

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

Applicable to All Rates Except Rate RESS and Rate MSPS

* **OVERVIEW.**

Pursuant to the provisions of Section 8-103 of the Public Utilities Act (Act) authorizing the assessment of charges for approved energy efficiency and demand response measures on retail customers' monthly bills for electric service, an Energy Efficiency and Demand Response Adjustment (EDA) is computed by the Company each year to recover all Incremental Costs incurred by the Company in association with Energy Efficiency and Demand Response Measures in accordance with the Illinois Commerce Commission (ICC) Order in Docket No. 07-0540 entered February 6, 2008.

Moreover, pursuant to the provisions of Section 16-111.7 of the Act, any EDA applicable to residential retail customers is computed by the Company to also provide for the recovery of all costs prudently incurred by the Company in association with any on-bill financing program described in such Section 16-111.7.

Each EDA is applied to each kilowatt-hour (kWh) delivered to retail customers, as applicable, for electric service in accordance with the provisions of this rider.

DEFINITIONS.

The following definitions are for use in this rider.

Energy Efficiency and Demand Response Measures

Energy Efficiency and Demand Response Measures (Measures) mean activities and programs that are developed, implemented, or administered by or for the Company, or the Department of Commerce and Economic Opportunity (DCEO), that are related to energy efficiency and demand response plans approved by the ICC.

(Continued on Sheet No. 246)

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

(Continued from Sheet No. 245)

DEFINITIONS.

* **Incremental Costs**

Incremental Costs mean costs incurred after August 28, 2007 by the Company or recovered on behalf of DCEO in association with the Measures and include, but are not limited to (a) fees, charges, billings, or assessments related to the Measures; (b) costs or expenses associated with equipment, devices, or services that are purchased, provided, installed, operated, maintained, or monitored for the Measures; (c) the revenue requirement equivalent of the return of and on a capital investment associated with a Measure, based on the most recent rate of return approved by the ICC; and (d) all legal and consultative costs associated with the Measures.

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees, who are hired for positions that are specifically related to the Measures and that were created after August 28, 2007. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions that are related to the Measures, employed either before or after August 28, 2007, that are otherwise recovered under other effective tariffs.

Incremental Costs also include costs incurred after July 10, 2009, by the Company in association with on-bill financing programs that are approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act and include, but are not limited to (a) all start-up and administrative costs associated with any such program; (b) evaluation costs associated with any such program; (c) the revenue requirement equivalent of the return of and on a capital investment associated with any such program, based on the most recent rate of return approved by the ICC; and (d) all legal and consultative costs associated with any such program. Such costs may not include bad debt expense related to costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.

Incremental Costs also include incremental expenses for wages, salaries, and benefits of Company employees, including direct and indirect incremental costs associated with such Company employees, who are hired for positions that are specifically related to any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act, and that were created after July 10, 2009. Incremental Costs may not include any expenses for wages, salaries, and benefits of Company employees in positions that are related to any on-bill financing program approved by the ICC pursuant to Section 16.111.7 of the Act, employed either before or after July 10, 2009, that are otherwise recovered under other effective tariffs.

Incremental Costs, such as legal and consultative fees associated with the development of ICC approved energy efficiency and demand response plans, may be amortized over the three (3) year period of such plans. Incremental Costs, such as legal and consultative fees associated with the development of ICC approved on-bill financing programs, may be amortized over a three (3) year period.

(Continued on Sheet No. 247)

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

(Continued from Sheet No. 246)

EDA COMPUTATION AND APPLICATION.

Three (3) separate EDAs, EDA-R, EDA-NS, and EDA-NL are determined. Such EDA-R, EDA-NS, and EDA-NL are applied, in accordance with the provisions of this rider, to each kWh delivered to a) residential retail customers; b) lighting retail customers or nonresidential retail customers to which the Watt-Hour Delivery Class, Small Load Delivery Class, Medium Load Delivery Class, or Large Load Delivery Class is applicable; and c) nonresidential retail customers to which the Very Large Load Delivery Class, Extra Large Load Delivery Class, High Voltage Delivery Class, or Railroad Delivery Class is applicable, respectively. The total amount billed in accordance with the provisions of this rider is separately stated on each retail customer's monthly bill. Each EDA is computed in accordance with the following equation:

$$\text{EDA} = \frac{\text{PC} - \text{RIC} + \text{ARF} + \text{ORF}}{\text{PE}} \times \text{UF} \times \frac{100 \text{ ¢}}{\$ 1}$$

Where:

- EDA = Energy Efficiency and Demand Response Adjustment, in ¢/kWh rounded to the thousandths of a cent, is applied to each kWh delivered to each applicable retail customer during the twelve (12) monthly billing periods, beginning with the June monthly billing period following the date that such EDA is filed with the ICC for informational purposes, to recover Incremental Costs, or in the case of a revised EDA, beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.
- * PC = Projected Costs, in \$, are equal to the projected Incremental Costs associated with the applicable retail customers during the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May. In computing the EDA-R, Projected Costs also include projected Incremental Costs associated with any on-bill financing program approved by the ICC and provided in accordance with the provisions of Section 16.111.7 of the Act during the applicable twelve (12) month period beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May.

(Continued on Sheet No. 248)

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

(Continued from Sheet No. 247)

EDA COMPUTATION AND APPLICATION (CONTINUED).

- * RIC = Reimbursements of Incremental Costs, in \$, are equal to funds from any source other than the application of EDAs that the Company expects to receive that are associated with the applicable retail customers during the applicable twelve (12) month period of an ICC approved energy efficiency and demand response plan, beginning in June following the date that the EDA is filed with the ICC, or in the case of a revised EDA, beginning with the month following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May, if any, directly related to the implementation of Measures and not otherwise credited through this rider. In addition to not including funds that the Company expects to receive from the application of EDAs, in computing the EDA-R, Reimbursements of Incremental Costs do not include funds that the Company expects to receive through the application of Rider UF – Uncollectible Factors (Rider UF) to recover costs incurred by the Company as described in Section 16-111.7(c)(6) of the Act.
- ARF = Automatic Reconciliation Factor, in \$, is equal to the cumulative over collection or under collection from applicable retail customers, pursuant to plans approved by the ICC, resulting from the application of then applicable EDAs through the end of the following May monthly billing period. To the extent such ARF is not known through the end of the May monthly billing period due to the fact that the EDA is computed and filed with the ICC during the May monthly billing period, the ARF is the cumulative over collection or under collection the Company expects through the end of the May monthly billing period. In the case of a revised EDA, the ARF is equal to the cumulative over collection or under collection resulting from the application of then applicable EDAs beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.
- ORF = Ordered Reconciliation Factor, in \$, is equal to an amount ordered by the ICC to be refunded to or collected from applicable retail customers.
- * UF = Uncollectible Factor to adjust for applicable uncollectible costs incurred by the Company and equal to the uncollectible factor listed in Rider UF for retail customers taking service under Rate BESH - Basic Electric Service Hourly Pricing (Rate BESH). Notwithstanding the previous provisions of this definition, for EDAs applicable after the March 2010 monthly billing period, UF equals one (1.0).

* (Continued on Sheet No. 248.1)

Commonwealth
Edison Company

ELECTRICITY

Original Sheet No. 248.1

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

(Continued from Sheet No. 248)

EDA COMPUTATION AND APPLICATION (CONTINUED).

PE = Projected Energy, in kWh, is equal to a projection of the electric power and energy expected to be delivered to applicable retail customers during such twelve (12) monthly billing periods, beginning with the June monthly billing period, or in the case of a revised EDA, beginning with the monthly billing period following the date that such revised EDA is filed with the ICC for informational purposes and extending through the following May monthly billing period.

- * Each year, on or before May 20, the Company must file with the ICC, for informational purposes, each EDA, computed in accordance with the equation in this EDA Computation and Application section, that is to be applied to each kWh delivered to applicable retail customers during the twelve (12) monthly billing periods beginning with the June monthly billing period following such filing. Such filing must be accompanied by work papers documenting the Company's calculation of the amounts contemplated by Section 8-103(d)(1)-(5) and Section 16-111.7 of the Act.

Notwithstanding the provisions of the previous paragraph, the Company may revise an EDA if the Company determines a revised EDA results in a better match between EDA revenues and applicable Incremental Costs. The Company must file with the ICC, for informational purposes, such revised EDA no later than the fifteenth day of the month immediately preceding the monthly billing period during which such revised EDA becomes effective. The revised EDA is determined in accordance with the equation in this EDA Computation and Application section.

ANNUAL REPORTING.

Each year, on or before August 31, the Company must submit to the ICC an annual report that summarizes the operation of this rider and reconciles the revenues accrued through the application of the applicable EDA with the Incremental Costs incurred in accordance with the provisions of this rider for the previous twelve (12) monthly billing periods ending with the May monthly billing period prior to such filing. Notwithstanding the previous provisions of this Annual Reporting section, the first such annual report summarizes the operation of this rider and the previously effective ILL. C. C. No. 4 Rider EDA - Energy Efficiency and Demand Response Adjustment and is for the period beginning with the June 2008 monthly billing period, and extending through the May 2009 monthly billing period.

- * Such annual report must include (a) a document specifying the ARF; (b) testimony regarding the reasonableness and prudence of the Company's Incremental Costs included in the reconciliation as provided for in Section 8-103(f) and Section 16-111.7(f) of the Act; and (c) the results of an internal audit verified by an officer of the Company. Such internal audit must (i) examine whether the Incremental Costs recovered through the EDA are associated with the Measures or applicable on-bill financing programs, as appropriate, and are not recovered through other approved tariffs; (ii) test retail customer bills to determine whether the applicable EDA is being properly applied to such bills; (iii) test that the revenues stemming from the applicable EDA are correctly stated; and (iv) test that funds from any source other than the application of the EDAs are identified and reflected in the computation of the EDA and ARF.

(Continued on Sheet No. 248.2)

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Asterisk (*) indicates change.

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Issued by A. R. Pramaggiore, President
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Commonwealth
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ELECTRICITY

Original Sheet No. 248.2

**RIDER EDA
ENERGY EFFICIENCY AND DEMAND RESPONSE ADJUSTMENT**

(Continued from Sheet No. 248.1)

ANNUAL REPORTING (CONTINUED).

- * EDAs computed in accordance with the provisions of this rider are subject to adjustment in accordance with lawful orders issued by the ICC. Following the Company's annual report filing, the ICC initiates a hearing to review such annual report pursuant to Section 8-103(e) of the Act. All amounts previously credited or collected under this rider and the previously effective ILL. C. C. No. 4 Rider EDA - Energy Efficiency and Demand Response Adjustment are subject to further adjustment through the ORF, as directed by the ICC following such review.

MISCELLANEOUS GENERAL PROVISIONS.

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.

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