

**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

**Applicable to Rates BES-R, BES-NRB, BES-NRA, BES-H, BES-L, and BES-RR, and Rider PPO-MVM**

**ORGANIZATION OF RIDER CPP**

Rider CPP - Competitive Procurement Process (Rider CPP) is organized into parts which are further organized into sections, as applicable. Some sections are further organized into subsections. In the following listing of this rider's parts and sections, parts are designated by number while sections are designated by letter.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

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**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 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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**DEFINITIONS**

**GENERAL DEFINITIONS.**

The following definitions are provided in addition to those contained in the Definitions part of the General Terms and Conditions of the Company's Schedule of Rates.

**Auction Commencement Date**

Auction Commencement Date means the date on which bidding begins in the Illinois Auction, as defined in this General Definitions section.

**Auction Completion Date**

Auction Completion Date means the date on which bidding ends in the Illinois Auction.

**Auction Product**

Auction product means electric power and energy and applicable transmission and ancillary transmission services for a specified period of time required by an electric utility to serve the electric power and energy requirements of its retail customers and procured through a process that employs the Illinois Auction. The auction products procured by the Company are for full requirements electric supply, as defined in this General Definitions section.

**ComEd Zone**

ComEd Zone means the PJM Interconnection L.L.C. (PJM) defined load zone for the Company.

**CPP**

CPP means Competitive Procurement Process.

**CPP Group**

CPP Group means the auction products, collectively, procured by the Company in the Fixed Price Section, as defined in this General Definitions part, or the auction product procured by the Company in the Hourly Price Section, as defined in this General Definitions part, of the Illinois Auction.

**CPT**

CPT means Central Prevailing Time, which is Central Standard Time or Central Daylight Savings Time, as applicable.

**Customer Supply Group**

Customer supply group means the designation used to determine the customer load attributable to each auction segment described in this rider and compute charges for full requirements electric supply applicable to retail customers.

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**DEFINITIONS (CONTINUED)**

**GENERAL DEFINITIONS (CONTINUED).**

**Determination Period**

Determination period means the calendar month for which an Accuracy Assurance Factor (AAF) is determined for retail customers for which the Company procures full requirements electric supply as described in the CPP Blended Segment subsection or the CPP Annual Segment subsection of the General Process section of the Competitive Procurement Process part of this rider. Determination period means the calendar year for which twelve (12) AAFs are determined for retail customers for which the Company procures full requirements electric supply as described in the CPP Hourly Segment subsection of such General Process section.

**Effective Period**

Effective period means the monthly billing period during which an AAF is applied to kilowatt-hours (kWhs) provided to retail customers. With respect to retail customers for which the Company procures full requirements electric supply as described in the CPP Blended Segment subsection or the CPP Annual Segment subsection of the General Process section of the Competitive Procurement Process part of this rider, the effective period is the monthly billing period occurring two (2) months after the determination period, and the March 2007 monthly billing period is the first such effective period. With respect to retail customers for which the Company procures full requirements electric supply as described in the CPP Hourly Segment subsection of such General Process section, there are twelve (12) effective periods for each determination period, and the February 2008 monthly billing period is the first such effective period.

**End of Business**

End of business means 5:00 P.M. CPT.

**FERC**

FERC means Federal Energy Regulatory Commission or any successor federal agency, commission, or department.

**Fixed Price Section**

Fixed Price Section means the part of the Illinois Auction through which auction products are procured for which charges to retail customers are fixed for specified periods of time.

**Full Requirements Electric Supply**

Full requirements electric supply means all the component services the Company 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 Federal Energy Regulatory Commission (FERC), and other applicable law. Such components include, without limitation, all required electric energy, including energy required to satisfy losses, electric generation capacity, and volumetric risk management. Providing or supplying full requirements electric supply to the Company also includes the responsibility to arrange for, acquire, and pay for those transmission services and ancillary transmission services specified in the applicable Supplier Forward Contract (SFC), in each case in accordance with the SFC and the applicable tariffs on file with the FERC.

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**DEFINITIONS (CONTINUED)**

**GENERAL DEFINITIONS (CONTINUED).**

**Hourly Price Section**

Hourly Price Section means the part of the Illinois Auction through which auction products are procured for which charges to retail customers include a component that varies on an hourly basis.

**Illinois Auction**

Illinois Auction means a competitive process, conducted in accordance with the Illinois Commerce Commission's (ICC's) Order entered in Docket No. 05-0159 and this rider, through which the Company procures full requirements electric supply it requires to provide for the electric power and energy requirements of its retail customers. The Illinois Auction may include such other electric utilities that provide for the electric power and energy requirements of any such other electric utility's retail customers, in accordance with applicable orders issued by the ICC.

**kW**

kW means kilowatt. kW is a unit measurement of the demand for electricity or rate at which electricity is used.

**kWh**

kWh means kilowatt-hour. kWh is a unit measurement of the amount of electricity used.

**MW**

MW means megawatt and equals 1,000 kW. MW is a unit measurement of the demand for electricity or rate at which electricity is used.

**MWh**

MWh means megawatt-hour and equals 1,000 kWh. MWh is a unit measurement of the amount of electricity used.

**NERC**

NERC means North American Electric Reliability Council.

**Nonsummer Period**

Nonsummer Period means the January, February, March, April, May, October, November, and December monthly billing periods.

**PJM**

PJM means PJM Interconnection L.L.C.

**PJM Planning Year**

PJM Planning Year means the period of time extending from 11:00 P.M. CPT on May 31 of one year to 11:00 P.M. CPT on May 31 of the following year.

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**DEFINITIONS (CONTINUED)**

**GENERAL DEFINITIONS (CONTINUED).**

**Retail Aggregate Load**

Retail Aggregate Load means the electric power and energy delivered by the Company to its retail customers, including losses on the distribution and transmission systems located in the Company's service territory.

**Retail Aggregate Load – Annual**

Retail Aggregate Load – Annual means the portion of the Retail Aggregate Load attributable to retail customers in the Large Load Customer Group and the Very Large Load Customer Group as described in the Customer Supply Group Definitions section of this Definitions part.

**Retail Aggregate Load – Blended**

Retail Aggregate Load – Blended means the portion of the Retail Aggregate Load attributable to retail customers in the following six (6) customer supply groups as described in the Customer Supply Group Definitions section of this Definitions part:

- Residential Customer Group
- Watt-Hour Customer Group
- Small Load Customer Group
- Medium Load Customer Group
- Dusk to Dawn Lighting Customer Group
- General Lighting Customer Group

**Retail Aggregate Load – Hourly**

Retail Aggregate Load – Hourly means the portion of the Retail Aggregate Load attributable to retail customers in the Self-Generating Customer Group and the Competitively Declared Customer Group as described in the Customer Supply Group Definitions section of this Definitions part.

**Retail Off-Peak Period**

Retail Off-Peak Period means all hours other than those included in the Retail Peak Period.

**Retail Peak Period**

Retail Peak Period means the hours from 9 A.M. until 10 P.M. CPT, Monday through Friday except on days designated as holidays by the NERC.

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**DEFINITIONS (CONTINUED)**

**GENERAL DEFINITIONS (CONTINUED).**

**RTO**

RTO means any applicable regional transmission organization approved by the FERC at such time that prospective bidders apply for participation in the Illinois Auction, as described in this rider, and operating at such time that retail customers' electric power and energy requirements are provided for through auction products procured in the Illinois Auction.

**SFC**

SFC means Supplier Forward Contract which is a standard contract form pursuant to which the Company enters into binding wholesale contracts for the procurement of full requirements electric supply from suppliers as described in this rider.

**Staff**

Staff means the Staff of the ICC.

**Summer Period**

Summer Period means the June, July, August, and September monthly billing periods.

**Tranche**

Tranche means a percentage share of the Company's retail load in each hour in each of the CPP Blended Segment, the CPP Annual Segment, or the CPP Hourly Segment. The approximate size of a tranche is fifty (50) MW of peak coincident retail load.

**Wholesale Off-Peak Period**

Wholesale Off-Peak Period means all hours other than those included in the Wholesale Peak Period.

**Wholesale Peak Period**

Wholesale Peak Period means the hours from 6 A.M. until 10 P.M. Central Prevailing Time (CPT), Monday through Friday except on days designated as holidays by the North American Electric Reliability Council (NERC).

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**DEFINITIONS (CONTINUED)**

**CUSTOMER SUPPLY GROUP DEFINITIONS.**

Customer supply groups are designations for retail customers located in the Company's service territory so that retail customers can be categorized for the purposes of assigning customer load to the applicable auction segments and for the purposes of computing charges for full requirements electric supply applicable to retail customers. The following ten (10) customer supply groups are defined for such purposes:

**Residential Customer Group** means the customer group applicable to any retail customer using electric service for residential purposes. The load of this group is reflected in the CPP Blended Segment.

**Watt-Hour Customer Group** means the customer group applicable to any nonresidential retail customer for which only watt-hour metering is provided. Generally, a retail customer in this group uses less than 2,000 kWh in a monthly billing period. The load of this group is reflected in the CPP Blended Segment.

**Small Load Customer Group** means the customer group applicable to any nonresidential retail customer for which (a) the Self-Generating Customer Group is not applicable, (b) demand metering is provided, and (c) the highest 30-minute demand did not exceed 100 kW in the most recent twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date, as described in the CPP Timeline section of the Competitive Procurement Process part of this rider. The load of this group is reflected in the CPP Blended Segment.

**Medium Load Customer Group** means the customer group applicable to any nonresidential retail customer for which (a) the Self-Generating Customer Group is not applicable, (b) demand metering is provided, and (c) the highest 30-minute demand was more than 100 kW but did not exceed 400 kW in the most recent twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date, as described in the CPP Timeline section of the Competitive Procurement Process part of this rider. The load of this group is reflected in the CPP Blended Segment.

**Large Load Customer Group** means the customer group applicable to any nonresidential retail customer for which (a) the Self-Generating Customer Group is not applicable, (b) demand metering is provided, and (c) the highest 30-minute demand was more than 400 kW but did not exceed 1,000 kW in the most recent twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date, as described in the CPP Timeline section of the Competitive Procurement Process part of this rider. The load of this group is reflected in the CPP Annual Segment.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

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**DEFINITIONS (CONTINUED)**

**CUSTOMER SUPPLY GROUP DEFINITIONS (CONTINUED).**

**Very Large Load Customer Group** means the customer group applicable to any nonresidential retail customer for which (a) the Self-Generating Customer Group is not applicable, (b) the Competitively Declared Customer Group is not applicable, (c) demand metering is provided, and (d) the highest 30-minute demand was more than 1,000 kW in the most recent twelve (12) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date, as described in the CPP Timeline section of the Competitive Procurement Process part of this rider. The load of this group is reflected in the CPP Annual Segment.

**Self-Generating Customer Group** means the customer group applicable to any nonresidential retail customer that (a) owns, operates, and/or is entitled to the output from electric generating facilities located at such retail customer's premises, and (b) such generating facilities (1) have a generation capacity of 100 kW or more, and (2) are used for any purpose other than emergency purposes during such times when electric service from the Company is interrupted. The load of this group is reflected in the CPP Hourly Segment.

**Competitively Declared Customer Group** means the customer group applicable to any retail customer for which electric service has been declared competitive and for which any phase-out period of such competitively declared service has expired. The load of this group is reflected in the CPP Hourly Segment.

**Dusk to Dawn Lighting Customer Group** means the customer group applicable to any retail customer using electric service for street or private outdoor lighting that operates on a dusk to dawn basis. The load of this group is reflected in the CPP Blended Segment.

**General Lighting Customer Group** means the customer group applicable to any retail customer using electric service for street lighting or traffic signals other than lighting that operates on a dusk to dawn basis. The load of this group is reflected in the CPP Blended Segment.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

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**COMPETITIVE PROCUREMENT PROCESS**

**OVERVIEW.**

Beginning January 1, 2007, for retail customers for which the Company procures full requirements electric supply, the Company procures such supply in accordance with a competitive process, the Competitive Procurement Process (CPP). The CPP generally employs an auction through which equitable, market-based pricing for full requirements electric supply is determined in a transparent manner. In certain circumstances, the Company procures electric power and energy to meet the electric power and energy requirements of retail customers directly from PJM-administered markets.

**GENERAL PROCESS.**

The CPP utilizes the Illinois Auction, a simultaneous, multiple-round, descending clock auction. In a multiple-round descending clock auction, an initial supply price is proposed for each auction product. If excess supply is offered at such initial price for an auction product, a subsequent price at a specified decrementally reduced level is proposed for this auction product in the next round. As long as excess supply is offered for any auction product, another round is conducted. This iterative process continues until the price can no longer be decrementally reduced for any auction product and no bidder can change its bid.

The Illinois Auction consists of two (2) multiple-round, descending clock auction sections that are conducted at the same time. These auction sections are the Fixed Price Section and the Hourly Price Section. The CPP Blended Segment and the CPP Annual Segment are included in the CPP Group in the Fixed Price Section. The CPP Hourly Segment is included in the CPP Group in the Hourly Price Section.

Within the Illinois Auction Fixed Price Section, registered bidders vie for the opportunity and obligation to provide full requirements electric supply to the Company in amounts sufficient to serve percentage shares of the Company's supply obligation related to the Retail Aggregate Load – Blended and Retail Aggregate Load – Annual for specified, varying durations. The prices for the auction products in the CPP Group within the Illinois Auction Fixed Price Section represent unit, around-the-clock MWh prices. Registered bidders in the Fixed Price Section are allowed to bid on any one or combination of auction products included in such Fixed Price Section in accordance with the ICC's Order entered in Docket No. 05-0159 and subject to certifications made by such registered bidder.

Within the Illinois Auction Hourly Price Section, registered bidders vie for the opportunity and obligation to provide full requirements electric supply to the Company in amounts sufficient to serve percentage shares of the Company's supply obligation related to the Retail Aggregate Load – Hourly for a specified duration. The prices for the auction product in the CPP Group within the Illinois Auction Hourly Price Section represent unit MW-Day prices, with the understanding that, in addition to such unit MW-Day prices, prices for the energy component of such auction product are based on the PJM real-time, locational marginal prices for the ComEd Zone. Registered bidders in the Hourly Price Section are allowed to bid on any one or combination of auction products included in such Hourly Price Section in accordance with the ICC's Order entered in Docket No. 05-0159 and subject to certifications made by such registered bidder.

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**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**GENERAL PROCESS (CONTINUED).**

The aforementioned percentage shares are defined in this rider as tranches. For the CPP Blended Segment and the CPP Annual Segment in any Illinois Auction Fixed Price Section or for the CPP Hourly Segment in any Illinois Auction Hourly Price Section, a single bidder cannot bid for or win the opportunity and obligation to provide full requirements electric supply for more than thirty-five percent (35%) of the tranches included in such Illinois Auction section, without regard to any volume reduction effected in accordance with the ICC's Order entered in Docket No. 05-0159, for such combined CPP Blended Segment and CPP Annual Segment or such CPP Hourly Segment.

Numerous entities participate in the CPP. The Company procures full requirements electric supply for retail customers from suppliers in accordance with the terms of SFCs to which the Company and the suppliers are bound. Before an entity can become a supplier, it must comply with certain qualification requirements through which it obtains the opportunity to bid for and win, and the opportunity and obligation to provide full requirements electric supply to the Company in the aforementioned multiple-round, descending clock auction. The auction is planned, coordinated, and conducted by an independent auction manager under contract with the Company and approved for such assignment by the ICC. In accordance with the ICC's Order entered in Docket No. 05-0159, the Staff of the ICC monitors the auction and provides consultation to the auction manager during the auction process. The Company determines retail charges for full requirements electric supply based upon auction results using formulae provided in the Translation to Retail Charges part of this rider and provides such charges to the ICC in the form of an informational filing. In addition, the Company determines AAFs each month using the formulae provided in the Accuracy Assurance Mechanisms part of this rider and provides such factors to the ICC in the form of an informational filing each month.

The CPP includes events and activities that occur over the course of several months prior to the commencement of the Illinois Auction, during the administration of the Illinois Auction, and after the completion of the Illinois Auction. Such events and activities follow a recognized timeline and conform to documented procedures and rules established in accordance with the ICC's Order entered in Docket No. 05-0159 and this rider.

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(Continued from Sheet No. 254)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**GENERAL PROCESS (CONTINUED).**

**CPP Blended Segment**

The Illinois Auction Fixed Price Section includes a segment that addresses the procurement by the Company of full requirements electric supply for the Company's supply obligation related to the Retail Aggregate Load - Blended portion of the Retail Aggregate Load. This segment, the CPP Blended Segment, includes auction products with specific durations, as illustrated by the chart included in this CPP Blended Segment subsection. The auction products for the CPP Blended Segment are the CPP-B products in the CPP Group in the Illinois Auction Fixed Price Section.

Through a phase-in process, the Company will ultimately procure such full requirements electric supply through a total of three (3) staggered auction products, each with a duration of three (3) years and each reflecting approximately one third of the Retail Aggregate Load - Blended. The duration of each such product extends from 11:00 P.M. CPT on May 31 of the year in which the Illinois Auction is conducted for such product to 11:00 P.M. CPT on May 31 of the year corresponding to the end of its three (3) year duration. Notwithstanding the previous provisions of this CPP Blended Segment subsection, for the initial Illinois Auction, each auction product has a duration that begins January 1, 2007, and extends to 11:00 P.M. CPT on the May 31 corresponding to the end of its forty-one (41) month, twenty-nine (29) month, or seventeen (17) month duration, as applicable. A single final auction price expressed in dollars and cents per MWh (\$XX.XX/MWh) is determined for all the tranches included in an individual auction product. The actual full requirements electric supply the Company procures in accordance with the provisions of this CPP Blended Segment subsection is subject to the provisions of the Retail Customer Switching Rules part of this rider.

**Illustrative Terms of Auction Products for the CPP Blended Segment**  
Actual Percentages Vary from Those Shown

Retail Aggregate Load Blended Percent		CPP Blended Segment Auction Products											
33.33%		41 mo			3 yr			3 yr			3 yr >>		
33.33%		29 mo		3 yr			3 yr			3 yr			
33.33%		17 mo		3yr			3 yr			3 yr >			
PJM Planning Year		07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	
Calendar Year		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018

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(Continued from Sheet No. 255)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**GENERAL PROCESS (CONTINUED).**

**CPP Annual Segment**

The Illinois Auction Fixed Price Section includes a segment that addresses the procurement by the Company of full requirements electric supply for the Company's supply obligation related to the Retail Aggregate Load - Annual portion of the Retail Aggregate Load. This segment, the CPP Annual Segment, includes a single auction product with a one (1) year duration, extending from 11:00 P.M. CPT on May 31 of the year in which the Illinois Auction is conducted for such product to 11:00 P.M. CPT on May 31 of the following year. Notwithstanding the previous provisions of this CPP Annual Segment subsection, for the initial Illinois Auction, such single auction product has a duration that begins January 1, 2007, and extends to 11:00 P.M. CPT on May 31, 2008. The auction product for the CPP Annual Segment is the CPP-A product in the CPP Group in the Illinois Auction Fixed Price Section. The auction prices represent unit around-the-clock MWh prices. A single final auction price expressed in dollars and cents per MWh (\$XX.XX/MWh) is determined for all the tranches included in this single auction product. The actual full requirements electric supply the Company procures in accordance with the provisions of this CPP Annual Segment subsection is subject to the provisions of the Retail Customer Switching Rules part of this rider.

**CPP Hourly Segment**

The Illinois Auction Hourly Price Section includes a segment that addresses the procurement by the Company of full requirements electric supply for the Company's supply obligation related to the Retail Aggregate Load - Hourly portion of the Retail Aggregate Load. This segment, the CPP Hourly Segment, includes a single auction product with a one (1) year duration, extending from 11:00 P.M. CPT on May 31 of the year in which the Illinois Auction is conducted for such product to 11:00 P.M. CPT on May 31 of the following year. Notwithstanding the previous provisions of this CPP Hourly Segment subsection, for the initial Illinois Auction, such single auction product has a duration that begins January 1, 2007, and extends to 11:00 P.M. CPT on May 31, 2008. The auction product for the CPP Hourly Segment is the CPP-H product in the CPP Group in the Illinois Auction Hourly Price Section. The auction prices represent unit MW-Day prices. A single final auction price expressed in dollars and cents per MW-Day (\$XX.XX/MW-Day) is determined for all the tranches in this single auction product. The actual full requirements electric supply the Company procures in accordance with the provisions of this paragraph is subject to the provisions of the Retail Customer Switching Rules part of this rider.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 256)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**GENERAL PROCESS (CONTINUED).**

**CPP Hourly Segment (Continued)**

Notwithstanding the previous provisions of this CPP Hourly Segment subsection, the Company procures electric power and energy for the Company's supply obligation related to the Retail Aggregate Load - Hourly portion of the Retail Aggregate Load directly from PJM-administered markets and an auction product for the CPP Hourly Segment is not included in the Illinois Auction Hourly Price Section in the event that (a) on or before five (5) months prior to the earliest possible Auction Commencement Date, as described in the CPP Timeline subsection of this Competitive Procurement Process part, (1) the FERC has accepted for filing a PJM tariff implementing the proposed Reliability Pricing Model or a successor thereto (RPM Tariff) that permits the Company to purchase electric capacity directly from a PJM-administered market, (2) the FERC has assigned an effective date to such RPM Tariff and such effective date has passed, (3) a capacity market authorized by such RPM Tariff is in operation and is available for use by the Company, and (4) the Company has received approval from the ICC to procure electric power and energy for the Company's supply obligation related to the Retail Aggregate Load - Hourly portion of the Retail Aggregate Load in accordance with such RPM Tariff, and (b) such RPM Tariff provides for the continued operation and availability of such capacity market throughout the period for which the Company requires such electric power and energy. However, in the event that the FERC requires the Company to procure such electric capacity in accordance with such RPM Tariff, the Company is not required to receive approval from the ICC as provided in the aforementioned Item (4). In such event wherein the Company procures such electric power and energy in such direct manner and an auction product for the CPP Hourly Segment is not included in the Illinois Auction Hourly Price Section, the provisions in this Competitive Procurement Process part pertaining to auction activities related to the CPP Hourly Segment are not effective. Subject to the conditions described in the aforementioned Item (a) and Item (b) both being satisfied, the commencement of such procurement in such direct manner occurs upon the expiration of the SFCs related to the auction product for the CPP Hourly Segment procured in the most recent successful Illinois Auction Hourly Price Section, with the exception that if the Auction Commencement Date identified in the aforementioned Item (a) occurs in the year 2006, the commencement of such procurement in such direct manner occurs on January 1, 2007. The actual electric power and energy the Company procures in accordance with the provisions of this paragraph are subject to the provisions of the Retail Customer Switching Rules part of this rider.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 257)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP PARTICIPANTS.**

**Auction Manager**

A qualified, independent Auction Manager oversees the CPP and the Illinois Auction. The Auction Manager is selected and reimbursed by the electric utilities participating in the Illinois Auction, provided that the ICC approves such selection. Such reimbursement is recovered through the Supplier Fee described in the SFCs. Certain processes described in this rider are performed in conjunction with or jointly with other Illinois electric utilities in accordance with the ICC's Order entered in Docket No. 05-0159, and to that extent, certain activities performed by the Auction Manager may be performed in conjunction with or jointly with the Auction Manager's performance of similar activities for any such other electric utility. The Auction Manager's responsibilities include, but are not limited to, the following activities:

1. Develop and maintain a web site for the dissemination of information regarding the auction process to interested entities;
2. Receive and respond to queries regarding the auction process from interested entities, and maintain a database of all such queries and their corresponding responses on the web site described in the preceding Item 1;
3. Plan, coordinate, and conduct bidder information sessions, as necessary;
4. Provide training and technical assistance to bidders with respect to the Illinois Auction Rules, described in the Illinois Auction Rules subsection of the CPP Documents section of this Competitive Procurement Process part, and bidding procedures;
5. Receive and review bidder applications for qualification and notify applicable entities of the results of the qualification procedure;
6. Receive and review other information required of bidders before, during, and after the qualification process, as applicable;
7. Resolve issues regarding bidder associations in consultation with the Staff;
8. Receive indicative offers and financial guarantees that support such indicative offers, as described in the Bidders and Suppliers subsection of this CPP Participants section, and ensure the appropriateness of such indicative offers and financial guarantees;
9. Determine and notify bidders of their qualification status under applicable criteria throughout the auction process;

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 258)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP PARTICIPANTS (CONTINUED).**

**Auction Manager (Continued)**

10. Develop and test bidding procedures to ensure compliance with the Illinois Auction Rules;
11. Plan, coordinate and conduct the auction process in consultation with the Staff and following applicable procedures and rules, including, but not limited to, bidding administration and evaluation;
12. Provide for volume reductions for an Illinois Auction Section in the event that there is insufficient interest by bidders participating in such Illinois Auction Section;
13. Consult with the Staff to finalize, in accordance with the ICC's Order entered in Docket No. 05-0159, the price decrement formulae used during the conduct of the Illinois Auction;
14. Manage the Illinois Auction; during the course of such auction, make decisions to ensure that applicable parameters are set appropriately, including, but not limited to, lengths of rounds, in accordance with the ICC's Order entered in Docket No. 05-0159 and this rider after consultation with a member of the Staff designated as a lead consultant by the Manager of the Staff's Energy Division;
15. Receive and utilize, as applicable, feedback and suggestions from the Staff in order to contribute to the success of the auction process;
16. Announce the completion of the Fixed Price Section and the Hourly Price Section of the Illinois Auction in accordance with the CPP Timeline section of this Competitive Procurement Process part;
17. Review the Illinois Auction immediately following the Auction Completion Date, and submit a confidential report to the ICC by the end of the second business day following the Auction Completion Date. Such report is described in the Confidential Report of the Auction Manager to the ICC subsection of the CPP Documents section of this Competitive Procurement Process part;
18. Issue a Declaration of a Successful Result for an Illinois Auction Section, as applicable, in the event that the ICC takes no formal action regarding such Illinois Auction Section by the end of the fifth business day following the Auction Completion Date, or subsequently by the end of the fifth business day following the Auction Completion Date of a repeated auction for such Illinois Auction Section, as provided for in the CPP Timeline section of this Competitive Procurement Process part, if such repeated auction is conducted;

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 259)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP PARTICIPANTS (CONTINUED).**

**Auction Manager (Continued)**

19. Prepare the Public Report of the Auction Manager. Such report is described in the Public Report of the Auction Manager subsection of the CPP Documents section of this Competitive Procurement Process part. Such report is issued in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part; and
20. Retain confidential bidding data, application forms, and notifications of status to bidders associated with an Illinois Auction Section in a confidential manner for a period of time extending at least two (2) years beyond the date of the expiration of the longest term SFC executed in accordance with the results for such Illinois Auction Section.

**Bidders and Suppliers**

The full requirements electric supply that the Company procures for retail customers is procured by the Company from suppliers under the terms of SFCs, which are described in the Supplier Forward Contract subsection of the CPP Documents section of this Competitive Procurement Process part. In order for an entity to become a supplier from which the Company procures such full requirements electric supply, it must follow a specific qualification process and comply with all requirements of the Illinois Auction Rules, in addition to winning the opportunity and obligation to provide such full requirements electric supply through the auction process conducted in accordance with the ICC's Order entered in Docket No. 05-0159 and this rider.

At the onset of the qualification process, an entity interested in providing full requirements electric supply to the Company for its retail customers is designated as a prospective bidder. A prospective bidder is responsible for obtaining any necessary information it requires in order to proceed to the second phase of the qualification process. A prospective bidder must timely submit to the Auction Manager (a) a completed and signed Part 1 Application Form, which is described in the Part 1 Application Form subsection of the CPP Documents section of this Competitive Procurement Process part, and (b) payment of a nonrefundable Bid Participation Fee.

The Auction Manager determines which prospective bidders that submitted Part 1 Application Forms are qualified to proceed to the next phase of the qualification process under the applicable criteria. Such bidders are designated as qualified bidders. The Auction Manager provides a confidential document with a list naming all qualified bidders to each qualified bidder. In order to proceed to the next phase of the qualification process, a qualified bidder must complete, sign, and timely submit to the Auction Manager a Part 2 Application Form, which is described in the Part 2 Application Form subsection of the CPP Documents section of this Competitive Procurement Process part. Along with the submission of the completed and signed Part 2 Application Form, each qualified bidder is required to submit an indicative offer and a proportionate financial guarantee, and additional security as needed. Moreover, each qualified bidder must make certifications regarding associations and the handling of confidential information.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 260)

**CPP PARTICIPANTS (CONTINUED).**

**Bidders and Suppliers (Continued)**

The qualified bidder's indicative offer must specify (a) the number of tranches in the Illinois Auction Section for which such qualified bidder is applying that it is willing to supply at the maximum starting price for such Illinois Auction Section, and (b) the number of tranches in such Illinois Auction Section that it is willing to supply at the minimum starting price for such Illinois Auction Section. Such prices are announced by the Auction Manager in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. Such qualified bidder must also submit a letter of credit equal to (i) \$250,000 multiplied by (ii) the number of tranches in such Illinois Auction Section that such qualified bidder is willing to supply at the maximum starting price for such Illinois Auction Section, as specified in its indicative offer. In addition, depending upon the creditworthiness assessment made at the time of its Part 1 Application Form submission, such qualified bidder may be required to provide a letter of intent to provide a guaranty or a letter of reference.

The Auction Manager determines which qualified bidders that submitted Part 2 Application Forms are eligible to proceed to the next phase of the qualification process under the applicable criteria. Qualified bidders that are determined to be eligible to proceed to the next phase of the process are designated as registered bidders. The Auction Manager provides a confidential document with a list naming all registered bidders to each registered bidder.

Within the Illinois Auction, registered bidders vie to win the opportunity and obligation to provide full requirements electric supply to the Company for its retail customers for which the Company is procuring such full requirements electric supply. Registered bidders that win such opportunity and obligation are designated as winning bidders. Each such winning bidder is required to sign the applicable SFC in a timely fashion in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. Also in such timely fashion, each such winning bidder must demonstrate to the Company and the Auction Manager such winning bidder's compliance with the applicable creditworthiness requirements that are described in the SFC and the Credit Requirements section of this Competitive Procurement Process part.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 261)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP PARTICIPANTS (CONTINUED).**

**Staff**

In accordance with the ICC's Order entered in Docket No. 05-0159, the Staff undertakes certain actions, including, but not limited to the following activities:

1. Provide expert advice to the ICC and the Auction Manager regarding issues related to auction design, rules, and processes, as well as related policy matters;
2. Provide consultation to the Auction Manager regarding the finalization of the price decrement formulae used during the conduct of the Illinois Auction;
3. Act as an independent monitor of the Illinois Auction; providing observations and recommendations to the ICC and feedback and suggestions to the Auction Manager, as described in the Auction Manager subsection of this CPP Participants section, in order to contribute to the success of the auction process. Such feedback and suggestions may be made at any time during the process;
4. Submit a confidential report to the ICC by the end of the second business day following the Auction Completion Date. Such report is described in the Confidential Report of the Staff to the ICC subsection of the CPP Documents section of this Competitive Procurement Process part;
5. Issue a public report in a timely manner in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. Such report is described in the Public Report of the Staff subsection of the CPP Documents section of this Competitive Procurement Process part;
6. Remain bound by the confidentiality obligations applicable to the Staff under Section 4-404 and Section 5-108 of the Public Utilities Act (Act).

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 262)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS.**

**Confidential Report Of The Auction Manager To The ICC**

The Auction Manager submits a formal, confidential report to the ICC by the end of the second business day following the Auction Completion Date. Such report, the Confidential Report of the Auction Manager to the ICC, provides a factual summary and evaluation of the activities and events that occurred during the course of the Illinois Auction. Such report also addresses the processes and activities undertaken prior to the commencement of the Illinois Auction and external events that may have affected the Illinois Auction results. Such report includes the Auction Manager's conclusions with respect to whether the Illinois Auction met its goals. It also provides the Auction Manager's confirmation, under oath, that such confidential report is an accurate summary of the Illinois Auction as it was conducted and an accurate assessment of whether such auction was conducted fairly and appropriately following the Illinois Auction Rules and applicable procedures established in accordance with the ICC's Order entered in Docket No. 05-0159 and this rider.

**Confidential Report Of The Staff To The ICC**

In accordance with the ICC's Order entered in Docket No. 05-0159, the Staff submits a formal, confidential report to the ICC by the end of the second business day following the Auction Completion Date. Such report, the Confidential Report of the Staff to the ICC, provides an independent assessment to the ICC as to whether the Illinois Auction was conducted fairly and appropriately and all necessary actions to ensure the competitiveness and integrity of such auction were followed. Such report also addresses activities undertaken prior to the commencement of the Illinois Auction, external events that may have affected the Illinois Auction results, any issues or concerns identified by the Staff, and any recommendations the Staff has regarding further action by the ICC.

**Illinois Auction Rules**

The Auction Manager, in coordination with the Staff and in accordance with applicable orders issued by the ICC, subject to the review and approval of the Company and other electric utilities participating in the Illinois Auction, develops a set of rules, the Illinois Auction Rules, applicable to each Illinois Auction. Each such set of rules is established in accordance with and used to implement the provisions of the ICC's Order entered in Docket No. 05-0159 and the terms and conditions of this rider. The Illinois Auction Rules are provided to the Staff for informational purposes and made available to the public, including prospective bidders. Each set of Illinois Auction Rules also provides details of the individual Illinois Auction to which it is applicable that are consistent with the terms and conditions set forth in this rider.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 263)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Part 1 Application Form**

The Part 1 Application Form is a document that must be completed, signed, and timely submitted by a prospective bidder to the Auction Manager in order for such prospective bidder to be considered for further participation in the Illinois Auction. The Part 1 Application Form is available from the Auction Manager and on a publicly accessible web site. The Part 1 Application Form contains provisions that oblige the prospective bidder to meet initial creditworthiness requirements, read and comply with the Illinois Auction Rules, make certain certifications, and accept the terms of the SFCs for the auction products included in the Illinois Auction Section for which such prospective bidder is applying.

In completing its Part 1 Application Form, a prospective bidder must disclose any bidding agreement or arrangement in which such bidder may have entered. Specifically, the prospective bidder must explicitly name in its Part 1 Application Form the entities with which the bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the Illinois Auction Section for which it is applying, or a bidding consortium, or any other arrangement pertaining to participating in such Illinois Auction Section.

In addition, the prospective bidder must certify that (a) it is a member in good standing of PJM and has executed the required PJM documents or will have executed such documents prior to when the Company begins to procure full requirements electric supply in accordance with the executed SFCs, or (b) there is no impediment to such prospective bidder becoming such a member and executing the required PJM documents prior to when the Company begins to procure full requirements electric supply in accordance with the executed SFCs, or (c) it will not bid on the Company's auction products included in the Illinois Auction Section for which such prospective bidder is applying. Such prospective bidder must also certify that (1) it is a member in good standing or has no impediment to becoming such a member of any other applicable regional transmission organization (RTO) and executing the required RTO documents prior to when procurement of any applicable auction product begins, or (2) it will not bid on any such auction product included in the Illinois Auction Section for which such prospective bidder is applying.

Moreover, the prospective bidder must certify that if it becomes a qualified bidder, it will not disclose information regarding the list of qualified bidders, including the number of qualified bidders, the identity of any or all qualified bidders, or the fact that an entity has not been qualified for further participation in such Illinois Auction Section. The prospective bidder must certify that it will keep confidential any document that lists the qualified bidders.

The prospective bidder must further certify that during the previous five (5) years (a) it has not been a counterparty to any SFC subject to the default or early termination provisions of such SFC; (b) it has properly disclosed all required information in making certifications relevant to determining Associations included in any Part 2 Application Form it has submitted for consideration in an Illinois Auction, (c) it has abided by all certifications it has made in previously submitted Part 1 Application Forms and Part 2 Application Forms, and (d) it has not failed to sign any SFC for tranches that it has won in an Illinois Auction. Such prospective bidder must also certify that it is not being represented by any entity that violated any of the certifications included in items (a), (b), (c), and (d) in this paragraph.

(Continued on Sheet No. 265)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 264)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Part 1 Application Form (Continued)**

The prospective bidder must also certify that if it becomes a qualified bidder, it will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as a qualified bidder to another entity. Such prospective bidder must further certify it understands that any such substitution, transfer, or assignment is null and void and will result in its exclusion from participation in such Illinois Auction Section.

The prospective bidder must also certify that it agrees that the submission of any bid for any auction product included in an Illinois Auction Section creates a binding and irrevocable offer to meet the obligations set forth in the applicable SFC for such auction product. The Part 1 Application Form also includes provisions that require the prospective bidder to affirm that, in the event it becomes a winning bidder as of the applicable Date of Declaration of a Successful Result, as described in the CPP Timeline section of this Competitive Procurement Process part, it will timely sign the applicable SFC and timely comply with the creditworthiness requirements contained in such SFC.

**Part 2 Application Form**

The Part 2 Application Form is a document that must be completed, signed, and timely submitted by a qualified bidder to the Auction Manager in order for such qualified bidder to be considered for further participation in the Illinois Auction. The Part 2 Application Form is available from the Auction Manager and on a publicly accessible web site. The Part 2 Application Form contains provisions that oblige the qualified bidder to meet certain additional creditworthiness requirements and comply with the Illinois Auction Rules. The qualified bidder must certify that it will keep confidential any and all documents containing confidential information, as described in the Illinois Auction Rules. The Part 2 Application Form includes provisions that require the qualified bidder for an Illinois Auction Section to make a number of certifications with respect to any associations it has with any other qualified bidder for such Illinois Auction Section to ensure that bidders are acting independently from each other and any other entity participating in such Illinois Auction Section. In making such certifications, the qualified bidder further (a) agrees to refrain from taking any actions that may affect the accuracy of the certifications, and (b) warrants that it is unaware of any events or circumstances that may cause the certifications to become untrue during the period of time during which each such certification is applicable.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 265)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Part 2 Application Form (Continued)**

The certifications are as follows:

1. The qualified bidder must certify that it is not associated with any other qualified bidder participating in the same Illinois Auction Section for which it is applying, according to the criteria defined in the Illinois Auction Rules, or if it is unable to make such certification, it must identify any and all qualified bidders with which it is associated along with a description of the nature of any and all such associations;
2. The qualified bidder must certify that it has not entered into any agreement with any other qualified bidder participating in the same Illinois Auction Section for which it is applying regarding bidding for such Illinois Auction Section, including but not limited to, the amount to bid at certain prices; the auction product(s) on which bids are placed; when or at what prices bids are withdrawn or switched; and/or the amount of exit prices, as described in the Illinois Auction Rules. This certification provides an exception with respect to bidders that the qualified bidder explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in such Illinois Auction Section, or a bidding consortium, or any other arrangement pertaining to participating in such Illinois Auction Section;
3. The qualified bidder must certify that either (i) it has not retained any entity, herein named an advisor, that will be advising or assisting the qualified bidder with respect to bidding strategy in the Illinois Auction Section for which it is applying, estimation of the value of any tranche, or estimation of the risks associated with any tranche, or (ii) if it has retained an advisor, such qualified bidder is required to explicitly name such advisor in its Part 2 Application Form, and such advisor must (a) not discuss confidential information relative to such qualified bidder's bidding strategy or confidential information regarding the auction process provided by the qualified bidder except with such qualified bidder; (b) not use confidential information relative to such qualified bidder's bidding strategy or confidential information regarding the auction process provided by the qualified bidder for any purpose other than to provide advice to such qualified bidder; (c) be bound by all certifications made by such qualified bidder in such qualified bidder's Part 1 Application Form and Part 2 Application Form; and (d) not provide any similar advice or assistance to any other qualified bidder participating in the Illinois Auction Section for which the qualified bidder is applying. If the qualified bidder is unable to make such certification, such qualified bidder must identify all reasons for such inability. If the advisor is providing similar advice or assistance to any other bidder participating in such Illinois Auction Section, or if the advisor has access to confidential information relative to any other such bidder's bidding strategy, such qualified bidder must describe any and all protections that have been put into place to ensure that such advisor does not serve as a conduit of information between bidders, or as a coordinator of the bidding strategies of multiple bidders;

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 266)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Part 2 Application Form (Continued)**

4. The qualified bidder must certify that it is not a purchasing party in any contract for any auction product, or any component of such auction product, related to the Illinois Auction Section in which such bidder is participating, and (a) that would require the disclosure of any confidential information relative to bidding strategy or confidential information regarding the auction process to a counterparty under such contract or to any other entity; or (b) that would provide instructions, direct financial incentives, or other inducements for the qualified bidder to act in a way determined by a counterparty under such contract or in concert with any other bidder participating in such Illinois Auction Section. If the qualified bidder is unable to make such certification, it must disclose the contractual arrangements that prevent the qualified bidder from making the certification. Notwithstanding the previous provisions of this Item 4, prior to the Auction Commencement Date, the qualified bidder may, during negotiations with an entity other than a qualified bidder in such Illinois Auction Section regarding contractual arrangements for the qualified bidder to purchase all components to satisfy any auction product, or any component of such auction product, related to the Illinois Auction Section in which such bidder is participating in the event that the bidder becomes a winning bidder for such Illinois Auction Section, discuss with a prospective counterparty to such contract the nature of the auction product or components to be purchased by the qualified bidder, the volume of any such product or components, and the prices of such product or components;
5. The qualified bidder must certify that it does not have any knowledge of confidential information relative to the bidding strategy of any other qualified bidder participating in the same Illinois Auction Section for which the qualified bidder is applying, or if it is unable to make such certification it must identify any other such qualified bidder and the nature of the confidential information;
6. The qualified bidder must certify that it will not disclose confidential information relative to its bidding strategy except to entities explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the Illinois Auction Section for which the qualified bidder is applying, or a bidding consortium, or any other arrangement pertaining to participating in such Illinois Auction Section; or to bidders with which it is associated as disclosed in its Part 2 Application Form; or to its advisors as described in Item 3 of this Part 2 Application Form subsection; or to its financial institution. If the qualified bidder is unable to make such certification it must identify the entity involved and the nature of the confidential information;

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 267)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Part 2 Application Form (Continued)**

7. The qualified bidder must certify that, other than (a) entities affiliated with the qualified bidder, or (b) entities explicitly named in its Part 1 Application Form as entities with which the bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the Illinois Auction Section for which the qualified bidder is applying, or a bidding consortium, or any other arrangement pertaining to participating in such Illinois Auction Section, or (c) bidders with which it is associated as disclosed in its Part 2 Application Form; no entity has agreed to defray any of such qualified bidder's costs of participating in such Illinois Auction Section, including the cost of preparing bids, the cost of any financial guarantees, the cost to be paid in the event such qualified bidder becomes a winning bidder, or any other participation cost or fee. If the qualified bidder is unable to make such certification, it must identify the entity that has agreed to defray some or all of the qualified bidder's costs of participating in such Illinois Auction Section, and the nature of the participation costs that such entity has agreed to defray;
8. The qualified bidder must certify that if it becomes a registered bidder, it will not, at any time, disclose information regarding the total initial eligibility or the list of registered bidders, including the number of registered bidders, the identity of any or all registered bidders, or the fact that an entity has not been named for further participation in the Illinois Auction Section for which the qualified bidder is applying. If the qualified bidder is unable to make such certification, it must explain the reasons for such inability;
9. The qualified bidder must certify that it will not, at any time, disclose any confidential information regarding the auction process other than to (a) entities explicitly named in its Part 1 Application Form as entities with which such qualified bidder has entered into a bidding agreement, or a joint venture for the purpose of participating in the Illinois Auction Section for which the qualified bidder is applying, or a bidding consortium, or any other arrangement pertaining to participating in such Illinois Auction Section, or (b) bidders with which it is associated as disclosed in its Part 2 Application Form, or (c) its advisors. If the qualified bidder is unable to make such certification it must explain the reasons for such inability; and
10. The qualified bidder must certify that if it becomes a registered bidder, it will not substitute another entity in its place, transfer its rights to another entity, or otherwise assign its status as a registered bidder to another entity. Such qualified bidder must further certify it understands that any such substitution, transfer, or assignment is null and void and will result in its exclusion from participation in the Illinois Auction Section for which it is applying.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 268)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Public Report Of The Auction Manager**

The Public Report of the Auction Manager is made available no earlier than thirty (30) calendar days prior to the date that the Company is scheduled to begin procuring full requirements electric supply in accordance with SFCs executed following the applicable Dates of Declaration of a Successful Result, as described in the CPP Timeline section of this Competitive Procurement Process part. This report provides a summary of the events and activities that occurred during the course of the auction process, with particular emphasis on how various activities and events affected the overall success of the process. It also includes a list of the winning bidders, number of tranches won, and the final auction price for each product. The report also details any suggestions for improvement identified by the Auction Manager and any recommendations the Auction Manager has for future implementation of the auction process. This report is made available to any interested entity and is posted on a publicly accessible web site.

**Public Report Of The Staff**

In accordance with the ICC's Order entered in Docket No. 05-0159, the Public Report of the Staff is made available no earlier than thirty (30) calendar days prior to the date that the Company is scheduled to begin procuring full requirements electric supply in accordance with SFCs executed following the applicable Dates of Declaration of a Successful Result, as described in the CPP Timeline section of this Competitive Procurement Process part. This report provides an assessment of the conduct of the Illinois Auction, including a review of the Auction Manager's actions. The report also details any suggestions for improvement identified by the Staff and any recommendations the Staff has for future implementation of the auction process. This report is made available to any interested entity and is posted on a publicly accessible web site.

**Retail Supply Charge Informational Filing**

The Retail Supply Charge Informational Filing is a document prepared by the Company and filed for informational purposes with the ICC in a timely manner in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. It provides the retail supply charges by customer supply group with differentiations by season and for time of use, as applicable, computed in accordance with the provisions of the Translation to Retail Charges part of this rider. The charges provided in the document are applicable to retail customers for which the Company procures full requirements electric supply during a period that starts at the beginning of the June monthly billing period following the applicable Date of Declaration of a Successful Result and extends through the end of the following May monthly billing period. Notwithstanding the previous provisions of this paragraph, following the applicable Date of Declaration of a Successful Result for the initial Illinois Auction, such charges are applicable to retail customers for which the Company procures full requirements electric supply during a period that starts January 2, 2007, and extends through the end of the May 2008 monthly billing period.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 269)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Supplier Forward Contract**

SFCs are the contracts that provide the terms and conditions under which the Company procures, from suppliers on a wholesale basis, the full requirements electric supply that it requires for retail customers. SFCs are subject to the jurisdiction of the FERC. The SFCs are consistent with the terms and conditions set forth in this rider.

The Company, in coordination with the Auction Manager and the Staff, develops a separate standard SFC applicable to the CPP Blended Segment, the CPP Annual Segment, and the CPP Hourly Segment. Each such SFC is filed with the ICC for informational purposes and made available to the public, including prospective bidders, in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. Each SFC includes provisions regarding the obligations of the Company and the supplier; procedures and rules pertaining to the operational aspects of the provision of full requirements electric supply; credit requirements; payment terms; and details pertaining to the administration of the contract.

Each SFC obligates the supplier that is bound by such SFC to provide firm, full requirements electric supply, in each hour, and delivered to the Company's electric system as described in such SFC, sufficient to meet a specified percentage share of the full requirements electric supply required by the Company, in each such hour, for retail customers. Suppliers assume all volumetric risk associated with the full requirements electric supply required by the Company to serve such retail customers, including any risk associated with customer switching to or away from any applicable Company tariffed service.

Each SFC has provisions regarding payments to the supplier that is bound by such SFC. The Company makes payments to such supplier. The unit payment price is equal to the applicable final auction price adjusted for seasonality in accordance with the provisions of the Seasonal Payment Factor Computation section in the Translation to Retail Charges part of this rider.

Each SFC has provisions regarding the payment by the supplier to the Company of a Supplier Fee. The Supplier Fee is set at a level such that, when the revenue from such fee is combined with the revenue from the Bid Participation Fee, the total revenue is sufficient to appropriately compensate the Company for anticipated third-party expenses associated with the auction process, including the cost of the Auction Manager, consultants, if any, retained by the Staff to assist in the auction process, and the expenses associated with the promotion, conduct, and review of the Illinois Auction. The Supplier Fee includes adjustments, as applicable, to reflect the amount by which any previous accumulated fees provided for over or under recovery of previous auction and associated review expenses, as well as to accommodate any change in current auction process expenses.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 270)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP DOCUMENTS (CONTINUED).**

**Translation Documents**

The Translation Documents provide the mechanism by which retail supply charges are determined based upon the final auction prices of the applicable auction products. The Translation Documents include spreadsheets that utilize information obtained as described in the Customer Supply Group Information and the Market Cost Information sections of the Translation to Retail Charges part of this rider. The spreadsheets incorporate the formulae provided in the Market Cost Computations, Seasonal Payment Factor Computation, Market Value, and Supply Charge Computation sections of such Translation to Retail Charges part. The Company prepares the Translation Documents and submits them to the Auction Manager in a timely manner in accordance with the provisions of the CPP Timeline section of this Competitive Procurement Process part. The Auction Manager then makes the Translation Documents available to any interested entity.

**CREDIT REQUIREMENTS.**

The SFCs provide for the identification and assessment of financial exposure due to supplier nonperformance in the following manner:

**SFCs Associated with the CPP Blended Segment and the CPP Annual Segment**

SFCs associated with the CPP Blended Segment and the CPP Annual Segment rely on the practice of marking the contracts to market. Each such SFC includes provisions that impose a daily margining that includes a Mark-to-Market Exposure Amount (MtMEA) on the supplier bound by such SFC. The MtMEA incorporates a daily estimate of the immediate replacement cost of the SFC less any amount due to the supplier for provision of full requirements electric supply. The MtMEA methodology is described in detail in each such SFC.

**SFCs Associated with the CPP Hourly Segment**

Each SFC associated with the CPP Hourly Segment imposes a single base exposure amount, the Credit Exposure, to cover credit risks. There is no need for any such SFC to include provisions to impose a daily margining that includes an MtMEA because payments to a supplier bound by any such SFC already fluctuate in accordance with PJM spot market prices.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 271)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CREDIT REQUIREMENTS (CONTINUED).**

All credit exposures associated with a single supplier bound by one or more SFCs are aggregated into a single amount, the Total Exposure Amount (TEA). The SFCs are structured so that, if a supplier is bound by multiple SFCs, a default by such supplier with respect to a single SFC triggers a default under all the SFCs to which the supplier is bound.

The SFCs generally require collateralization of the TEA, with acceptable collateral being cash or a letter of credit. However, a supplier is granted an unsecured line of credit as provided in the SFC by the Company if it undergoes a credit evaluation and meets the Company's minimum credit requirements. Such unsecured line of credit can be applied toward the satisfaction of the TEA, and can reduce the amount of collateral required. Such minimum credit requirements include the maintenance by the supplier of an investment grade rating from the rating agencies identified in the SFC. Additional requirements and considerations are imposed for suppliers that have not been incorporated under the laws of the United States.

In addition to the cash and letter of credit provisions, and as an alternative to the supplier's unsecured line of credit provision in the previous paragraph, a supplier may rely on a financial guaranty from a third party to satisfy a portion of the TEA requirement. In order for such guaranty to be accepted by the Company, the supplier's guarantor must be granted an unsecured line of credit by the Company by undergoing a credit evaluation and meeting the Company's minimum credit requirements. A guaranty will only be accepted in an amount less than or equal to the unsecured line of credit that would otherwise be granted by the Company to the guarantor. The credit standards used to determine an unsecured line of credit for a guarantor are the same standards that apply to a supplier seeking an unsecured line of credit. For a situation in which the guarantor is an affiliate of the supplier, only one unsecured line of credit is determined, using the guarantor's credit rating and subject to the limitations specified in the SFC. Furthermore, the guaranty must be in a form that is acceptable to the Company. A sample guaranty form that is acceptable to the Company is provided in the SFC. Such guaranty may also be in a form previously used by the supplier in the ordinary course of its business, provided such guaranty is acceptable to the Company and meets all specified alternative guaranty requirements.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 272)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CREDIT REQUIREMENTS (CONTINUED).**

The following specific creditworthiness provisions are applicable in determining a supplier's or its guarantor's eligibility for and continuing qualification for an unsecured line of credit:

1. The requirement included in this Item 1 applies in the event that the supplier or its guarantor is incorporated or otherwise formed under the laws of the United States. If such supplier or its guarantor cannot meet this requirement, such supplier is required to post cash or a letter of credit for the TEA to the Company with respect to such supplier at the time of or prior to the execution of the SFC and at any applicable point in time during the term of the SFC. Such letter of credit must meet certain requirements as described in the SFC. The SFC provides a standard format for the letter of credit.

To be granted an unsecured line of credit, the supplier or its guarantor: (a) must be rated by at least two of the following rating agencies: Standard and Poor's, a division of the McGraw-Hill Companies, Inc., or its successor (S&P), Moody's Investors Service, Inc., or its successor (Moody's), or Fitch Ratings, a subsidiary of Fimalac, S.A., or its successor (Fitch), and (b) must have a minimum senior unsecured debt rating of at least BBB- from S&P, Baa3 from Moody's, or BBB- from Fitch. In the event that senior unsecured debt ratings are unavailable from S&P and Fitch, the corporate issuer rating, discounted one notch, is used. In the event that senior unsecured debt ratings are unavailable from Moody's, the issuer rating is used. If neither senior unsecured debt nor the applicable issuer ratings are available from a rating agency, the Company deems that the supplier has no rating available from such rating agency for this purpose. If the supplier or guarantor is rated by only two rating agencies, and the ratings are split, the lower rating is used. If the supplier or guarantor is rated by three rating agencies and the ratings are split, the lower of the two highest ratings is used. Notwithstanding the provisions of the previous sentence, in the event that the two highest ratings are common, such common rating is used.

The Company is permitted by the ICC, in accordance with the ICC's Order entered in Docket No. 05-0159, to temporarily establish less restrictive credit requirements than those explicitly stated in this Item 1 in a nondiscriminatory manner. If the Company acts to temporarily establish such less restrictive credit requirements, then it must submit a written report to the ICC that (a) identifies the effective date of such establishment, (b) explains the reason for the change in credit requirements, and (c) summarizes any facts and analyses on which the decision to change the credit requirements is based. Such report must be submitted to the ICC within fifteen (15) calendar days after the Company takes such action. The Company may subsequently restore such credit requirements to a level not to exceed their original level, as circumstances permit. In the event of any such restoration, the Company must submit a written report to the ICC that (a) identifies the effective date of such restoration, (b) explains the reason for the restoration in credit requirements, and (c) summarizes any facts and analyses on which the decision to restore the credit requirements is based. Such report must be submitted to the ICC within fifteen (15) calendar days after the Company makes such restoration.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 273)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CREDIT REQUIREMENTS (CONTINUED).**

2. The requirement included in this Item 2 applies in the event that the supplier or its guarantor is not incorporated or otherwise formed under the laws of the United States. If such foreign supplier or foreign guarantor cannot meet this requirement, such supplier or guarantor is required to post cash or a letter of credit for the TEA to the Company with respect to such supplier at the time of or prior to the execution of the SFC and at any applicable point in time during the term of the SFC. Such letter of credit must meet certain requirements as described in the SFC. The SFC provides a standard format for the letter of credit.

The supplier must supply evidence of its or its guarantor's creditworthiness so as to provide the Company with assurances that it or its guarantor meets creditworthiness requirements that are comparable to those described in the immediately preceding Item 1 of this Credit Requirements section. The Company has sole and absolute discretion, without liability or recourse to the supplier or its guarantor, to evaluate such evidence of creditworthiness submitted by such supplier or guarantor and to determine the unsecured line of credit, if any, on that basis.

3. The requirement included in this Item 3 applies in the event that the supplier or its guarantor is not incorporated or otherwise formed under the laws of the United States.

Such foreign supplier must submit (a) a legal opinion of independent counsel qualified to practice in the jurisdiction in which the supplier is incorporated or otherwise formed that the applicable SFC is a binding obligation of the supplier in such jurisdiction in which it is incorporated or otherwise formed, (b) a sworn certificate of the supplier's corporate secretary, or similar officer, that the person executing the SFC on behalf of such supplier has the authority to execute such SFC and that the governing board of the supplier approves the execution of such SFC, and (c) a sworn certificate of the supplier's corporate secretary, or similar officer, that the supplier is authorized by its governing board to enter into agreements of the same type as such SFC. The Company has full discretion, without liability or recourse to the supplier, to evaluate the sufficiency of the documents submitted by the supplier.

As applicable, the supplier's foreign guarantor must submit (a) a legal opinion of independent counsel qualified to practice in the jurisdiction in which the guarantor is incorporated or otherwise formed that the guaranty is a binding obligation of the guarantor in the jurisdiction in which it is incorporated or otherwise formed, (b) a sworn certificate of the guarantor's corporate secretary, or similar officer, that the person executing the guaranty on behalf of the guarantor has the authority to execute the guaranty and that the governing board of such guarantor approves the execution of such guaranty, and (c) a sworn certificate of the guarantor's corporate secretary, or similar officer, that the guarantor is authorized by its governing board to enter into agreements of the same type as such guaranty. The Company has sole and absolute discretion, without liability or recourse to the guarantor or the supplier, to evaluate the sufficiency of the documents submitted by such guarantor.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 274)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CREDIT REQUIREMENTS (CONTINUED).**

4. The supplier must agree that it will meet the creditworthiness requirements of the SFC at all times during the term of such SFC and will inform the Company immediately of (a) any changes in its or its guarantor's credit rating; (b) its or its guarantor's placement on a credit watch with negative implications by any rating agency; and (c) any material, adverse changes in its or its guarantor's financial condition. The supplier will, upon written request by the Company, affirmatively demonstrate its or its guarantor's compliance with the creditworthiness requirements set forth in the SFC and in this Credit Requirements section.
5. The Company will review the creditworthiness of the supplier or its guarantor whenever it becomes aware, through the provision of notice by the supplier or otherwise, of a decrease in the supplier's or its guarantor's credit rating. If the lowest credit rating used to determine the supplier's or its guarantor's credit limit decreases, such supplier will provide an additional security instrument to the Company, or increase the value of any existing security instrument in accordance with the SFC.
6. The supplier has the opportunity to petition the Company to review its or its guarantor's creditworthiness whenever an event occurs that the supplier believes would improve the determination made by the Company of its or its guarantor's creditworthiness. The Company's credit review must be completed as soon as possible but no later than thirty (30) days after receiving such a request. The Company must provide the rationale for its determination of any resulting credit limit and any resulting security requirement. The Company must perform its credit review and associated security calculation in a nondiscriminatory manner. In order for the Company to complete its review, the supplier or guarantor must provide unrestricted access to its audited financial statements, or in the event that such audited financial statements are not available, the Company may accept other types of financial statements.

The supplier may submit and maintain a security deposit as provided in the SFC in lieu of submitting to or being qualified under a creditworthiness evaluation.

The Company must promptly notify the supplier to which an SFC is applicable in the event that the applicable rating of the Company is downgraded below the aforementioned credit requirements in Item 1 in this Credit Requirements section during the term of an SFC and the supplier to which such SFC is applicable so requests, the Company must transfer all cash collateral being held by the Company pursuant to such SFC to a qualified institution, as defined in such SFC. Such transfer must be completed within two (2) business days after such request is made by such supplier. Such qualified institution then holds such collateral in an interest bearing account pending release of the funds in accordance with the terms of such SFC with the title of such account indicating that the property contained therein is being held as collateral for the ownership of the Company, subject to the security interest of the supplier. The interest is allocated pro rata to such supplier. Such supplier is entitled to the rights identified in this paragraph only for the period of time during which the Company's applicable credit rating is downgraded below the aforementioned credit requirements in Item 1 in this Credit Requirements section.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 275)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE.**

The CPP is repetitive in nature. The Illinois Auction is conducted on an annual basis; the market values and retail supply charges are determined on an annual basis, as well. A specific timeline is necessary to ensure that the CPP proceeds in an orderly and timely manner. The timeline described in this CPP Timeline section incorporates the Auction Commencement Date, the Auction Completion Date, and the Date of Declaration of a Successful Result as its primary reference points. The Date of Declaration of a Successful Result for the Fixed Price Section pertains to the CPP Blended Segment and the CPP Annual Segment. The Date of Declaration of a Successful Result for the Hourly Price Section pertains to the CPP Hourly Segment. For a given Illinois Auction, the Date of Declaration of a Successful Result for the Fixed Price Section may be different from the Date of Declaration of a Successful Result for the Hourly Price Section. The Auction Commencement Date may fluctuate from year to year, but it can be no earlier than January 15 and no later than January 31 in any given year, beginning in 2008. The Auction Completion Date and the Dates of Declaration of a Successful Result are not known in advance, and can fluctuate from year to year. Notwithstanding other provisions of this CPP Timeline section, the initial CPP has an Auction Commencement Date that begins within the first ten (10) days of September 2006, and market values and retail supply charges for such initial CPP are determined for the period beginning January 2, 2007, and extending through the end of the May 2008 monthly billing period.

The end of the historical period for which the most recent customer supply group data, as described in the Customer Supply Group Information section of the Translation to Retail Charges part of this rider, is obtained is the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date.

The end of the period during which the most recent market cost data, as described in the Market Cost Information section of the Translation to Retail Charges part of this rider, is obtained is no later than one hundred, thirty-five (135) calendar days prior to the earliest possible Auction Commencement Date.

Part 1 Application Forms and sample Part 2 Application Forms are made available to prospective bidders on a date established by the Auction Manager that is no later than eighty-two (82) business days prior to the earliest possible Auction Commencement Date.

On a date established by the Auction Manager that is no later than one hundred, five (105) calendar days prior to the earliest possible Auction Commencement Date, the Illinois Auction Rules and the SFCs are posted to a publicly accessible web site, and the Company must submit such SFCs to the ICC in an informational filing. Notwithstanding the previous provisions of this paragraph, for the initial CPP, draft SFCs must be posted on a publicly accessible web site no later than seven (7) calendar days after the entry of the ICC's Order in Docket No. 05-0159, and no later than sixty (60) calendar days after such posting, the Company must submit the SFCs to the ICC in an informational filing. Within twenty-one (21) calendar days following such filing, the Auction Manager, the Company, and the Staff must identify any open issues with respect to such SFCs and file a petition with the ICC resolving all such open issues.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 276)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE (CONTINUED).**

No later than one hundred, five (105) calendar days prior to the earliest possible Auction Commencement Date the Company submits the Translation Documents to the Auction Manager, and the Auction Manager makes such Translation Documents available to interested entities.

On a date established by the Auction Manager that is no later than fifty-eight (58) business days prior to the earliest possible Auction Commencement Date, the Auction Manager makes the Part 2 Application Forms available to prospective bidders and announces for the Illinois Auction Sections and auction products included in such Illinois Auction Sections, as applicable: (1) the number of tranches included; (2) the MW measure and percent of peak load for each tranche; (3) the load caps; (4) maximum starting prices; and (5) minimum starting prices, as each such item is described in the Illinois Auction Rules.

A prospective bidder must submit the completed and signed Part 1 Application Form and the nonrefundable Bid Participation Fee to the Auction Manager on a date established by the Auction Manager that is no later than fifty-one (51) business days prior to the earliest possible Auction Commencement Date.

The Auction Manager determines which prospective bidders successfully completed the Part 1 Application Form and informs such bidders on a date established by the Auction Manager that is no later than forty-eight (48) business days prior to the earliest possible Auction Commencement Date. Such bidders are designated as qualified bidders.

A qualified bidder must submit the completed and signed Part 2 Application Form to the Auction Manager on a date established by the Auction Manager that is no later than twenty-five (25) business days prior to the earliest possible Auction Commencement Date.

The Auction Manager determines which qualified bidders successfully completed the Part 2 Application Form and informs such bidders that they have achieved registered bidder status on a date established by the Auction Manager that is no later than twenty (20) business days prior to the earliest possible Auction Commencement Date.

On a date established by the Auction Manager that is no later than sixteen (16) business days prior to the earliest possible Auction Commencement Date, the Auction Manager may release to registered bidders information regarding a range of possible values of the target eligibility ratio and the circumstances under which a second volumetric cutback could occur, as described in the Illinois Auction Rules.

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**Retail charges computed in accordance with this rider become operational and are applicable for service provided on and after January 2, 2007.**

**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 277)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE (CONTINUED).**

The Auction Manager announces the supplier fee per winning tranche to registered bidders on a date established by the Auction Manager that is no later than seven (7) business days prior to the earliest possible Auction Commencement Date.

On a date established by the Auction Manager that is no later than three (3) business days prior to the Auction Commencement Date, after consultation with the Staff and the Company, the Auction Manager announces the Round 1 prices to the registered bidders.

The Illinois Auction begins on the Auction Commencement Date.

The Fixed Price Section and the Hourly Price Section of the Illinois Auction proceed during which time and for an additional period of time that extends through the earlier of the applicable Date of Declaration of a Successful Result, or such time as the ICC initiates a formal investigation or other formal proceeding regarding such Fixed Price Section or Hourly Price Section, as applicable, the Company is not permitted to have any (a) physical representation during the applicable auction proceedings; (b) influence over the Auction Manager's conduct; or (c) direct communication with the Auction Manager, except as provided in the Illinois Auction Rules established in accordance with the ICC's Order entered in Docket No. 05-0159, or as provided in this rider.

The Fixed Price Section and the Hourly Price Section of the Illinois Auction proceed during which time, on a round by round basis, the Company is provided with data concerning the price of each applicable auction product and excess aggregate full requirements electric supply for such Fixed Price Section or Hourly Price Section, as applicable. Such data are provided only to specific persons designated by the Company that had been identified by name to the Manager of the Staff's Energy Division prior to the Auction Commencement Date. Such data are provided to such named persons by the Auction Manager.

The Fixed Price Section and the Hourly Price Section of the Illinois Auction proceed until the price can no longer be decrementally reduced for any auction product included in such Fixed Price Section or Hourly Price Section, as applicable, and no bidder can change its bid in such applicable Illinois Auction Section. At such point in time the Auction Manager announces the close of such Illinois Auction Section. The day during which the later such announcement is made is the Auction Completion Date.

The Auction Manager submits the Confidential Report of the Auction Manager to the ICC no later than the end of business on the second business day following the Auction Completion Date.

The Staff submits the Confidential Report of the Staff to the ICC no later than the end of business on the second business day following the Auction Completion Date.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 278)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE (CONTINUED).**

If, during the period that ends at the end of the fifth business day following the Auction Completion Date, the ICC initiates a formal investigation or other formal proceeding regarding the Fixed Price Section or the Hourly Price Section of the Illinois Auction, then the Company does not execute the SFCs pertaining to auction products in such Illinois Auction Section. The Company, the Staff, and the Auction Manager determine, within ten (10) business days after the ICC takes such formal action, if the descending-clock auction phase for such Illinois Auction Section can be conducted again, starting over with the same Round 1 price(s) in a manner that timely addresses and resolves the concern(s) that led to the ICC's formal action. If the Company, the Staff, and the Auction Manager make such a determination, then the descending-clock auction phase for such Illinois Auction Section is repeated in accordance with terms consistent with this rider in a timely fashion, and the steps following such auction phase are followed as provided in this rider, except that the schedule for such steps must conform to reflect that the descending-clock auction phase is repeated on a later date. Upon completion of such repeated auction phase and no rejection of its results by the ICC, the Auction Manager issues a Declaration of a Successful Result for such Illinois Auction Section. In the event that the Company, the Staff, and the Auction Manager determine that such Illinois Auction Section cannot be repeated in a manner that timely addresses and resolves the concern(s) that led to the ICC's formal action, and the ICC has not approved an alternative procurement mechanism, then the provisions provided in the Limitations and Contingencies part of this rider become operative.

In the event that the ICC takes no formal action as described in the preceding paragraph, the Auction Manager issues a Declaration of a Successful Result for such Fixed Price Section or Hourly Price Section, as applicable, at the end of business on the fifth business day following the Auction Completion Date.

The day on which a Declaration of a Successful Auction Result for the Fixed Price Section or Hourly Price Section is issued is identified as the Date of Declaration of a Successful Result for the Fixed Price Section or Hourly Price Section, as applicable.

Each winning bidder of an auction product for full requirements electric supply must prove its initial creditworthiness as provided in the applicable SFC, sign such SFC, and submit it to the Company thereby becoming a supplier no later than the end of business on the third business day following the applicable Date of Declaration of a Successful Result. Immediately after such supplier signs such SFC and submits it to the Company, the Company signs such SFC.

(Continued on Sheet No. 280)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 279)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE (CONTINUED).**

The Company submits the applicable Retail Supply Charge Informational Filing to the ICC no later than nine (9) business days following the associated Date of Declaration of a Successful Result.

The election period for Rider PPO-MVM – Power Purchase Option (Market Value Methodology) (Rider PPO-MVM) begins the first business day following the date the Company submits the applicable Retail Supply Charge Informational Filing to the ICC and extends for forty-five (45) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW, except that for the initial CPP such period of time extends for fifty (50) calendar days for any such retail customer. Otherwise, such period of time extends for thirty (30) calendar days.

The election period for Rate BES-NRA - Basic Electric Service - Nonresidential (Annual) (Rate BES-NRA) begins the first business day following the date the Company submits the applicable Retail Supply Charge Informational Filing to the ICC and extends for forty-five (45) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW, except that for the initial CPP such period of time extends for fifty (50) calendar days for any such retail customer. Otherwise, such period of time extends for thirty (30) calendar days.

The retail supply charges provided in a Retail Supply Charge Informational Filing become effective for twelve (12) monthly billing periods beginning with the June monthly billing period following the applicable Date of Declaration of a Successful Result, except as provided in the first paragraph of this CPP Timeline section. The Company is not required to obtain any additional consent or other approval, whether prospective, contemporaneous, or retrospective, from the ICC or any other entity in order to issue bills containing such retail supply charges or in order to collect such retail supply charges, provided, however, that such retail supply charges are subject to adjustment in accordance with lawful orders issued by the ICC in annual docketed reconciliation proceedings as provided for in the ICC's Order entered in Docket No. 05-0159.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 280)

**COMPETITIVE PROCUREMENT PROCESS (CONTINUED)**

**CPP TIMELINE (CONTINUED).**

The Public Report of the Staff and the Public Report of the Auction Manager are made publicly available no earlier than thirty (30) calendar days prior to the day the Company is scheduled to begin procuring full requirements electric supply in accordance with SFCs executed following the applicable Dates of Declaration of a Successful Result.

With a postmark dated no later than the twentieth day of the month prior to the start of each effective period, beginning with the March 2007 effective period, the Company submits the AAFs applicable during such effective period, along with supporting work papers, to the ICC for informational purposes. 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 such AAF or in order to collect any such AAF, provided, however, that any such AAF is subject to adjustment in accordance with lawful orders issued by the ICC in annual docketed reconciliation proceedings or otherwise as provided for in the ICC's Order entered in Docket No. 05-0159.

Any submission of an AAF 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 AAF 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.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 281)

**LIMITATIONS AND CONTINGENCIES**

In the event that the full requirements electric supply to be procured by the Company under the executed SFCs for the CPP Blended Segment, the CPP Annual Segment, or the CPP Hourly Segment is less than the full requirements electric supply requirements applicable to such CPP Blended Segment, CPP Annual Segment or CPP Hourly Segment due to under subscription, the Company procures such under subscribed portion of its full requirements electric supply requirements through purchases in the PJM-administered markets. The Company makes such PJM market purchases, beginning on the first day of the required supply period and continuing through the end of the shortest term prior to available replacement by new SFCs that could occur in the next available Illinois Auction for such segment. Notwithstanding the previous provisions of this paragraph, in the event that the ICC initiates a formal investigation or other formal proceeding, as provided in the Competitive Procurement Process part of this rider, with regard to and rejects the results of an Illinois Auction Section, and an alternative procurement mechanism is approved, any such under subscribed full requirements electric supply requirements associated with the Illinois Auction Section for which the results have been rejected must be procured in accordance with the alternative procurement mechanism approved for the acquisition of the remaining full requirements electric supply associated with such Illinois Auction Section. In the event that the ICC initiates a formal investigation or other formal proceeding with regard to an Illinois Auction Section; the Company, the Staff, and the Auction Manager determine that the auction process for such Illinois Auction Section cannot be repeated in a manner that timely addresses and resolves the concern(s) that led to the ICC's formal action, as provided for in the CPP Timeline section of the Competitive Procurement Process part of this rider; and the ICC has not approved an alternative procurement mechanism, then the provisions of the first two sentences in this Limitations and Contingencies part relating to under subscriptions apply to the entire full requirements electric supply requirements associated with such Illinois Auction Section.

In the event that a supplier commits or is subject to an event of default under an executed SFC for the CPP Blended Segment, the CPP Annual Segment, or the CPP Hourly Segment, and the Company issues to the supplier a notice of termination of such SFC based on such event of default, the Company needs to procure the portion of its full requirements electric supply requirements to which such SFC was applicable by means of an alternative wholesale market competitive procurement process. For situations in which the remaining term for the procurement of any part of such portion (the defaulted part) is one hundred, twenty (120) calendar days or less, the Company procures such defaulted part through purchases in the PJM-administered markets for the remaining term of such defaulted part. For situations in which the remaining term for the procurement of any defaulted part is more than one hundred, twenty (120) calendar days and such defaulted part numbers fewer than thirty (30) tranches of load associated with (a) the CPP Blended Segment and the CPP Annual Segment, or (b) the CPP Hourly Segment, as applicable, a Solicitation for Replacement Procurement (SRP) is issued for the procurement of such defaulted part. For situations in which the remaining term for the procurement of any defaulted part is more than one hundred, twenty (120) calendar days and such defaulted part numbers thirty (30) or more tranches of load associated with (a) the CPP Blended Segment and the CPP Annual Segment, or (b) the CPP Hourly Segment, as applicable, a replacement auction is conducted, with an abbreviated schedule, for the procurement of such defaulted part.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 282)

**LIMITATIONS AND CONTINGENCIES (CONTINUED)**

If an SRP is required, eligible bidders are requested to submit binding offers to provide full requirements electric supply to be procured by the Company for the defaulted part for its remaining term. The SRP employs sealed bids submitted in a single-round process. Due to the nature of such process, there is no maximum boundary level with respect to the provision of full requirements electric supply imposed on the eligible bidders in this process. The Auction Manager oversees and administers the process. The Auction Manager contacts bidders, evaluates all offers and selects the offers with the lowest priced bids, in succession, until such offers include the provision of full requirements electric supply in an amount equal to the defaulted part. In addition, the Auction Manager reports the results of the process to the Company and the ICC. The Solicitation for Replacement Procurement Manual describes the eligibility criteria, bid preparation and submittal, evaluation, and other applicable items in the SRP process in more detail.

If a replacement auction is required, the process followed is similar to the most recently conducted applicable Illinois Auction Section, with the exception that preparatory activities occurring prior to the actual auction are reduced or simplified, due to the need of the Company to procure full requirements electric supply in an amount equal to the defaulted part in an expeditious manner. Bidders in such a replacement auction are required to certify that they have reviewed and understand the operational mechanics of the auction process in order to participate. The replacement auction is conducted by the Auction Manager in a manner similar to that described in the Competitive Procurement Process part of this rider, including the review by the ICC at its conclusion.

If either an SRP or replacement auction is required, the Company procures full requirements electric supply for the defaulted part from the PJM-administered markets beginning at the time that the SFC previously applicable to the defaulted part is terminated and continuing until full requirements electric supply in an amount equal to the defaulted part is procured under the terms of SFCs executed in accordance with the provisions of this Limitations and Contingencies part.

In the event that the Company purchases full requirements electric supply outside of an executed SFC for the CPP Blended Segment, the CPP Annual Segment, or the CPP Hourly Segment pursuant to this Limitations and Contingencies part, the Company must provide to the Staff a report on the circumstances of such purchases that includes a description of the events causing the need for those purchases. A copy of the report must be provided to the Manager of the Staff's Energy Division. If such report contains confidential information of any retail customer, the supplier, or the Company, the Company may designate the applicable portions of such report as confidential.

(Continued on Sheet No. 284)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 283)

**RETAIL CUSTOMER SWITCHING RULES**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT.**

The Company procures full requirements electric supply via auction products attributable to the CPP Blended Segment in the provision of bundled electric service to retail customers taking service under Rate BES-R - Basic Electric Service-Residential (Rate BES-R), Rate BES-NRB - Basic Electric Service-Nonresidential (Blended) (Rate BES-NRB), and Rate BES-L - Basic Electric Service-Lighting (Rate BES-L). Any such retail customer is subject to switching rules, as applicable, described in this Bundled Electric Service Related to the CPP Blended Segment section. Rate BES-R pertains to retail customers to which the Residential Customer Group is applicable. Rate BES-NRB pertains to retail customers to which the Watt-Hour Customer Group, the Small Load Customer Group, or the Medium Load Customer Group is applicable. Rate BES-L pertains to retail customers to which the Dusk to Dawn Lighting Customer Group or the General Lighting Customer Group is applicable.

A retail customer to which the Large Load Customer Group, the Very Large Load Customer Group, the Self-Generating Customer Group, or the Competitively Declared Customer Group is applicable is not eligible to take service under a tariff for bundled electric service for which the Company procures full requirements electric supply via auction products attributable to the CPP Blended Segment.

**Initial Application**

In addition to any residential retail customer that requests service under Rate BES-R to commence on January 2, 2007, and is in compliance with the provisions of the Prerequisites of Service section of Rate BES-R, service under Rate BES-R commences on January 2, 2007 for a residential retail customer that (a) has not requested and is not taking service under Rate RDS - Retail Delivery Service (Rate RDS) or Rate BES-H - Basic Electric Service-Hourly Energy Pricing (Rate BES-H) beginning January 2, 2007, and (b) has been taking service through January 1, 2007, under the then effective (1) Rate 1 - Residential Service (Rate 1), (2) Rate 1DR - Residential Service - Time of Day (Rate 1DR), (3) Rate 1H - Residential Service - Add On Heat Pump Customers (Rate 1H), (4) Rate 14 - Residential Service - Space Heating Customers (Rate 14), or (5) Rate RCDS - Retail Customer Delivery Service (Rate RCDS) with Rider ISS - Interim Supply Service (Rider ISS). The provisions of this paragraph apply only to a retail customer to which the Residential Customer Group is applicable.

For a situation in which an applicant for electric service at a premises (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after January 2, 2007; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Residential Customer Group would be applicable to such applicant; and (d) has not requested or is not in compliance with the prerequisites of service under Rate BES-H or Rate RDS, such applicant commences service as a residential retail customer under Rate BES-R.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 284)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT (CONTINUED).**

**Initial Application (Continued)**

In addition to any nonresidential retail customer that requests service under Rate BES-NRB to commence on January 2, 2007, and is in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRB, service under Rate BES-NRB commences on January 2, 2007 for a nonresidential retail customer that (a) has not requested and is not taking service under Rate RDS or Rate BES-H beginning January 2, 2007, and (b) has been taking service through January 1, 2007, under the then effective (1) Rate 6 - General Service (Rate 6), (2) Rate 6L - Large General Service (Rate 6L), (3) Rate 14, (4) Rate 24 - Water Supply and Sewage Pumping Service (Rate 24), (5) Rate 87 - Governmental Service-Certain Rockford Customers (Rate 87), or (6) Rate RCDS with either Rider PPO (MI) - Power Purchase Option (Market Index) (Rider PPO (MI)) or Rider ISS. The provisions of this paragraph apply only to a nonresidential retail customer to which the Watt-Hour Customer Group, Small Load Customer Group, or Medium Load Customer Group is applicable.

For a situation in which an applicant for electric service at a premises (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after January 2, 2007; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Watt-Hour Customer Group, Small Load Customer Group, or Medium Load Customer Group would be applicable to such applicant; and (d) has not requested or is not in compliance with the prerequisites of service under Rate BES-H or Rate RDS, such applicant commences service as a nonresidential retail customer under Rate BES-NRB.

In addition to any retail customer that requests service under Rate BES-L to commence on January 2, 2007, and is in compliance with the provisions of the Prerequisites of Service section of Rate BES-L, service under Rate BES-L commences on January 2, 2007 for a retail customer that (a) has not requested and is not taking service under Rate BES-H or Rate RDS beginning January 2, 2007, and (b) has been taking service through January 1, 2007, under the then effective (1) Rate 23 - Municipal Street Lighting (Rate 23), (2) Rate 25 - Street, Highway, and Traffic Signal Lighting (Rate 25), (3) Rate 26 - Private Outdoor Lighting (Rate 26), (4) Rate RCDS with either Rider PPO (MI) or Rider ISS, (5) the Electric Service Agreement Between Commonwealth Edison Company and Chicago Park District dated February 28, 1951, as amended (CPD Agreement), or (6) the Street Lighting Electric Service Agreement Between Commonwealth Edison Company and City of Chicago, dated February 20, 1950, as amended (CSL Agreement). The provisions of this paragraph apply only to a retail customer or portion of electric service to which the Dusk to Dawn Lighting Customer Group or General Lighting Customer Group is applicable.

For a situation in which an applicant for electric service (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after January 2, 2007; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Dusk to Dawn Lighting Customer Group or the General Lighting Customer Group would be applicable to such applicant; and (d) has not requested or is not in compliance with the prerequisites of service under Rate BES-H or Rate RDS, such applicant commences service as a retail customer under Rate BES-L.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 285)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT (CONTINUED).**

**Switching To Rate RDS With RES Supply**

If a retail customer has been taking service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, on a continuous basis commencing January 2, 2007, such retail customer may elect to terminate service under such bundled electric service rate and obtain electric power and energy supply from a Retail Electric Supplier (RES). In making such election, the provision of service under such bundled electric service rate terminates and the provision of service from the Company under Rate RDS commences, effective on the Company's next normally scheduled meter reading or billing cycle date for such retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable Direct Access Service Request (DASR) for such retail customer and such retail customer is in compliance with all the prerequisites for service under Rate RDS. Notwithstanding the previous provisions of this paragraph, if the retail customer is a nonresidential or lighting retail customer, such effective date may occur on a date other than the Company's next normally scheduled meter reading or billing cycle date for such nonresidential or lighting retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable DASR for such nonresidential or lighting retail customer, such nonresidential or lighting retail customer is in compliance with all the prerequisites for service under Rate RDS, and such nonresidential or lighting retail customer is subject to the Nonstandard Switching Fees provided in the Nonstandard Switching Fee subsection of the Other Charges section of the Rates and Charges part of Rate RDS.

If a retail customer has been taking service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, commencing after January 2, 2007, but such retail customer (a) had never received service from the Company under any tariff prior to such commencement date, or (b) has been taking service under such bundled electric service rate for a period of at least twelve (12) consecutive monthly billing periods, such retail customer may elect to terminate service under such bundled electric service rate and obtain electric power and energy supply from a RES in accordance with the provisions of the previous paragraph.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 286)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT (CONTINUED).**

**Switching To Rate RDS With Rider PPO-MVM**

If a nonresidential or lighting retail customer has been taking service under Rate BES-NRB or Rate BES-L, as applicable, on a continuous basis commencing January 2, 2007, such nonresidential or lighting retail customer may elect to terminate service under such bundled electric service rate and obtain service under Rate RDS with Rider PPO-MVM, provided such nonresidential or lighting retail customer fulfills all prerequisites of service under Rate RDS and Rider PPO-MVM.

If a nonresidential or lighting retail customer has been taking service under Rate BES-NRB or Rate BES-L, as applicable, on a continuous basis commencing after January 2, 2007, but such nonresidential or lighting retail customer (a) had never received service from the Company under any tariff prior to such commencement date, or (b) has been taking service under such bundled electric service rate for a period of at least twelve (12) consecutive monthly billing periods, such nonresidential or lighting retail customer may elect to terminate service under such bundled electric service rate and obtain service under Rate RDS with Rider PPO-MVM, provided such nonresidential or lighting retail customer fulfills all prerequisites of service under Rate RDS and Rider PPO-MVM.

**Switching To Rate BES-H**

If a retail customer has been taking service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, on a continuous basis commencing January 2, 2007, such retail customer may elect to terminate service under such bundled electric service rate and obtain service under Rate BES-H, provided such retail customer fulfills all prerequisites of service under Rate BES-H.

If a retail customer has been taking service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, on a continuous basis commencing after January 2, 2007, but such retail customer (a) had never received service from the Company under any tariff prior to such commencement date, or (b) has been taking service under such bundled electric service rate for a period of at least twelve (12) consecutive monthly billing periods, such retail customer may elect to terminate service under such bundled electric service rate and obtain service under Rate BES-H, provided such retail customer fulfills all prerequisites of service under Rate BES-H.

Notwithstanding the previous provisions of this Switching to Rate BES-H subsection, service under Rate BES-H is not available to a lighting retail customer or portion of electric service to which the Fixture-Included Lighting Delivery Class is applicable.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 287)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT (CONTINUED).**

**Switching To Rate BES-R, Rate BES-NRB, Or Rate BES-L**

If a retail customer commences service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, after January 2, 2007, and such retail customer had received service from the Company under a different tariff prior to such commencement date, then such retail customer must continue to take service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, for a period of twelve (12) consecutive monthly billing periods.

Notwithstanding the provisions of the previous paragraph, if a retail customer commences service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, after January 2, 2007, and such retail customer had received service from the Company under Rate RDS prior to such commencement date, but the switch from service under Rate RDS to Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, was a direct result of such retail customer's RES ceasing to do business as a RES in the Company's service territory, then such retail customer is not required to continue to take service under Rate BES-R, Rate BES-NRB, or Rate BES-L, as applicable, for a period of at least twelve (12) consecutive monthly billing periods.

Beginning in 2008, if a retail customer commences service under Rate BES-R, Rate BES-NRB, or Rate BES-L at the start of a June monthly billing period after a switch from another bundled electric service rate, other than Rate BES-H, as a result of a change in the customer supply group applicable to such retail customer, the determination of the period of at least twelve (12) consecutive monthly billing periods, as previously described in this Bundled Electric Service Related to the CPP Blended Segment section, includes the monthly billing periods during which such retail customer received continuous service under such other bundled electric service rate.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 288)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP BLENDED SEGMENT (CONTINUED).**

**Termination Of Service**

If a customer supply group other than the Residential Customer Group becomes applicable to the retail customer, service under Rate BES-R is terminated.

If a customer supply group other than the Watt-Hour Customer Group, Small Load Customer Group, or Medium Load Customer Group becomes applicable to the retail customer, service under Rate BES-NRB is terminated.

If a customer supply group other than the Dusk to Dawn Lighting Customer Group or the General Lighting Customer Group becomes applicable to the retail customer, service under Rate BES-L is terminated.

In the event that the retail customer terminates service from the Company under Rate BES-R or Rate BES-NRB, as applicable, and does not elect to obtain service from the Company under any other tariffed service at its premises due to the fact that such retail customer is vacating the premises, service under such bundled electric service rate continues for not more than ten (10) days after the date such retail customer vacates the premises, provided the retail customer provides timely notice to the Company to terminate service under such bundled electric service rate at such premises.

In the event that a lighting retail customer terminates service under Rate BES-L and does not elect to obtain service from the Company under any other tariffed service due to the fact that such lighting retail customer is abandoning the lighting system for which service under Rate BES-L has been provided, the lighting retail customer must provide the Company with sufficient notice to enable the Company and the lighting retail customer to cooperatively coordinate the termination of service under Rate BES-L to coincide with the abandonment of such lighting system.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 289)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT.**

The Company procures full requirements electric supply via the auction product attributable to the CPP Annual Segment in the provision of bundled electric service to retail customers taking service under Rate BES-NRA and Rate BES-RR - Basic Electric Service-Railroad (Rate BES-RR) with pricing determined in accordance with the CPP-A Charges subsection of the Monthly Charges section of such Rate BES-RR. Any such retail customer is subject to switching rules, as applicable, described in this Bundled Electric Service Related to the CPP Annual Segment section. Rate BES-NRA pertains to retail customers to which the Large Load Customer Group or the Very Large Load Customer Group is applicable, except that Rate BES-RR pertains to retail customers to which the Railroad Delivery Class is applicable.

A retail customer to which the Residential Customer Group, the Watt-Hour Customer Group, the Small Load Customer Group, the Medium Load Customer Group, the Dusk to Dawn Lighting Customer Group, the General Lighting Customer Group, the Self-Generating Customer Group, or the Competitively Declared Customer Group is applicable is not eligible to take service under Rate BES-NRA or Rate BES-RR.

**Rate BES-NRA Initial Term Of Service**

The provisions of this Rate BES-NRA Initial Term of Service subsection are applicable for the term of service under Rate BES-NRA that begins January 2, 2007.

The initial term of service under Rate BES-NRA commences January 2, 2007. The initial term of service under Rate BES-NRA expires at the end of the May 2008 monthly billing period.

In addition to any nonresidential retail customer that requests service under Rate BES-NRA to commence on January 2, 2007, and is in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRA, service under Rate BES-NRA commences on January 2, 2007 for a nonresidential retail customer that (a) has not requested and is not taking service under Rate RDS or Rate BES-H beginning January 2, 2007, and (b) has been taking service through January 1, 2007, under the then effective (1) Rate 6, (2) Rate 6L - Large General Service (Rate 6L), (3) Rate 14, (4) Rate 24, or (5) Rate 87. The provisions of this paragraph apply only to a nonresidential retail customer to which the Large Load Customer Group or the Very Large Load Customer Group is applicable.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 290)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-NRA Initial Term Of Service (Continued)**

A nonresidential retail customer to which the Large Load Customer Group or the Very Large Load Customer Group is applicable may elect to obtain service from the Company under Rate BES-NRA commencing on January 2, 2007, by requesting to switch from the then effective Rate RCDS or the then effective Rate HEP - Hourly Energy Pricing (Rate HEP) and being in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRA. Such nonresidential retail customer must make such election within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC. Such period of time extends for fifty (50) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW. Otherwise, such period of time extends for thirty (30) calendar days. Such nonresidential retail customer must continue to take service under Rate BES-NRA through the end of its May 2008 monthly billing period.

For a situation other than as addressed in the previous paragraph, a nonresidential retail customer that commences service under Rate BES-NRA on January 2, 2007, may (a) continue to take service under Rate BES-NRA through the end of such nonresidential retail customer's May 2008 monthly billing period, or (b) elect to obtain electric power and energy supply service from a RES prior to the end of such nonresidential retail customer's May 2008 monthly billing period. In making such election, the provision of service under Rate BES-NRA terminates and the provision of service from the Company under Rate RDS commences, provided the nonresidential retail customer complies with the provisions of the Rate BES-NRA Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section.

For a situation in which an applicant for electric service at a premises (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after January 2, 2007, but prior to the end of the May 2008 monthly billing period; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Large Load Customer Group or the Very Large Load Customer Group would be applicable to such applicant; (d) has not requested service under Rate BES-H, and (e) has not requested or is not in compliance with the prerequisites of service under Rate RDS, such applicant commences service as a nonresidential retail customer under Rate BES-NRA. Such nonresidential retail customer must continue to take service under Rate BES-NRA through the end of its May 2008 monthly billing period. Notwithstanding the previous provisions of this paragraph, if such applicant requests service at a premises for which electric service had been provided under Rate RDS or Rate BES-H immediately prior to the date that the Company begins to provide electric service to such applicant, the applicant is not allowed to take service under Rate BES-NRA. Instead, such applicant commences service as a nonresidential retail customer under Rate BES-H.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 291)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-NRA Initial Term Of Service (Continued)**

The term of service for a nonresidential retail customer taking service under Rate BES-NRA through the end of its May 2008 monthly billing period automatically renews for a period of twelve (12) monthly billing periods, unless such nonresidential retail customer provides notification to the Company of its decision to terminate service under Rate BES-NRA, effective at the beginning of such nonresidential retail customer's June 2008 monthly billing period. In terminating service under Rate BES-NRA, such nonresidential retail customer must comply with the provisions of the Rate BES-NRA Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section.

**Rate BES-NRA Subsequent Terms Of Service**

The provisions of this Rate BES-NRA Subsequent Terms of Service subsection are applicable for terms of service under Rate BES-NRA that begin on or after the start of the June 2008 monthly billing period.

The term of service under Rate BES-NRA extends for twelve (12) monthly billing periods beginning at the start of the June monthly billing period after the applicable Date of Declaration of a Successful Result and extending through the end of the following May monthly billing period.

A nonresidential retail customer to which the Large Load Customer Group or the Very Large Load Customer Group is applicable may elect to obtain service from the Company under Rate BES-NRA commencing at the start of the June monthly billing period after the applicable Date of Declaration of a Successful Result, by requesting to switch from Rate RDS or Rate BES-H and being in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRA. Such nonresidential retail customer must make such election within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC. Such period of time extends for forty-five (45) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW. Otherwise, such period of time extends for thirty (30) calendar days. Such nonresidential retail customer must continue to take service under Rate BES-NRA through the end of the following May monthly billing period. Notwithstanding the previous provisions of this paragraph, a nonresidential retail customer may not elect to take service under Rate BES-NRA if notice of such election is received by the Company after the date that is seven (7) calendar days prior to the start of such nonresidential retail customer's June monthly billing period.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 292)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-NRA Subsequent Terms Of Service (Continued)**

For a situation in which the nonresidential retail customer's term of service under Rate BES-NRA commences at the start of a June monthly billing period following an automatic renewal of service under Rate BES-NRA, such nonresidential retail customer may (a) continue to take service under Rate BES-NRA through the end of such nonresidential retail customer's following May monthly billing period, or (b) elect to obtain electric power and energy supply service from a RES prior to the end of such nonresidential retail customer's following May monthly billing period. In making such election, the provision of service under Rate BES-NRA terminates and the provision of service from the Company under Rate RDS commences, provided the nonresidential retail customer complies with the provisions of the Rate BES-NRA Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section.

For a situation in which the nonresidential retail customer's term of service under Rate BES-NRA commences at the start of a June monthly billing period following an automatic switch from Rate BES-NRB - Basic Electric Service-Nonresidential (Blended) due to the fact that the Large Load Customer Group or the Very Large Load Customer Group becomes applicable to such nonresidential retail customer, such nonresidential retail customer may (a) continue to take service under Rate BES-NRA through the end of such nonresidential retail customer's following May monthly billing period, or (b) elect to obtain electric power and energy supply service from a RES prior to the end of such nonresidential retail customer's following May monthly billing period. In making such election, the provision of service under Rate BES-NRA terminates and the provision of service from the Company under Rate RDS commences, provided the nonresidential retail customer complies with the provisions of the Rate BES-NRA Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section. Notwithstanding the provisions of the aforementioned item (b) in this paragraph, the nonresidential retail customer is allowed to make such election only after such nonresidential retail customer has received bundled electric service from the Company on a continuous basis for a period of at least twelve (12) monthly billing periods. Service taken under Rate BES-H is not allowed for inclusion in such period.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 293)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-NRA Subsequent Terms Of Service (Continued)**

For a situation in which an applicant for electric service at a premises (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after the start of the June monthly billing period, but prior to the end of the following May monthly billing period; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Large Load Customer Group or the Very Large Load Customer Group would be applicable to such applicant; (d) has not requested service under Rate BES-H, and (e) has not requested or is not in compliance with the prerequisites of service under Rate RDS, such applicant commences service as a nonresidential retail customer under Rate BES-NRA. Such nonresidential retail customer must continue to take service under Rate BES-NRA through the end of the May monthly billing period following such commencement of service. Notwithstanding the previous provisions of this paragraph, if such applicant requests service at a premises for which electric service had been provided under Rate RDS or Rate BES-H immediately prior to the date that the Company begins to provide electric service to such applicant, the applicant is not allowed to take service under Rate BES-NRA. Instead, such applicant commences service as a nonresidential retail customer under Rate BES-H.

The term of service for a nonresidential retail customer taking service under Rate BES-NRA through the end of its May monthly billing period automatically renews for a period of twelve (12) monthly billing periods, unless such nonresidential retail customer provides notification to the Company of its decision to terminate service under Rate BES-NRA, effective at the beginning of such nonresidential retail customer's June monthly billing period. In terminating service under Rate BES-NRA, such nonresidential retail customer must comply with the provisions of the Rate BES-NRA Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section.

**Rate BES-NRA Termination Of Service**

For a situation in which a nonresidential retail customer elects to terminate service under Rate BES-NRA and switch to service under Rate RDS at the expiration of such nonresidential retail customer's term of service under Rate BES-NRA, such nonresidential retail customer must (a) meet all the prerequisites to commence service under Rate RDS; and (b) provide written notification to the Company of its decision to terminate service under Rate BES-NRA within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC. Such period of time extends for forty-five (45) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW. Otherwise, such period of time extends for thirty (30) calendar days. Notwithstanding the previous provisions of this paragraph, a nonresidential retail customer may not terminate service under Rate BES-NRA if such notification is received by the Company after the date that is seven (7) calendar days prior to the start of such nonresidential retail customer's June monthly billing period.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-NRA Termination Of Service (Continued)**

For a situation in which a nonresidential retail customer elects to terminate service under Rate BES-NRA and complies with the provisions of item (b) in the previous paragraph, but does not comply with the provisions of item (a) in the previous paragraph, service under Rate BES-NRA to such nonresidential retail customer terminates at the expiration of the nonresidential retail customer's term of service under Rate BES-NRA. Upon such termination, the nonresidential retail customer is provided with electric service under Rate BES-H.

For a situation in which a nonresidential retail customer is allowed to elect to obtain electric power and energy supply service from a RES prior to the expiration of such nonresidential retail customer's term of service under Rate BES-NRA, such election is effective and service under Rate BES-NRA terminates on the Company's next normally scheduled meter reading or billing cycle date for such nonresidential retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable DASR for such nonresidential retail customer and such nonresidential retail customer is in compliance with all the prerequisites of service under Rate RDS. Notwithstanding the previous provisions of this paragraph, such effective date may occur on a date other than the Company's next normally scheduled meter reading or billing cycle date for such nonresidential retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable DASR for such nonresidential retail customer, such nonresidential retail customer is in compliance with all the prerequisites of service under Rate RDS, and such nonresidential retail customer is subject to the Nonstandard Switching Fees provided in the Nonstandard Switching Fee subsection of the Other Charges section of the Rates and Charges part of Rate RDS.

For a situation in which a customer supply group other than the Large Load Customer Group or the Very Large Load Customer Group becomes applicable to a nonresidential retail customer, service under Rate BES-NRA is terminated.

Notwithstanding the previous provisions of this Rate BES-NRA Termination of Service subsection, in the event that the nonresidential retail customer terminates service from the Company under Rate BES-NRA and does not elect to obtain service from the Company under any other tariffed service at its premises due to the fact that such nonresidential retail customer is vacating the premises, service under Rate BES-NRA continues for not more than ten (10) days after the date such nonresidential retail customer vacates the premises, provided the nonresidential retail customer provides timely notice to the Company to terminate service under Rate BES-NRA at such premises.

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(Continued from Sheet No. 294.1)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Initial Term Of Service**

The provisions of this Rate BES-RR Initial Term of Service subsection are applicable for the term of service under Rate BES-RR that begins January 2, 2007.

The initial term of service under Rate BES-RR commences January 2, 2007. Such initial term of service expires at the end of the May 2008 monthly billing period.

Service under Rate BES-RR commences on January 2, 2007, for a nonresidential retail customer that (1) has not requested and is not taking service under Rate RDS beginning January 2, 2007, and (2) has been provided with bundled electric service through January 1, 2007, under the Electric Service Agreement Between Commonwealth Edison Company and Northeast Illinois Regional Commuter Railroad Corporation dated June 1, 1986, as amended (NIRCRC Agreement), or the Electric Service Agreement Between Commonwealth Edison Company and Chicago Transit Authority, dated August 1, 1958, as amended (CTA Agreement), as applicable. Such nonresidential retail customer may elect to (a) continue to take service under Rate BES-RR through the end of such nonresidential retail customer's May 2008 monthly billing period, or (b) obtain electric power and energy supply service from a RES prior to the end of such nonresidential retail customer's May 2008 monthly billing period. In making such election, the provision of service under Rate BES-RR terminates and the provision of service under Rate RDS commences, provided the nonresidential retail customer complies with the applicable provisions in the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section. For a nonresidential retail customer that elects item (a), the provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer during the initial term of service. For a nonresidential retail customer that elects item (b), the provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until service under Rate BES-RR terminates.

For a situation in which the nonresidential retail customer requests to commence service under Rate BES-RR on January 2, 2007, by switching from the then effective Rate RCDS, and such nonresidential retail customer submits a valid, written request to the Company for service under Rate BES-RR within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC and extends for thirty (30) calendar days, such nonresidential retail customer commences service under Rate BES-RR on January 2, 2007. Such nonresidential retail customer must continue to take service under Rate BES-RR through the end of its May 2008 monthly billing period. The provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer during such initial term of service.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.2)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Initial Term Of Service (Continued)**

For any other situation in which a nonresidential retail customer commences service under Rate BES-RR on or after January 2, 2007, but prior to the end of the May 2008 monthly billing period, the provisions of the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until (a) service under Rate BES-RR terminates, or (b) the term of service under Rate BES-RR automatically renews.

The term of service for a nonresidential retail customer taking service under Rate BES-RR through the end of its May 2008 monthly billing period automatically renews for a period of twelve (12) monthly billing periods, unless such nonresidential retail customer provides notification to the Company of its decision to terminate service under Rate BES-RR, effective at the beginning of such nonresidential retail customer's June 2008 monthly billing period. A nonresidential retail customer must comply with the provisions of the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section in order to terminate service under Rate BES-RR.

For a situation in which a nonresidential retail customer elects to terminate service under Rate BES-RR at the expiration of its initial term of service and complies with the provisions in item (b) in the first paragraph of the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section, but does not comply with the provisions of item (a) in such paragraph, service under Rate BES-RR to such nonresidential retail customer does not terminate at the beginning of such nonresidential retail customer's June monthly billing period. Instead, the provisions of the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until (1) service under Rate BES-RR terminates, or (2) the term of service under Rate BES-RR automatically renews.

Notwithstanding the previous provisions of this Rate BES-RR Initial Term of Service subsection, for a situation in which the Company provides bundled electric service to the nonresidential retail customer under Rate BES-RR, and such nonresidential retail customer (a) owns, operates, and/or is entitled to the output from electric generating facilities located at its premises, and (b) such electric generating facilities (1) have a generation capacity of one hundred (100) kW or more, and (2) are used for any purpose other than emergency purposes during such times when electric service from the Company is interrupted, the charges in the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.3)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Subsequent Terms Of Service**

The provisions of this Rate BES-RR Subsequent Terms of Service subsection are applicable for terms of service that begin on or after the start of the June 2008 monthly billing period.

A term of service extends for twelve (12) monthly billing periods. A term of service commences at the beginning of the nonresidential retail customer's June monthly billing period and expires at the end of such nonresidential retail customer's following May monthly billing period.

For a situation in which the nonresidential retail customer's term of service under Rate BES-RR commences at the start of a June monthly billing period following an automatic renewal of service under Rate BES-RR, such nonresidential retail customer may elect to (a) continue to take service under Rate BES-RR through the end of such nonresidential retail customer's following May monthly billing period, or (b) obtain electric power and energy supply service from a RES prior to the end of such nonresidential retail customer's following May monthly billing period. In making the item (b) election, the provision of service under Rate BES-RR terminates and the provision of service under Rate RDS commences, provided the nonresidential retail customer complies with the applicable provisions in the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section. For a nonresidential retail customer that elects item (a), the provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer during such term of service. For a nonresidential retail customer that elects item (b), the provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until service under Rate BES-RR terminates.

For a situation in which the nonresidential retail customer requests to commence service under Rate BES-RR at the start of its June monthly billing period, by switching from Rate RDS, and such nonresidential retail customer submits a valid, written request to the Company for service under Rate BES-RR within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC and extends for thirty (30) calendar days, provided such submission is at least seven (7) calendar days prior to the start of such June monthly billing period, such nonresidential retail customer commences service under Rate BES-RR at the start of such June monthly billing period. Such nonresidential retail customer must continue to take service under Rate BES-RR through the end of the following May monthly billing period. The provisions of the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer during such term of service.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.4)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Subsequent Terms Of Service (Continued)**

For any other situation in which a nonresidential retail customer commences service under Rate BES-RR on or after the start of the June monthly billing period, but prior to the end of the following May monthly billing period, the provisions of the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until (a) service under Rate BES-RR terminates, or (b) the term of service under Rate BES-RR automatically renews.

The term of service for a nonresidential retail customer taking service under Rate BES-RR through the end of its May monthly billing period automatically renews for a period of twelve (12) monthly billing periods, unless such nonresidential retail customer provides notification to the Company of its decision to terminate service under Rate BES-RR, effective at the beginning of such nonresidential retail customer's June monthly billing period. A nonresidential retail customer must comply with the applicable provisions of the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section in order to terminate service under Rate BES-RR.

For a situation in which a nonresidential retail customer elects to terminate service under Rate BES-RR at the expiration of its term of service and complies with the provisions in item (b) in the first paragraph of the Rate BES-RR Termination of Service subsection of this Bundled Electric Service Related to the CPP Annual Segment section, but does not comply with the provisions of item (a) in such paragraph, service under Rate BES-RR to such nonresidential retail customer does not terminate at the beginning of such nonresidential retail customer's June monthly billing period. Instead, the provisions of the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer until (1) service under Rate BES-RR terminates, or (2) the term of service under Rate BES-RR automatically renews.

Notwithstanding the previous provisions of this Rate BES-RR Subsequent Terms of Service subsection, for a situation in which the Company provides bundled electric service to the nonresidential retail customer under Rate BES-RR, and such nonresidential retail customer (a) owns, operates, and/or is entitled to the output from electric generating facilities located at its premises, and (b) such electric generating facilities (1) have a generation capacity of one hundred (100) kW or more, and (2) are used for any purpose other than emergency purposes during such times when electric service from the Company is interrupted, the charges in the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to such nonresidential retail customer.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.5)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Termination Of Service**

For a situation in which the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to the nonresidential retail customer and such nonresidential retail customer elects to terminate service under Rate BES-RR and switch to service under Rate RDS at the expiration of such nonresidential retail customer's term of service under Rate BES-RR, such nonresidential retail customer must (a) meet all the prerequisites to commence service under Rate RDS; and (b) provide written notification to the Company of its decision to terminate service under Rate BES-RR within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC and extends for thirty (30) calendar days. Notwithstanding the previous provisions of this paragraph, a nonresidential retail customer may not terminate service under Rate BES-RR if such notification is received by the Company after the date that is seven (7) calendar days prior to the start of such nonresidential retail customer's June monthly billing period.

For a situation in which the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR apply to the nonresidential retail customer and such nonresidential retail customer is allowed to elect to obtain electric power and energy supply service from a RES prior to the expiration of such nonresidential retail customer's term of service under Rate BES-RR, any such election is effective and service under Rate BES-RR terminates on the Company's next normally scheduled meter reading or billing cycle date for such nonresidential retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable DASR for such nonresidential retail customer and such nonresidential retail customer is in compliance with all the prerequisites of service under Rate RDS. Notwithstanding the previous provisions of this paragraph, such effective date may occur on a date other than the Company's next normally scheduled meter reading or billing cycle date for such nonresidential retail customer, provided such effective date is at least seven (7) calendar days after the Company receives a valid and applicable DASR for such nonresidential retail customer, such nonresidential retail customer is in compliance with all the prerequisites of service under Rate RDS, and such nonresidential retail customer is subject to the Nonstandard Switching Fees provided in the Nonstandard Switching Fee subsection of the Other Charges section of the Rates and Charges part of Rate RDS.

For a situation in which the CPP-H Charges subsection of the Monthly Charges section of Rate BES-RR apply to the nonresidential retail customer, such nonresidential retail customer is allowed to terminate service under Rate BES-RR prior to the expiration of its term of service under Rate BES-RR, provided such nonresidential retail customer provides advance written notice to the Company at least seven (7) calendar days prior to the date on which the nonresidential retail customer requests service under Rate BES-RR to be terminated. Such notice is accepted by the Company and service under Rate BES-RR is terminated on such date if such nonresidential retail customer, on or prior to such date, fulfills all prerequisites for, and on such date commences service under, such other applicable tariff that it selected and for which it is eligible.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.6)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP ANNUAL SEGMENT (CONTINUED).**

**Rate BES-RR Termination Of Service (Continued)**

For a situation in which a delivery class other than the Railroad Delivery Class becomes applicable to a nonresidential retail customer, service under Rate BES-RR is terminated.

Notwithstanding the previous provisions of this Bundled Electric Service Related to the CPP Annual Segment section, in the event that the nonresidential retail customer terminates service from the Company under Rate BES-RR and does not elect to obtain service from the Company under any other tariffed service at its premises due to the fact that such nonresidential retail customer is vacating the premises, service under Rate BES-RR continues for not more than ten (10) days after the date such nonresidential retail customer vacates the premises, provided the nonresidential retail customer provides timely notice to the Company to terminate service under Rate BES-RR at such premises.

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP HOURLY SEGMENT.**

The Company procures full requirements electric supply in accordance with the provisions of the CPP Hourly Segment subsection of the General Process section of the Competitive Procurement Process part of this rider in the provision of bundled electric service to retail customers taking service under Rate BES-H and Rate BES-RR with pricing determined in accordance with the CPP-H Charges subsection of the Monthly Charges section of such Rate BES-RR. Any such retail customer is subject to switching rules, as applicable, described in this Bundled Electric Service Related to the Hourly Pricing Segment section. Notwithstanding the provisions of the previous sentence, for a retail customer to which the Railroad Delivery Class is applicable, switching rules applicable to such retail customer are provided in the Rate BES-RR Initial Term of Service subsection, the Rate BES-RR Subsequent Terms of Service subsection, and the Rate BES-RR Termination of Service subsection of the Bundled Electric Service Related to the CPP Annual Segment section of this Retail Customer Switching Rules part.

Service under Rate BES-H is not available to (a) a nonresidential retail customer to which the Railroad Delivery Class is applicable, or (b) a lighting retail customer or the portion of electric service to which the Fixture-Included Lighting Delivery Class is applicable.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.7)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP HOURLY SEGMENT (CONTINUED).**

**Initial And Subsequent Application - Default Situations**

On and after January 2, 2007, Rate BES-H is applicable to any retail customer (a) for which the Company is providing bundled electric service; and (b) to which the Self-Generating Customer Group or the Competitively Declared Customer Group, is applicable, or would be applicable based upon the Company's judgment with respect to such retail customer's expected electric power and energy requirements.

On and after January 2, 2007, for a situation in which a retail customer takes service under Rate RDS and elects to have its electric power and energy requirements supplied in accordance with the Supplier Options subsection of the Split Load and Supplier Options section of the Service Options part of Rate RDS, Rate BES-H is applicable to any portion of such retail customer's electric power and energy requirements for which the Company provides full requirements electric supply.

**Initial Application - Other Situations**

Beginning January 2, 2007, Rate BES-H is applicable to any residential retail customer that (a) has not requested and is not taking service under Rate BES-R or Rate RDS beginning January 2, 2007; and (b) has been taking service through January 1, 2007, under the then effective Rate RHEP - Residential Hourly Energy Pricing (Experimental) (Rate RHEP).

Beginning January 2, 2007, Rate BES-H is applicable to any nonresidential retail customer that (a) has not properly requested and is not taking service under Rate BES-NRB or Rate BES-NRA, as applicable, or Rate RDS beginning January 2, 2007; and (b) has been taking service through January 1, 2007, under the then effective Rate HEP.

Beginning January 2, 2007, Rate BES-H is applicable to any nonresidential retail customer (a) to which the Large Load Customer Group or the Very Large Load Customer Group is applicable; (b) that has not properly requested and is not taking service under Rate BES-NRA or Rate RDS beginning January 2, 2007; and (c) has been taking service through January 1, 2007, under the then effective Rate RCDS with either (1) Rider PPO (MI) or (2) Rider ISS.

Beginning January 2, 2007, Rate BES-H is applicable to any nonresidential retail customer (a) to which the Large Load Customer Group or the Very Large Load Customer Group is applicable; (b) that switches to bundled electric service beginning January 2, 2007, but that is not in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRA; and (c) that has been taking service through January 1, 2007, under the then effective Rate RCDS.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.8)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP HOURLY SEGMENT (CONTINUED).**

**Subsequent Application - Other Situations**

After January 2, 2007, Rate BES-H is applicable to any nonresidential retail customer (a) to which the Large Load Customer Group or the Very Large Load Customer Group is applicable or would be applicable based upon the Company's judgment with respect to such retail customer's expected electric power and energy requirements; and (b) that switches to bundled electric service from Rate RDS; but (c) that is not in compliance with the provisions of the Prerequisites of Service section of Rate BES-NRA.

After January 2, 2007, for a situation in which a nonresidential retail customer (a) has been taking service under Rate BES-NRA; and (b) provides proper notification to the Company of its decision to terminate service under Rate BES-NRA and switch to Rate RDS at the expiration of such nonresidential retail customer's term of service under such tariff, as described in the Rate BES-NRA Termination of Service subsection of the Bundled Electric Service Related to the CPP Annual Segment section of this Retail Customer Switching Rules part; but (c) does not meet all the prerequisites of service under Rate RDS, Rate BES-H is applicable to such nonresidential retail customer following the expiration of such retail customer's term of service under Rate BES-NRA.

After January 2, 2007, for a situation in which an applicant for electric service at a premises (a) has never received any tariffed service from the Company; (b) requests electric service from the Company to begin after the start of a term of service, as described in the Rate BES-NRA Initial Term of Service subsection or the Rate BES-NRA Subsequent Terms of Service subsection of the Bundled Electric Service Related to the CPP Annual Segment section of this Retail Customer Switching Rules part, but prior to the end of such term of service; (c) has expected electric power and energy requirements such that, in the Company's judgment, the Large Load Customer Group or the Very Large Load Customer Group would be applicable to such applicant; (d) has not requested or is not in compliance with the prerequisites of service under Rate RDS, and (e) requests service at a premises for which electric service had been provided under Rate RDS or Rate BES-H immediately prior to the date that the Company begins to provide electric service to such applicant, such applicant commences service as a nonresidential retail customer under Rate BES-H.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.9)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**BUNDLED ELECTRIC SERVICE RELATED TO THE CPP HOURLY SEGMENT (CONTINUED).**

**Election Of Service**

On and after January 2, 2007, Rate BES-H is available to any retail customer that elects service under Rate BES-H, provided such retail customer meets the prerequisites of service provided in the Prerequisites of Service section of Rate BES-H.

A retail customer taking service under Rate BES-H is eligible to receive service for (a) all its electric power and energy requirements, or (b) a portion of such electric power and energy requirements, in accordance with Rider ALM - Active Load Management (Rider ALM) and the PJM Active Load Management Program, or its successor (PJM ALM Program). In the event that such retail customer elects to take service under Rider ALM, the electric power and energy, transmission services, and ancillary transmission services that are procured by the Company for such retail customer in accordance with Rider ALM are not considered to be full requirements electric supply and are not procured in accordance with any SFC executed in accordance with this rider.

**Termination Of Service**

A retail customer taking service under Rate BES-H, may elect to terminate service under such rate by giving the Company advance written notice at least seven (7) calendar days prior to the date on which the retail customer requests service under Rate BES-H to be terminated, provided the Company accepts such notice. Such notice is accepted by the Company and service under Rate BES-H is terminated on the requested date, if the retail customer, on or prior to such date, fulfills all prerequisites for, and on such date commences service under such other applicable tariffs that it selected and for which it is eligible.

In the event that the retail customer terminates service from the Company under Rate BES-H and does not elect to obtain service from the Company under any other tariffed service at its premises due to the fact that such retail customer is vacating the premises, service under Rate BES-H continues for not more than ten (10) days after the date such retail customer vacates the premises, provided the retail customer provides timely notice to the Company to terminate service under Rate BES-H at such premises.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.10)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**RIDER PPO-MVM.**

A nonresidential or lighting retail customer may elect to obtain full requirements electric supply on an unbundled basis from the Company under Rider PPO-MVM, in conjunction with Rate RDS. Such retail customer must make such election each year within the period of time that starts the first business day after the Company submits the applicable Retail Supply Charge Informational Filing to the ICC. Such period of time extends for forty-five (45) calendar days if the retail customer's highest thirty (30) minute demand for the twelve (12) monthly billing periods used to determine the supply group applicable to such retail customer did not exceed 3,000 kW, except that in 2006 such period of time extends for fifty (50) calendar days for any such retail customer. Otherwise, such period of time extends for thirty (30) calendar days. Notwithstanding the previous provisions of this paragraph, a retail customer may not elect to take service under Rider PPO-MVM if notice of such election is received by the Company after the date that is seven (7) calendar days prior to the start of such retail customer's June monthly billing period. The term of service under Rider PPO-MVM is twelve (12) monthly billing periods beginning at the start of the June monthly billing period after the applicable Date of Declaration of a Successful Result and extending through the end of the following May monthly billing period, except for the initial offering of service.

For the initial offering of service under Rider PPO-MVM the term of contract begins January 2, 2007, and expires at the end of the retail customer's May 2008 monthly billing period. For such initial offering of service under Rider PPO-MVM, a retail customer may terminate service under Rider PPO-MVM on the end reading date of such retail customer's December 2007 monthly billing period if such retail customer provides written notice at least thirty (30) calendar days prior to such termination date. For each subsequent offering of service under Rider PPO-MVM, the term of contract begins with the retail customer's June monthly billing period and expires after the end of the retail customer's following May monthly billing period. A retail customer's contract for service under Rider PPO-MVM is not automatically renewed.

Other than a nonresidential retail customer to which the Railroad Delivery Class is applicable, a nonresidential retail customer taking service under Rider PPO-MVM to which the Large Load Customer Group or the Very Large Load Customer Group is applicable that fails to (a) properly elect service under Rider PPO-MVM for any renewal term of service, (b) obtain electric power and energy supply from a RES in accordance with Rate RDS, and (c) properly elect service under Rate BES-NRA is provided full requirements electric supply under Rate BES-H upon the expiration of such nonresidential retail customer's term of service under Rider PPO-MVM.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.11)

**RETAIL CUSTOMER SWITCHING RULES (CONTINUED)**

**RIDER PPO-MVM (CONTINUED).**

A nonresidential retail customer taking service under Rider PPO-MVM to which the Railroad Delivery Class is applicable that fails to (a) properly elect service under Rider PPO-MVM for any renewal term of service, (b) obtain electric power and energy supply from a RES in accordance with Rate RDS, and (c) properly elect service under Rate BES-RR with pricing in accordance with the CPP-A Charges subsection of the Monthly Charges section of Rate BES-RR, is provided full requirements electric supply under Rate BES-RR in accordance with the CPP-H Charges subsection of such Monthly Charges section upon the expiration of such nonresidential retail customer's term of service under Rider PPO-MVM.

Any other nonresidential or lighting retail customer taking service under Rider PPO-MVM that fails to (a) elect service under Rider PPO-MVM for any renewal term of service, and (b) obtain electric power and energy supply from a RES in accordance with Rate RDS, is provided full requirements electric supply under Rate BES-NRB or Rate BES-L, as applicable, upon the expiration of such retail customer's term of service under Rider PPO-MVM.

Notwithstanding the previous provisions of this Rider PPO-MVM section, a retail customer to which the Self-Generating Customer Group or the Competitively Declared Customer Group is applicable is not eligible to elect service under Rider PPO-MVM.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.12)

**TRANSLATION TO RETAIL CHARGES**

**OVERVIEW.**

After each Illinois Auction is completed and the applicable final auction prices are determined, the Company translates those prices into supply charges applicable to retail customers for which the Company procures full requirements electric supply under other Company tariffs to which this rider is applicable. Such translation must be in accordance with the provisions of this rider and the tariffs to which this rider is applicable. The translation from final auction prices in the Illinois Auction Fixed Price Section into retail supply charges employs ratios that appropriately allocate the Company's costs to procure full requirements electric supply among retail customer supply groups by reflecting each such group's responsibility for such costs based upon characteristics specified in this rider.

The Company develops such ratios in a series of steps described in this rider that takes into account customer supply group demands, usage, time of use, and transmission and distribution losses. The ratios are developed using market costs for generation capacity, electric energy, and certain transmission and ancillary transmission services. These costs take into account time differentiations. The Company then applies these ratios to a load weighted average of the final auction prices applicable for the twelve (12) monthly billing periods for which retail supply charges are being computed, taking into account applicable seasonal supplier payment differences, to determine the supply charges applicable to retail customers for full requirements electric supply procured for them by the Company.

Notwithstanding the previous provisions of this Translation to Retail Charges Overview section, for the period from January 2, 2007, through the end of the May 2008 monthly billing period, the aforementioned twelve (12) monthly billing periods is instead the period from January 2, 2007, through the end of the May 2008 monthly billing period.

**CUSTOMER SUPPLY GROUP INFORMATION.**

**Customer Supply Group Energy Usage Determination**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company identifies historical energy usage in megawatt-hours (MWhs) by customer supply group on a monthly basis for each customer supply group included in such Fixed Price Section. The Company obtains monthly customer supply group usage by computing the average electricity usage in each monthly billing period for each applicable group based upon the electricity delivered to each such group in the most recent twenty-four (24) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date. The following equation details this computation:

$$MWh_{m,g} = \frac{MWh_{m,g,yr-2} + MWh_{m,g,yr-1}}{2}$$

(Continued on Sheet No. 294.14)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.13)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**CUSTOMER SUPPLY GROUP INFORMATION (CONTINUED).**

**Customer Supply Group Energy Usage Determination (Continued)**

Where:

MWh<sub>m, g</sub> = Electricity, in MWh, delivered to customer supply group, g, in monthly billing period, m

MWh<sub>m, g, yr - 2</sub> = Electricity, in MWh, delivered to customer supply group, g, in monthly billing period, m, occurring within the thirteenth through twenty-fourth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods

MWh<sub>m, g, yr - 1</sub> = Electricity, in MWh, delivered to customer supply group, g, in monthly billing period, m, occurring within the first through twelfth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods

**Customer Supply Group Peak And Off-Peak Energy Percentage Determination**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company determines the percentage of electricity used during Wholesale Peak Periods and the percentage of electricity used during Wholesale Off-Peak Periods on a monthly billing period basis for each customer supply group included in such Fixed Price Section. The Company obtains the monthly billing period customer supply group Wholesale Peak Period usage percentage by computing the average Wholesale Peak Period usage percentage for each monthly billing period for each applicable customer supply group based upon customer supply group load profile data for the most recent twenty-four (24) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date. The following equation details this computation:

$$W_{\text{Peak \% } m, g} = \frac{W_{\text{Peak \% } m, g, \text{ yr } - 2} + W_{\text{Peak \% } m, g, \text{ yr } - 1}}{2}$$

Where:

W<sub>Peak % m, g</sub> = Percentage, in decimal format, of electricity delivered to the customer supply group, g, in monthly billing period, m, during Wholesale Peak Periods

W<sub>Peak % m, g, yr - 2</sub> = Percentage of electricity delivered to the customer supply group, g, in monthly billing period, m, during Wholesale Peak Periods occurring within the thirteenth through twenty-fourth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods, divided by 100

W<sub>Peak % m, g, yr - 1</sub> = Percentage of electricity delivered to the customer supply group, g, in monthly billing period, m, during Wholesale Peak Periods occurring within the first through twelfth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods, divided by 100

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.14)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**CUSTOMER SUPPLY GROUP INFORMATION (CONTINUED).**

**Customer Supply Group Peak And Off-Peak Energy Percentage Determination (Continued)**

The following equation details the computation of the monthly billing period customer supply group Wholesale Off-Peak Period usage percentage:

$$WOffPeak \%_{m, g} = 1 - WPeak \%_{m, g}$$

Where:

$WOffPeak \%_{m, g}$  = Percentage, in decimal format, of electricity delivered to the customer supply group, g, in monthly billing period, m, during Wholesale Off-Peak Periods

In addition, for the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges for the Large Load Customer Group and the Very Large Load Customer Group, for each Illinois Auction the Company determines the percentage of electricity used during Retail Peak Periods and the percentage of electricity used during Retail Off-Peak Periods on a monthly billing period basis for the Large Load Customer Group and the Very Large Load Customer Group. The Company obtains the monthly billing period customer supply group Retail Peak Period usage percentage by computing the average Retail Peak Period usage percentage for each monthly billing period for each applicable customer supply group based upon customer supply group load profile data for the most recent twenty-four (24) consecutive monthly billing periods extending through the monthly billing period ending no later than seven (7) months prior to the earliest possible Auction Commencement Date. The following equation details this computation:

$$RPeak \%_{m, g} = \frac{RPeak \%_{m, g, yr - 2} + RPeak \%_{m, g, yr - 1}}{2}$$

Where:

$RPeak \%_{m, g}$  = Percentage, in decimal format, of electricity delivered to the customer supply group, g, in monthly billing period, m, during Retail Peak Periods

$RPeak \%_{m, g, yr - 2}$  = Percentage of electricity delivered to the customer supply group, g, in monthly billing period, m, during Retail Peak Periods occurring within the thirteenth through twenty-fourth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods, divided by 100

$RPeak \%_{m, g, yr - 1}$  = Percentage of electricity delivered to the customer supply group, g, in monthly billing period, m, during Retail Peak Periods occurring within the first through twelfth monthly billing periods of the aforementioned twenty-four (24) consecutive monthly billing periods, divided by 100

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(Continued from Sheet No. 294.15)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**CUSTOMER SUPPLY GROUP INFORMATION (CONTINUED).**

**Customer Supply Group Peak And Off-Peak Energy Percentage Determination (Continued)**

The following equation details the computation of the monthly billing period customer supply group Retail Off-Peak Period usage percentage for the Large Load Customer Group and the Very Large Load Customer Group:

$$ROffPeak \%_{m, g} = 1 - RPeak \%_{m, g}$$

Where:

$ROffPeak \%_{m, g}$  = Percentage, in decimal format, of electricity delivered to the customer supply group, g, in monthly billing period, m, during Retail Off-Peak Periods

**Customer Supply Group Generation Capacity Obligation Determination**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company determines the generation capacity obligation,  $GO_g$ , in MW, for each customer supply group, g, included in such Fixed Price Section. The generation capacity obligation for a customer supply group reflects the PJM capacity obligation of such group occurring in the most recent twelve (12) monthly billing periods ending no later than seven (7) months prior to the earliest possible Auction Commencement Date.

**Customer Supply Group Expansion Factor Determination**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company computes an expansion factor to account for losses on the distribution and transmission systems located in the Company's service territory for each customer supply group included in such Fixed Price Section. The following equation details this computation:

$$Exp_g = (1 + DLF_g) \times (1 + TLF)$$

Where:

$Exp_g$  = Expansion Factor, in decimal format, for customer supply group, g

$DLF_g$  = Distribution Loss Factor for customer supply group, g, corresponding to the customer class distribution loss factor,  $DLF_c$ , provided in the System Losses section of the Technical and Operational Provisions part of Rate RDS, divided by 100

$TLF$  = Transmission Loss Factor percentage for the transmission system located in the Company's service territory as provided in applicable tariffs on file with the FERC, divided by 100

(Continued on Sheet No. 294.17)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.16)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST INFORMATION.**

**Market Energy Costs**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, the Company obtains market data in the form of forward prices for energy delivered into the Northern Illinois Hub (NI Hub), by Wholesale Peak Period and by Wholesale Off-Peak Period, for each month corresponding to the period for which retail supply charges are being determined.

The Company uses *Platts Energy Trader* and Intercontinental Exchange as the sources of market data, but may include additional or different electronic exchanges or reporting services in the future as allowed by the ICC. Daily market data is obtained and averaged, as applicable, from such sources' most recent end of day reports over a period of ten (10) consecutive business days ending on or before the date that is one hundred, thirty-five (135) calendar days prior to the earliest possible Auction Commencement Date. In the absence of data for forward contracts with terms for individual months, market data for forward contracts with longer terms is utilized. In the absence of market data for forward contracts with such longer terms, the period over which market data is obtained is expanded and extended back in time to include an additional fifty (50) consecutive business days. In the event that no market data exists for the Wholesale Peak Period for any month for which market data is to be obtained, the Company utilizes market data for a more recent comparable month. In the event that no market data exists for the Wholesale Off-Peak Period for any month for which market data is to be obtained, the Company utilizes ratios of actual Wholesale Off-Peak to Wholesale Peak PJM locational marginal prices for the ComEd Zone for the most recent historical month corresponding to the month for which no market data exists. The terms used to identify market energy costs are as follows:

- PE<sub>m</sub> = Peak Energy Forward Market price, in \$/MWh, for month, m, determined using the procedure described in this Market Energy Costs subsection
- OE<sub>m</sub> = Off-Peak Energy Forward Market price, in \$/MWh, for month, m, determined using the procedure described in this Market Energy Costs subsection

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.17)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST INFORMATION (CONTINUED).**

**Market Generation Capacity Costs**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, the Company obtains auction values for generation capacity costs. The following equations detail the computation of summer and nonsummer generation capacity costs:

$$GCC_s = GCAV_s \times 122 \text{ days/summer}$$

$$GCC_a = GCAV_a \times 365 \text{ days/year}$$

$$GCC_n = GCC_a - GCC_s$$

Where:

$GCC_s$  = Summer Generation Capacity Cost, in \$/MW

$GCAV_s$  = Summer Generation Capacity Auction Value, in \$/MW-summer day, which is equivalent to the most recently available PJM summer generation capacity auction value available no later than one hundred, thirty-five (135) calendar days prior to the earliest possible Auction Commencement Date

$GCC_a$  = Annual Generation Capacity Cost, in \$/MW

$GCAV_a$  = Annual Generation Capacity Auction Value, in \$/MW-day, which is equivalent to the most recently available PJM annual generation capacity auction value available no later than one hundred, thirty-five (135) calendar days prior to the earliest possible Auction Commencement Date

$GCC_n$  = Nonsummer Generation Capacity Cost, in \$/MW

Notwithstanding the preceding provisions for the computation of  $GCC_a$ , for computations that pertain to leap years, the number of days in the year is 366 rather than 365 in the applicable equation in this Market Generation Capacity Costs subsection.

Notwithstanding the preceding provisions for the computation of  $GCC_a$ , for computations that pertain to the initial period extending from January 2, 2007, through the end of the May 2008 monthly billing period for which retail supply charges are being determined, the number of days in the year is 516 rather than 365 in the applicable equation in this Market Generation Capacity Costs subsection.

In the event that a  $GCAV_s$  is not available, the  $GCAV_a$  is used in its place in the applicable equation in this Market Generation Capacity Costs subsection.

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(Continued from Sheet No. 294.18)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST INFORMATION (CONTINUED).**

**Market Ancillary Services Costs**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, the Company determines a market cost for ancillary services for those transmission services and ancillary transmission services the suppliers arrange for, acquire, and pay for in accordance with this rider. The ancillary services cost (ASC) is determined by averaging the applicable transmission services and ancillary transmission services costs for the ComEd Zone for the most recent twelve (12) months ending no later than one hundred, thirty-five (135) calendar days prior to the earliest possible Auction Commencement Date. Such ASC is in \$/MWh.

**MARKET COST COMPUTATIONS.**

**Market Energy Supply Cost Computations**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company determines the market cost to supply energy by customer supply group, for Summer Periods and Nonsummer Periods.

The following equation provides the determination of such costs for the Summer Period:

$$SMESC_g = Exp_g \times \frac{\sum_{sm} \{(MWh_{m,g} \times WPeak\%_{m,g} \times PE_m) + (MWh_{m,g} \times WOffPeak\%_{m,g} \times OE_m)\}}{\sum_{sm} MWh_{m,g}}$$

Where:

SMESC<sub>g</sub> = Summer Market Energy Supply Cost for customer supply group, g, in \$/MWh

$\sum_{sm}$  = The summation over the June, July, August, and September monthly billing periods, as applicable

The following equation provides the determination of such costs for Nonsummer Periods:

$$NMESC_g = Exp_g \times \frac{\sum_{nm} \{(MWh_{m,g} \times WPeak\%_{m,g} \times PE_m) + (MWh_{m,g} \times WOffPeak\%_{m,g} \times OE_m)\}}{\sum_{nm} MWh_{m,g}}$$

Where:

NMESC<sub>g</sub> = Nonsummer Market Energy Supply Cost for customer supply group, g, in \$/MWh

$\sum_{nm}$  = The summation over the January, February, March, April, May, October, November, and December monthly billing periods, as applicable

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(Continued from Sheet No. 294.19)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Market Energy Supply Cost Computations (Continued)**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges for the Large Load Customer Group and the Very Large Load Customer Group, for each Illinois Auction the Company determines the market cost to supply energy by customer supply group, for Retail Peak Periods and Retail Off-Peak Periods within the Summer Period and the Nonsummer Period.

The following two (2) equations provide the determination of such costs for the Summer Retail Peak Period:

$$PD_{m,g} = \left[ \frac{PE_m + OE_m}{2} \right] \times [MWh_{m,g} \times \{WPeak\%_{m,g} - RPeak\%_{m,g}\}]$$

Where:

$PD_{m,g}$  = Wholesale Peak Period to Retail Peak Period Differential for customer supply group, g, for month, m, in \$

$$SPMESC_g = Exp_g \times \frac{\sum_{sm} [(MWh_{m,g} \times WPeak\%_{m,g} \times PE_m) - PD_{m,g}]}{\sum_{sm} (MWh_{m,g} \times RPeak\%_{m,g})}$$

Where:

$SPMESC_g$  = Summer Retail Peak Market Energy Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Summer Retail Off-Peak Period:

$$SOMESC_g = Exp_g \times \frac{\sum_{sm} [(MWh_{m,g} \times WOffPeak\%_{m,g} \times OE_m) + PD_{m,g}]}{\sum_{sm} (MWh_{m,g} \times ROffPeak\%_{m,g})}$$

Where:

$SOMESC_g$  = Summer Retail Off-Peak Market Energy Supply Cost for customer supply group, g, in \$/MWh

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.20)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Market Energy Supply Cost Computations (Continued)**

The following equation provides the determination of such costs for Nonsummer Retail Peak Periods:

$$\text{NPMESC}_g = \text{Exp}_g \times \frac{\sum_{nm} [(MWh_{m,g} \times W\text{Peak}\%_{m,g} \times PE_m) - PD_{m,g}]}{\sum_{nm} (MWh_{m,g} \times R\text{Peak}\%_{m,g})}$$

Where:

$\text{NPMESC}_g$  = Nonsummer Retail Peak Market Energy Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for Nonsummer Retail Off-Peak Periods:

$$\text{NOMESC}_g = \text{Exp}_g \times \frac{\sum_{nm} [(MWh_{m,g} \times W\text{OffPeak}\%_{m,g} \times OE_m) + PD_{m,g}]}{\sum_{nm} (MWh_{m,g} \times R\text{OffPeak}\%_{m,g})}$$

Where:

$\text{NOMESC}_g$  = Nonsummer Retail Off-Peak Market Energy Supply Cost for customer supply group, g, in \$/MWh

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(Continued from Sheet No. 294.21)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Market Generation Capacity Cost Computations**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company determines the market cost for generation capacity by customer supply group, by Summer Period and Nonsummer Period.

The following equation provides the determination of such costs for the Summer Period:

$$SMGCC_g = \frac{GO_g \times GCC_s}{\sum_{sm} MWh_{m,g}}$$

Where:

SMGCC<sub>g</sub> = Summer Market Generation Capacity Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Nonsummer Period:

$$NMGCC_g = \frac{GO_g \times GCC_n}{\sum_{nm} MWh_{m,g}}$$

Where:

NMGCC<sub>g</sub> = Nonsummer Market Generation Capacity Cost for customer supply group, g, in \$/MWh

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(Continued from Sheet No. 294.22)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Overall Supply Cost Computations**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each Illinois Auction the Company determines the overall market cost to procure full requirements electric supply by customer supply group, by Summer Period and Nonsummer Period.

The following equation provides the determination of such costs for the Summer Period:

$$SMSC_g = SMESC_g + SMGCC_g + (ASC \times Exp_g)$$

Where:

$SMSC_g$  = Summer Market Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Nonsummer Period:

$$NMSC_g = NMESC_g + NMGCC_g + (ASC \times Exp_g)$$

Where:

$NMSC_g$  = Nonsummer Market Supply Cost for customer supply group, g, in \$/MWh

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(Continued from Sheet No. 294.23)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Overall Supply Cost Computations (Continued)**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges for the Large Load Customer Group and the Very Large Load Customer Group, for each Illinois Auction the Company determines the overall market cost to procure full requirements electric supply by customer supply group, by Retail Peak Periods and Retail Off-Peak Periods within the Summer Period and the Nonsummer Period.

The following equation provides the determination of such costs for the Summer Retail Peak Period:

$$\text{SPMSC}_g = \text{SPMESC}_g + \text{SMGCC}_g + (\text{ASC} \times \text{Exp}_g)$$

Where:

$\text{SPMSC}_g$  = Summer Retail Peak Market Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Summer Retail Off-Peak Period:

$$\text{SOMSC}_g = \text{SOMESC}_g + \text{SMGCC}_g + (\text{ASC} \times \text{Exp}_g)$$

Where:

$\text{SOMSC}_g$  = Summer Retail Off-Peak Market Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Nonsummer Retail Peak Period:

$$\text{NPMSC}_g = \text{NPMESC}_g + \text{NMGCC}_g + (\text{ASC} \times \text{Exp}_g)$$

Where:

$\text{NPMSC}_g$  = Nonsummer Retail Peak Market Supply Cost for customer supply group, g, in \$/MWh

The following equation provides the determination of such costs for the Nonsummer Retail Off-Peak Period:

$$\text{NOMSC}_g = \text{NOMESC}_g + \text{NMGCC}_g + (\text{ASC} \times \text{Exp}_g)$$

Where:

$\text{NOMSC}_g$  = Nonsummer Retail Off-Peak Market Supply Cost for customer supply group, g, in \$/MWh

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(Continued from Sheet No. 294.24)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET COST COMPUTATIONS (CONTINUED).**

**Segment Supply Cost Computation**

For the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each of the CPP Blended Segment and the CPP Annual Segment the Company determines the overall cost to procure full requirements electric supply for all retail customers included in each such segment for the period for which retail supply charges are being determined. The following equation is used to determine such overall cost:

$$MSC_{\text{segment}} = \frac{\sum_g (\text{SMSC}_g \times \sum_{sm} \text{MWh}_{m,g} + \text{NMSC}_g \times \sum_{nm} \text{MWh}_{m,g})}{\sum_g (\text{Exp}_g \times \sum_m \text{MWh}_{m,g})}$$

Where:

$MSC_{\text{segment}}$  = Market Supply Cost, in \$/MWh, for the period for which retail supply charges are being determined for all customer supply groups included in the applicable segment

$\sum_g$  = The summation over the customer supply groups included in the applicable segment

$\sum_m$  = The summation over the monthly billing periods corresponding to the monthly billing periods in the period for which retail supply charges are being determined

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.25)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SEASONAL PAYMENT FACTOR COMPUTATION.**

For the purpose of determining the summer and nonsummer payments to be made to suppliers and for the purpose of translating applicable Illinois Auction Fixed Price Section final auction prices into retail supply charges, for each of the CPP Blended Segment and the CPP Annual Segment the Company determines the payment factors that are used in differentiating the final auction prices into the summer payment price and the nonsummer payment price used to compensate suppliers from which the Company procures full requirements electric supply.

The Summer Factor, SF, for each such segment is determined in accordance with the following equation:

$$SF = \frac{\left\{ \frac{\sum_g (SMSC_g \times \sum_{sm} MWh_{m,g})}{\sum_g (Exp_g \times \sum_{sm} MWh_{m,g})} \right\}}{MSC_{segment}}$$

The Nonsummer Factor, NF, for each such segment is determined in accordance with the following equation:

$$NF = \frac{\left\{ \frac{\sum_g (NMSC_g \times \sum_{nm} MWh_{m,g})}{\sum_g (Exp_g \times \sum_{nm} MWh_{m,g})} \right\}}{MSC_{segment}}$$

**MARKET VALUE.**

For the purpose of translating applicable Illinois Auction final auction prices into retail supply charges, for each of the CPP Blended Segment, the CPP Annual Segment, and the CPP Hourly Segment, the Company determines a single Market Value (MV). The MV is equal to the load weighted average final auction price for all applicable auction products with durations that include the monthly billing periods for which retail supply charges are being determined, taking into account the SF and NF applicable to each auction product.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.26)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET VALUE (CONTINUED).**

**CPP Blended Segment Market Value**

The Market Value - Blended,  $MV_B$ , in \$/MWh, is determined in accordance with the following equation:

$$MV_B = \frac{\sum_P \{ (FAP_P \times T_P \times PL_P \times SF_P) \times \sum_g (Exp_g \times \sum_{sm} MWh_{m,g}) \} + \sum_P \{ (FAP_P \times T_P \times PL_P \times NF_P) \times \sum_g (Exp_g \times \sum_{nm} MWh_{m,g}) \}}{\sum_g (Exp_g \times \sum_m MWh_{m,g})}$$

Where:

$FAP_P$  = Final Auction Price, in \$/MWh, for the CPP Blended Segment auction product, P, with a duration that includes the monthly billing periods for which retail supply charges are being determined

$T_P$  = Number of tranches assigned to auction product, P

$PL_P$  = Percentage, in decimal format, of entire Retail Aggregate Load – Blended represented by a single tranche of auction product, P, at the time the Illinois Auction is conducted for auction product, P

$\sum_P$  = Summation over all auction products with durations that include the monthly billing periods for which retail supply charges are being determined

**CPP Annual Segment Market Value**

The Market Value - Annual,  $MV_A$ , in \$/MWh, is determined in accordance with the following equation:

$$MV_A = FAP_A$$

Where:

$FAP_A$  = Final Auction Price, in \$/MWh, for the CPP Annual Segment auction product with a duration that includes the monthly billing periods for which retail supply charges are being determined

(Continued on Sheet No. 294.28)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.27)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**MARKET VALUE (CONTINUED).**

**CPP Hourly Segment Market Value**

The Market Value - Hourly,  $MV_H$ , in \$/MW-Day, is determined in accordance with the following equation:

$$MV_H = FAP_H$$

Where:

$FAP_H$  = Final Auction Price, in \$/MW-Day for the CPP Hourly Segment auction product with a duration that includes the monthly billing periods for which retail supply charges are being determined

Generally, the aforementioned MVs are determined on an annual basis and are used to determine retail supply charges for a period that extends from the beginning of the June monthly billing period in the year in which the Illinois Auction is held through the end of the May monthly billing period of the following year. However, the initial MVs are used to determine retail supply charges for the period that extends from January 2, 2007, through the end of the May 2008 monthly billing period.

**SUPPLY CHARGE COMPUTATION.**

The Company computes Supply Charges for each customer supply group. Each Supply Charge computed in accordance with the provisions of this Supply Charge Computation section is determined by (1) computing a ratio, the numerator of which is the cost of procuring full requirements electric supply for the particular customer supply group and period for which such Supply Charge is applicable, and the denominator of which is the cost of procuring full requirements electric supply for all retail customers in the segment for which the Illinois Auction Fixed Price Section is conducted, (2) multiplying such ratio by the applicable MV, and (3) converting the units from \$/MWh into ¢/kWh. Notwithstanding the previous provisions of this paragraph, the determination of Supply Charges resulting from the Illinois Auction Hourly Price Section does not utilize the ratio mechanism described herein.

**Supply Charges – CPP Blended Segment**

For the Residential, Watt-Hour, Small Load, Medium Load, Dusk to Dawn Lighting, and General Lighting Customer Groups, the Supply Charges have differentiations for the Summer and Nonsummer Periods. The following equations are used to determine such Supply Charges.

The Summer Supply Charge ( $SSC_g$ ), in ¢/kWh rounded to the thousandths of a cent, for each such customer supply group is computed in accordance with the following equation:

$$SSC_g = \frac{SMSC_g}{MSC_{segment}} \times MV_B \times \frac{1MWh}{1,000 kWh} \times \frac{100 \text{ ¢}}{\$1}$$

(Continued on Sheet No. 294.29)

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.28)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Blended Segment (Continued)**

The Nonsummer Supply Charge (NSC<sub>g</sub>), in ¢/kWh rounded to the thousandths of a cent, for each such customer supply group is computed in accordance with the following equation:

$$NSC_g = \frac{NMSC_g}{MSC_{segment}} \times MV_B \times \frac{1MWh}{1,000 kWh} \times \frac{100 \text{ ¢}}{\$1}$$

Notwithstanding the previous provisions of this Supply Charges - CPP Blended Segment subsection, the SSC<sub>g</sub>s and the NSC<sub>g</sub>s are subject to adjustment in accordance with a rate mitigation mechanism approved by the ICC in its Order in Docket No. 05-0159. For the purpose of making this adjustment, and only for such purpose, the Residential, Watt-Hour, Small Load, and Medium Load Customer 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
- Small Load Non-Electric Space Heating Customer Subgroup
- Medium Load 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 residential retail customers that were eligible to take service on January 1, 2007, under the then effective Rate 14, and any successor to such residential retail customer. The Residential Non-Electric Space Heating Customer Subgroup includes all other residential retail customers to which the Residential Customer Group is applicable. The Nonresidential Electric Space Heating Customer Subgroup includes nonresidential retail customers to which the Watt-Hour, Small Load, or Medium Load Customer Group is applicable that were 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 all nonresidential retail customers to which the Watt-Hour Customer Group is applicable that are not included in the Nonresidential Electric Space Heating Customer Subgroup. The Small Load Non-Electric Space Heating Customer Subgroup includes all nonresidential retail customers to which the Small Load Customer Group is applicable that are not included in the Nonresidential Electric Space Heating Customer Subgroup. The Medium Load Non-Electric Space Heating Customer Subgroup includes all nonresidential retail customers to which the Medium Load Customer Group is applicable that are not included in the Nonresidential Electric Space Heating Customer Subgroup.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.29)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Blended Segment (Continued)**

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 the greater of (a) a twenty percent (20%) increase over the Historical Overall Electric Cost, as defined herein, for such customer supply group or subgroup, or (b) a fifty percent (50%) increase above the average increase over the Average Historical Overall Electric Cost, as defined herein, for all retail customers to which the Retail Aggregate Load - Blended is applicable.

For each Illinois Auction, any adjustment required to implement the rate mitigation mechanism is computed in accordance with the following procedure:

- 1a. For the Illinois Auction conducted in 2006, 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 provided to retail customers prior to January 2, 2007, using retail customer consumption data utilized in determining Customer Transition Charges (CTCs) during the mandatory transition period as described in Article 16 of the Act;
- 1b. For each subsequent Illinois Auction, 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 provided to retail customers for the period commencing with the previous June monthly billing period, using retail customer consumption data for the most recent available calendar year;
- 2a. For the Illinois Auction conducted in 2006, for all the aforementioned customer supply groups and subgroups, 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 retail customers prior to January 2, 2007, using retail customer consumption data utilized in determining CTCs during such mandatory transition period;
- 2b. For each subsequent Illinois Auction, for all the aforementioned customer supply groups and subgroups, 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 retail customers for the period commencing with the previous June monthly billing period, using retail customer consumption data for the most recent available calendar year;
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 provided to retail customers, except that such computation uses the  $SSC_g$  and the  $NSC_g$  computed in accordance with the equations previously provided in this Supply Charges - CPP Blended Segment subsection for the most recent successful Illinois Auction Fixed Price Section, and retail customer consumption data for the most recent available calendar year;

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.30)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Blended Segment (Continued)**

4. For all the aforementioned customer supply groups and subgroups, in aggregate, a weighted Average Forward Overall Electric Cost, in  $\phi$ /kWh, is computed in accordance with the currently effective appropriate tariffs applicable to bundled electric service provided to retail customers, except that such computation uses the  $SSC_g$ s and the  $NSC_g$ s computed in accordance with the equations previously provided in this Supply Charges - CPP Blended Segment subsection for the most recent successful Illinois Auction Fixed Price Section, and retail customer consumption data for the most recent available calendar year;
5. The Blended Segment Average Increase, in %, is computed by subtracting the Average Historical Overall Electric Cost from the Average Forward Overall Electric Cost and dividing such difference by the Average Historical Overall Electric 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;
- 7a. For a situation in which the Blended Segment Average Increase does not exceed 13.33% and the Group Increase does not exceed 20% for every customer supply group and subgroup, then no adjustments are made to the  $SSC_g$ s and the  $NSC_g$ s computed in accordance with the equations previously provided in this Supply Charges - CPP Blended Segment subsection for the most recent successful Illinois Auction Fixed Price Section;
- 7b. For a situation in which the Blended Segment Average Increase exceeds 13.33% or the Group Increase exceeds 20% for a customer supply group or subgroup, the  $SSC_g$  and  $NSC_g$  for such customer supply group or subgroup are adjusted downward to the highest value at which such customer supply group's or subgroup's Group Increase does not exceed the greater of 150% of the Blended Segment Average Increase or 20%. 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. Such reassignment is performed in accordance with the ICC's Order in Docket No. 05-0159 in which the ICC explains that the rate mitigation mechanism is not to have an impact upon the total revenue collected by the Company or paid to suppliers. The procedure is repeated, as necessary, until each customer supply group's or subgroup's Group Increase does not exceed the greater of 150% of the Blended Segment Average Increase or 20%. Any  $SSC_g$ s and  $NSC_g$ s computed in accordance with this step (7b) replace the otherwise applicable  $SSC_g$ s and the  $NSC_g$ s computed in accordance with the equations previously provided in this Supply Charges - CPP Blended Segment subsection for the most recent successful Illinois Auction Fixed Price Section. Notwithstanding the previous provisions of this step (7b), neither the  $SSC_g$  nor the  $NSC_g$  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 23 - Municipal and State Tax Additions (Rider 23) and Rider TAX - Municipal and State Tax Additions (Rider TAX).

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.31)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Annual Segment**

For the Large Load Customer Group and the Very Large Load Customer Group, the Supply Charges have differentiations for the Summer and Nonsummer Periods and for Retail Peak and Retail Off-Peak Periods. The following equations are used to determine such Supply Charges.

The Summer Retail Peak Supply Charge (SPSC<sub>g</sub>), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$\text{SPSC}_g = \frac{\text{SPMSC}_g}{\text{MSC}_{\text{segment}}} \times \text{MV}_A \times \frac{1\text{MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

The Summer Retail Off-Peak Supply Charge (SOSC<sub>g</sub>), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$\text{SOSC}_g = \frac{\text{SOMSC}_g}{\text{MSC}_{\text{segment}}} \times \text{MV}_A \times \frac{1\text{MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

The Nonsummer Retail Peak Supply Charge (NPSC<sub>g</sub>), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$\text{NPSC}_g = \frac{\text{NPMSC}_g}{\text{MSC}_{\text{segment}}} \times \text{MV}_A \times \frac{1\text{MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

The Nonsummer Retail Off-Peak Supply Charge (NOSC<sub>g</sub>), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$\text{NOSC}_g = \frac{\text{NOMSC}_g}{\text{MSC}_{\text{segment}}} \times \text{MV}_A \times \frac{1\text{MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

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(Continued from Sheet No. 294.32)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Annual Segment (Continued)**

In addition, for the Large Load Customer Group and the Very Large Load Customer Group, the following equations are used to determine Supply Charges applicable to full requirements electric supply procured by the Company for such group that is measured with metering equipment which does not determine the time at which such full requirements electric supply is provided.

The Summer Supply Charge ( $SSC_g$ ), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$SSC_g = \frac{SMSC_g}{MSC_{segment}} \times MV_A \times \frac{1MWh}{1,000 kWh} \times \frac{100 \text{ ¢}}{\$1}$$

The Nonsummer Supply Charge ( $NSC_g$ ), in ¢/kWh rounded to the thousandths of a cent, for such customer supply group is computed in accordance with the following equation:

$$NSC_g = \frac{NMSC_g}{MSC_{segment}} \times MV_A \times \frac{1MWh}{1,000 kWh} \times \frac{100 \text{ ¢}}{\$1}$$

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(Continued from Sheet No. 294.33)

**TRANSLATION TO RETAIL CHARGES (CONTINUED)**

**SUPPLY CHARGE COMPUTATION (CONTINUED).**

**Supply Charges – CPP Hourly Segment**

**Hourly Segment Supply Charges**

The Hourly Segment Supply Charge,  $HSSC_M$ , in \$/kW-Month, is computed in accordance with the following equation:

$$HSSC_M = MV_H \times \frac{365 \text{ Days}}{1 \text{ Year}} \times \frac{1 \text{ Year}}{12 \text{ Months}} \times \frac{1 \text{ MW}}{1,000 \text{ kW}}$$

Notwithstanding the preceding provisions for the computation of HSSC, for computations that pertain to leap years, the number of days in the year is 366 rather than 365. Notwithstanding the preceding provisions for the computation of HSSC, for computations that pertain to the initial period for which retail supply charges are being determined extending from January 2, 2007, through the end of the May 2008 monthly billing period, the number of days in the year is 516 rather than 365 and the number of months is seventeen (17) rather than twelve (12).

Notwithstanding the previous provisions of this Hourly Segment Supply Charges subsection, for a retail customer to which the Self-Generating Customer Group is applicable the  $HSSC_D$ , in \$/kW-Day, is computed in accordance with the following equation:

$$HSSC_D = MV_H \times \frac{1 \text{ MW}}{1,000 \text{ kW}}$$

Notwithstanding the previous provisions of this Hourly Segment Supply Charges clause, in the event that the Company procures electric power and energy directly from PJM-administered markets and the Illinois Auction Hourly Price Section is not conducted for the CPP Hourly Segment, in accordance with the provisions of the CPP Hourly Segment subsection of the General Process section of the Competitive Procurement Process part of this rider, the HSSCs are determined in a manner that recovers capacity obligation costs of the electric power and energy the Company procures in such direct manner. Transmission services and ancillary transmission services costs incurred as a result of such procurement in such direct manner are recovered through the applicable charges determined in Rider TS-CPP - Transmission Services (Competitive Procurement Process) (Rider TS-CPP). The HSSCs determined in such manner are for application beginning with the June monthly billing period corresponding to the commencement of such procurement in such direct manner, with the exception that if such procurement in such direct manner begins on January 1, 2007, then the HSSCs determined in such manner are for application beginning January 2, 2007.

**Hourly Energy Supply Charges**

The Hourly Energy Supply Charges are the PJM real-time, locational marginal prices for the ComEd Zone, adjusted for applicable transmission and distribution losses.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.34)

**ACCURACY ASSURANCE MECHANISMS**

Expenses that the Company incurs for the procurement of full requirements electric supply required by retail customers to which the Company is providing such supply should equal the revenues from such retail customers for such supply based on changes in such retail customers' actual usage and demands on the Company's system. In addition, in the event that the other competitive procurement processes provided for in the Limitations and Contingencies part of this rider are employed, such retail customers should be billed for the change in market value based charges that result from the employment of such processes. An Accuracy Assurance Factor, AAF, is determined and applied to such full requirements electric supply on a monthly basis. Three separate AAFs, in ¢/kWh rounded to the thousandths of a cent, are determined on a monthly basis. Such AAFs, the CPP-B AAF, the CPP-A AAF, and the CPP-H AAF, are applied to kWhs provided in the applicable effective period to retail customers for which the Company procures full requirements electric supply as described in the CPP Blended Segment, the CPP Annual Segment, and the CPP Hourly Segment subsections, respectively, of the General Process section of the Competitive Procurement Process part of this rider. Such factors are submitted to the ICC in an informational filing prior to the start of the effective period during which they are to be applied, as described in the CPP Timeline section of the Competitive Procurement Process part of this rider. AAFs are determined in accordance with the following equation:

$$AAF = CDU + CF$$

The Company must prepare an annual report that summarizes the operation of the accuracy assurance mechanisms for the previous year. 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 by April 30, beginning in 2008. Such report must be verified by an officer of the Company.

**CUSTOMER DEMAND AND USAGE FACTOR.**

The purpose of the Customer Demand and Usage Factor (CDU) is to periodically equalize the revenues from retail customers for full requirements electric supply procured for them by the Company and the expenses incurred by the Company for procurement of such supply, as a function of the contract terms and prices determined in accordance with the CPP, in order to address the differences that may exist between actual electricity usage and demand patterns and the historic usage and demand patterns used in the equations in the Translation to Retail Charges part of this rider.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.35)

**ACCURACY ASSURANCE MECHANISMS (CONTINUED)**

**CUSTOMER DEMAND AND USAGE FACTOR (CONTINUED).**

For each of the three (3) previously described AAFs, a separate CDU is determined and applied in each effective period in accordance with the following equation:

$$CDU = \frac{(AE - AR + AB + A)}{U} \times \frac{100 \text{ ¢}}{\$1}$$

Where:

- CDU = Customer Demand and Usage Factor, in ¢/kWh rounded to the thousandths of a cent, applied as a credit or charge to kWhs provided to retail customers, as applicable, during the effective period.
- AE = Accrued Expenses, in \$, equal to the sum of (a) the accrued expenses for the provision of full requirements electric supply to retail customers during the determination period incurred in accordance with the CPP, and (b) a portion of accrued expenses incurred in accordance with the Limitations and Contingencies part of this rider during the determination period equal to accrued expenses the Company would have incurred had all applicable tranches been procured in accordance with the CPP. For the CPP-H AAF, AE equals such sum divided by twelve (12).
- AR = Accrued Revenues, in \$, equal to the accrued revenues recognized for retail customers during the determination period in accordance with the CPP for the provision of full requirements electric supply. For the CPP-H AAF, AR equals such accrued revenues divided by twelve (12).
- AB = Automatic Balancing Factor, in \$, equal to the cumulative debit or credit balance resulting from the application of the CDU through the determination period. Such balance includes interest established by the ICC in accordance with 83 Illinois Administrative Code Section 280.70(e)(1).
- A = Adjustment, in \$, equal to an amount (a) ordered by the ICC or (b) determined by the Company, after discussion with the Staff, that is to be refunded to or collected from retail customers to correct for arithmetical inaccuracies associated with the computation of a previously applied AAF. Such amount includes interest charged at the rate established by the ICC in accordance with 83 Illinois Administrative Code Section 280.70(e)(1). Such interest is calculated for the period of time beginning on the first day of the effective period during which such AAF was applied and extending through the day prior to the start of the effective period in which the A is applied. Such amount may be amortized over multiple effective periods with interest.
- U = Usage, in kWh, forecasted to be provided to applicable retail customers during the effective period.

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.36)

**ACCURACY ASSURANCE MECHANISMS (CONTINUED)**

**CONTINGENCY FACTOR.**

The purpose of the Contingency Factor (CF) is to determine appropriate charges to be included in the AAF in the event that the provisions of the Limitations and Contingencies part of this rider are employed. For each of the three previously described AAFs, a separate CF is determined and applied for each effective period in accordance with the following equation:

$$CF = \frac{(CE + CC + CFA + A)}{U} \times \frac{100 \text{ ¢}}{\$1}$$

Where:

- CF = Contingency Factor, in ¢/kWh rounded to the thousandths of a cent, applied as a credit or charge to kWhs provided to retail customers, as applicable, during the effective period.
- CE = Contingency Expenses, in \$, equal to the difference between (a) the accrued expenses for the provision of full requirements electric supply to retail customers during the determination period incurred in accordance with the Limitations and Contingencies part of this rider, and (b) any portion of such accrued expenses reflected in AE, as defined in the Customer Usage and Demand Factor section of this Accuracy Assurance Mechanisms part. For the CPP-H AAF, CE equals such difference divided by twelve (12).
- CC = Contingency Compensation, in \$, equal to all compensation received or paid by the Company in accordance with the terms of any SFC terminated in accordance with the provisions of the Limitations and Contingencies part of this rider; such compensation is negative or positive to reflect compensation received or paid by the Company, respectively; such compensation is amortized over what would have been the remaining term of such SFC had there been no event of default, to the extent practical, and such compensation is adjusted for interest, at the same rates used pursuant to the settlement terms of such SFC; such compensation does not include amounts awarded to the Company for administrative and legal expenses incurred by the Company as a result of any such event of default.
- CFA = Contingency Factor Adjustment, in \$, the cumulative debit or credit balance resulting from the application of the CF through the determination period. Such balance includes interest established by the ICC in accordance with 83 Illinois Administrative Code Section 280.70(e)(1).

(Continued on Sheet No. 294.38)

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Post Office Box 805379  
Chicago, Illinois 60680-5379

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**RIDER CPP - COMPETITIVE PROCUREMENT PROCESS**

(Continued from Sheet No. 294.37)

**MISCELLANEOUS GENERAL PROVISIONS**

Data obtained by the Company as described in the Customer Supply Group Information section and the Market Cost Information section of this rider must be maintained by the Company for a period of twenty-four (24) months.

The Company must retain any confidential documents associated with an Illinois Auction Section in a confidential manner for a period of time extending at least two (2) years beyond the date of the expiration of the longest term SFC executed in accordance with the results for such Illinois Auction Section.

In accordance with the ICC's Order in Docket No. 05-0159, the Company must conduct an annual internal audit of its costs and recoveries of such costs pursuant to this rider. The Company must prepare an annual report 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 by April 30, beginning in 2008. Such report must be verified by an officer of the Company.

In accordance with the ICC's Order in Docket No. 05-0159, a docketed review of the auction process must be conducted after each Illinois Auction conducted in 2006, 2008, and 2009. The frequency of such reviews thereafter is determined by the ICC after the conclusion of the docketed review for the Illinois Auction conducted in 2009.

The retail supply charges and AAFs computed in accordance with the provisions of this rider are subject to adjustment in accordance with lawful orders issued by the ICC in annual docketed reconciliation proceedings as provided for in the ICC's Order in Docket No. 05-0159. Such annual proceedings, beginning in 2008, address the retail supply charges and AAFs computed for the previous calendar year, except that the first such annual proceeding addresses the retail supply charges and AAFs computed for the period beginning January 2, 2007, and extending through December 31, 2007.

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 these General Terms and Conditions and other applicable tariffs.

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