
RIDER PER – PURCHASED ELECTRICITY RECOVERY

APPLICABILITY

Rider PER – Purchased Electricity Recovery (Rider PER) is applicable to Customers taking service under Rider BGS – Basic Generation Service (Rate BGS). This Rider is also applicable to Customers taking service under Rider RTP – Real-Time Pricing (Rider RTP).

PURPOSE

- * Bundled electric service is the provision to the Customer of electric power and energy by the Company. Such provision includes the procurement of all the component services the Company requires to meet the instantaneous electric power and energy requirements at any given time of applicable Customers under Company's tariffs, applicable tariffs on file with the Federal Energy Regulatory Commission (FERC), and other applicable law, including, without limitation, all required electric energy, energy to satisfy losses, electric generation capacity, volumetric risk management, transmission services, ancillary transmission services, administrative services, and any other services necessary, including collateral payments or other forms of security paid or obligated to suppliers or MISO, or its successor in interest, for the provision of electric power and energy. In accordance with Section 16-111.5(l) of the Public Utilities Act (Act), the primary purpose of this Rider is to allow the Company to recover all the costs it incurs to procure all such component services not recovered through other mechanisms.

Other purposes of this Rider are to set forth the Company's obligations with respect to (a) the planning process associated with procurement plans in accordance with Section 16-111.5(d)(1) of the Act; (b) the contingency procurement of electric power and energy in accordance with Sections 16-111.5(e)(5)(i) and 16-111.5(e)(5)(iii) of the Act; and (c) the mechanisms employed to ensure that the Company does not over or under recover the costs it incurs in procuring electric power and energy for Customers taking service under tariffs to which this Rider is applicable.

DEFINITIONS

Definitions of terms used in this Rider are provided in the Customer Terms and Conditions.

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PLANNING PROCESS OBLIGATIONS

Each year beginning in 2008, by July 15 or such other date as may be required by the Illinois Commerce Commission (ICC) or the Illinois Power Agency (IPA), the Company must provide a range of electric load forecasts to the IPA. Such load forecasts must be for the five (5) year planning period for the next procurement plan developed in accordance with Section 16-111.5 of the Act.

PROCUREMENT OBLIGATIONS

- * For Customers taking service under bundled electric service tariffs that do not have provisions for hourly energy pricing, the Company is obligated to procure all the component services the Company requires to meet Customer instantaneous electric power and energy requirements at any given time under the Company's tariffs, applicable tariffs on file with the FERC, and other applicable law, including, without limitation, all required electric energy, energy to satisfy losses, electric generation capacity, volumetric risk management, transmission services, ancillary transmission services, administrative services, and other necessary services including collateral payments or other forms of security paid or obligated to suppliers or MISO, or its successor in interest. Such obligations are met by the Company through contractual arrangements and purchases in the MISO, or wholesale electricity markets, as applicable.

The price passed along to Customers may include costs associated with each of the following:

IPA Contracts

The Company must enter into binding wholesale, contractual arrangements with the winning suppliers selected during the course of a procurement event for the procurement of electric power and energy in accordance with a procurement plan developed pursuant to Section 16-111.5 of the Act. Such contractual arrangements are herein designated as IPA Contracts. The Company must enter into such IPA Contracts within three (3) business days after the ICC approves the results of such procurement event. Such IPA Contracts are for the provision of "standard wholesale products," in accordance with the provisions of Section 16-111.5(b)(3)(iv), may be executed "separately or in combination to meet that portion of [the Company's] load requirements not met through preexisting contracts, including but not limited to monthly 5 x 16 peak period block energy, monthly off-peak wrap energy, monthly 7 x 24 energy, annual 5 x 16 energy, annual off-peak wrap energy, annual 7 x 24 energy, monthly capacity, annual capacity, peak load capacity obligations, capacity purchase plan, and ancillary services."

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Load Balancing

In accordance with Section 16-111.5(b)(4) of the Act, the procurement plan will include "the process for (i) hourly balancing of supply and demand and (ii) the criteria for portfolio rebalancing in the event of significant shifts in load."

Preexisting Contracts - Financial Swap Contracts

The Company was required to be a party to one or more multiple year financial swap contracts that became effective on August 28, 2007, in accordance with the provisions of Section 16-111.5(k) of the Act. Such contracts must be executed for terms that do not exceed five (5) years and for electric loads that, in aggregate, do not exceed 3,000 MW for any hour of the year. Such contracts are financial contracts and are not energy sales contracts. Such contracts must be executed as transactions under a negotiated master agreement based on the form of master agreement for financial swap contracts sponsored by the International Swaps and Derivations Association, Inc., or its successor.

Preexisting Contracts - Generating Facility Cost Recovery

Provided the requirements set forth in Section 16-111.5(p) are met, the Company may recover costs associated with generation facilities it invests in, leases, owns or operates as part of its procurement plan to meet Customer procurement needs.

*** Preexisting Renewable Energy Resources Procurement**

Prior to the effective date of Public Act 99-0906, June 1, 2017, the Company procured renewable energy resources in accordance with Section 1-75(c) of the IPA Act and the applicable procurement plan approved by the ICC, including combination renewable energy credit and energy contracts. The Company may continue to recover the costs associated with those preexisting renewable energy resource procurements for any delivery period prior to the effective date of Public Act 99-0906 under this Rider. The costs related to the energy portion of these contracts shall continue to be Recovered under this Rider.

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Qualifying Facilities Procurement

The Company must procure energy from any qualifying facility meeting the requirements of Rider QF – Qualifying Facilities. Such qualifying purchases are considered to be preexisting purchases and shall be recovered in Accrued Expenses for the Purchased Electricity Adjustment (PEA).

Residual Procurement

Electric power and energy component services the Company requires to meet Customers instantaneous electric power and energy requirements at any given time that are not procured through contractual arrangements or mechanisms previously described in this Procurement Obligation section are procured by the Company in MISO-Administered Markets. Notwithstanding the provisions of the previous sentence, if any such component services that must be procured by the Company is not available in MISO-Administered Markets, the Company purchases any such component services in the wholesale electricity market.

Nothing in this Procurement Obligations section relieves the Company of any obligation to prudently administer any contractual arrangements into which it enters in accordance with this Procurement Obligations section or prudently purchase electric power and energy components in the MISO or wholesale electricity markets, as required in this Procurement Obligations section.

PURCHASED ELECTRICITY PRICE

For the purpose of developing retail purchased electricity charges that allow the Company to recover the costs it incurs in procuring all the component services discussed in the previous section that the Company requires to meet applicable Customer instantaneous electric power and energy requirements at any given time under the Company's tariffs, applicable tariffs on file with the FERC, and other applicable law, the Company determines four Purchased Electricity Prices (PEPs). Specifically, the four PEPs are (a) the Summer On-Peak PEP, (b) the Summer Off-Peak PEP, (c) the Non-Summer On-Peak PEP, and (d) the Non-Summer Off-Peak PEP. Each PEP is equal to the load weighted average time of use unit cost, in dollars per megawatt-hour (\$/MWh), for all such component services pertaining to the corresponding monthly billing periods for which retail supply charges are being determined. Under this Rider, the Company “recover[s] its costs of

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procuring power and energy” pursuant to such Section 16-111.5. In particular, this Rider provides for the recovery of the Company’s “costs of procuring power that are incurred pursuant to the Commission-approved procurement plan” and are specifically identified in the Commission-approved procurement plan through a “formula rate or charge” “with no mark-up or return on the price paid by the [Company] for that supply, plus any just and reasonable costs that the [Company] incurs in arranging and providing for the supply of electric power and energy.” However, this Rider also recognizes that the Illinois Commerce Commission (ICC) may determine the reasonableness of the Company’s costs of arranging and providing for supply of costs of implementing or complying with the procurement plan including any fees assessed by the Illinois Power Agency, costs associated with load balancing and contingency plan costs in periodic review proceedings, and expressly provides for the adjustments that may result from such proceedings. Costs for procurement power that are not included in the Commission-approved procurement plan are not recoverable under this Rider.

As used herein, the “costs of procuring power and energy” shall include, but not be limited to, that portion of collateral or other credit enhancement costs reasonably and properly allocable to power provided under this Rider.

Generally, the aforementioned PEPs are expected to be determined on an annual basis and used to determine retail purchased electricity charges for a period that extends from the beginning of June through the end of the following May and corresponds to a given MISO Planning Year. However, the PEPs must be recomputed each time an ICC-approved procurement event occurs.

RETAIL PURCHASED ELECTRICITY CHARGES

The application of retail purchased electricity charges allows the Company to recover from Customers the costs the Company incurs in procuring all the component services it requires to meet such Customers' instantaneous electric power and energy requirements at any given time under the Company’s tariffs, applicable tariffs on file with the FERC, and other applicable law. The development of retail purchased electricity charges is initially based upon the PEPs determined in accordance with the provisions of the Purchased Electricity Price section of this Rider and the electricity usage characteristics of the different Customer supply groups applicable to such Customers to reflect each such group’s responsibility for such costs subject to any constraints identified in the Mitigation Adjustment subsection of this Rider.

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Within two (2) business days after the ICC approves the results of a procurement event, the Company must file with the ICC for informational purposes the Retail Purchased Electricity Charges, determined in accordance with the provisions of this Retail Purchased Electricity Charges section, that reflect the costs the Company incurs in procuring all the component services it requires to meet Customer instantaneous electric power and energy requirements at any given time, as applicable, by Customer supply group. The commencement of the applicability of such Retail Purchased Electricity Charges corresponds to the commencement of the procurement of electric power and energy under the binding contractual arrangements effectuated as a result of the procurement event.

The Summer Retail Purchased Electricity Charge ($SRPEC_g$), in ¢/kWh rounded to the thousandths of a cent, for each applicable Customer supply group is computed in accordance with the following equation:

$$SRPEC_g = \frac{(SPPEP \times SPE_g) + (SOPEP \times SOE_g)}{SE_g} \times Exp_g \times \frac{1 \text{ MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

Where:

- SPPEP = Summer On-Peak Purchased Electricity Price, in $\$/MWh$, equals the Summer On-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this Rider
- SOPEP = Summer Off-Peak Purchased Electricity Price, in $\$/MWh$, equals the Summer Off-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this Rider
- SPE_g = Summer On-Peak Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the wholesale peak periods consisting of the hours from 6AM until 10PM Central Prevailing Time (CPT) Monday through Friday except on days designated by the NERC, for the months of June, July, August, and September for Customer supply group, g

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- $SOE_g =$ Summer Off-Peak Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the wholesale off-peak periods consisting of all hours other than those included in the wholesale peak periods, for the months of June, July, August, and September for Customer supply group, g
- $SE_g =$ Summer Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the months of June, July, August, and September for Customer supply group, g
- $Exp_g =$ Expansion Factor, in decimal format, equals one plus the average distribution loss factor (DLF), based on provisions in the Rates and Charges section of the Supplier's Terms and Conditions for Customer supply group, g

The Non-Summer Retail Purchased Electricity Charge ($NRPEC_g$), in ¢/kWh rounded to the thousandths of a cent, for each such Customer supply group is computed in accordance with the following equation:

$$NRPEC_g = \frac{(NPPEP \times NPE_g) + (NOPEP \times NOE_g)}{NE_g} \times Exp_g \times \frac{1 \text{ MWh}}{1,000 \text{ kWh}} \times \frac{100 \text{ ¢}}{\$1}$$

Where:

- $NPPEP =$ Non-Summer On-Peak Purchased Electricity Price, in \$/MWh, equals the Non-Summer On-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this Rider
- $NOPEP =$ Non-Summer Off-Peak Purchased Electricity Price, in \$/MWh, equals the Non-Summer Off-Peak PEP determined in accordance with the provisions of the Purchased Electricity Price section of this Rider

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- $NPE_g =$ Non-Summer On-Peak Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the wholesale peak periods consisting of the hours from 6AM until 10PM Central Prevailing Time (CPT) Monday through Friday except on days designated by the NERC, for the months of January, February, March, April, May, October, November, and December for Customer supply group, g
- $NOE =$ Non-Summer Off-Peak Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the wholesale off-peak periods consisting of all hours other than those included in the wholesale peak periods, for the months of January, February, March, April, May, October, November, and December for Customer supply group, g
- $NE_g =$ Non-Summer Energy, in MWh, equals the forecasted electric consumption of Customers taking service under this Rider for the months of January, February, March, April, May, October, November, and December for Customer supply group, g
- $Exp_g =$ Expansion Factor, in decimal format, equals one plus the average distribution loss factor (DLF), based on provisions in the Rates and Charges section of the Supplier's Terms and Conditions for Customer supply group, g
- * Notwithstanding the previous provisions of this Retail Purchased Electricity Charges section, the $SRPEC_{g,s}$ and the $NRPEC_{g,s}$ are subject to a mitigation adjustment and rate redesign.

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*** Mitigation Adjustment and Rate Redesign**

Notwithstanding the above, the base Retail Supply Charges for each Rate Zone resulting from the ICC Order associated with Docket Nos.09-0306 – 09-0311 (Cons.) shall provide the initial baseline for changes in overall electric charges for any price classification. Prices shall be adjusted after each applicable IPA procurement event by an equal percentage amount per the Mitigation Adjustment subsection below. In addition, beginning with BGS-1 and BGS-2 charges effective June 1, 2012, the Company shall adhere to the following principles: 1) restructure Retail Purchased Electricity Charges on a revenue neutral basis to each class to rebalance summer and non-summer prices, 2) establish or retain, as applicable, the uniform Summer Retail Purchased Charge across Rate Zones for each respective class, 3) establish or retain, as applicable, the uniform Non-Summer Retail Purchased Charge for the initial block across Rate Zones for each respective class, 4) gradually reduce any discounted prices relative to the initial block Retail Purchased Electricity Charge applicable to BGS-1 for usage over 800 kWh in a non-summer month, and 5) gradually remove any discounted prices relative to the initial block Retail Purchased Electricity Charge applicable to BGS-2 usage over 2,000 kWh in a non-summer month. Adjustments to non-summer prices for use over 800 kWh for BGS-1 and 2,000 kWh for BGS-2 will occur after each annual IPA procurement event until all non-summer prices are uniform for each respective class. BGS-2 Retail Purchased Electricity Charges shall continue to be differentiated by Delivery Voltage. Notwithstanding the above, beginning with BGS-1 charges incorporating the results of the first IPA procurement event occurring after August 1, 2015 and continuing thereafter, Non-Summer Retail Purchased Charges shall be further adjusted per the Rate Redesign subsection below. Charges adjusted by this section shall become the baseline charges for subsequent changes.

*** Mitigation Adjustment**

Purchased Electricity Charges for Customers served under BGS-1, BGS-2, or BGS-5 Service Classifications defined in Rider BGS will reflect a mitigation adjustment. The overall increase to all price classifications shall be equal to 100% of the average annual increase to Customers served under BGS-1, BGS-2, and BGS-5. The bill increase limit percentages are determined by dividing the difference between proposed and present revenue by present revenue, as determined in the following equation:

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$$C_{,t} = (PB_{,t} - CB_{,t}) / CB_{,t}$$

Where:

C_{,t} = Percentage change for each Rider BGS price component.

PB = Proposed Purchased Electricity Charges are derived from the Retail Purchased Electricity Prices section of this tariff. The Purchased Electricity Charge ¢/kWh unit prices multiplied by kWh sales projected to be served in the applicable price category gives total proposed variable revenue, PB.

CB = Present Purchased Electricity Charges are equal to unit prices in effect at the time just prior to filing the informational sheet reflecting the updated Purchased Electricity Charges. The present Purchased Electricity Charge ¢/kWh unit prices multiplied by kWh sales projected to be served in the applicable price category gives total present variable revenue, CB.

*** Rate Redesign**

Beginning with BGS-1 and BGS-2 prices effective June 1, 2012, revenue neutral adjustments shall be made for each respective class. In the filing made within two (2) business days after the ICC approves the results of a procurement event, the Company shall further adjust Retail Purchased Electricity Charges as follows: i) the Summer Retail Purchased Electricity Charge shall be adjusted so the proportion between the Summer Retail Purchased Electricity Charge and average annual Retail Purchased Electricity Charge equals the proportion, to the nearest 1/100th, between the summer average Purchased Electricity Price (costs of procuring power and energy that are incurred pursuant to the Commission-approved procurement plan) and annual average Purchased Electricity Price; and ii) the Non-Summer Purchased Electricity Charges shall be adjusted by an average uniform amount necessary to adjust rates to ensure the combination of Summer and Non-Summer price changes are revenue neutral for the upcoming annual period.

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- * Beginning with BGS-1 prices effective June 1, 2012 BGS-1 Non-Summer Retail Purchased Electricity Charges shall be redesigned to gradually eliminate declining block pricing, subject to the following guidelines, except as described in the paragraph below: 1) establish or retain, as applicable, price uniformity among the non-summer initial block charges (those applicable to the first 800 kWh of monthly non-summer use) among Rate Zones and applicable BGS-1 pricing categories within Rate Zones, and any non-summer charges applicable to monthly use over 800 kWh that are equal to the initial block charges, and 2) increase charges applicable to monthly non-summer use over 800 kWh for those pricing categories that are below the initial block charge up to a level not to exceed the initial block charge, and also not to exceed an annual cost increase of more than 7.5% for any one of the twelve customer profiles in any of the Rate Zones as shown below. An annual cost increase, as used in this paragraph, shall be measured by comparing the total of DS-1 Charges, EDT Cost Recovery and BGS-1 Retail Purchased Electricity Charges in effect on the prior June 1 and those adjusted prices to be in effect on the subsequent June 1. The combination of both annual supply and delivery cost increase shall not exceed 7.5% for any one of the twelve customer profiles in any of the Rate Zones shown below. Increased revenue generated from increasing non-summer tail block rates in item 2) above will be used to lower uniform non-summer prices in item 1) above.

- * Beginning with the effective date of BGS-1 prices incorporating the results of the first IPA procurement event occurring after August 1, 2015 and continuing thereafter, revenue neutral adjustments shall be made to the Non-Summer Retail Electricity Charges. Non-Summer Retail Electricity Charges shall be redesigned to differentiate pricing between the initial block charges (the first 800 kWh of monthly non-summer use) and the tail block charges (all incremental monthly non-summer use over 800 kWh) based on a reallocation of costs associated with Resource Adequacy Requirements (i.e. capacity costs), subject to the following guidelines. 1) Initial and tail block charges will be based on an equal recovery of energy related costs resulting from the Mitigation Adjustment process described above 2) All costs associated with Resource Adequacy Requirements will be recovered in the initial block charge 3) Establish or retain, as applicable, price uniformity among the non-summer initial block charges among Rate Zones and applicable BGS-1 pricing categories within Rate Zones.

- * Beginning with the effective date of BGS-5 prices incorporating the results of the first IPA procurement event occurring after August 1, 2015 and continuing thereafter, BGS-5 rates will be made uniform based on a load weighted average of the rates for Rate Zone I, II, and III resulting from the Mitigation Adjustment process described above.

BGS-1 pricing categories within Rate Zones are as follows: Rate Zone I Customers, Rate Zone I Metro East Customers (including those premises/Customers formerly served under tariffs applicable to portions of Henderson and Hancock counties), Rate Zone I Customers served at

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Premises that on January 1, 2007 received service under Rider 5 – Residential Electric Space Heating, Rate Zone II Customers, Rate Zone III Customers served at Premises that on January 1, 2007 received service under the Residential Electric Space Heating provision within Service Classification 2 (space-heat group) and all other Rate Zone III BGS-1 Customers (non-space heat group).

The twelve customer profiles are as follows:

<u>Profile</u>	<u>Summer kWh/Month</u>	<u>Non-Summer kWh/Month</u>
1	2,000 June - September	4,500 November - April, 1,500 October and May
2	2,000 June - September	3,000 November - April, 1,200 October and May
3	2,000 June - September	2,000 November - April, 800 October and May
4	2,000 June - September	1,000 November - April 800 October and May
5	1,200 June - September	4,500 November - April, 1,500 October and May
6	1,200 June - September	3,000 November - April, 1,200 October and May
7	1,200 June - September	2,000 November - April, 800 October and May
8	1,200 June - September	1,000 November - April, 800 October and May
9	800 June - September	4,500 November - April, 1,500 October and May
10	800 June - September	3,000 November - April, 1,200 October and May
11	800 June - September	2,000 November - April, 800 October and May
12	800 June - September	1,000 November - April, 800 October and May

- * Beginning with BGS-2 prices effective June 1, 2012, provided the Mitigation Adjustment produces an annual cost increase of less than 10% as a result of an annual IPA procurement event, BGS-2 Non-Summer Retail Purchased Electricity Charges shall be redesigned to gradually eliminate declining block pricing. The redesigned charges shall: 1) establish or retain, as applicable, price uniformity among the non-summer initial block charges (those applicable to the first 2,000 kWh of monthly non-summer use) among Rate Zones and applicable BGS-2 pricing categories within Rate Zones, and any non-summer charges applicable to monthly use over 2,000 kWh that are equal to the initial block charges, and 2) increase charges applicable to monthly non-summer use over 2,000 kWh for those pricing categories that are below the initial block charge up to a level not to exceed the initial block charge, and also not to exceed a supply cost increase of more than 15%. An annual cost increase, as used in this paragraph, shall be measured by comparing BGS-2 costs for Primary Delivery Voltage service before and after IPA procurement event changes. Increased revenue generated from increasing non-summer tail block rates in item 2) above will be used to lower uniform non-summer prices in item 1) above.

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PURCHASED ELECTRICITY ADJUSTMENT MECHANISM

- * In accordance with Section 16-111.5 of the Act that states the application of the retail purchased electricity charges must not result in over or under recovery of the Company's costs to procure electric power and energy for its Customers "due to changes in Customer usage and demand patterns," the Purchased Electricity Adjustment mechanism periodically equalizes the revenues from Customers taking service under Rider BGS, and Rider RTP as appropriate, for electric power and energy supply procured for them by the Company and the expenses incurred by the Company to procure such electric power and energy supply. The PEA, in ¢/kWh rounded to the thousandths of a cent, is determined and applied to each kWh provided by the Company under Rider BGS, and Rider RTP as appropriate, on a monthly basis. The PEA will be calculated by Rate Zone through the May 2012 Determination Period. Thereafter, the Accrued Expense (AE) and Accrued Revenue (AR) components of the PEA will no longer be separated by Rate Zones. Differences in the PEA applied to each Rate Zone for the amounts related to the Automatic Balancing (AB) and Adjustment (A) amounts on or before the May 2012 Determination Period may occur through the amortization period. The Company will amortize the AB amounts as of May 2012 over a period not to exceed 12 months starting in the June 2012 Determination Period, and will calculate a rate that will be added to the non-Rate Zone differentiated PEA factor. Subsequent A amounts that relate to a Determination Period on or before May 2012 will be amortized over a period not to exceed 12 Effective Periods. The rate derived from the A amount will be added to the non-Rate Zone differentiated PEA factor.

The PEA factor is determined and applied in each Effective Period in accordance with the following equation:

$$PEA = \frac{[AE - AR + AB + A]_{\text{amortized}}}{U} \times \frac{100¢}{\$1}$$

Where:

PEA = Purchased Electricity Adjustment, in ¢/kWh rounded to the thousandths of a cent, applied as a credit or charge to kWhs provided to Customers taking service under Rider BGS, and Rider RTP as appropriate, during the Effective Period.

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- AE = Accrued Expenses, in dollars, equal to the sum of the accrued expenses incurred by the Company in accordance with this Rider for the electric power and energy procured for Customers taking service under Rider BGS, and Rider RTP as appropriate, during the Determination Period(s). AE will also be adjusted for an allocation of expenses for electric power and energy supply costs incurred under Rider HSS – Hourly Supply Service (Rider HSS) for the provision of electric power and energy obtained under Rider HSS for Rider RTP Customers. Starting with the October Determination Period and continuing through the May 2012 Determination Period, AE will be allocated to each Rate Zone based on the relative weight of kWh provided to Customers during the applicable Determination Period.
- AR = Accrued Revenues, in dollars, equal to the accrued revenues recognized for Customers taking service under Rider BGS, and Rider RTP as appropriate, during the Determination Period(s) in accordance with this Rider.
- * AB = Automatic Balancing factor, in dollars, equal to the cumulative debit or credit balance resulting from the application of the PEA through the Determination Period(s). Such balance includes interest at the rate established by the ICC in accordance with 83 Ill. Adm. Code 280.40(g)(1).
- * A = Adjustment, in dollars, 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 Customers to correct for accounting errors associated with the computation of previously applied PEAs. Such amount includes interest charged at the rate established by the ICC in accordance with 83 Ill. Adm. Code 280.40(g)(1). Such interest is calculated for the period of time beginning on the first day of the Effective Period during which such PEA 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.

Such value may also include over or under recovery of costs determined in the Procurement Adjustment section of this tariff.

- []_{amortized} = Amortization of the quantity included in the brackets, as necessary, which in most cases will be a period not to exceed three (3) Effective Periods but could be for a period up 12 Effective Periods. For a situation in which amortization is not necessary, there is no amortization period.

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U = Usage, in kWh, forecasted to be provided to Customers taking service under Rider BGS, and Rider RTP where appropriate, during the Effective Period.

For the purposes of the computation of a PEA, a Determination Period means the calendar month for which the PEA is determined for Customers taking service under Rider BGS, and Rider RTP as appropriate, for which the Company procures electric power and energy. The first such Determination Period is June 2008.

For the purposes of the application of a PEA, an Effective Period means the monthly billing period during which a PEA is applied to kilowatt-hours (kWhs) provided to Customers taking service under Rider BGS, and Rider RTP as appropriate. The Effective Period is the first monthly billing period beginning no earlier than 15 calendar days after the 55 day MISO-conducted settlement process for electric supply for the Determination Period(s).

With a postmark dated no later than the 20th day of the month prior to the start of each Effective Period, the Company submits the PEA 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 PEA or in order to collect any such PEA, provided, however, that any such PEA is subject to adjustment to correct accounting errors in accordance with Section 16-111.5(l) of the Act.

Any submission of a PEA postmarked after the 20th day of a month but prior to the start of the applicable Effective Period is acceptable only if such submission corrects an error or errors from a timely submitted PEA 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.

ADJUSTMENTS TO PURCHASED ELECTRICITY CHARGES

A Supply Cost Adjustment for each Rate Zone is applied to Customers billed under Rider PER for recovery of certain costs for procurement, working capital, and uncollectibles as defined below. The Supply Cost Adjustment factor will be reflected on the Company's monthly informational filing.

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Procurement Adjustment

- * This adjustment compensates the Company for all direct and indirect costs of procuring and administering electric power and energy supply for its Customers, other than amounts incurred under SFCs or amounts recovered under the Retail Purchased Electricity Charges, cash working capital adjustment, the uncollectible adjustment, and the CDU. These costs incurred by the Company will include, where applicable, professional fees, costs of engineering, supervision, insurance, payments for injury and damage awards, taxes, licenses, and any other administrative and general expense not already included in the auction prices or Retail Purchased Electricity Charges, as applicable, for power and energy service, not recovered elsewhere. The amount of this adjustment shall be established by the Commission in a Delivery Services rate case or formula rate proceeding pursuant to Section 16-108.5 of the Act, and subsequently revised after each such proceeding.
- * Procurement costs addressed in this section, and any procurement adjustment revenue recovered, shall be included in the annual reconciliation statements filed with the Commission beginning with the procurement period ending May 2011.
- * Any over or under collection of procurement costs addressed in this section shall be included within the “A” (Adjustment) component of the Purchased Electricity Adjustment Mechanism section of this tariff. The first such “A” related to procurement costs shall be computed no sooner than 45 days prior to the next available Effective Period after the effective date of this tariff provision, and shall cover the period from June 2010 through December 2012. Subsequent “A” related to procurement costs shall be computed prior to the April Effective Period covering the prior calendar year. Procurement costs addressed in this section shall be allocated between Rider PER and Rider HSS based on the proportion of kWh delivered to customers under each respective tariff to total Rider PER and Rider HSS kWh delivered during the applicable reconciliation period.

Working Capital Adjustment

- * This adjustment compensates the Company for the amount of funds required to finance the day-to-day operations for Company-supplied power and energy. The working capital adjustment to the Purchased Electricity Charges will compensate the Company for the financing of the lag between the purchase of supply and the collection of those supply costs from Customers. The adjustment factor will be established by the Commission in the Company's electric Delivery Services rate cases or formula rate proceeding pursuant to Section 16-108.5 of the Act, and subsequently revised after each such proceeding.

RIDER PER – PURCHASED ELECTRICITY RECOVERY

Uncollectibles Adjustment

- * This adjustment will be based upon the Company's uncollectibles experience for Company-supplied power and energy and shall be established by the Commission in a Delivery Services rate case or formula rate proceeding pursuant to Section 16-108.5 of the Act, and subsequently revised after each such proceeding. The Uncollectibles adjustment only applies to Customers taking power and energy from the Company.

CONTINGENCY OBLIGATIONS

Pursuant to the provisions of Section 16-111.5(e)(5)(i), in the event of default by a supplier with which the Company entered into an IPA Contract in accordance with the provisions of the Procurement Obligations section of this Rider, the Company reviews such contract to determine (a) the amount of electric power and energy such supplier was contracted to supply, and (b) the number of days remaining in the term of the contract. In the event that a contract is terminated as a result of a default, such contract will be replaced as specified in Section 16.111.5(e)(5) and Section 16.111.5(n) of the Act.

Pursuant to the provisions of Section 16-111.5(e)(5)(iii), in any case in which there is insufficient electric power and energy supply procured under contracts awarded through the procurement process to fully meet the electric load requirement identified in the Procurement Plan, the Company will procure the necessary electric power and energy to make up for such insufficiency in MISO-Administered Markets. Notwithstanding the provisions of the previous sentence, if any component(s) of the electric power and energy that must be procured by the Company to make up for such insufficiency is not available in MISO-Administered Markets, the Company purchases any such component(s) in the wholesale electricity market.

MISCELLANEOUS GENERAL PROVISIONS

Each year beginning in 2009, the Company must conduct an internal audit of its costs and recoveries of such costs pursuant to this Rider. The internal audit shall include a determination whether 1) accounting controls are effectively preventing the double recovery of costs through Rider PER and through other means, 2) Rider PER is being properly applied to Customers bills, 3) revenues generated from Rider PER are recorded in appropriate accounts, and 4) costs recovered through Rider PER are reasonable. The Company must also prepare a report each year that summarizes the results of such audit. Such report must be submitted to the ICC in an informational filing, with copies of such report provided to the Manager of the Staff's Accounting Department and the Director of the Staff's Financial Analysis Division within 60 calendar days after the end of the effective period associated with the May Determination Period of such year. Such report must be verified by an officer of the Company.

RIDER PER – PURCHASED ELECTRICITY RECOVERY

Each year beginning in 2009, no earlier than 90 calendar days after the end of the Effective Period associated with the May Determination Period of such year, a proceeding must commence in accordance with Section 16-111.5(l) of the Act to "provide for the correction, on at least an annual basis, of any accounting errors that may occur" in the application of the provisions of this Rider. Any correction of any such error is determined and applied in accordance with lawful orders issued by the ICC in such proceeding.

The provisions in this Rider are not subject to review under, or in any way limited by, Section 16-111(i) of the Act.

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

The Company's Schedule of Rates, of which this Rider is a part, includes Customer Terms and Conditions and other tariffs. Service hereunder is subject to the Customer Terms and Conditions and such other tariffs, as applicable.