determination of such TSC, DCC, MCC, PJM Services Charge, Miscellaneous Procurement Components Charge, or HPEA, as applicable.

(Continued on Sheet No. 336.3)

Filed with the Illinois Commerce Commission on **XXXX XX, 200X**. Issued pursuant to the **Illinois Commerce Commission Order entered December YY, 2007, in Docket No. 07-0528/07-0531 (cons).** Asterisk (*) indicates change.

Date Effective: **YYYY ZZ, 200Z**
Issued by **A. R. Pramaggiore, Exec. Vice President**
Post Office Box **805379**
Chicago, Illinois **60680-5379**

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 636)

PURCHASED ELECTRICITY PRICE.

For the purpose of developing Retail Purchased Electricity Charges, as described in the Retail Purchased Electricity Charges section of this rider, that allow the Company to recover the costs it incurs in procuring certain component services the Company is required to procure and requires to meet retail customer instantaneous electric power and energy requirements at any given time under the Company's tariffs, applicable tariffs on file with the FERC, and other applicable law, the Company determines four Purchased Electricity Prices (PEPs). Specifically, the four PEPs are (1) the Summer Peak PEP, (2) the Summer Off-Peak PEP, (3) the Nonsummer Peak PEP, and (4) the Nonsummer Off-Peak PEP. Each PEP is equal to the load weighted average time of use unit cost, in dollars per megawatt-hour (\$/MWh), for all such component services pertaining to the corresponding monthly billing periods for which Retail Purchased Electricity Charges are being determined. Costs included in the PEPs include (a) applicable costs incurred by the Company in meeting its obligations in accordance with the Procurement Obligations section of this rider; (b) costs incurred by the Company in arranging and providing for the supply of electric power and energy in accordance with the Procurement Obligations section of this rider, including costs to meet collateral requirements or other forms of security requirements incurred by the Company solely as a result of its procurement activities pursuant to the procurement plan approved by the ICC, with such costs reflecting credit activities that have been previously reviewed by Company representatives with personnel from the Finance Department of the ICC Staff in accordance with the provisions of the Miscellaneous General Provisions section of this rider; and (c) costs incurred by the Company in relation to the development, approval, or implementation of or compliance with any preexisting contract or any procurement plan that is put into effect pursuant to Section 1-75 of the IPA Act and Section 16-111.5 of the Act, including any fees assessed by the IPA, and including attorney, consultant, and expert witness fees. The Company's internal administrative and operational costs solely arising from meeting the obligations set forth in the Procurement Obligations section of this rider are included in the PEPs and are subject to adjustment to the extent that they are found to be unreasonable in the annual proceeding described in the Miscellaneous General Provisions section of this rider. To the extent that the ICC orders such an adjustment, any associated over or under collections are refunded or collected, as applicable, through the Adjustment (A) component of the Purchased Electricity Adjustment (PEA) Factor in accordance with the provisions of the Purchased Electricity Adjustment Factor section of this rider. In accordance with Section 16-111.5(l) of the Act, the Company recovers "the costs incurred by the [Company] 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 [Company] for that supply."

Costs incurred by the Company to procure certain services from PJM, including but not limited to, Network Integration Transmission Service (NITS) and PJM-associated expenses, are not included in the development of the PEPs. Instead, such costs are included in the development of the PJM Services Price (PSP), as described in the PJM Services Price section of this rider.

Generally, the aforementioned PEPs are expected to be determined on an annual basis and used to determine Retail Purchased Electricity Charges for a period that extends from the beginning of a June monthly billing period through the end of the following May monthly billing period corresponding to a given PJM Planning Year. However, the PEPs must be recomputed each time the ICC approves the results of a procurement event. In addition, the PEPs may be recomputed at such time that FERC-approved or accepted changes in charges related to costs identified for inclusion in the PEPs become effective.

(Continued on Sheet No. 638)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 640)

RETAIL PURCHASED ELECTRICITY CHARGES (CONTINUED).

Notwithstanding the previous provisions of this Retail Purchased Electricity Charges section, the SRPEC_{gs} and the NRPEC_{gs} determined for the period beginning with the June 2008 monthly billing period and extending through the May 2009 monthly billing period are subject to adjustment in accordance with a rate mitigation mechanism as directed by the ICC in its Order in Docket No. 07-0528/07-0531 (consolidated) entered December YY, 2007. As noted in such Order, the rate mitigation mechanism must utilize "the percentage change (increase or decrease) in overall supply costs resulting from future procurements of power and energy [to] form the basis for the percentage change in all supply charges, without regard to the cost of serving the group or subgroup." For the purpose of making this adjustment, and only for such purpose, the customer supply groups are further segmented into subgroups. For the purposes of implementing the rate mitigation mechanism, the following customer supply groups and subgroups are identified:

- Residential Non-Electric Space Heating Customer Subgroup
- Residential Electric Space Heating Customer Subgroup
- Watt-Hour Non-Electric Space Heating Customer Subgroup
- Demand Non-Electric Space Heating Customer Subgroup
- Nonresidential Electric Space Heating Customer Subgroup
- Dusk to Dawn Lighting Customer Group
- General Lighting Customer Group

The Residential Electric Space Heating Customer Subgroup includes (a) any residential retail customer that was eligible to take service on January 1, 2007, under the then effective Rate 14 - Residential Service-Space Heating Customers (Rate 14), and any successor to such residential retail customer, and, (b) any nonresidential retail customer to which the Watt-Hour Customer Group or Demand Customer Group is applicable that was eligible to take service on January 1, 2007, under a then effective residential service rate, and any successor to such nonresidential retail customer to which the Watt-Hour Customer Group or Demand Customer Group is applicable. The Residential Non-Electric Space Heating Customer Subgroup includes any other residential retail customer to which the Residential Customer Group is applicable. The Nonresidential Electric Space Heating Customer Subgroup includes any nonresidential retail customer to which the Watt-Hour Customer Group or Demand Customer Group is applicable that was eligible to take service on January 1, 2007, under the then effective Rider 25 - Electric Space Heating (Rider 25), and any successor to such nonresidential retail customer. The Watt-Hour Non-Electric Space Heating Customer Subgroup includes any other nonresidential retail customer to which the Watt-Hour Customer Group is applicable that is not included in the Residential Electric Space Heating Customer Subgroup or the Nonresidential Electric Space Heating Customer Subgroup. The Demand Non-Electric Space Heating Customer Subgroup includes any nonresidential retail customer to which the Demand Customer Group is applicable that is not included in the Residential Electric Space Heating Customer Subgroup or the Nonresidential Electric Space Heating Customer Subgroup.

~~The rate mitigation mechanism provides for a limit to the change in overall electric charges for any such customer supply group or subgroup. Such limit is a five (5) percentage point increase above the average increase over the Average Historical Overall Electric Cost, as defined herein, for all retail customers included in all the aforementioned customer supply groups and subgroups.~~

(Continued on Sheet No. 642)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 641)

RETAIL PURCHASED ELECTRICITY CHARGES (CONTINUED).

Each time the ICC approves the results of a procurement event corresponding to the PJM Planning Year extending from June 1, 2008 through May 31, 2009, any adjustment required to implement the rate mitigation mechanism is computed in accordance with the following procedure:

- ~~1. For each of the aforementioned customer supply groups and subgroups, an Historical Overall Electric Cost, in ¢/kWh, is computed in accordance with appropriate tariffs applicable to bundled electric service that do not have provisions for hourly energy pricing for the period commencing with the previous June monthly billing period, using retail customer consumption data for the applicable expected load scenario;~~
21. For all the aforementioned customer supply groups and subgroups, in aggregate, a weighted Average Historical Overall Electric Supply Cost, in ¢/kWh, is computed in accordance with appropriate using currently effective supply charges less the uncollectible adjustments, or the SRPEC_gs and the NRPEC_gs, as applicable, as provided in tariffs applicable to bundled electric service that do not have provisions for hourly energy pricing for the period commencing with the previous June monthly billing period, using and retail customer consumption data for the applicable expected load scenario;
- ~~3. For each of the aforementioned customer supply groups and subgroups, a Forward Overall Electric Cost, in ¢/kWh, is computed in accordance with the currently effective appropriate tariffs applicable to bundled electric service that do not have provisions for hourly energy pricing, except that such computation uses the SRPEC_g and the NRPEC_g computed in accordance with the equations previously provided in this Retail Purchased Electricity Charges section reflecting the ICC-approved results of the most recent procurement event, and retail customer consumption data for the applicable expected load scenario;~~
42. For all the aforementioned customer supply groups and subgroups, in aggregate, a weighted Average Forward Overall Electric Supply Cost, in ¢/kWh, is computed in accordance with the currently effective appropriate tariffs applicable to bundled electric service that do not have provisions for hourly energy pricing, except that such computation uses the SRPEC_gs and the NRPEC_gs computed in accordance with the equations previously provided in this Retail Purchased Electricity Charges section reflecting the ICC-approved results of the most recent procurement event, and retail customer consumption data for the applicable expected load scenario;
53. The Overall Average Increase Change, in %, is computed by subtracting the Average Historical Overall Electric Supply Cost from the Average Forward Overall Electric Supply Cost and dividing such difference by the Average Historical Overall Electric Supply Cost;
- ~~6. For each of the customer supply groups and subgroups, the Group Increase, in %, is computed by subtracting such group's or subgroup's Historical Overall Electric Cost from its Forward Overall Electric Cost and dividing such difference by its Historical Overall Electric Cost;~~
4. For each customer supply group and subgroup, the SRPEC_g equals (a) the currently effective summer supply charge less the uncollectible adjustment or SRPEC_g, as applicable, multiplied by (b) one plus the Overall Average Change. Such SRPEC_g computed in accordance with this step (4) replaces the otherwise applicable SRPEC_g computed in accordance with the equation previously provided in this Retail Purchased Electricity Charges section reflecting the ICC-approved results of the most recent procurement event. Notwithstanding the previous provisions of this step (4), the SRPEC_g is not allowed to be less than \$0.00001/kWh;

(Continued on Sheet No. 643)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 641)

5. ~~For each customer supply group and subgroup, the $NRPEC_g$ equals (a) the currently effective nonsummer supply charge less the uncollectible adjustment or $NRPEC_g$, as applicable, multiplied by (b) one plus the Overall Average Change. Such $NRPEC_g$ computed in accordance with this step (5) replaces the otherwise applicable $NRPEC_g$ computed in accordance with the equation previously provided in this Retail Purchased Electricity Charges section reflecting the ICC-approved results of the most recent procurement event. Notwithstanding the previous provisions of this step (5), the $NRPEC_g$ is not allowed to be less than \$0.00001/kWh.~~

7a. ~~For a situation in which no Group Increase exceeds the Overall Average Increase by more than five (5) percentage points or no Group Increase is positive, then no adjustments are made to the $SPREC_g$ s and the $NRPEC_g$ s computed in accordance with the equations previously provided in this Retail Purchased Electricity Charge section reflecting the ICC-approved results of the most recent procurement event;~~

7b. ~~For a situation in which the Group Increase for a customer supply group or subgroup exceeds the Overall Average Increase by more than five (5) percentage points and such Group Increase is positive, the $SRPEC_g$ and $NRPEC_g$ for such customer supply group or subgroup are adjusted downward to the highest values at which such customer supply group's or subgroup's Group Increase is the greater of (a) a value that does not exceed the Overall Average Increase by more than five (5) percentage points, or (b) zero percent (0%). Increases originally assigned to such customer supply group or subgroup in excess of such limit are reassigned on a pro rata basis to the remaining customer supply groups and subgroups for which the overall electric charges do not exceed such limit in order to ensure that the rate mitigation mechanism does not have an impact upon the revenue collected by the Company. The procedure is repeated, as necessary, until each customer supply group's or subgroup's Group Increase equals 0% or does not exceed the Overall Average Increase by more than five (5) percentage points, as applicable. Any $SRPEC_g$ s and $NRPEC_g$ s computed in accordance with this step (7b) replace the otherwise applicable $SRPEC_g$ s and the $NRPEC_g$ s computed in accordance with the equations previously provided in this Retail Purchased Electricity Charges section reflecting the ICC-approved results of the most recent procurement event. Notwithstanding the previous provisions of this step (7b), neither the $SRPEC_g$ nor the $NRPEC_g$ for any group or subgroup is allowed to be less than \$0.00001/kWh.~~

~~In making the aforementioned computations to implement the rate mitigation mechanism that include the application of appropriate tariffs, such computations exclude the application of Rider TAX- Municipal and State Tax Additions (Rider TAX).~~

(Continued on Sheet No. 643)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 642)

RETAIL PURCHASED ELECTRICITY CHARGES (CONTINUED).

In accordance with the ICC's Order in Docket No. 07-0166, the retail supply charge applicable during the December 2007 through the May 2008 monthly billing periods for retail customers to which the Residential Electric Space Heating Customer Subgroup is applicable reflects a reduction from \$0.04763/kWh to \$0.04419/kWh. As stated in such Order, "The Commission also finds that the costs that would have otherwise been reflected in the charges currently in effect for the December 2007 through May 2008 billing period may be reflected in the supply charges to be established for these customers for the June 2008 through September 2008 monthly periods." Therefore, the SRPEC determined in accordance with the previous provisions of this Retail Purchased Electricity Charges section for the Residential Electric Space Heating Customer Subgroup for the June 2008 through the September 2008 monthly billing periods is further adjusted to appropriately allow the Company to recover its costs as allowed by the ICC.

In the event that the Company does not obtain authorization from the ICC to utilize a different rate mitigation mechanism or no rate mitigation mechanism to determine SRPEC_gs and NRPEC_gs applicable during periods following the May 2009 monthly billing period, then such SRPEC_gs and NRPEC_gs must be determined in accordance with the rate mitigation mechanism procedure previously described in this Retail Purchased Electricity Charges section.

(Continued on Sheet No. 644)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 647)

PURCHASED ELECTRICITY ADJUSTMENT FACTOR (CONTINUED).

With a postmark dated no later than the twentieth day of the month prior to the start of each effective period, the Company must file with the ICC for informational purposes the PEA Factor, determined in accordance with this Purchased Electricity Adjustment Factor section, applicable during such effective period. Any submission of a PEA Factor postmarked after the twentieth day of a month but prior to the start of the applicable effective period is acceptable only if such submission corrects an error or errors from a timely submitted PEA Factor for such effective period. Any other such submission postmarked after such twentieth day is acceptable only if such submission is made in accordance with the special permission request provisions of Section 9-201(a) of the Act.

MISCELLANEOUS GENERAL PROVISIONS.

The Company is not required to obtain any consent or other approval, whether prospective, contemporaneous, or retrospective, from the ICC or any other entity in order to issue bills containing any Retail Purchased Electricity Charge, Retail PJM Services Charge, or PEA Factor determined in accordance with the provisions of this rider or in order to collect any such Retail Purchased Electricity Charge, Retail PJM Services Charge, or PEA Factor provided, however, that any such PEA Factor is subject to adjustment in accordance with Section 16-111.5(l) of the Act.

Each time the Company files any Retail Purchased Electricity Charge, Retail PJM Services Charge, or PEA Factor with the ICC for informational purposes, such filing must include work papers supporting the determination of such Retail Purchased Electricity Charge, Retail PJM Services Charge, or PEA Factor, as applicable.

At the earliest reasonable date after the ICC approves a procurement plan, with such date occurring prior to the procurement event associated with such procurement plan, credit activities intended to meet collateral requirements or other forms of security requirements incurred by the Company, if any, solely as a result of its procurement activities pursuant to the procurement plan approved by the ICC must be reviewed by Company representatives with personnel from the Finance Department of the ICC Staff.

At the earliest reasonable date after the ICC approves a procurement plan, with such date occurring prior to the procurement event associated with such procurement plan, internal administrative and operational costs expected to be incurred by the Company solely as a result of its electric power and energy supply procurement activities pursuant to the procurement plan approved by the ICC must be reviewed by Company representatives with personnel from the Accounting Department of the ICC Staff.

(Continued on Sheet No. 648.1)

RIDER PE - PURCHASED ELECTRICITY

(Continued from Sheet No. 648)

MISCELLANEOUS GENERAL PROVISIONS (CONTINUED).

Each year beginning in 2009, the Company must conduct an internal audit of its costs for the previous PJM Planning Year and recoveries of such costs pursuant to this rider. Such audit must examine (a) costs recovered pursuant to this rider to verify that such costs are recovered only pursuant to this rider and to confirm that any such costs are not also being recovered inappropriately through charges imposed under other tariffs, (b) charges and adjustments determined pursuant to this rider that are included in retail customers' bills for electric service provided under Rate BES to verify that such charges and adjustments are properly applied, (c) revenues resulting from the application of this rider to verify that such revenues are correctly stated, (d) the Company's costs of implementing or complying with the procurement plan approved by the ICC, including any fees assessed by the IPA, costs associated with load balancing, and contingency plan costs, and (e) the Company's internal administrative and operational costs associated with the procurement of electric power and energy pursuant to Section 16-111.5 of the Act to verify that such internal administrative and operational costs are reasonable. The Company must also prepare a report each year that summarizes the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division within sixty (60) calendar days after the end of the effective period associated with the May determination period of such PJM Planning Year. Such report must be verified by an officer of the Company.

Each year beginning in 2009, no earlier than ninety (90) calendar days after the end of the effective period associated with the May determination period of such year, a proceeding must commence in accordance with Section 16-111.5(l) of the Act to "provide for the correction, on at least an annual basis, of any accounting errors that may occur" in the application of the provisions of this rider. Such proceeding may also provide for the determination of the reasonableness of the Company's internal administrative and operational costs associated with the procurement of electric power and energy pursuant to Section 16-111.5 of the Act and other costs of implementing or complying with the procurement plan approved by the ICC to the extent that they are properly reviewable in such proceeding pursuant to Section 16-111.5(l) of the Act. Any correction of any such error or any such internal administrative or operational cost or other cost found to be reviewable pursuant to such Section 16-111.5(l) that is found to be unreasonable by the ICC is determined and applied in accordance with lawful orders issued by the ICC in such proceeding.

In accordance with Section 16-111.5(l) of the Act, the provisions of this rider are not subject to review under, or in any way limited by, Section 16-111(i) of the Act.

The Company must maintain confidentiality of all bidder and supplier information associated with any procurement plan to which it has access in a manner consistent with all applicable laws, rules, regulations, and tariffs.

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.

RIDER PPO – POWER PURCHASE OPTION

(Continued from Sheet No. 667)

MISCELLANEOUS GENERAL PROVISIONS.

For a retail customer that elects the option of having less than all its electric power and energy requirements supplied hereunder with such specification on a meter-by-meter basis, the electric power and energy for the retail customer's load connected to the meters for which service hereunder is provided, must be supplied exclusively by the Company. The retail customer's load connected to the meters for which service is provided hereunder must be installed, operated, and maintained in such a manner so as to preclude the possibility of such meters registering electric power and energy that are supplied by the Company under the terms of a tariff for bundled electric service or by a RES.

A retail customer taking service hereunder may not act as a Customer Self-Manager as defined in the Types of Customers section of the Service Options part of Rate RDS.

Each year at least thirty (30) calendar days prior to the start of the June monthly billing period, internal administrative and operational costs expected to be incurred by the Company as a result of its electric power and energy supply procurement activities for retail customers for which the Company is to provide service hereunder during the PJM Planning Period beginning on the June 1 corresponding to such June monthly billing period, must be reviewed by Company representatives with personnel from the Accounting Department of the ICC Staff.

Each year beginning in 2009, the Company must conduct an internal audit of its costs for the previous PJM Planning Year and recoveries of such costs pursuant to this rider as part of the internal audit conducted in accordance with the provisions of Rate BES-H. Such audit must examine (a) costs recovered pursuant to this rider to verify that such costs are recovered only pursuant to this rider and to confirm that any such costs are not also being recovered inappropriately through charges imposed under other tariffs, (b) charges and adjustments determined pursuant to this rider that are included in retail customers' bills for electric service provided hereunder to verify that such charges and adjustments are properly applied, (c) revenues resulting from the application of this rider to verify that such revenues are correctly stated, and (d) the Company's internal administrative and operational costs associated with the procurement of electric power and energy for retail customers served hereunder to verify that such costs are reasonable. As provided in Rate BES-H, the Company must also prepare a report each year that summarizes the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division within sixty (60) calendar days after the end of the effective period associated with the May determination period of such PJM Planning Year. Such report must be verified by an officer of the Company.

Each year beginning in 2009, the proceeding that must commence no earlier than ninety (90) calendar days after the end of the effective period associated with the May determination period of such year to provide for the correction of any accounting errors that may have occurred in the application of the provisions of Rate BES-H, must also provide for the correction of any accounting errors that may have occurred in the application of the provisions of this rider. Such proceeding may also provide for the determination of the reasonableness of the Company's internal administrative and operational costs associated with the procurement of electric power and energy for retail customers served hereunder. Any correction of any such error or any such internal administrative or operational cost that is found to be unreasonable by the ICC is determined and applied in accordance with lawful orders issued by the ICC in such proceeding.

The Company's Schedule of Rates of which this rider is a part includes General Terms and Conditions and other rates and riders. Service hereunder is subject to those General Terms and Conditions and applicable rates and riders.