ILLINOIS COMMERCE COMMISSION

ANNUAL REPORT ON ELECTRICITY, GAS, WATER AND SEWER UTILITIES 2008

ILLINOIS
COMMERCE COMMISSION

ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES

2008

ICC Annual Reports

This report is one of four annual reports issued by the Illinois Commerce Commission.

Annual Report on Electricity, Gas, and Water Utilities
(issued 1985—1995 as Annual Report on Public Utilities)
This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.illinois.gov

Annual Report on Telecommunications
This report may be obtained from:
Illinois Commerce Commission
Chief Clerk's Office
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-7434
Also on: www.icc.illinois.gov

Annual Report on the Transportation Regulatory Fund
This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

Annual Report on the Use of the Grade Crossing Protection Fund
This report may be obtained from:
Illinois Commerce Commission
Transportation Division
Walk-In Center
527 E. Capitol Avenue
Springfield, Illinois 62701
217/782-4654

The ICC On Line
Agendas for Commission meetings, selected Commission orders, annual reports, and other information are available on line from the Commission's Web Site: www.icc.illinois.gov

ICC's Electronic Docketing System
http//eweb.icc.illinois.gov/e-docket

Plug In Illinois—Choosing an Electric Supplier
www.icc.illinois.gov/Plugin

Contacting the ICC

Springfield and Chicago Offices

Illinois Commerce Commission
527 E. Capitol Avenue
Springfield, Illinois 62701

Illinois Commerce Commission
160 N. LaSalle, Suite C-8OO
Chicago, Illinois 60601

For any public utility service issue, for assistance, or information, or to file an informal complaint, please contact the ICC's Consumer Services Division.

Toll-free: 800/524-0795 (In Illinois only)
800/858-9277 (TTY)
Chicago:
Illinois Commerce Commission
Consumer Services Division
160 N. LaSalle Street
Suite C-8OO
Chicago, IL 60601
Springfield:
Illinois Commerce Commission
Consumer Services Division
527 E. Capitol Avenue
Springfield, Illinois 62701

On matters pertaining to trucking, and household goods moving, which are under the Commission's jurisdiction, please contact the Transportation Division Walk-In Center in Springfield.
217/782-4654
217/782-4915 (TTY)

For Railroad Safety issues, please contact:
217/782-7660

For Relocation Towing issues please contact:
Illinois Commerce Commission
Des Plaines Compliance Office
847/294-4326

Printed by authority of the State of Illinois 120 copies—January 2009—No. 629

January 31, 2009

The Honorable Rod Blagojevich
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 2008 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 2008, through December 31, 2008.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act, which requires the Commission to report on the following subjects: a general review of agency activities; a discussion of the utility industry in Illinois; a discussion of energy planning; the availability of utility services to all persons; implementation of the Commission's statutory responsibilities; appeals from Commission orders; studies and investigations required by state statutes; impacts of federal activity on state utility service; and recommendations for proposed legislation.

Among other Commission reports provided to the Governor and General Assembly each year are the following:

- Annual Report on Telecommunications
- Annual Report on the Transportation Regulatory Fund
- Annual Report on the Use of the Grade Crossing Protection Fund

Additional information about the Commission and its activities is available from the Commission's web site listed on the previous page.

Sincerely,

Charles E. Box, Chairman

TABLE OF CONTENTS

ILLINOIS COMMERCE COMMISSION

YEAR IN REVIEW

2008

ENERGY ISSUES: Electricity

Electric Restructuring

The electric market was opened to approximately 4.4 million residential customers May 1, 2002. At the end of 2008, 30 alternative suppliers were eligible to serve non-residential customers, and eight suppliers were eligible to serve residential customers. Companies providing alternative retail electric service and the names, addresses and contact personnel and telephone numbers are posted to the ICC website to assist customers who may be considering switching to an alternative provider for electric service.

Illinois Power Agency Act

The Illinois Power Agency Act, P.A. 095-0481 ("IPAA"), provided almost one billion dollars of rate relief to Commonwealth Edison and Ameren customers. The IPAA established a mechanism to procure power for the utilities through a sealed bid process administered by the Illinois Power Agency. The IPAA also acknowledged a power contract between each utility and its affiliated generation company and provided for the utility to procure power through mechanisms described in the IPAA for power needed to replace expiring contracts from the 2006 electric procurement auction. The IPAA also established requirements for renewable resources in the utilities' portfolios. The Commission solicited comments and held hearings on the utility procurement plans. In December 2007, the Commission approved procurement plans filed by Commonwealth Edison and the three Illinois Ameren companies. Procurement events were held in spring 2008 and were subsequently approved by the Commission. The procurement events resulted in, among other things, price hedges for approximately 8 million megawatt hours of energy and the acquisition of renewable energy credits representing 2 percent of the fixed-price retail customers' load of the utilities, in compliance with the IPAA for June 2008 through May 2009. Then, in September, the new Illinois Power Agency filed its first annual procurement plan for delivery periods beginning June 2009. The Commission approved the procurement plan January 7, 2009. Additional procurement events, pursuant to an approved plan, could be held as early as spring 2009.

Office of Retail Market Development

Pursuant to Public Act 94-1095 (the "Retail Electric Competition Act of 2006"), the Commission established the Office of Retail Market Development in 2008 with a director and two additional staff. New Section 20-102 of the Public Utilities Act requires the Commission to promote the development of an effectively competitive retail electricity market that is effective and beneficial to all Illinois consumers. To this end, the Office of Retail Market Development has focused its initial efforts on the implementation of Public Act 95-0700, which became effective in November 2007. Public Act 95-0700 requires Commonwealth Edison and the three Ameren companies to file tariffs to provide a consolidated bill to retail customers and purchase the receivables of electric suppliers. These requirements are designed to remove some barriers to competition for residential and small commercial customers in Illinois. On September 30, 2008, the three Ameren companies filed tariffs to implement some of the requirements of Public Act 95-0700. Commonwealth Edison is expected to do the same in the near future.

Alternative Retail Electric Supplier Service

The number of customers purchasing power from an alternative supplier quadrupled since October 2006. As of October 2008, approximately 54,000 non-residential customers were purchasing power and energy from an Alternative Retail Electric Supplier or an electric utility selling outside its service area. Switching rates now approach or even surpass the 90 percent level among customers with a peak demand that exceeds one megawatt in the service territories of the three Ameren companies and Commonwealth Edison. During 2008, the first residential customers switched to alternative suppliers since the residential market opened in May 2002. As of October 31, 2008, 168 residential electric customers had switched to an alternative supplier. Detailed electric customer switching statistics can be viewed on the Commission's web page at http://www.icc.illinois.gov/industry/publicutility/energy/switchingstatistics.aspx.

Electric Rate Proceedings

During 2008, the Commission reviewed rate filings for Commonwealth Edison and the Ameren companies for delivery services (Docket No. 07-0566 and Docket Nos. 07-0585/0586/0587). Orders in the Commonwealth Edison and Ameren delivery services dockets were approved in September 2008. Subsequent to the conclusion of the Commonwealth Edison rate case, the Commission initiated an investigation into the Company's rate design (Docket No. 08-0532). In addition, Mt. Carmel Public Utility Company filed for an increase in electric rates in May 2007; an order was approved in March 2008.

ENERGY ISSUES: Gas

Gas Price Increases/Reductions

During 2008, orders were approved for Peoples Gas (Docket No. 07-0241), North Shore Gas (Docket No. 07-0240), Mt. Carmel Public Utility Co. (Docket No. 07-0357), AmerenCIPS and AmerenIP gas rate cases (Docket Nos. 07-0588/0589/0590). AmerenCILCO delivery rates for gas and electric customers were reduced.

Nicor Gas Co. (Docket No. 08-0363) filed for new gas rates in April 2008. Illinois Gas Co. (Docket No. 08-0482) filed for new gas rates in July 2008.

During 2008, the Commission monitored the commodity cost of natural gas through its reviews and reconciliations of Purchase Gas Adjustment filings submitted by the gas utilities.

FERC

In 2008, the Federal Energy Regulatory Commission ("FERC") focused on improving the efficiency and transparency of the electricity and natural gas markets. With regards to natural gas, FERC issued several orders intended to encourage the development of new natural gas storage capacity and infrastructure, increase competition, and protect consumers against excessive pipeline transportation rates. To that end, FERC worked to expand natural gas infrastructure by approving numerous pipeline expansions and liquefied natural gas import terminals. FERC also revised the financial forms, statements, and reports required of interstate natural gas companies to better reflect the current market and cost information needed for regulatory oversight of their rates and terms of service. FERC continued to focus on strengthening the rules that provide non-discriminatory transmission service, facilitate competitive markets, and protect electricity consumers. In particular, FERC issued Orders 890-A and 890-B which effectively affirm Order 890, and FERC issued Order 697 which reinforced regulations for just and reasonable market-based sales. FERC also issued new financial reporting requirements for electric utilities.

WATER AND SEWER ISSUES

Illinois-American Water Company ("IAWC") is the state's largest investor-owned water and sewer utility. In July 2008, the Commission granted a request from IAWC for revised water and sewer rates. The increase applied to five rate areas and a decrease applied to two rate areas of IAWC. Also in July, the Commission issued an order on its own motion versus IAWC initiating an investigation under Section 9-250 of the Public Utilities Act into all aspects of the rate design of IAWC, specifically for the service territories identified in the aforementioned rate case.

Aqua Illinois, Inc. ("Aqua") is the state's second largest investor-owned water and sewer utility. In January 2008, the Commission issued a Certificate of Public Convenience and Necessity to Aqua to acquire the Village of Sun River Terrace's water system. In July 2008, the Commission approved the sale and cancellation of Certificate of Public Convenience and Necessity for Aqua's Woodhaven Division, a recreational campsite. In August 2008, the Commission granted a request from Aqua for increased water rates for three divisions (Hawthorn Woods, Willowbrook, and Vermilion). In November 2008, the Commission granted a request from Aqua for increased sewer rates for two divisions (Hawthorn Woods and Willowbrook).

The Commission approved the revocation of a Certificate of Public Convenience and Necessity for New Landing Utility, Inc. and removed Emmett Utilities, Inc. from the list of regulated public utilities.

The Commission approved a revised tariff for Ellwood Greens Utility Corporation through the Simplified Rate Case Procedures, providing for increased sewer rates for approximately 219 customers.

Sundale Utilities, Inc. filed tariffs requesting a general increase in water and sewer rates for Washington Estates.

The Commission denied Certificates of Public Convenience and Necessity to RME Illinois, L.L.C., for sewer service in two Lake County subdivisions. RME Illinois, L.L.C., then submitted new petitions for Certificates of Public Convenience and Necessity for sewer service, which are currently under review.

The Commission approved a rulemaking for 83 Ill. Adm. Code 602, Notice Requirements for Subcontractor's Identification for Water and Sewer Utilities, which implemented Section 8-306(l) of the Public Utilities Act.

Water and sewer utilities continued their usage of surcharges for purchased water, purchased sewage treatment, and qualifying infrastructure plant. The Commission approved a purchased water surcharge for Charmar Water Company.

UTILITY REORGANIZATIONS/MERGERS/PLANT SALES

The corporate reorganization affecting the ownership of the parent of Illinois-American Water Company concluded in 2008. Section 5 contains a more detailed description of this transaction.

COMMISSION ACTIVITIES

The Commission approved final rules establishing standards for net meters, which are used to measure the flow of electricity that customers sell to their electric suppliers as well as what they received from the suppliers. Illinois law required electricity providers to offer net metering to the public no later than April 1, 2008. A report on net metering enrollment, peak demand supplied to customers and generating capacity of net metering customers must be filed with the Commission by April 1, 2009.

Final rules governing the licensing of retail electric agents, brokers and consultants were adopted in 2008. The rules apply to those businesses or agents entering Illinois' competitive electric market to sell or market electricity to customers on behalf of an alternative electricity provider or to work on behalf of customers to located supply options.

The Commission initiated a Smart Grid Collaborative to consider technological and policy issues associated with emerging electronic two-way communications systems utilities and their customers may use in the future. The Commission also directed ComEd to examine and implement a pilot program to test the systems associated with advanced meter infrastructures. The pilot program, including installation of meters and evaluation of information from the project, is expected to run until 2011, at which time the findings will be reviewed and considered as part of the Smart Grid Collaborative process.

The Commission filed a federal court challenge to FERC orders that authorized PJM Interconnection, LLC to allocate to the ComEd service zone an unfair portion of the costs of certain transmission facilities to be built along an East coast corridor. The cost is estimated at $987 million.

The Commission's Electric Policy and Natural Gas committees met with electric utility executives and representatives of the regional transmission organizations as well as gas utility executives to discuss energy supply issues, demand forecasts and electricity procurement activities in 2008.

The Commission worked with the Illinois Attorney General , alternative natural gas suppliers and consumer groups to develop legislation that would ensure greater protection against misleading sales pitches, unwanted solicitations and excessive termination fees by companies offering alternative natural gas service to residential and small commercial customers.

The Commission received ten requests from persons wishing to address the Commission at its regular bench sessions during 2008 and each request was granted in accordance with the Section 2-107 of the Public Utilities Act which states "at each regular or special meeting that is open to the public, members of the public shall be afforded time... to make comments or to ask questions of the Commission".

INTRODUCTION

The following report for calendar year 2008 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts, as follows:

A general review of agency activities;
A discussion of the utility industry in Illinois;
A discussion of energy planning;
The availability of utility services to all persons;
Implementation of the Commission's statutory responsibilities;
Appeals from Commission orders;
Studies and investigations required by state statutes;
Impacts of federal activity on state utility service; and
Recommendations for proposed legislation.

For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

Other information about the Commission and its activities is available from the Commission's web site, www.icc.illinois.gov.

During 2008, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Charles E. Box

Sherman J. Elliott

Lula M. Ford

Robert F. Lieberman

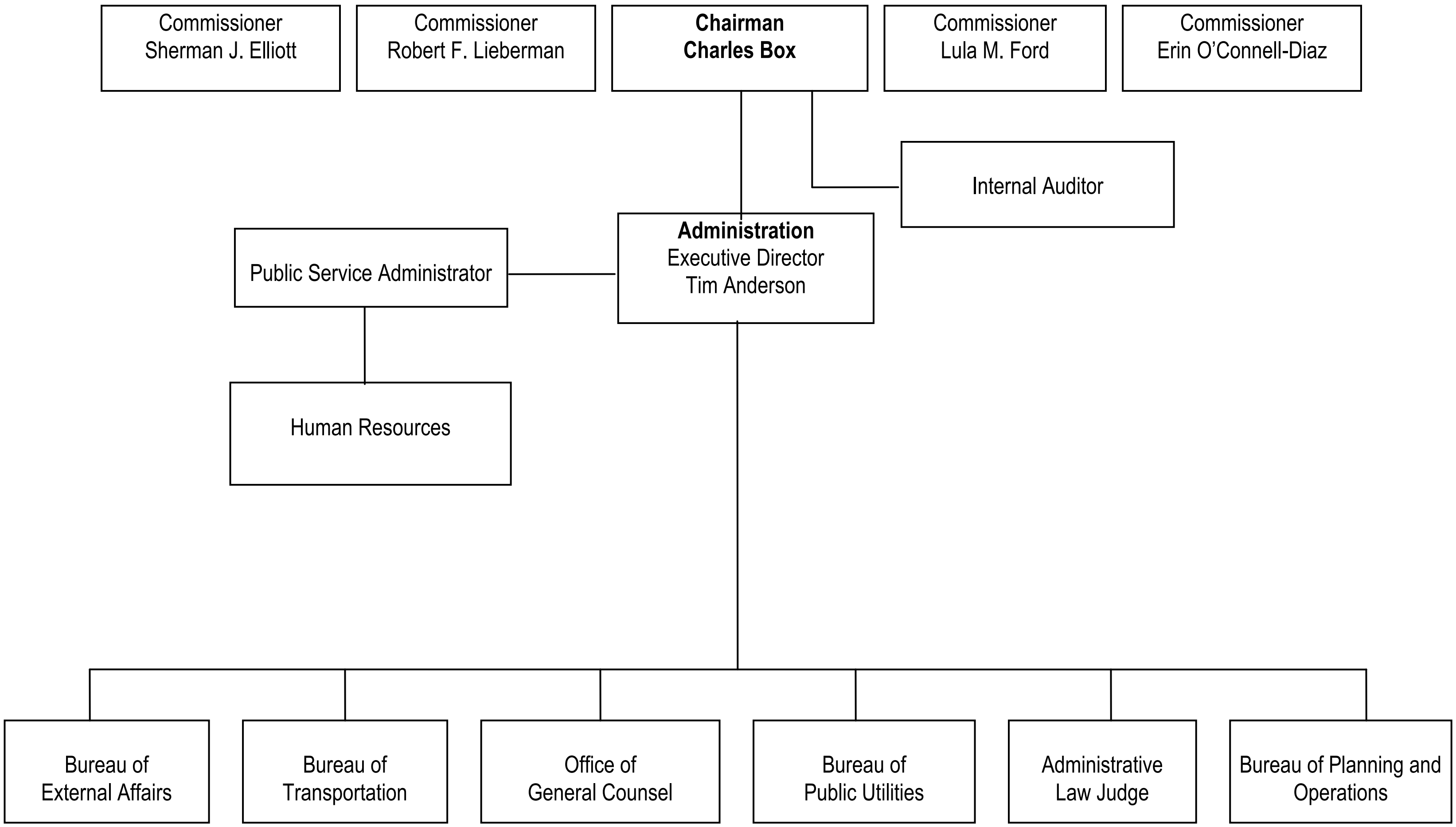
Erin M. O'Connell-Diaz

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

The Illinois Commerce Commission, in a period of emerging reliance on the marketplace to ensure fairly-priced, reliable, and adequate utility services, will protect consumer interests and manage the transition of network industries from regulation to efficient competition through the use of innovative regulatory practices. Through its actions, the ICC shall generally promote effective competition in utility and transportation industries, enhanced consumer choice, efficient and effective dispute resolution, and the sharing of impartial and comprehensive information within its jurisdiction as provided by law.

ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART



Office of Public Affairs 1/08

SECTION 1

General Review of Agency Activities

Public Utilities Act Section 4-304 requires:

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefor;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 2008. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself.

Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.illinois.gov) or in the Commission’s electronic docketing system (http//eweb.icc.illinois.gov/e-docket).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 2008 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

CASES FILED DURING 2008

Table 1-1, Utility Cases Monthly Report, on the following page shows the cases and filings for each month for the years 2006, 2007 and 2008. This table also shows the totals by type for the year.

e-DOCKET: ICC's ELECTRONIC DOCKET FILING SYSTEM

To aid both the Commission staff and the public at large, the Illinois Commerce Commission has developed an electronic filing, reporting, and case management system called e-Docket that is accessible on the World Wide Web.

e-Docket is a Web-based, automated information and records-keeping system. It was developed to process and manage public information about the Commission's official cases and rulemaking proceedings. A person using e-Docket may conduct searches in two ways:

- **Search for cases:** permits searches by case types, service types, companies, and/or a date range as parameters.
- **Search for documents:** permits searches by document types, docket numbers, and/or a date range.

e-Docket has a variety of practical uses. Anyone interested in case proceedings conducted by the ICC may visit the e-Docket web site at http://eweb.icc.illinois.gov/e-docket and view a wealth of information about active and closed cases initiated on or after January 1, 2000.

e-DOCKET USERS MANUAL
PROVIDES INSTRUCTIONS FOR SEARCHING FOR DOCUMENTS

A twenty-four-page e-Docket users manual is available on the e-Docket web site to assist viewers in finding information about cases. It is important to remember, however, that e-Docket was first used as a way to store electronic documents in January 2000. Documents created prior to January 1, 2000, were filed with the Commission in paper format only. These are available for viewing in the Commission's Chief Clerk's Office.

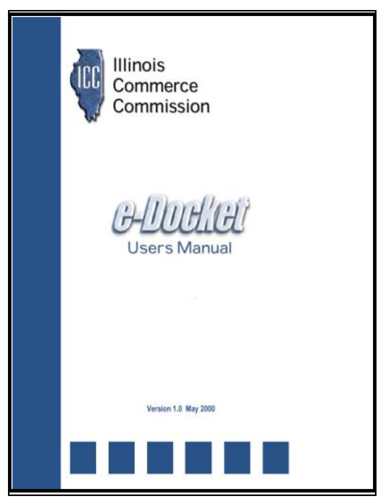


Table 1-1
Utility Cases Monthly Report

MONTHLY TOTALS	Current Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Calander Year To Date
	Prior Year													
Filings:														
New Cases	2008	82	88	75	45	66	60	49	47	46	35	54	43	690
	2007	87	71	75	53	67	45	33	31	37	34	50	46	629
	2006	87	81	99	79	77	53	62	60	47	60	69	41	815
Filings/Reports (SPI)	2008	926	630	774	874	710	835	704	642	360	524	408	372	7,759
	2007	825	586	697	596	534	494	504	519	517	646	474	613	7,005
	2006	891	719	803	737	717	640	683	729	498	630	583	481	8,111
Filings/Reports (CHI)	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	2007	-	-	-	-	-	-	-	-	-	-	-	-	-
	2006	-	-	-	-	-	-	-	-	-	-	-	-	-
Hearing & Commission Action Notices	2008	146	138	141	147	127	144	137	123	157	107	100	96	1,563
	2007	167	78	136	156	142	115	142	137	125	112	114	93	1,517
	2006	218	192	174	161	224	173	216	187	134	174	151	141	2,145
Supplemental/Reopen Petitions	2008	-	1	-	-	-	-	1	-	-	-	-	-	2
	2007	-	-	-	1	1	-	-	-	-	-	1	-	3
	2006	-	-	5	-	-	-	3	-	-	-	-	-	8
Petitions for Rehearing	2008	-	2	14	-	-	-	2	4	1	39	1	-	63
	2007	1	2	1	-	3	1	2	2	2	2	1	-	17
	2006	5	37	2	-	2	1	2	10	4	7	2	6	78
Cases Closed	2008	46	68	90	73	50	46	73	45	46	42	56	57	692
(Orders/Commission Actions)	2007	90	45	82	60	49	71	40	51	44	45	40	36	653
	2006	147	90	113	76	73	58	97	56	118	75	33	54	990
Tariff Filings	2008	104	117	161	130	126	118	109	145	125	151	100	117	1,503
	2007	133	118	144	130	87	223	100	159	145	129	102	132	1,602
	2006	131	140	174	117	122	148	146	138	146	137	140	217	1,756

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3

Budget and Headcount by Division

For Fiscal Year 2009

	Chairman & Commissioners		Public Utility Division		Transportation Division		Totals	
	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $	Head Count	Budget $
Public Utility Fund	14	1,506,400	201	25,939,500	0	0	215	27,445,900
Transportation Fund	1	144,300	0	0	69	18,782,500	70	18,926,800
Digital Divide Infrastructure Fund	0	0	0	3,167,736	0	0	0	3,167,736
Capital Development Fund	0	0	0	0	0	58,073	0	58,073
Underground Utilities Damage Prevention Fund	0	0	0	200,000	0	0	0	200,000
Wireless Carrier Reimbursement Fund	0	0	1	12,500,000	0	0	1	12,500,000
Wireless Services Emergency Fund	0	0	1	56,600,000	0	0	1	56,600,000
Totals	15	1,650,700	203	98,407,236	69	18,840,573	287	118,898,509

Headcount is shown at the FY09 authorized level.

Budget $ shown represent the FY09 appropriation.

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

The Commission established the Office of Retail Market Development in 2008 with a director and two additional staff.

SECTION 2

A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT CHANGES AND TRENDS IN THE UTILITY INDUSTRY

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

Many of the developments in the electric industry came in the aftermath of the end of the rate reductions and freeze originally set forth in the Electric Service Customer Choice and Rate Relief Law of 1997 ("the 1997 Law"). Concern over higher rates subsequent to the end of the rate freeze culminated in the Illinois Power Agency Act, P.A. 095-0481 ("the IPAA"). The IPAA created a state agency, the Illinois Power Agency, to procure power and renewable energy resources for Commonwealth Edison Company ("Commonwealth Edison") and the three Illinois Ameren Companies (AmerenCILCO, AmerenCIPS, and AmerenIP). In addition, the IPAA required that major utilities meet goals for energy efficiency and demand response programs.

Power and Renewable Energy Procurements Pursuant to the IPAA

In December 2007, the Commission approved procurement plans filed by Commonwealth Edison and the three Illinois Ameren Companies. Procurement events were held in spring 2008 and were subsequently approved by the Commission. The procurement events resulted in, among other things, price hedges for approximately 8 million megawatt hours of energy and the acquisition of renewable energy credits representing 2 percent of the fixed-price retail customers' load of the utilities, in compliance with the IPAA for June 2008 through May 2009. Then, in September, the new Illinois Power Agency filed its first annual procurement plan for delivery periods beginning June 2009. The Commission approved the procurement plan January 7, 2009. Additional procurement events, pursuant to an approved plan, could be held as early as spring 2009.

Energy Efficiency and Demand Response Pursuant to the IPAA

With respect to energy efficiency and demand response ("EE-DR"), the above utilities filed three-year plans with the Commission in November 2007; the Commission approved these three-year plans in February 2008. Since then, the utilities and the Department of Commerce and Economic Opportunity ("DCEO") have been working to implement those plans, which started becoming available to eligible consumers in June 2008. A Stakeholder Advisory Group is monitoring progress. In addition, Commission staff held a series of workshops in October and November of 2008 concerning energy efficiency and demand response. The workshop sessions consisted of a mix of presentations and facilitated discussion. The first two days of workshops concentrated on four important aspects in the regulation of EE-DR programs: evaluation monitoring and verification practices, reporting practices, issues in how and when to count savings, and benefit-cost screening. The last day of workshops considered two topics: how loan financing may contribute to the success of future EE-DR programs and options for, and alternatives to, rules for regulating EE-DR programs. A staff report on the workshops will be issued soon. Aside from those EE-DR programs required under the IPAA, MidAmerican Energy Company and several gas utilities also voluntarily filed plans to implement energy conservation programs that were approved by the Commission and are now in various stages of implementation.

Retail Electric Choice

The IPAA did not reverse the movement toward retail choice provided in the 1997 Law. The 1997 Law had a fixed timetable for the introduction of electric retail choice in Illinois, beginning with opening the electric market on October 1, 1999. On that date, approximately 64,000 non-residential electric customers, about one-seventh of all non-residential customers, became eligible to choose a new electric supplier. An additional 609,000 non-residential customers became eligible on January 1, 2001, to choose a new electric supplier. The electric market was opened to the state's approximately 4.4 million residential customers in May 2002; now all customer classes are eligible to choose alternative suppliers.

At the end of 2008, 30 suppliers were eligible to serve non-residential customers, and eight suppliers were eligible to serve residential customers. This represents an increase from 25 non-residential and four residential suppliers at the end of 2007. While a substantial number of non-residential customers have been receiving service from alternative suppliers for several years now, 2008 marks the first year that an Alternative Retail Electric Supplier has provided a residential offering. In April 2008, Blue Star Energy Services ("BlueStar") began a limited residential pilot program in Commonwealth Edison's service territory and as of October 31, 2008, 168 residential customers were receiving electricity service from BlueStar. On the non-residential side, approximately 53,618 customers were purchasing power and energy from an Alternative Retail Electric Supplier or from an electric utility selling outside its service area. Switching rates now approach or even surpass the 90 percent level among customers with a peak demand that exceeds one megawatt in the service territories of the three Ameren companies and Commonwealth Edison. Detailed electric customer switching statistics can be viewed on the Commission's web site at http://www.icc.illinois.gov/electricity/switchingstatistics.aspx.

Also in 2008, the Commission provided staffing for the Office of Retail Market Development (ORMD), which was created pursuant to Public Act 94-1095 (the "Retail Electric Competition Act"). The Retail Electric Competition Act reiterated "its findings from the Electric Service Customer Choice and Rate Relief Law of 1997 that the Illinois Commerce Commission should promote the development of an effectively competitive retail electricity market that operates efficiently and benefits all Illinois consumers." Separately, Public Act 95-0700 (which became effective in November 2007) requires Commonwealth Edison and the three Ameren companies to provide utility-consolidated billing and the purchase of ARES receivables. The new requirements of Public Act 95-0700 are designed to remove some barriers to competition for residential and small commercial customers in Illinois. On September 30, 2008, the three Ameren companies filed tariffs to implement some of the requirements of Public Act 95-0700 and Commonwealth Edison is expected to file similar tariffs in the near future.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Six investor-owned public utilities provide electric service to retail customers in the State of Illinois:

- AmerenCILCO
- AmerenCIPS
- AmerenIP
- Commonwealth Edison Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company

Municipal systems and electric cooperatives also provide electric service in Illinois; these municipal systems and electric cooperatives are not subject to regulation by the Commission.[1]

A detailed presentation of the 2007 sales statistics presented below can be found in the Commission's "Comparison of Electric Sales Statistics for Calendar Years 2007 and 2006" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx.

Northern Illinois

Two public utilities provide electric service in northern Illinois: Commonwealth Edison Company, and MidAmerican Energy Company. Commonwealth Edison Company is the largest investor-owned electric utility in Illinois, serving 3,745,438 customers in over 400 communities including the Chicago metropolitan area. MidAmerican Energy Company provides service to 84,535 customers in 42 communities in northwestern Illinois.

For 2003 through 2007, these two utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2003	2004	2005	2006	2007
Commonwealth Edison	7.75¢	7.82¢	7.80¢	7.74¢	10.30¢
MidAmerican	6.05	5.92	6.22	6.17	6.07

Central Illinois and Southern Illinois

Four investor-owned public utilities provide electric service to central Illinois and southern Illinois: AmerenCILCO, AmerenCIPS, AmerenIP, and Mt. Carmel Public Utility Company. AmerenCILCO serves 208,462 customers in 136 communities in central Illinois. AmerenCIPS serves 385,439 customers in 576 communities across central and southern Illinois. AmerenIP serves 609,752

[1] Data concerning quality, availability, and price for these municipal electric systems and electric cooperatives are not reported to the Commission and are not included in this report.

customers in approximately 420 Illinois communities in central and southern Illinois. Mt. Carmel Public Utility Company serves 5,567 customers in two communities in southeastern Illinois.

For 2003 through 2007, these four utilities charged the following average prices, shown in cents per kWh, for bundled service and full requirements service customers:

	2003	2004	2005	2006	2007
AmerenCILCO	6.06¢	5.24¢	6.22¢	6.30¢	10.19¢
AmerenCIPS	6.51	5.85	5.86	5.78	9.17
AmerenIP	6.97	7.05	6.86	6.68	10.14
Mt. Carmel	7.44	7.62	7.70	7.75	9.29

Table 2-1

The bundled service price of electricity sold by the electric utilities varied between utilities and within utilities depending upon the class of customer served. Table 2-1 shows detailed price per kWh information for all eight electric utilities under ICC Jurisdiction.

Table 2-1

Illinois Electric Utilities

Revenue in Cents per kWh for Bundled Service and Full Requirements Service by Class of Service and by Company

2007

Class of Service	Ameren CILCO	Ameren CIPS	Ameren IP	ComEd	Mid-American	Mt. Carmel
Residential Sales	10.85	10.16	10.80	10.76	8.21	10.56
Small (or Commercial) Sales	9.67	9.11	9.55	9.83	6.45	11.12
Large (or Industrial) Sales	8.53	5.89	5.91	7.89	3.92	7.62
Public Street & Highway Lighting	9.51	13.70	8.65	8.79	8.67	-
Other Sales To Public Authorities	2.57	9.33	9.29	9.00	5.07	8.23
Sales To Railroads	-	-	-	3.74	-	-
Sales to Ultimate Customers	10.19	9.17	10.14	10.30	6.07	9.29

Electric Reliability
Pursuant to Section 16-125 of the Public Utilities Act and the Commission's electric reliability rules found in 83 Ill. Adm. Code 411, each of the six investor-owned public utilities files an annual electric reliability report summarizing the entity's reliability performance, actions to maintain or improve its reliability, and other electric system reliability issues specific to the utility. Each utility's annual electric reliability report can be found on the Commission's web site at http://www.icc.illinois.gov/electricity/electricreliability.aspx.

The following two tables show that the overall reliability of service decreased in 2007 compared to 2006 for the two northern utilities and improved for the four central and southern Illinois utilities. All six utilities stated that the main reason for the change in the overall service reliability was the number and severity of storms in 2007 compared to 2006. The utilities report two indices that can be used to compare system reliability: the system (all customers) average interruption duration index ("CAIDI") and the system average interruption frequency index ("SAIFI"). The following table presents the CAIDI, which is the sum of all interruptions, in minutes, divided by the total number of customer interruptions, for years 2003 through 2007:

CAIDI

	2003	2004	2005	2006	2007
AmerenCILCO	312	247	165	489	151
AmerenCIPS	119	143	112	754	146
AmerenIP	228	268	196	1,545	346
Commonwealth Edison	168	128	104	149	193
MidAmerican	77	70	72	87	291
Mt. Carmel	50	177	66	224	63

The following table presents the SAIFI, which is calculated by dividing the total number of customers served into the total number of customer interruptions (the lower the value—the better the reliability), for years 2003 through 2007:

SAIFI

	2003	2004	2005	2006	2007
AmerenCILCO	1.86	1.45	1.23	1.61	1.16
AmerenCIPS	1.36	1.66	1.38	2.04	1.46
AmerenIP	1.27	1.49	1.38	2.53	1.38
Commonwealth Edison	1.31	1.21	1.18	1.43	1.53
MidAmerican	2.10	2.03	1.77	1.89	3.95
Mt. Carmel	2.71	2.69	1.39	1.90	2.56

NATURAL GAS
Eleven (11) investor-owned gas public utilities currently provide natural gas service in the State of Illinois:

- AmerenCILCO
- AmerenCIPS
- AmerenIP
- Atmos Energy Corporation
- Consumers Gas Company
- Illinois Gas Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- Nicor Gas Company
- North Shore Gas Company
- Peoples Gas Light and Coke Company.

Municipal gas systems and gas cooperatives also provide natural gas service in Illinois; these municipal gas systems and gas cooperatives are subject to regulation by the Commission.[2]

During 2008, natural gas service was available without major interruption to all firm customers served by these 11 Illinois gas utilities. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. Residential customers served by Nicor Gas Company, North Shore Gas Company, Peoples Gas Light and Coke Company are allowed to purchase gas directly from wholesale suppliers. During 2009, sufficient supplies of natural gas are expected to be available to all customers.

[2] Data concerning quality, availability, and price for these municipal gas systems and gas cooperatives are not reported to the Commission and are not included in this report.

A detailed presentation of the 2007 sales statistics presented below can be found in the Commission's "Comparison of Gas Sales Statistics for Calendar Years 2007 and 2006" at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?type=g.

Northern Illinois

Four public utilities distribute and sell natural gas in northern Illinois: MidAmerican Energy Company, Nicor Gas Company, North Shore Gas Company, and Peoples Gas Light and Coke Company.

Nicor Gas Company is the largest gas distribution company in the state and provides service to 1,928,901customers in 642 communities in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, is the second largest gas utility in Illinois with 781,645 customers. North Shore Gas Company serves 151,304 gas customers in 54 communities north of the Chicago area. Finally, MidAmerican Energy Company serves 65,535 customers in 26 communities.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the suppliers of natural gas that serve the local distribution company.

For 2003 through 2007, these four utilities charged the following average prices shown in cents per therm:

	2003	2004	2005	2006	2007
MidAmerican	84.68¢	90.24¢	112.78¢	102.90¢	101.18¢
Nicor Gas	75.01	79.26	101.38	89.72	88.40
North Shore	83.05	94.11	117.43	114.58	114.96
Peoples Gas	94.18	106.36	130.15	130.80	127.01

Central Illinois

Three public utilities distribute and sell natural gas in central Illinois: AmerenCILCO, AmerenCIPS, and AmerenIP. AmerenCILCO provides gas service to 213,693 customers in 110 communities including Peoria and Springfield. AmerenCIPS serves mostly rural areas in central and southern Illinois, providing service to 296 communities with 186,031 customers. AmerenIP provides gas service to 420,709 customers in 309 communities in various parts of the state, ranging from Galesburg in west-central Illinois to areas in southwestern Illinois including the East St. Louis metropolitan area.

For 2003 through 2007, these three utilities charged the following average prices shown in cents per therm

	2003	2004	2005	2006	2007
AmerenCILCO	83.50¢	93.11¢	112.22¢	114.85¢	112.72¢
AmerenCIPS	91.17	105.61	122.32	120.92	117.94
AmerenIP	84.46	97.46	112.01	120.76	111.02

Southern Illinois

Gas distribution and sale of natural gas is provided in southern Illinois by two large distribution companies discussed above, AmerenCIPS and AmerenIP, and the following four smaller distribution companies: Atmos Energy Corporation, Consumers Gas Company, Illinois Gas Company, and Mt. Carmel Public Utility Company. Atmos Energy Corporation provides service to 22,924 customers in 30 communities in a number of distinct service areas in southern Illinois. Illinois Gas Company serves 9,817 customers in 15 communities in the Lawrenceville-Olney area. Consumers Gas Company serves 5,614 customers in 13 communities in the Carmi area. Finally, Mt. Carmel Public Utility Company serves 3,611 customers in seven communities in the Mt. Carmel area.

For 2003 through 2007, these four utilities charged the following average prices shown in cents per therm

	2003	2004	2005	2006	2007
Atmos Energy	91.42¢	93.26¢	128.72¢	114.91¢	107.94¢
Consumers Gas	85.02	101.63	123.51	123.88	112.18
Illinois Gas	91.34	97.22	130.79	127.75	120.40
Mt. Carmel	88.25	99.57	128.77	136.86	129.02

Table 2-2

The price of gas sold by the gas utilities varied between utilities and within utilities depending upon the class of customer served. A major portion of the price per therm of gas is determined by the suppliers of natural gas that serve the local distribution company. Table 2-2 shows detailed 2007 price per therm information for all gas utilities under the Commission's jurisdiction.

Table 2-2

Illinois Gas Utilities

Revenue in Cents per Therm by Class of Service and by Company

2007

	Ameren CILCO	Ameren CIPS	Ameren IP	Atmos Energy	Consumers Gas	Illinois Gas
Residential Sales	111.66	120.74	115.67	111.00	117.33	128.24
Small (or Commercial) Sales	103.58	116.83	110.07	103.49	117.20	122.64
Large (or Industrial) Sales	131.88	99.26	82.75	97.08	68.11	102.72
Other Sales To Public Authorities	-	43.22	29.99	98.56	153.06	-
Total Sales To Ultimate Customers	112.72	117.94	111.02	107.94	112.18	120.40

	Mid-American	Mt. Carmel	Nicor Gas	North Shore Gas	Peoples Gas
Residential Sales	104.57	131.76	88.78	116.10	128.78
Small (or Commercial) Sales	96.59	122.87	87.51	110.85	119.20
Large (or Industrial) Sales	81.37	-	82.64	103.84	111.79
Other Sales To Public Authorities	-	-	-	-	-
Total Sales To Ultimate Customers	101.18	129.02	88.40	114.96	127.01

WATER AND SEWER UTILITIES

Overview

The Commission currently regulates 27 water, 4 sewer, and 12 combined water and sewer investor-owned utilities. While the number of investor-owned utilities is a small percentage of the 1,787 public water suppliers and 828 public sanitary sewage systems with treatment facilities in the state, these investor-owned utilities provide water service to approximately 1.25 million people and sewer service to 167,000 people. Investor-owned water utilities serve 10.5% of all persons in Illinois receiving water service from community public water supplies. These investor-owned water and sewer utilities serve customers in 35 counties and are concentrated in the Chicago metropolitan area. The number of water and sewer customers served by each investor-owned utility ranges from 24 to 306,560. Only seven investor-owned water utilities serve more than 1,000 customers. See Table 2-3 for a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

During the past year, two investor-owned water and sewer utilities were removed from the list of regulated utilities. One utility was transferred to a not-for-profit corporation by the Circuit Court, and one utility was sold to a public water district. Also, one company has applied to become a new investor-owned sewer utility. The Commission has continued its efforts to reduce the number of small utilities. Small utilities, due to their limited number of customers, typically have difficulties generating sufficient revenues to maintain the system and to hire employees with the necessary expertise to function efficiently as an investor-owned utility.

The Commission has found that, in most cases, customers receive better service from larger utilities due to the economies of scale. The Commission has promoted acquisitions or mergers of small systems by larger municipal and investor-owned utilities to take advantage of these economies of scale. When acquisitions and mergers are not practical, the possibility exists of operating a small system as a mutual operation by a homeowners association. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for small systems. This type of activity was evident during 2008:

- In January, the Commission issued a Certificate of Public Convenience and Necessity to Aqua Illinois, Inc., to acquire the water system of the Village of Sun River Terrace (Docket No. 07-0296). The acquisition of this system, serving approximately 200 customers in Kankakee County, was necessary to help the system comply with a Consent Order with the Illinois EPA and the Attorney General's office.
- In February, the Commission approved the revocation of a Certificate of Public Convenience and Necessity for New Landing Utility, Inc. (Docket No. 08-0158). The operating plant and equipment were sold to Lost Lake Utility District, a public water district.
- In August, the Commission removed Emmett Utilities, Inc., from the list of regulated public utilities (Docket No. 08-0506). The utility property had been awarded to the Stratford West Homeowners Association, Inc., a not-for-profit corporation, by the Circuit Court for the Ninth District.

Regulatory Activities

The Commission issued Orders in the following rate cases:

- Docket No. 07-0507 on July 30, 2008, granting a request from Illinois-American Water Company for revised water and sewer rates. An increase applied to five rate areas, and a decrease applied to two rate areas of Illinois-American Water Company.
- Docket Nos. 07-0620/07-0621/08-0067 (Consolidated) on August 27, 2008, granting a request from Aqua Illinois, Inc., for increased water rates for three divisions (Hawthorn Woods, Willowbrook, and Vermilion).
- Docket Nos. 07-0620/07-0621/08-0067 (Consolidated) on November 13, 2008, granting a request from Aqua Illinois, Inc., for increased sewer rates for two divisions (Hawthorn Woods and Willowbrook).

In addition to the above rate cases, the Commission approved a revised tariff for Ellwood Greens Utility Corporation through the Simplified Rate Case Procedures on June 25, 2008, providing for increased sewer rates for approximately 219 customers. Then on August 12, 2008, Sundale Utilities, Inc., filed tariffs requesting a general increase in water and sewer rates for Washington Estates (Docket No. 08-0549).

In July 2008, the Commission approved the sale and cancellation of Certificates of Public Convenience and Necessity for Aqua Illinois, Inc.'s Woodhaven Division, a recreational campsite (Docket No. 08-0281). The water and wastewater assets were sold to Woodhaven Association, Inc., a mutual concern. Although Aqua Illinois, Inc., is a large utility, and most of the Woodhaven Division customers experienced a low flat rate for water service, the members of the Association nonetheless overwhelmingly voted for the transfer of ownership.

In July 2008, the Commission denied Certificates of Public Convenience and Necessity to RME Illinois, L.L.C., for sewer service in two Lake County subdivisions (Docket Nos. 07-0331/07-0332 (Consolidated)). In order to reach an adequate level of investment in the wastewater systems, the Company and ICC staff agreed to rates of $166.56 and $263.19 per month for the two subdivisions. The Commission found that these rates would cause significant financial consequences for the utility's customers. In August, RME Illinois, L.L.C., submitted new petitions for Certificates of Public Convenience and Necessity for sewer service, which are currently under review (Docket Nos. 08-0490/08-0491 (Consolidated)).

In July 2008, the Commission issued an Order on its own motion versus Illinois-American Water Company initiating an investigation under Section 9-250 of the Public Utilities Act into all aspects of the rate design of Illinois-American Water Company, specifically for the service territories identified in Docket No. 07-0507 (Docket No. 08-0463).

The Commission approved a rulemaking in August 2008 that implemented Section 8-306(l) of the Public Utilities Act (Docket No. 06-0563). The new rule, 83 Ill. Adm. Code 602, specifies requirements for water and sewer public utilities to provide notice to the customers of the proper kind of identification that a subcontractor must present to the customer, to prohibit a subcontractor from soliciting or receiving payment of any kind for any service provided by the water or sewer public utility or the subcontractor, and to establish sanctions for violations.

Some investor-owned utilities continue to use purchased water and sewage treatment surcharges and qualifying infrastructure plant surcharges. Purchased water and sewage treatment surcharges allow utilities to pass their cost of purchasing water or sewage treatment directly to the end-use customers. Qualifying infrastructure plant surcharges allow utilities to recover the cost of replacement mains, services, meters, and hydrants until such time that those investments are placed into rate base through the rate setting process. Currently, Harbor Ridge Utilities, Inc., and Illinois-American Water Company have purchased sewage treatment surcharges; Del-Mar Water Company, Illinois-American Water Company, and Aqua Illinois, Inc., have purchased water surcharges; and Aqua Illinois, Inc., and Illinois-American Water Company have qualifying infrastructure plant surcharges. In December 2008, the Commission approved a purchased water surcharge for Charmar Water Company (Docket No. 08-0643).

Discussion of Water and Sewer Utilities

Water supplies for investor-owned water utilities were generally adequate in 2008.

Many of the larger investor-owned water utilities serve municipalities adjacent to the state's major rivers; these utilities use the rivers as their source of water supply. River supplies are generally adequate. When treated, the river water meets the standards established by the Illinois EPA. An emerging concern is the presence of pharmaceutical and personal care products ("PPCP") in surface water supplies. Such contaminants are primarily introduced through wastewater systems not equipped for PPCP removal and are detected by increasingly sensitive analytical equipment. The state's largest utilities have issued statements attesting to the safety of their drinking water supplies in Illinois.

Most of the smaller investor-owned water utilities serve unincorporated residential developments, often a single subdivision, and are typically located in the northern half of the state. Wells serve as the source of water supply for most small systems. Well water quality varies considerably, and well water can contain undesirable minerals such as iron, manganese, and calcium; these minerals, while not injurious to health, do cause aesthetic problems. Aesthetic problems have caused several well systems located in the Chicago metropolitan area to obtain Lake Michigan water.

Of the 16 investor-owned utilities that provide sewer service, only two systems provide service to more than 5,000 customers. Some of the sewer systems have difficulty meeting the effluent discharge standards established by the Illinois EPA. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest sewer systems have, where possible, sought treatment from nearby regional plants. For example, sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago ("MWRD") discharge their wastewater to the MWRD for treatment. The investor-owned sewer utilities provide sewer service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Bills for sewer service typically reflect flat rate charges since metering of sewage flow is uneconomical and impractical for residential customers. The rates vary considerably and depend on many factors, including the age of the sewage treatment plant and treatment criteria for the receiving stream. Overall, sewer bills for residential customers average $30 to $35 per month.

Table 2-2

Table 2-3 presents a comparison of bills for investor-owned water utilities providing service to 1,000 customers or more.

Table 2-3
Illinois Water Utility Rate Areas Serving 1,000 or More Customers
Bill Comparison - Residential Customers with 5/8 Inch Meters
Based upon Rates in Effect on November 30, 2008

Area of State/ Utilities/ Service Areas	Total Number of Customers	Bill Comparison Based upon Water Usage 2,000 Gallons	7,000 Gallons	12,000 Gallons
NORTHERN				
Apple Canyon	2,670	$ 14.83	$ 38.13	$ 61.43
Aqua Illinois				
Candlewick	1,802	23.16	46.06	68.96
Kankakee	28,930	27.13	47.27	67.40
University Park	2,355	15.22	23.40	31.58
Willowbrook	1,022	22.12	43.67	60.40
Galena Territory	2,184	18.00	28.08	40.68
Illinois-American				
Chicago Metro				
Well Water	1,547	21.20	39.14	57.08
Lake Water				
Chicago Suburban	4,324	34.62	61.92	89.22
DuPage County	6,154	31.00	56.05	81.10
Fernway	1,993	27.21	59.95	92.75
Sante Fe/SW & W Suburban	29,015	29.87	69.47	109.07
South Beloit	2,689	16.24	37.48	58.72
Sterling	6,533	30.32	50.94	71.56
Streator	7,602	24.61	44.07	63.54
Lake Holiday	2,077	11.14	26.49	41.84
Lake Wildwood	1,419	17.58	35.68	53.78
Whispering Hills	2,331	11.34	26.84	42.34
CENTRAL				
Aqua Illinois				
Vermilion	20,941	30.69	60.04	89.39
Illinois-American				
Champaign	50,337	22.09	40.90	59.72
Lincoln	5,829	18.23	36.07	53.90
Pekin	13,910	20.53	31.29	42.04
Peoria	51,560	24.80	44.21	63.62
Pontiac	4,269	27.63	47.09	66.56
SOUTHERN				
Illinois-American				
Alton	18,182	23.84	43.25	62.66
Cairo	1,164	29.23	48.64	68.05
Interurban	68,681	23.87	43.28	62.69

FINANCIAL HEALTH OF THE UTILITY INDUSTRY IN ILLINOIS

Credit ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services, which categorize corporate debt issues based on risk. All of the major electric and natural gas utilities serving Illinois have ratings assigned to their bond issues.

There is no formula for determining credit ratings. In assigning ratings to a firm's debt, rating agencies consider both qualitative and quantitative factors. For a public utility, rating agencies review financial information, which can be separated into six categories: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

The following table shows the nationwide electric utility industry credit rating, as well as the ratings for the five major electric utilities serving the State of Illinois. The majority of the operations of MidAmerican Energy Company are in other states.

Electric Utility Credit Ratings by Standard and Poor's
2004 through November 30, 2008

	2004	2005	2006	2007	2008
Electric Utility Industry Average	BBB	BBB	BBB	BBB	BBB
AmerenCILCO	A-	BBB+	BBB-	BB	BBB-
AmerenCIPS	A-	BBB+	BBB-	BB	BBB-
AmerenIP	A-	BBB+	BBB-	BB	BBB-
Commonwealth Edison	A-	BBB+	BBB-	BB	BBB-
MidAmerican	A-	A-	A-	A-	A-

In September 2008, Standard & Poor's ("S&P") upgraded the corporate credit ratings of the three Ameren Companies and Commonwealth Edison to BBB- (the lowest investment grade credit rating) from BB (two notches below investment grade). The rating action reflects Standard & Poor's opinion that the Illinois regulatory and political environments have returned to a credit supportive level. In October 2008, S&P changed the credit watch for Commonwealth Edison from stable to negative watch in conjunction with Commonwealth Edison's parent company, making an unsolicited tender offer for the common shares of wholesale generator NRG Energy.

Like the electric utilities, natural gas distribution companies receive ratings on their debt, which reflect the individual company's financial condition. The table below presents credit ratings for the three major natural gas distribution utilities serving the State of Illinois and the average credit rating for the nationwide natural gas distribution industry.

Gas Utility Credit Ratings by Standard and Poor's
2004 through November 30, 2008

	2004	2005	2006	2007	2008
Gas Distribution Industry Average	A-/BBB+	A-/BBB+	A-	A-	A-
Nicor Gas	AA	AA	AA	AA	AA
North Shore	A-	A-	A-	A-	A-
Peoples Gas	A-	A-	A-	A-	A-

Currently, no Illinois water utilities have ratings assigned to their debt.

In September 2008, a liquidity crisis broke out in the financial markets. In consequence, access to credit has become constrained and the yields on corporate bonds have soared. For example, on October 23, 2008 Illinois Power (Baa3/BBB) issued $400 million in 10-year secured bonds at an interest rate of 9.75%. This represents a significant increase in the interest rate Illinois Power paid when it went to the credit market on April 1, 2008 when it sold $337 million of 10-year bonds at a 6.25% interest rate. Such higher interest rates could ultimately lead to higher utility rates should utilities seek to recover the increase in interest expense from ratepayers.

SECTION 3

A Discussion of Energy Planning

(3) A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:

(a) The extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;

(b) A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."

INTEGRATED RESOURCE PLANNING

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997. The Commission disbanded the Energy Programs Division immediately thereafter.

COGENERATION

Commission Rule

The rules, for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois, are established by 83 Ill. Adm. Code 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities, both of which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 lists the 2008 avoided costs as filed annually by Illinois electric utilities.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case, the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of a utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

Table 3-1
Illinois Electric Utilities
Avoided Cost Rate Structure
2008

Electric Utility	Summer Rates	Winter Rates
AmerenCILCO		
On-Peak	8.218¢/kWh	6.723¢/kWh
Off-Peak	4.056¢/kWh	4.255¢/kWh
AmerenCIPS		
On-Peak	8.218¢/kWh	6.723¢/kWh
Off-Peak	4.056¢/kWh	4.255¢/kWh
AmerenCIPS—Metro East		
On-Peak	8.218¢/kWh	6.723¢/kWh
Off-Peak	4.056¢/kWh	4.255¢/kWh
AmerenIP		
On-Peak	8.218¢/kWh	6.723¢/kWh
Off-Peak	4.056¢/kWh	4.255¢/kWh
Commonwealth Edison		
On-Peak	8.509¢/kWh	6.972¢/kWh
Off-Peak	4.923¢/kWh	4.568¢/kWh
MidAmerican Energy		
On-Peak	1.780¢/kWh	1.540¢/kWh
Off-Peak	1.180¢/kWh	1.060¢/kWh
Mt. Carmel Public Utility		
On-Peak	2.489¢/kWh	2.489¢/kWh
Off-Peak	2.489¢/kWh	2.489¢/kWh

Source: Annual Filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

Please note: Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits are available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions

SECTION 4

Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:
(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.
(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus, a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of December 2007 through November 2008 are as follows.

The average heat related residential class customer base equaled 7,349,979 households. In this class, 207,524 accounts were disconnected and 173,553 were reconnected. This yields a 84 percent reconnection rate leaving 33,971accounts not reconnected. The disconnected accounts represent 2.8 percent of the average residential customer base, while those accounts not reconnected represent a rate of 0.46 percent.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities that serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service to a residential customer is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 32 degrees or below, or on a day before a holiday or weekend when the weather is forecasted to be 32 degrees or below any time before the next business day.

If gas or electric service is the only source of space cooling or to control or operate the only space cooling equipment at a residence, then a utility with over 100,000 residential customers may not terminate these services to a residential user, including all tenants of master-metered apartment buildings on any day when the National Weather Service forecasts that the temperature for the next 24 hours will be 95 degrees or above, or on a day before a holiday or weekend when the weather is forecasted to be 95 degrees or above.

Disconnection of Military Personnel on Active Duty

Utilities are prohibited from disconnecting gas and electric service to military personnel on active duty for non-payment.

Disconnection of Certain Customers During the Winter Heating Season

Customers Receiving LIHEAP funds

During the winter heating season (December 1 through March 31) residential customers who receive Low Income Home Energy Assistance Program funds may not be disconnected if the services are used as the primary source of heating or to control or operate the primary source of heating.

Certain Electric Space-Heating Customers

During the winter heating season (December 1 through March 31) a public utility serving more than 100,000 electric customers may not disconnect electric service to a residential space heating customer for non-payment.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefited the low-income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 2007-2008 and who were given a payment plan, 44 percent were allowed 6 months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Healthcare and Family Services.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 2008, letters were sent to 26,432 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 10,258 former customers requested that their service be reconnected. Of these, 1,262 customers were reconnected upon payment of the total bill and 6,219 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 2777 customers were denied. The reasons for denial are categorized as follows:

- 428 former customers failed to make a required down payment;
- 42 former customers failed to pay one-third of the amounts billed since December 1, 2007;
- 2303 former customers had been reconnected under this rule last year; and
- 4 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 16,190 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance:

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Healthcare and Family Services. LIHEAP provides a one-time grant to eligible low-income customers.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

The Financial Impact of Uncollectible Expenses

Uncollectible expense for utilities represents revenue billed but not received for services rendered. Efforts are made to recover such revenue, but, after a certain period of time and effort, unpaid amounts are charged as an expense and recovered in the regular rates charged to all customers.

To illustrate the amount of uncollectible expense for electric and gas utilities, the years 2007 and 2006 provide the most recent data available at the Commission. The actual amount recovered in utility rates at any one time depends on the test year expense in the utility's last rate case. For example, if a utility relied upon a 2003 test year for its last rate case, the amount of uncollectible expense approved for the test year is included in that utility's rates until the next rate case.

The level of uncollectible expense is not perceived as a significant problem for the Commission-regulated water and sewer utilities. Therefore, no effort has been made to analyze in detail the explicit data for water and sewer utilities.

The uncollectible expenses discussed below for electric and gas utilities are based upon amounts reported to the Commission in each utility’s annual report to the Commission. The amounts of uncollectible expenses reported by the utilities include accounting accruals for the uncollectible reserves to represent the projected level of anticipated uncollectible expenses for the year; these amounts differ from the actual write-offs of accounts receivable that occurred during the year.

Electric Utilities

Total 2007 Uncollectible Expense for Illinois electric utilities was $87,816,405 compared to $32,206,374 in 2006. These amounts represent 1.15% of total Revenue from Sales to Ultimate Customers[3] in 2007 and 0.41% of total Revenue from Sales to Ultimate Customers in 2006. ComEd had the largest amounts of Uncollectible Expense with $58,485,629 in 2007 and $33,021,031 in 2006; these amounts represented 1.06% of its 2007 Revenue from Sales to Ultimate Customers and 0.59% of its 2006 Revenue from Sales to Ultimate Customers. The Commission’s “Comparison of Electric Sales Statistics for Calendar Years 2007 and

[3] Electric Revenue from Sales to Ultimate Customers includes revenues resulting from residential sales, small (or commercial) sales, large (or industrial) sales, public street and highway lighting, other sales to public authorities, and sales to railroads. Electric utility revenues from sales for resale, interdepartmental sales, provisions for rate refunds, and other electric operating revenues are not included in Revenue from Sales to Ultimate Customers.

2006" provides a detailed presentation of Uncollectible Accounts and Forfeited Discounts on page 25; this Comparison can be found on the Commission's web site at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?t=e.

Gas Utilities

Total 2007 Uncollectible Expense for Illinois gas utilities was $102,859,155 compared to $90,479,237 in 2006. These amounts represent 2.03% of total Revenue from Sales to Ultimate Customers[4] in 2007 and 1.89% of total Revenue from Sales to Ultimate Customers in 2006. Nicor Gas had the largest amounts of Uncollectible Expense with $52,973,824 in 2007 and $38,058,000 in 2006; these amounts represented 2.34% of its 2007 Revenue from Sales to Ultimate Customers and 1.82% of its 2006 Revenue from Sales to Ultimate Customers. The Commission's "Comparison of Gas Sales Statistics for Calendar Years 2007 and 2006" provides a detailed presentation of Uncollectible Accounts and Forfeited Discounts on pages 20 and 21; this Comparison can be found on the Commission's web site at http://www.icc.illinois.gov/publicutility/salesstatistics.aspx?t=g

CONSUMER EDUCATION ACTIVITIES

Customer Choice—"Plug In Illinois"

Section 16-117 of the Public Utilities Act, the Illinois Electric Service Customer Choice and Rate Relief Law of 1997, restructures the state's electric utility industry. It requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities. The ICC Plug In Illinois web site has information for consumers containing an overview of the electric service restructuring and customer choices and a list of alternative suppliers certified by the Commission..

[4] Gas Revenue from Sales to Ultimate Customers includes revenues resulting from residential sales, small (or commercial) sales, large (or industrial) sales, and other sales to public authorities. Gas revenues from sales for resale, interdepartmental sales, and other gas operating revenues are not included in Revenue from Sales to Ultimate Customers.

SECTION 5

Implementation of The Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

COMMISSION REORGANIZATION

Pursuant to Public Act 94-1095 (the "Retail Electric Competition Act of 2006"), the Commission established the Office of Retail Market Development in 2008 with a director and two additional staff. Section 20-102 of the Public Utilities Act requires the Commission to promote the development of a competitive retail electricity market that is effective and beneficial to all Illinois consumers. To this end, the Office of Retail Market Development has focused its initial efforts on the implementation of Public Act 95-0700, which requires Commonwealth Edison and the three Ameren companies to file tariffs to provide a consolidated bill to retail customers and purchase the receivables of electric suppliers.

(5-b) Commission responsibilities for construction and rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements
Section 8-407(b) and 9-213 of the 1986 Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407 (b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If an independent consultant performs a construction audit, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Commission Responsibilities
In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued to the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 8-407 (b) Activities
No activities were required during 2008.

Section 9-213 Activities
No activities were required during 2008.

MANAGEMENT AUDITS

Statutory Requirements
The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities
Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefore, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefore." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

In August 2006, the Commission, in its Order for Docket No. 06-0556, initiated a management audit of Peoples Gas Light and Coke Company and North Shore Gas Company. This management audit focused upon the two gas utilities' gas purchasing practices, gas storage operations, and storage activities, as well as affiliate transactions in these areas. This management audit was completed in 2008.

EXCESS CAPACITY, USED, AND USEFUL
Section 9-215 of the Public Utilities Act gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 2008.

RATE MODERATION PLAN
The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan that would lessen rate impacts associated with new power plants coming into service. During 2008, no new power plants were placed in service in Illinois that fall under the Commission's jurisdiction. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES
The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the Act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Section 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers, and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases conducted over the years 1999-2008. However, new cost-based rates that became effective on January 2, 2007, for ComEd and Ameren impacted residential customers, especially residential electric space heat customers, to such an extent that the Commission opened two proceedings for the purpose of adopting redesigned rates that were not based solely on cost but were rather based on a more even distribution of percentage increases for each of the customer classes, so that the burden to the residential electric space heat customers was significantly lessened.

A total of 20 gas rate cases and nine electric rate cases were filed during this period. Additionally, with the passage of the Electric Service Customer Choice and Rate Relief Law of 1997, nine electric utilities filed cases for delivery services implementation and for residential delivery services implementation and eight electric utilities filed cases for metering services unbundling. The gas cases were filed by MidAmerican Energy Company ("MEC"), Central Illinois Light Company ("AmerenCILCO"), Northern Illinois Gas Company ("Nicor Gas"), Peoples Gas Light and Coke Co. (Peoples Gas"), North Shore Gas Company ("North Shore"), Mt. Carmel Public Utility Co. ("Mt. Carmel"), Illinois Gas Company ("IGC"), Central Illinois Public Service Company ("AmerenCIPS"), Union Electric Company ("AmerenUE"), South Beloit Water Gas and Electric Company ("SBWGE"), Consumers Gas Company, and Illinois Power Company ("AmerenIP"). The electric rate cases were filed by Mt. Carmel, ComEd, AmerenCILCO, AmerenCIPS, and AmerenIP. The electric delivery service cases were filed by ComEd, AmerenIP, AmerenCIPS, AmerenUE, Mt. Carmel, MEC, AmerenCILCO, SBWGE, and Interstate Power and Light Company ("IPC"). Additionally, except for Mt. Carmel, the same electric companies filed for unbundling of delivery services.

All nine electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2002. Neither utility was required to reduce its residential rates. The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5 percent on October 1, 2001. The Act also mandated that Illinois Power reduce its bundled residential rates by 5 percent on May 1, 2002, and that CILCO reduce its bundled residential rates by 1percent on October 1, 2002. All rate reductions mandated by the Public Utilities Act have been implemented.

Commission Actions to More Fully Implement Cost-Based Rates: Gas

In the MidAmerican case (Docket No. 99-0534), MEC performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. An order was entered and the rates became effective in July 2000.

In the United Cities Gas Company case (Docket No. 00-0228), the Company accepted the COSS and the rate design proposed by staff. The staff-designed rates included increased costs in the customer charges that more properly reflect the true cost of service.

In the Consumers Gas case (Docket No. 00-0618), which was filed in September 2000, the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. An order was entered in June 2001.

In the MidAmerican case (Docket No. 01-0696), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. An order was entered and in September 2002.

In the AmerenCILCO case (Docket No. 02-0837), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in October 2003.

In the AmerenCIPS and AmerenUE cases (Docket Nos. 03-0008 and 03-0009), the companies performed cost of service studies and based the proposed rates on cost of service. Commission staff reviewed those studies and presented testimony. The Commission entered an order in October 2003.

In the South Beloit Water Gas and Electric Company case (Docket No. 03-0676), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in October 2004.

In the Illinois Gas Company case (Docket No. 04-0475), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in May 2005.

In the AmerenIP gas case (Docket No. 04-0476), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in May 2005.

In the Consumers Gas Company case (Docket No. 04-0609), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in June 2005.

In the Nicor Gas Company case (Docket No. 04-0779), the company performed a cost of service study and based the proposed rates on cost of service. Commission staff reviewed that study and presented testimony. The Commission entered an order in September 2005.

In the Peoples Gas Company and North Shore Gas Company rate cases (Docket Nos. 07-0241 & 07-0242), the companies performed cost of service studies and based proposed rates on cost of service. Commission staff reviewed the studies and presented testimony. The Commission entered an order in February 2008.

In the Mt. Carmel Public Utility Co. gas rate case (Docket No. 07-0357), the company performed cost of service studies and based proposed rates on cost of service. Commission staff reviewed the study and presented testimony. The Commission entered an order in March 2008.

In the Ameren Illinois gas rate cases for each of its three Illinois utilities (Docket Nos. 07-0588, 07-0589, & 07-0590), the companies performed cost of service studies, but based their proposed rates on an across-the-board equal percentage change. Commission staff reviewed the studies and the proposed across-the-board changes and presented testimony. The Commission entered an order in September 2008.

In April 2008, Nicor Gas Company filed a gas rate case (Docket No. 08-0363). These proposed tariffs were suspended by the Commission. An order for these proceedings will be approved by March 2009.

In July 2008, Illinois Gas Company filed a gas rate case (Docket No. 08-0482). These proposed tariffs were suspended by the Commission. An order for these proceedings will be approved by June 2009.

Commission Actions to More Fully Implement Cost-Based Rates: Electricity

The initial delivery services tariff cases to establish non-residential rates for delivery services involved all nine electric utilities:

AmerenCIPS and AmerenUE (Docket No. 99-0121)
MidAmerican Energy Company (Docket Nos. 99-0122 & 99-0130)
CILCO (Docket Nos. 99-0119 and 99-0131, Consolidated)
ComEd (Docket No. 99-0117)
IP (Docket Nos. 99-0120, 99-0134, and 99-0140, Consolidated)
IPC and SBWGE (Docket Nos. 99-0124, 99-0125, 99-0132, and 00-0133, Consolidated)
Mt. Carmel (Docket No. 99-0116)

Each delivery service proceeding consisted of reviewing a test year revenue requirement, which included transmission, distribution, and generation components, and of separating these components out for cost of service purposes. The generation component will be market based, while the transmission component will be regulated by FERC. The goal of delivery services is to have cost-based delivery service rates, which represent the distribution portion of the electric system. The Commission approved cost-based rates for each utility. Approval of cost-based rates helps facilitate the next stage of deregulation, which is unbundling. Competition for unbundled services will largely depend on cost-based delivery service rates.

In the unbundling case (Docket No. 99-0013), all utilities, except Mt. Carmel, filed tariffs for the unbundling of metering services. Staff reviewed those filings, and the Commission Order was issued on October 4, 2000, and became effective on January 1, 2001. Cost-based rates for unbundled delivery services will be a prime factor in initiating competition in Illinois.

In 1997, all electric utilities were mandated by the Public Utilities Act to provide rates for residential customers based on real-time pricing. The appropriate filings were made and the rates became effective on October 1, 2000.

The Public Utilities Act also required that AmerenCIPS and AmerenUE compare their bundled residential rates to the average rate of a group of Midwest utilities. If the Midwest average was lower than the rate of each of these Illinois utilities, the Illinois utility was required to reduce its residential rates on October 1, 2000. The comparison indicated that AmerenCIPS and AmerenUE were not required to reduce their bundled residential rates on that date.

As required by the Public Utilities Act, CILCO reduced its bundled residential rates by 2 percent on October 1, 2000.

The Public Utilities Act also required that ComEd reduce its bundled residential rates by 5 percent on October 1, 2001.

The Act also mandated that Illinois Power reduce its bundled residential rates by 5 percent on May 1, 2002.

Delivery services tariffs for all residential customers became effective on May 1, 2002. As part of their plans for delivery services, AmerenCIPS and AmerenUE filed new residential delivery services tariffs and filed updated non-residential delivery services tariffs in December 2000. The other seven utilities filed their proposed rates in 2001. All of the proceedings, except ComEd's, were completed to establish delivery services rates for their residential classes, as well as new non-residential delivery services rates. Commonwealth Edison's proceeding was completed in 2003.

In early 2005, ComEd and Ameren filed tariffs to establish a rate structure for the supply of electricity to bundled residential and non-residential customers to be effective on January 2, 2007. Commission Orders for those proceedings were approved in January 2006.

In August 2005, ComEd filed a rate case (Docket No. 05-0597) for delivery services tariffs to be effective at the end of the mandatory transition period, which ends on January 2, 2007. These new rates take the place of the existing bundled service rates. An order was approved in July 2006 and became effective on January 2, 2007.

In February 2006, Ameren filed a rate case for each of its three Illinois utilities (Docket Nos. 06-0070, 06-0071, & 06-0072) for delivery services tariffs to be effective at the end of the mandatory transition period, which ended on January 2, 2007. These new rates take the place of the existing bundled service rates. An order for these proceedings was approved in November 2006 and became effective on January 2, 2007.

In May 2007, Mt. Carmel filed a general rate case (Docket No. 07-0357) for its delivery services tariffs. These proposed tariffs were suspended by the Commission. An order for this proceeding was approved in March 2008 and tariffs became effective on March 24, 2008.

In October 2007, ComEd filed a delivery services rate case (Docket No. 07-0566) for delivery services tariffs. These proposed tariffs were suspended by the Commission. An order for this proceeding was approved in September 2008 and tariffs became effective on September 16, 2008.

In November 2007, Ameren Illinois filed an electric delivery services rate case for each of its three Illinois utilities (Docket Nos. 07-0585, 07-0586, & 07-0587). These proposed tariffs were suspended by the Commission. An order for these proceedings was approved in September 2008 and tariff became effective on October 1, 2008.

MERGERS

On April 21, 2006, Thames Water Aqua Holdings GmbH, Thames Water Aqua US Holding, Inc. ("TWAUSHI"), American Water Works Company, Inc. ("American Water"), and Illinois-American Water Company filed pursuant to Section 7-204 of the Act requesting Commission approval of the sale by Thames GmbH of up to 100 percent of the shares of common stock of American Water in one or more public offerings and prior to the closing of the initial public offering ("IPO"), the merger of TWAUSHI with and into American Water, with American Water being the surviving corporation. Following the proposed transaction, American Water would be a publicly traded corporation that will own operating subsidiaries, including Illinois-American Water Company (Docket No. 06-0336). The Commission entered its order approving the transaction on June 27, 2007. On April 23, 2008, the IPO of the common stock of American Water occurred on the New York Stock Exchange. The common equity ratio of the American Water as of December 31, 2007, was 47.50 percent. Under applicable accounting rules, the March 31, 2008, balance sheet reflects a retroactive adjustment to the amount of "goodwill", based primarily on the post IPO price of American Water's common stock as traded in the market on and after April 23, 2008 (through May 9, 2008). Because the retroactive adjustment would otherwise reduce the March 31, 2008, common equity ratio to a level below the minimum 45 percent, RWE infused additional common equity capital in the amount of $245 million, which was used to reduce the outstanding balance of short-term debt. With the infusion, common equity constituted 45.36 percent of total capitalization on a pro forma basis as of March 31, 2008.

ASSET TRANSFERS OR SALES

On August 20, 2008, Aqua Illinois, Inc., filed a petition for approval to transfer a Promissory Note asset to its affiliate and corporate parent, Aqua America, in exchange for cash in the amount of $8,600,000. The Promissory Note was the obligation of Woodhaven Association, Inc., to pay Aqua Illinois, for the transfer and sale of all water and wastewater system assets of a recreational community known as "Woodhaven Lakes" that was approved by the Commission July 16, 2008, in Docket No. 08-0281. On November 13, 2008, The Commission approved the transfer of the Promissory Note in Docket No. 08-0496.

INFORMATIONAL FILINGS

During 2008, there were no notices filed with the Commission under Section 16-111(g) of the Act.

DECOMMISSIONING

During 2008, no Illinois electric utility billed its customers any charges for decommissioning. The last billing of decommissioning charges by any Illinois electric utility ceased on December 31, 2006.

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 2008 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of the Public Utilities Act.

SECTION 6

Appeals from Commission Orders

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes only appeals either filed in 2008 or upon which a judicial decision was received in 2008. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or *amicus*. However, federal cases taken under 47 USC 252(e)(6) are included.

APPEALS INVOLVING PUBLIC UTILITIES FILED IN 2008

A. Under the Public Utilities Act, 220 ILCS 5

1. *Commonwealth Edison Co. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket Nos. 2-08-0859, 2-08-1037, and 2-08-1137, Ill.C.C. Docket No. 07-0566.
   People of the State of Illinois, et al. v. Illinois Commerce Commission, et al., Illinois Appellate Court Docket Nos. 1-08-3008, 1-08-3030, 1-08-3054 and 1-08-3313, Ill.C.C. Docket No. 07-0566
   Supreme Court Docket Nos. 107693 and 107694
   Appeal from grant or denial of electric rate changes for Commonwealth Edison Co. under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
   Status: Parties have filed Motions for Supervisory Order with Illinois Supreme Court to determine which District of the Illinois Appellate Court has jurisdiction to hear these appeals.

2. *Illinois Bell Telephone Co. v. Illinois Commerce Commission,* Illinois Appellate Court Docket No. 1-08-2859, Ill.C.C. Docket No. 07-0629. Appeal of the Commission order finding that Illinois Bell Telephone Co. engaged in anti-competitive behavior in violation of Sections 13-514, 13-515 and 13-516 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13.
   Status: Cause is being briefed.

3. *People of the State of Illinois, et al. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket Nos. 1-08-2055, 1-08-2056, 1-08-2189, 1-08-2304, 1-08-2451, 1-08-2452 and 1-08-2453 (cons.), Ill.C.C. Docket Nos. 07-0241 and 07-0242 (cons.). Appeal from grant or denial of natural gas rate changes for North Shore Gas Co. and Peoples Gas Light & Coke Co. under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
   Status: Cause is being briefed.

4. *People of the State of Illinois v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Docket No. 4-08-0895, Ill.C.C. Docket Nos. 07-0585 through 07-0590 (cons.). Appeal from grant or denial of electric delivery service rate changes and gas delivery service rate changes for AmerenCILCO, AmerenCIPS, and AmerenIP under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
   Status: Administrative record is being prepared.

B. Under Other Utility-Related Acts

None

APPEALS AND OTHER JUDICIAL REVIEW PROCEEDINGS INVOLVING PUBLIC UTILITIES OR TELECOMMUNICATIONS CARRIERS DECIDED IN 2008

A. Cases dismissed without decision on the merits and with no further action expected

1. Under the Public Utilities Act, 220 ILCS 5

a. *Abbott Laboratories, Inc. v. Illinois Commerce Commission, et al.,* Illinois Appellate Court Nos. 1-08- 2412, 1-08-2454 and 1-08-2951, Ill.C.C. Docket Nos. 07-0241 and 07-0242 (cons.). Appeal from grant or denial of natural gas rate changes for North Shore Gas Co. and Peoples Gas Light & Coke Co. under Section 9-201 of the Public Utilities Act, 220 ILCS 5/9-201.
After transfer of Abbott Laboratories' first two appeals from the Illinois Appellate Court for the Second District (Docket Nos. 2-08-0390 and 2-08-0810), Abbott Laboratories voluntarily dismissed its three appeals on October 8, 2008. Mandate issued on November 19, 2008.

b. *Level 3 Communications, LLC v. Illinois Commerce Commission, et al.,* Illinois Appellate Court No. 1-07-2509, Ill.C.C. Docket No. 07-0277. Appeal of the Commission order finding that Level 3 Communications engaged in anti-competitive behavior in violation of Sections 13-514 and 13-702 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-514 and 13-702. This case is related to appeal of Level 3 Communications, LLC, in the US District Court for Northern Illinois, Eastern Division, Docket No. 07-C-6716, involving the same Commission proceedings.
The cause was voluntarily dismissed on June 17, 2008.

2. Under Other Utility-Related Acts

Level 3 Communications, LLC v. Illinois Commerce Commission, et al., US District Court for Northern Illinois, Eastern Division, Docket No. 07-C-6716, Ill. C.C. Docket No. 07-0277. Complaint for declaratory and other relief challenging the Commission order which found that Level 3 Communications engaged in anti-competitive behavior in violation of Sections 13-514 and 13-702 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-514 and 13-702. This case is related to appeal of Level 3 Communications, LLC, in the Illinois Appellate Court for the First District, Docket No. 1-07-2509, involving the same Commission proceedings.
Level 3 filed a complaint against the Commissioners challenging determinations made by the Commission in resolving a complaint brought against Level 3 by Neutral Tandem. Level 3 sought (i) a declaration that the federal Telecommunications Act preempts the Commission's order; (ii) an injunction against enforcement of the order; and iii) an award of costs. On June 4, 2008, the district court granted the Commission's motion to stay case pending outcome of parallel state appeal.
The cause was voluntarily dismissed on June 10, 2008.

B. Cases under the Public Utilities Act, 220 ILCS 5 in which decisions were rendered either by Opinion of the Court or by an Order issued under Supreme Court Rule 23. (A Rule 23 Order decides a case on its merits, but has limited effect as precedent on other cases.)

1. *Illinois Bell Telephone Co., et al. v. Illinois Commerce Commission, et al.,*

Supreme Court Docket No. 105131 (People)
Supreme Court Docket No. 105151 (City of Chicago)

Supreme Court Docket Nos. 104361 (City of Chicago) and 104393 (People)
Illinois Appellate Court Docket Nos. 4-06-0882, 4-06-0911, 4-06-1063 and 4-06-1106 (cons.), Ill.C.C. Docket No. 06-0027.

Appeals from investigation of specified tariffs declaring certain services to be competitive pursuant to Section 13-502 of the Public Utilities Act, 220 ILCS 5/13-502.

Because Illinois Bell Telephone Co. ("Bell") had filed the first appeals, the appeals from the Illinois Appellate Court for the First District, *People of the State of Illinois and City of Chicago v. Illinois Commerce Commission, et al.,* Docket Nos. 1-06-3014 and 1-06-3126 (cons.) were transferred, consolidated with 4-06-0882, renumbered as 4-06-1063 and 4-06-1106.

The Appellants moved to dismiss each other's appeals. On January 12, 2007, the Illinois Appellate Court for the Fourth District dismissed Bell's appeals for lack of jurisdiction as premature (Docket Nos. 4-06-0882 and 4-06-0911. Mandate was issued for these orders on July 23, 2007). On January 18, 2007, the Illinois Appellate Court for the Fourth District dismissed Docket Nos. 4-06-1063 and 4-06-1106 for lack of jurisdiction as untimely. Both the People and the City sought leave to appeal from the Illinois Supreme Court {Supreme Court Docket Nos. 104361 (City) and 104393 (People)}.
On May 31, 2007, the Supreme Court denied the Petitions for leave to appeal but entered a supervisory order ordering the Appellate Court to vacate its judgment and to issue new orders explaining its reasoning.
On July 10, 2007, the Appellate Court entered orders in 4-06-1063 and 4-06-1106, finding that the Applications for Rehearing had been untimely filed because the electronic filing was after the close of the Commission's Chief Clerk's Office and, therefore, had not been done on the last day for filing. The People and the City again sought leave to appeal {Supreme Court Docket Nos. 105131 and 105151}. On November 29, 2007, the Supreme Court granted leave on the People's Application only.

On November 20, 2008, the Illinois Supreme Court reversed the dismissal decision of the Illinois Appellate Court for the Fourth District. The Supreme Court rejected the argument that the time for filing had been extended by a minor correction to the Final Order. The Supreme Court found that the regulations that the Appellate Court had relied upon were ambiguous, did not show an intent to restrict e-mailed filings to the office hours of the Chief Clerk's Office, and would place e-mail filers at a disadvantage if the interpretation of the Appellate Court was sustained. The cause was remanded for reinstatement of the People's appeal and for further consideration of jurisdictional issues.

2. *Illinois Power Co. d/b/a AmerenIP v. Illinois Commerce Commission, et al.,*

Illinois Appellate Court Docket Nos. 3-06-0879 & 3-07-0569 (cons.),
Ill.C.C. Docket Nos. 03-0699 and 04-0677.

Appeals from disallowance of fuel cost recovery under Section 9-220 of the Public Utilities Act, 220 ILCS 5/9-220.

The Illinois Appellate Court consolidated two appeals by the utility from successive, separate Commission orders concerning the reconciliation of fuel costs under Section 9-220 of the Public Utilities Act, 220 ILCS 5/9-220. Both Commission orders were challenged on their treatment of the prudence of the utility's actions in operating its natural gas storage facility in Hillsboro, Illinois. The utility had begun to experience problems with its Hillsboro field in 1993. Although metering problems were identified in 1999, the utility took no measures to check the meters at the facility until 2003 when certain malfunctions and miscalculations in the meters were identified. Because of the metering errors, base gas (needed for the operation of the storage field) had been removed and more expensive gas had to be purchased to replace the missing base gas.

On April 11, 2008, the Appellate Court in a published opinion affirmed the two Commission orders, finding that the Commission's decisions were supported by the evidence and had properly applied the prudence standard under the statute.
Mandate was issued on June 3, 2008.

3. *Clinton A. Krislov v. Illinois Commerce Commission and Illinois Bell Telephone Co.*

Illinois Appellate Court No. 1-07-2860,
Ill.C.C. Docket No. 06-0421.

Appeal from Commission Order denying consumer complaint and class action under Section 10-108 of the Public Utilities Act, 220 ILCS 5/10-108.

On September 18, 2008, the Illinois Appellate Court for the First District affirmed the underlying Commission decision in a Rule 23 Summary Order. The Commission had dismissed the underlying complaint case because of a judicially approved Settlement Agreement and Dismissal Order of May 4, 1994, in Cook County Docket Nos. 91CH930, 91CH1354 and 91CH12529 (cons.). Mr. Krislov in those consolidated cases had been both an attorney and a class member in a class-action suit brought against Illinois Bell Telephone Co. The Settlement Agreement and Dismissal Order had barred the bringing of further claims against Illinois Bell Telephone Company concerning the lack of a dated postmark on the billing envelope. (Questions concerning any violation of the Settlement Agreement and Dismissal Order were still pending in the Circuit Court of Cook County at the time of the Appellate Court's Rule 23 Summary Order.) Mandate was issued November 13, 2008.

4. *Strategic Energy, LLC, et al., v. Illinois Commerce Commission, et al.,*

Illinois Supreme Court Docket Nos.104264 & 104266

Illinois Appellate Court Nos. 2-05-0685 and 5-05-0465 (cons.),
Ill.C.C. Docket No. 04-0811.

Appeal from Commission Order granting an ARES certificate to Strategic Energy, LLC ("Strategic") under Section 16-115 of the Electric Service Customer Choice and Rate Relief Law of 1997, 220 ILCS 5/16-115.

On November 29, 2006, the Illinois Appellate Court for the Second District issued its Opinion in the appeals from the Commission Orders in Ill.C.C. Docket No. 04-0811.
The Appellate Court first dealt with issues of jurisdiction over the appeals presented. Strategic had filed its appeal first, without filing an application for rehearing. The Appellate Court denied Strategic's Motion to dismiss the IBEW's appeal, holding that, because there is only one Illinois Appellate Court, a timely appeal to a different District of the Appellate Court after jurisdiction of the appeals from a Commission case had been fixed in another district of the Illinois Appellate Court does not nullify IBEW's appeal. On the jurisdictional issues, the Appellate Court held that Strategic had failed to exhaust administrative remedies and was not adversely affected by the Commission orders which had granted Strategic an ARES certificate as requested without restriction. The Appellate Court ordered that Strategic's appeal be dismissed (Docket No. 2-06-0685).

Pursuant to IBEW's appeal (Docket No. 5-06-0465), the Appellate Court reversed the Commission order granting an ARES certificate to Strategic. The Appellate Court held that Regional Transmission Organizations could not be used to meet the former requirement of Paragraph 16-115(d)(5) of the 1997 Law, 220 ILCS 5/16-115(d)(5). The Appellate Court, unlike the Appellate Court in *International Brotherhood of Electrical Workers, Local Nos. 15, 51, and 702 v. Illinois Commerce Commission,* 331 Ill. App. 3d 607, 614-616 (5th Dist., 2002), held that former Paragraph 16-115(d)(5) of the 1997 Law, *supra*, was not ambiguous.

On January 3, 2008, leave was granted to withdraw the pending Petitions for Leave to Appeal (Supreme Court Docket Nos.104264 & 104266). The underlying causes were rendered moot by the effective date of the statutory amendment contained in Public Act 95-0130. Mandate was issued February 7, 2008.

C. Other Utility-Related Judicial Review Proceedings in which decisions were rendered either by Opinion of the Court or by an Order issued under Supreme Court Rule 23. (A Rule 23 Order decides a case on its merits, but has limited effect as precedent on other cases.)

Complaints for declaratory and other relief challenging an arbitration decision of the Commission under 47 USC 252.

1. *Illinois Bell Telephone Co. v. Charles Box, et al.,*
U.S. Court of Appeals for the Seventh Circuit Docket Nos. 07-3557 and 07-3683
US District Court for Northern Illinois, Eastern Division, Docket No. 06-C-3550,
Ill. C.C. Docket No. 05-0442.

Illinois Bell filed a complaint against the Commissioners challenging two aspects of the Commission's Order in Ill.C.C. Docket No. 05-0442. Specifically, Illinois Bell challenged the Commission determinations regarding : i) entrance facilities and ii) broadband loops, as being contrary to federal law.

On September 9, 2007, the district court had affirmed the Commission's conclusion that Illinois Bell must make available "entrance facilities" to CLECs, pursuant to 47 USC 251(c)(2) , solely for purposes of interconnection. The district court, however, had invalidated the Commission's conclusion that the FCC's rules for fiber-to-the-home ("FTTH"), fiber-to-the-curb ("FTTC"), and hybrid loops apply only to loops used to serve "mass market" customers. The court entered a permanent injunction prohibiting the Commissioners from enforcing its Arbitration Decision "to the extent it limits the applicability of the FCC's unbundling rules for FTTH, FTTC, and hybrid loops to only those loops serving mass market customers." Illinois Bell appealed and the Commissioners cross-appealed.

On May 23, 2008, the Seventh Circuit affirmed the district court's judgment.

2. Illinois Bell Telephone Co. v. Edward Hurley, et al.,
U.S. Court of Appeals for the Seventh Circuit Docket Nos. 08-1489 and 08-1494,
U.S. District Court for Northern Illinois Docket No. 05-C-1149,
Ill.C.C. Docket No. 01-0614.
Complaint for declaratory and other relief in which SBC Illinois challenges portions of the Commission's orders in ICC Docket 01-0614 which involved Illinois Bell's proposed tariffs under Section 13-801 of the Universal Telephone Service Protection Law of 1985, 220 ILCS 5/13-801.

Illinois Bell filed a complaint against the Commissioners challenging portions of 220 ILCS 13-801, a series of Commission orders implementing that section, and tariffs implementing directives in said Commission orders as violative of federal law.

On January 28, 2008, the district court preempted various Illinois requirements regarding the unbundling of local switching, switching-related elements, OCn-level loops, OCn-level dedicated transport, dark fiber loops, entrance facilities, and feeder subloops as in conflict with the FCC's unbundling regulations and also preempted the splitter and combination requirements of the Commission as inconsistent with the Federal Telecommunications Act. The court also preempted the DS1 and DS3 loops, DS1, DS3, and dark fiber transport unbundling requirements of the Commission to the extent the requirements exceed the FCC's non-impairment criteria. However, the district court affirmed the Commission's orders regarding collocation requirements.

On November 26, 2008, the Seventh Circuit affirmed the district court's judgment.

3. *Illinois Bell Telephone Co. v. Charles Box, et al.,*
US District Court for Northern Illinois, Eastern Division, Docket No. 07-C-5171,
Ill. C.C. Docket No. 06-0029.
Complaint for declaratory and other relief challenging a decision of the Commission investigating Illinois Bell Telephone Company's designation of certain of its wire centers as non-impaired.

Illinois Bell filed a complaint seeking a declaration that the Commission violated federal law by: i) using 2003 ARMIS data to determine business line counts, and ii) refusing to allow Illinois Bell to count cross-connected fiber-based collocators in its count of fiber-based collocators.

On August 11, 2008, the district court rejected AT&T's challenge and affirmed the Commission's order.

SECTION 7

Studies and Investigations Required by State Statutes

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: Emission Allowance Reports

Section 4-305 of the Public Utilities Act reads as follows:

> Sec. 4-305. Emission allowances. Beginning with the first quarter of 1993, the Commission shall collect from each public utility and each affiliated interest of a public utility owning an electric generating station information relating to the acquisition or sale of emission allowances as defined in Title IV of the federal Clean Air Act Amendments of 1990 (P.L. 101-549), as amended. The information collected shall include the number of emission allowances allocated to each utility, by statute or otherwise, and the number of emission allowances acquired or sold by each utility. The Commission shall establish quarterly requirements for reporting the information specified under this Section. Beginning with the annual report due January 31, 1994, the Commission shall include the information collected under this Section in the annual report required under this Act.

Appendix B presents information that the Commission has collected under Section 4-305 of the Public Utilities Act since the last Annual Report. Appendix B contains fourth quarter 2007 reports and third quarter 2008 reports.[5] The third quarter 2008 reports present a running total of all allowance allocations and transactions during the first three quarters of 2008.

Section 8-304: Estimated Billing Practices

This section states that the Illinois Commerce Commission shall perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services.

For purposes of this study, the Commission selected the following major regulated public utilities providing natural gas and/or electric services to Illinois households:

AmerenCILCO
AmerenCIPS
AmerenIP
AmerenUE
Commonwealth Edison Company
MidAmerican Energy Company
Northern Illinois Gas Company
Peoples Gas Light & Coke Company

These eight utilities comprise over 95 percent of the regulated utility service sales to residential customers in Illinois.

For the study, the companies provided such information as a three year history of the total number of estimated bills broken down by customer class, time of year, geographic location, customer group, and frequency of consecutively estimated bills; the reasons for estimated billing; the costs of relocating and reading meters; the methods or formulas used for establishing the

[5] On February 6, 2007, Interstate Power and Light Company ceased providing electric and natural gas retail service pursuant to the Commission's Order in Docket No. 05-0836; thus, Alliant Energy-Interstate Power in no longer included in this report.

amounts of estimated bills; and the programs or instruments used to minimize the frequency of estimated bills. The study was conducted in 1987. An analysis of the data received was conducted by Commission staff. No activities were required in 2008.

Section 8-403: Cogeneration/Small Power Production

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies. This study was completed in 1987. No activities were required in 2008, and no further activities are anticipated in the future.

Section 8-405.1: Feasibility of Wheeling in Illinois

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly. No activities were required in 2008, and no further activities are anticipated in the future.

Section 9-202: Temporary Rate Increase

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, 83 Ill. Adm. Code 330 put forth the necessary conditions for a temporary rate increase pursuant to Section 9-202(b) and provided for refunds with interest if the temporary rate increase granted exceeded the permanent rate increase granted.

Section 9-214: Study of CWIP

The study was completed and sent to the General Assembly on December 29, 1988. Please see the Commission's 1992 annual report, page 56, for details.

Section 9-216: Rulemaking for Cancellation Costs

The regulated utilities currently have no generation or production plant under construction and have not made any requests for authority to construct new generation or production plant. Given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Section 9-223: Evaluation of the Fire Protection Charge

Section 9-223(b) directs the Commission to evaluate the purpose and use of each fire protection charge imposed under Section 9-223. The Commission was required to report its findings to the General Assembly no later than the last day of the veto session in 2008. The Commission's report was submitted to the General Assembly prior to the last day of the 2008 veto session. Section 9-223(b) was added to the Public Utilities Act as part of Public Act 94-0950 with an effective date of June 27, 2006.

Economic Development Program

A summary of the Commission's economic development program and its activities since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Economic Opportunity. Commission staff members represent the agency on interagency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As implementation of customer choice continues, Commission rulemakings and decisions in the following areas will be assessed on an ongoing basis to evaluate impacts on economic development:

- requirements for alternative electric suppliers
- consumer-education materials
- delivery services tariffs
- distributed resources
- real-time pricing

Verification of Commonwealth Edison's Commitments Related to the Downers Grove Substation Fire Investigation
On Wednesday, August 10, 2005, a fire broke out in the cable space of the Downers Grove Substation, causing a service interruption for customers in portions of Darien, Downers Grove, Bolingbrook, and DuPage Township. Service was not fully restored until the afternoon of Friday, August 12, 2005. The intervening period was one of hot summer weather, and Commonwealth Edison's inability during that hot weather to switch feeds to neighboring substations during this outage focused renewed attention on ComEd's power delivery infrastructure capacity. The Commission retained The Liberty Consulting Group ("Liberty") to investigate the root causes and implications of this fire because the Downers Grove Substation is one of 264 larger, transmission level substations in Commonwealth Edison's power delivery infrastructure; ComEd's system also includes an additional 775 smaller distribution level substations. The conclusion from the subsequent investigations was that the Downers Grove fire on August 10, 2005, should not have happened if Commonwealth Edison had implemented lessons that it should have learned from prior, similar events. On September 8, 2006, the Commission retained Liberty to verify for the Commission over the next three years Commonwealth Edison's compliance with its plan to implement the lessons learned from the Downers Grove Substation fire.

In the second of three annual reports to the Commission on October 8, 2008, Liberty found that, overall, Commonwealth Edison was on schedule on the installation of fire protection enhancements at substations. Liberty will continue to verify Commonwealth Edison's installation of important fire protection enhancements at substations that will continue for the next year. The public versions of Liberty's reports are available on the Commission's web site.

Peoples Gas Pipeline Safety Program Investigation
During January 2004, Commission Pipeline Safety inspectors determined that Peoples Gas Light And Coke Company's ("Peoples Gas") records of corrosion control test point readings indicated that Peoples Gas had failed to properly inspect corrosion test points on its gas distribution system in compliance with required schedules. In response to a January 2004 notification from Commission staff of its deficiencies respecting corrosion test point monitoring and its obligations to promptly remedy such deficiencies, Peoples Gas responded that it would bring its scheduled test point monitoring into compliance and would promptly remedy past deficiencies in that monitoring.

When Commission Pipeline Safety inspectors returned in early 2005 to re-examine the Peoples Gas corrosion monitoring records, records indicated that additional failures to monitor corrosion test points in compliance with mandatory inspection schedules had occurred during the intervening year and that certain deficiencies noted in early 2004 still persisted. Peoples Gas was notified in early 2005 of its noncompliance with pipeline safety requirements and its failure to promptly remedy past deficiencies. Again, Peoples Gas responded to the notification of noncompliance with a commitment to bring itself into compliance.

In early 2006, Commission Pipeline Safety inspectors returned to Peoples Gas to determine whether or not the deficiencies had been rectified. While the Peoples Gas pipeline safety records indicated that compliance had been achieved, field examinations of actual corrosion test point readings indicated a number of incidents of noncompliance.

Following the completion of the 2006 record examination, staff recommended to the Commission that a citation proceeding be initiated against Peoples Gas. In April 2006, the Commission ordered Peoples Gas to show cause why it should not be found to have failed to comply with Pipeline Safety program requirements. Litigation in that case has been completed, and the Commission found that Peoples Gas had failed to comply with Pipeline Safety requirements.

On April 17, 2007, the Commission contracted The Liberty Consulting Group ("Liberty") to: (1) determine the degree to which the Peoples Gas pipeline safety program conforms to standards established in 49 CFR Part 192 and the Illinois Gas Pipeline Safety Act; (2) prepare a report to the Commission that details its findings including recommendations regarding the actions Peoples Gas must take, if any, to bring its Pipeline Safety Program into compliance with federal and state requirements and industry best practices; (3) subsequently monitor on a quarterly basis for two years Peoples Gas' efforts to implement recommendations to bring the Peoples Gas pipeline safety program into compliance with federal requirements and industry best practices; and (4) prepare interim and final reports to the Commission regarding the results of its monitoring activities.

During the period from May 2007 through July 2008, Liberty acquired information from Peoples, interviewed employees, observed field activities, conducted inspections, and took corrosion control readings.

In August 2008, Liberty provided the Commission with its report on the investigation including 66 recommendations for improvement. The report states: "Liberty found many areas in which Peoples Gas has considerable room for improvement.

Common threads for the deficiencies were that (1) safety-related programs such as leak management and excavation damage prevention did not have someone who had overall ownership and responsibility, (2) there was insufficient staffing in some areas such that Peoples Gas was not performing important activities like field supervision, (3) training for many of the safety-related programs was not sufficient, and (4) Peoples Gas did not monitor and measure its own performance and identify areas needing improvement."

The report can be found on the Commission's web site at http://www.icc.illinois.gov/downloads/public/ng/Final%20Report%20Pipeline%20Safety%20Investigation%20-%20Public%20Version.pdf.

Liberty has now begun the verification-monitoring phase as specified in the contract where Liberty will report, on a quarterly basis over the next two years, the progress that Peoples has made in implementing or addressing the 66 recommendations in Liberty's investigation report. This will be capped by a final report detailing the results of Liberty's two-year verification-monitoring activities.

Investigation of Ameren's Illinois Utilities' Storm Outage

On July 19 and 21, 2006, windstorms struck the service areas of all three Ameren utilities in Illinois. Over 300,000 electric customers lost service in Illinois. Restoring service to AmerenCILCO, AmerenCIPS, and AmerenIP customers took over a week. On November 30, 2006, an ice storm struck central Illinois. The storm interrupted electric service to over 200,000 Ameren Illinois customers. The Ameren utilities took about nine days to restore service to all Illinois customers. The Commission had previously adopted assessments of Ameren's Illinois utilities' electric service reliability that contained criticism of Ameren utility tree trimming, other distribution line maintenance issues, and the placement of lightning arrestors and tap fuses. These assessments had suggested that the condition of Ameren electricity delivery facilities could contribute to the effects of storms on service to Ameren's customers.

Recognizing the above facts, the Commission began an investigation of Ameren's service restoration response to learn if it was adequate and appropriate and to investigate the condition of Ameren's electricity delivery facilities to learn if it contributed to the large numbers of service interruptions during the storms. On August 29, 2007, the Commission signed a contract with Liberty Consulting Group to perform the Ameren investigation. Liberty Consulting Group began working under the contract immediately and delivered its investigation report one year later on August 15, 2008. Liberty's investigation report includes 157 recommendations for improving service reliability and shortening service restoration times after major storms. Liberty's report is available on the Commission's web site. With the investigation complete, Liberty Consulting Group will spend up to three years verifying that the Ameren utilities fully implement those recommendations.

SECTION 8

Impacts of Federal Activity on State Utility Service

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission ("FERC") regulates, among other things, the rates for wholesale electricity sales by public utilities and transmission in interstate commerce, the transmission and sale of natural gas for resale in interstate commerce, and the transportation of natural gas by interstate pipelines. The primary goal of the ICC's Federal Energy Program is to ensure that the rules, policies, rates, and terms and conditions of service that FERC establishes for electric transmission service, bulk power sales, and natural gas pipeline transportation are fair and reasonable for Illinois energy consumers. The activities of the Commission's Federal Energy Program are discussed in more detail below.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Interstate natural gas pipeline transportation service operates under the Order 636 open access rules adopted by FERC in 1992. In recent years, FERC's focus in the natural gas arena has been to hone its interstate natural gas transportation policy through incremental modifications with the implementation of Order 637. FERC's gas policy continues to focus on improving the efficiency and transparency of the natural gas market, encouraging the development of new natural gas storage capacity and infrastructure, increasing competition, and protecting consumers against excessive pipeline transportation rates. To that end in 2008, FERC continued to expand natural gas infrastructure by approving numerous pipeline expansions and liquefied natural gas import terminals. Of particular interest to Illinois, the Rockies Express East (REX-East) pipeline proposal was approved by FERC. REX-East would extend the Rockies Express West pipeline by over 600 miles and provide natural gas shippers with enough pipeline capacity to ship over 1.8 billion cubic feet per day of Rocky Mountain natural gas to markets east of the Rockies. FERC also issued a natural gas rulemaking that would remove price caps from pipeline capacity releases of less than a year and some restrictions that would increase the flexibility of asset managers who oversee capacity owned by local distribution companies. Finally, FERC revised the financial forms, statements and reports required of interstate natural gas companies to better reflect the current market and cost information needed for regulatory oversight of their rates and terms of service.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

In 1996, FERC initiated the first of several sweeping reforms concerning the regulation of the transmission grid. In particular, Order 888 opened the nation's transmission grid through open access transmission tariffs. Order 2000 (1999), called for the voluntary creation of regional transmission organizations ("RTOs") which are intended to bring about increased efficiency through both improved grid management and increased access to competitive power supplies by end-users. FERC has also spent a significant amount of time and resources implementing the EPAct of 2005, which among other things, generally intended to improve the efficiency of energy markets operated by RTOs, develop the Electric Reliability Organization, and establish mandatory electricity reliability standards. FERC's Order 890, 890-A and 890-B (2007) reformed the decade old Order 888 to ensure that transmission service continues to be provided on a nondiscriminatory and just and reasonable basis, as well as provide for more effective regulation and transparency in transmission grid operation.

In 2008, FERC electric initiatives continued to focus on strengthening the rules that provide non-discriminatory transmission service, facilitate competitive markets and protect electricity consumers. In particular, FERC issued Orders 890-A and 890-B which effectively affirm Order 890, and FERC issued Order 697 which reinforced regulations for just and reasonable market-based sales. FERC also issued new financial reporting requirements for electric utilities.

With regards to RTOs, FERC initiated several investigations in 2008 concerning the interconnection of new generation by RTOs and the resource adequacy process currently used by PJM, which is known as the reliability pricing model (RPM). FERC also issued several rulemakings intended to advance competition in wholesale markets, address demand response and market pricing during shortage periods, increase the level of long-term power contracting, clarify market-monitoring policies, and improve the responsiveness of regional transmission operators ("RTOs") to stakeholders and customers. With concern to RTOs that operate within Illinois, FERC approved a settlement that would preserve the independence of PJM's market monitor and market operations. FERC also rejected requests for rehearing regarding the allocation of PJM transmission expansion costs (500 kV and above) on a region-wide basis. The ICC has filed an appeal with the Seventh Circuit Federal Court of Appeals regarding FERC's transmission cost allocation policy in PJM. With respect to the Midwest ISO, notable FERC actions in 2008 include approving the Midwest ISO's ancillary services market and the Midwest ISO's long-term resource adequacy plan. The Midwest ISO intends to launch its ancillary services market in January of 2009.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (220 ILCS 5/16-101, et seq.), enacted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

> An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission [FERC]. The Commission [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission . . .. (220 ILCS 5/16-108(a))

Furthermore, Section 16-101A(d) of the Public Utility Act mandates:

> The Illinois Commerce Commission should act to promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all consumers.

Accordingly, the ICC continues to be actively engaged at FERC, working to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program. Similarly, the ICC has been advocating transparent wholesale electricity markets, believing that a transparent wholesale market is a prerequisite that must be developed in order for Illinois' open access retail program to provide greater benefits to retail customers.

NATIONAL DEVELOPMENTS

Both FERC and the Department of Energy (DOE) have spent much of the past three years completing the numerous initiatives, studies and requests for comment required by the EPAct of 2005. For example, in 2008, the DOE denied all applications for rehearing and requests for stay of the DOE's national electric transmission congestion corridor designations that were made in 2007. DOE also announced its plans to start preparations for the 2009 congestion study that is required under the EPAct 2005. In particular, DOE has stated that the 2009 Congestion Study will be focused on the identification of existing electric transmission-level congestion. DOE also conducted regional workshops to receive and discuss input from interested persons on the scope of the 2009 congestion study, including comments on what publicly-available data should be considered to identify and understand the significance and character of transmission congestion. The DOE has stated that it intends to publish its congestion study in August 2009, as required by the EPAct 2005.

SECTION 9

Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the 96th General Assembly is currently being formulated. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

Electric

06-0525 Illinois Commerce Commission On Its Own Motion
Consideration of the federal standard on interconnection in Section 1254 of the Energy Policy Act of 2005.

This comprehensive rulemaking docket set forth the electrical, safety, legal and many other standards for interconnection. Interconnection is a process, through which, a person or entity that owns a generator hooks up to the grid. Usually, but not always, interconnection is used so that the owner of the generator can sell any electricity that the owner is not using to an electric provider, like Commonwealth Edison Company. Use of this electricity reduces the need for increased electrical generation which benefits all ratepayers, as well as electric providers. The Rule, Part 466, also has standardized form contracts. This rule covers all but the largest of generators, including residential solar panels.

06-0633 Ameren Illinois Transmission Company
Petition for Approval of Amendment to General Services Agreement.

Ameren Illinois Transmission Company, along with AmerenIP, was authorized in 2007 to construct a lengthy high-voltage 345 kV electric transmission line in order to connect a generating plant under construction to the Ameren transmission system. In the docket, the Commission examined the proposed participation by Ameren Illinois Transmission Company in the Ameren General Services Agreement to ensure that such participation would be fair to AmerenIP ratepayers and consistent with the public interest. A final order was entered approving the proposal.

07-0310 Commonwealth Edison Company
Application for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406 of the Illinois Public Utilities Act, to construct, operate and maintain a new 138,000-volt electric transmission line in Kane and McHenry Counties, Illinois.

This was a docket to determine the route of the third phase of the Northwest reliability project to provide electric service to Kane and McHenry Counties. Since there has been a population growth in the area, it was necessary to increase the load capacity for this region. There were three routes proposed and the route endorsed by Commonwealth Edison and the staff of the Commission was approved.

07-0357 Mt. Carmel Public Utility Co.
Proposed general increase in electric and natural gas rates. (tariffs filed on May 4, 2007)

Request for a rate increase by Mt. Carmel Public Utility Co. for its electric and gas businesses. The Commission granted an increase of $2.6 million for the electric business and approximately $600,000 for the gas business. This was Mt. Carmel's first rate case since the expiration of the 1997 rate freeze.

07-0483 Illinois Commerce Commission On Its Own Motion
Development of net metering standards required by P.A. 95-0420.

This rulemaking is related to docket 06-0525, as net meters are used by interconnecting persons and entities when they interconnect to the electric grid. Net meters measure the flow of electricity in both directions; they keep track of the electricity that interconnecting customers sell to their electric suppliers, as well as that which they receive. This rulemaking set the requirements that an application for a net meter must have; how a utility determines priority amongst the applications for net meters; how billing for electricity is to take place when the electric supplier is an Alternative Retail Electric Supplier; how billing is to take place when the electric supplier is a traditional electric provider; and many other issues involved in the interconnection process.

07-0539 Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS and Illinois Power Company d/b/a AmerenIP

Approval of Energy Efficiency and Demand Response Plan
Consol.
07-0540 Commonwealth Edison Company

Petition for Approval of the Energy Efficiency and Demand-Response Plan pursuant to Section 12-103(f) of the Public Utilities Act.

Pursuant to recently-enacted legislation, (Section 12-103(f) of the Public Utilities Act) for the first time, electric suppliers are required to proffer the energy efficiency programs that have been available to ratepayers in several other states for many years. In these two dockets, the Commission approved the energy efficiency plans that the Ameren companies and the Commonwealth Edison Company will provide to their customers. Typically, these plans offer discounts on things that are energy efficient, like new appliances or light bulbs. The energy efficiency programs proffered will decrease the need for use of electricity, thereby decreasing the need for generation and/or increased generation, which, generally, has the overall effect of decreasing the cost of electricity for all ratepayers, as well as the cost of electricity for the persons or entities that purchase or acquire energy efficient product through the programs. Energy efficiency plans also decrease the use of electricity when electricity is the most expensive, when it is at "peak demand" (on hot days from noon to the afternoon).

07-0566 Commonwealth Edison Company
Proposed general increase in electric rates. (Tariffs filed October 17, 2007)

On September 10, 2008, the Commission approved a rate increase for ComEd's delivery services based, in part, on a Stipulation agreed to by Commission Staff and ComEd. The Commission adopted, in large part, ComEd's rate design proposal and initiated a separate proceeding to investigate rate design issues raised by intervenors. The Commission also approved substantially higher rates for the high voltage classes, including industrial users and the railroad class. Among other things, the Order approves workshops for the implementation of "Smart Grid" technologies.

07-0585 Central Illinois Light Company
07-0588 d/b/a AmerenCILCO

07-0586 Central Illinois Public Service Company
07-0589 d/b/a AmerenCIPS

07-0587 Illinois Power Company
07-0590 d/b/a AmerenIP

Proposed general increase in electric and gas delivery service rates. (Tariffs filed November 2, 2007)

On September 24, 2008, the Commission entered an order in these consolidated dockets approving changes in electric and gas delivery service rates for AmerenCILCO, AmerenCIPS, and AmerenIP. Specifically, electric and gas delivery service customers of AmerenCIPS and AmerenIP received rate increases while electric and gas delivery service customers of AmerenCILCO received rate decreases.

08-0066 Illinois Commerce Commission On Its Own Motion
Amendment of 83 Ill. Adm. Code 451.

On October 8, 2008, the Commission entered an order amending 83 Ill. Adm. Code 451, "Certification of Alternative Retail Electric Suppliers." The amendment of Part 451 reflects P.A. 95-0130 that repealed Section 16-115(d)(5) of the Act, concerning reciprocity, effective January 1, 2008. The adopted amendments were effective November 1, 2008.

08-0247 Central Illinois Light Company d/b/a AmerenCILCO
Transmission Project Commitment, Phase in Compliance with the Final Order Approving the Acquisition of Central Illinois Light Company by Ameren Corporation.

This proceeding involves a Commission review to ensure CILCO's compliance with certain conditions and obligations imposed by the Commission in its order approving the acquisition of CILCO by Ameren Corporation. These conditions required the parties to improve transmission capabilities and make power available to wholesale customers. Interim and final orders were entered in the proceeding.

08-0519 Illinois Power Agency
Petition for Approval of Initial Procurement Plan.

This proceeding involves a first-time filing by the Illinois Power Agency of a proposed procurement plan by which electric supply will be obtained for Commonwealth Edison Company and the Ameren companies. Among other things, the proceeding considered whether the procurement plan, and the forecast used in the plan, will ensure adequate, reliable, affordable, efficient and environmentally sustainable electric service at the lowest total cost over time, taking into account any benefits of price stability. There were numerous parties in this proceeding. The Commission approved the procurement plan January 7, 2009.

Gas

07-0241 North Shore Gas Company
Proposed general increase in natural gas rates. (tariffs filed March 9, 2007)
Consol.

07-0242 The Peoples Gas Light and Coke Company
Proposed general increase in natural gas rates. (tariffs filed on March 9, 2007)

In a Final Order entered on February 5, 2008, and for the first time since 1995, the Commission granted approval for The Peoples Gas Company and North Shore Gas Company to increase retail natural gas delivery rates. In addition, the Commission approved a Volume Balancing Adjustment ("VBA") on a four-year trial basis, as well as an Energy Efficiency Program ("EEP") rider that was strongly supported by consumer, governmental and environmental intervenors. At the same time, the Commission rejected Rider ICR, a proposed tracker mechanism for costs of accelerating infrastructure improvements in the City of Chicago. It also did not approve Rider UBA , an "uncollectible balance adjustment" that would have allowed recovery of the actual natural gas cost portion of bad debt expense.

Many applications for rehearing followed. On March 26, 2008, the Commission granted Rehearing but only on the issue of HUB revenue sharing. In its Order on Rehearing, dated July 30, 2008, the Commission considered, and accepted as reasonable, a proposed resolution of the issue that was supported by all parties to the proceeding.

08-0104 Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS Illinois Power Company d/b/a AmerenIP
Petition for Approval of the Energy Efficiency and Demand-Response Plan.

This docket involves the filing by AmerenCILCO, AmerenCIPS and AmerenIP of proposed energy efficiency and demand response plans for each companies gas operations. An Order was entered by the Commission approving the proposed demand response and efficiency plans on October 15, 2008.

08-0107 MidAmerican Energy Company
Verified Petition for Waiver of 83 Ill. Admin. Code Sections 410.210(a)(3)(E) and 500.330(a)(1)(B)(v).

Newly enacted legislation, Section 8-408 of the Public Utilities Act, allows MidAmerican to offer the same energy efficiency plan to its Illinois customers that it has offered its Iowa customers for many years. In this docket, the Commission approved MidAmerican's pilot energy efficiency plan for its Illinois customers.

Water

07-0502 Illinois-American Water Company
Proposed general increase in water and sewer rates. (Tariffs filed August 31, 2007)

On July 30, 2008, the Commission entered an order approving changes in water and sewer rates for Illinois-American Water Company's ("IAWC") rate areas. Specifically, IAWC's Southern and Chicago-Metro Divisions and Peoria, Streator, Pontiac, South Beloit, Champaign, Pekin, and Sterling Districts received water rate increases of varying degrees. IAWC's Lincoln District received a 0.76 percent water rate decrease. IAWC's Chicago-Metro Division received a 15.58 percent sewer rate decrease.

07-0620 Aqua Illinois, Inc.
Proposed general increase in water and sewer rates for its Hawthorn Woods Service Area. (Tariffs filed November 16, 2007)

07-0621 Aqua Illinois, Inc.
Consol.
Proposed general increase in water and sewer rates for its Willowbrook Service Area. (Tariffs filed November 16, 2007)

08-0067 Aqua Illinois, Inc.
Proposed general increase in water rates for its Vermillion service area. (Tariffs filed January 2, 2008)

This consolidated docket was a request for a rate increase in all of these service areas. Though the Company's revenue requirements showed it could have justified a greater increase, the company and staff agreed to cap any increases at 35 percent. The parties worked together to resolve most of the issues and the final order was approved by the Commission on November 13, 2008.

Appendix B

Emission Allowance Reports

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

October 1, 2007
to
December 31, 2007

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	121,154	(95,222)	(18,798)	9,071	0	16,205
2	1996	16,205	121,154	(131,888)	(16,000)	25,694	0	15,165
3	1997	15,165	121,154	(151,751)	(36,300)	88,113	1	36,382
4	1998 *	36,382	114,176	(102,252)	(26,000)	27,360	0	49,666
5	1999 **	49,666	107,830	(87,461)	(16,000)	20,817	0	74,852
6	2000	74,852	64,225	(105,162)	(132)	55,571	2,409	91,763
7	2001	91,763	64,225	(90,673)	(107,061)	87,240	545	46,039
8	2002	46,039	64,225	(100,305)	(16,150)	62,074	545	56,428
9	2003	56,428	64,225	(90,120)	(13,866)	17,610	545	34,822
10	2004	34,822	64,225	(90,532)	(12,358)	31,437	545	28,139
11	2005	28,139	64,225	(83,905)	(41,044)	91,257	545	59,217
12	2006	59,217	64,225	(56,443)	(69,280)	43,411	545	41,675
13	2007	41,675	64,225	(62,822)	(54,280)	54,227	545	43,570

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	-	64,225	-	(54,280)	53,452	545	63,942
15	2009	-	64,225	-	0	2,500	545	67,270
16	2010	-	64,649	-	0	0	(702)	63,947
17	2011	-	64,649	-	0	0	230	64,879
18	2012	-	64,649	-	0	0	230	64,879
19	2013	-	64,649	-	0	0	230	64,879
20	2014	-	64,649	-	0	0	230	64,879
21	2015	-	64,649	-	0	0	230	64,879
22	2016	-	64,649	-	0	0	230	64,879
23	2017	-	64,649	-	0	0	230	64,879
24	2018	-	64,649	-	0	0	230	64,879
25	2019	-	64,649	-	0	0	230	64,879
26	2020	-	64,649	-	0	0	(702)	63,947
27	2021	-	64,649	-	0	0	230	64,879
28	2022	-	64,649	-	0	0	230	64,879
29	2023	-	64,649	-	0	0	230	64,879
30	2024	-	64,649	-	0	0	230	64,879
31	2025	-	64,649	-	0	0	230	64,879

* Allocation reduced by 6,978 due to termination of Phase I substitution plans for Grand Tower 7 and 8 and Meredosia 1, 2, 3, 4, and 6 in 1998.

** Allocation reduced by 6,346 due to termination of Phase I substitution plan for Newton 2 in 1999.

ALLOWANCE REPORTING FORM

Ameren Energy Generating Company

Reporting Period

July 1, 2008
to
September 30, 2008

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	1995	0	121,154	(95,222)	(18,798)	9,071	0	16,205
2	1996	16,205	121,154	(131,888)	(16,000)	25,694	0	15,165
3	1997	15,165	121,154	(151,751)	(36,300)	88,113	1	36,382
4	1998 *	36,382	114,176	(102,252)	(26,000)	27,360	0	49,666
5	1999 **	49,666	107,830	(87,461)	(16,000)	20,817	0	74,852
6	2000	74,852	64,225	(105,162)	(132)	55,571	2,409	91,763
7	2001	91,763	64,225	(90,673)	(107,061)	87,240	545	46,039
8	2002	46,039	64,225	(100,305)	(16,150)	62,074	545	56,428
9	2003	56,428	64,225	(90,120)	(13,866)	17,610	545	34,822
10	2004	34,822	64,225	(90,532)	(12,358)	31,437	545	28,139
11	2005	28,139	64,225	(83,905)	(41,044)	91,257	545	59,217
12	2006	59,217	64,225	(56,443)	(69,280)	43,411	545	41,675
13	2007 ***	41,675	64,225	(62,091)	(54,280)	54,227	545	44,301

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2008	44,301	64,225	(35,622)	(54,280)	53,452	545	72,621
15	2009	-	64,225	-	0	2,500	545	67,270
16	2010	-	64,649	-	0	0	(702)	63,947
17	2011	-	64,649	-	0	0	230	64,879
18	2012	-	64,649	-	0	0	230	64,879
19	2013	-	64,649	-	0	0	230	64,879
20	2014	-	64,649	-	0	0	230	64,879
21	2015	-	64,649	-	0	0	230	64,879
22	2016	-	64,649	-	0	0	230	64,879
23	2017	-	64,649	-	0	0	230	64,879
24	2018	-	64,649	-	0	0	230	64,879
25	2019	-	64,649	-	0	0	230	64,879
26	2020	-	64,649	-	0	0	(702)	63,947
27	2021	-	64,649	-	0	0	230	64,879
28	2022	-	64,649	-	0	0	230	64,879
29	2023	-	64,649	-	0	0	230	64,879
30	2024	-	64,649	-	0	0	230	64,879
31	2025	-	64,649	-	0	0	230	64,879

* Allocation reduced by 6,978 due to termination of Phase I substitution plans for Grand Tower 7 and 8 and Meredosia 1, 2, 3, 4, and 6 in 1998.

** Allocation reduced by 6,346 due to termination of Phase I substitution plan for Newton 2 in 1999.

*** The 2007 YTD Allowance Usage (column D) was revised to reflect 678 fewer allowances consumed at Hutsonville Unit 6. On April 17, 2008 USEPA approved a petition to use an alternative data substitution methodology for the period between April 6, 2007 and July 18, 2007.

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

October 1, 2007
to
December 31, 2007

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	33,228	(67,924)	0	37,839	246	3,389
2	2001	3,389	33,228	(61,214)	0	38,993	246	14,642
3	2002	14,642	33,228	(46,774)	0	36,528	246	37,870
4	2003	37,870	33,228	(65,446)	0	10,347	246	16,245
5	2004	16,245	33,228	(52,058)	(2,503)	7,653	246	2,811
6	2005	2,811	33,228	(39,999)	(20,534)	33,546	246	9,298
7	2006	9,298	33,228	(37,793)	0	1,454	246	6,433
8	2007	6,433	33,228	(15,084)	0	0	246	24,823
9	2008	-	33,228	-	0	0	246	33,474
10	2009	-	33,228	-	0	0	246	33,474
11	2010	-	29,190	-	0	0	105	29,295
12	2011	-	29,190	-	0	0	105	29,295
13	2012	-	29,190	-	0	0	105	29,295

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2013	-	29,190	-	0	0	105	29,295
15	2014	-	29,190	-	0	0	105	29,295
16	2015	-	29,190	-	0	0	105	29,295
17	2016	-	29,190	-	0	0	105	29,295
18	2017	-	29,190	-	0	0	105	29,295
19	2018	-	29,190	-	0	0	105	29,295
20	2019	-	29,190	-	0	0	105	29,295
21	2020	-	29,190	-	0	0	105	29,295
22	2021	-	29,190	-	0	0	105	29,295
23	2022	-	29,190	-	0	0	105	29,295
24	2023	-	29,190	-	0	0	105	29,295
25	2024	-	29,190	-	0	0	105	29,295
26	2025	-	29,190	-	0	0	105	29,295
27	2026	-	29,190	-	0	0	105	29,295
28	2027	-	29,190	-	0	0	105	29,295
29	2028	-	29,190	-	0	0	105	29,295
30	2029	-	29,190	-	0	0	105	29,295
31	2030	-	29,190	-	0	0	105	29,295

ALLOWANCE REPORTING FORM

Ameren Energy Resources Generating Company

Reporting Period

July 1, 2008
to
September 30, 2008

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	33,228	(67,924)	0	37,839	246	3,389
2	2001	3,389	33,228	(61,214)	0	38,993	246	14,642
3	2002	14,642	33,228	(46,774)	0	36,528	246	37,870
4	2003	37,870	33,228	(65,446)	0	10,347	246	16,245
5	2004	16,245	33,228	(52,058)	(2,503)	7,653	246	2,811
6	2005	2,811	33,228	(39,999)	(20,534)	33,546	246	9,298
7	2006	9,298	33,228	(37,793)	0	1,454	246	6,433
8	2007	6,433	33,228	(15,084)	0	0	246	24,823
9	2008	24,823	33,228	(13,384)	0	0	246	44,913
10	2009	-	33,228	-	0	0	246	33,474
11	2010	-	29,190	-	0	0	105	29,295
12	2011	-	29,190	-	0	0	105	29,295
13	2012	-	29,190	-	0	0	105	29,295

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2013	-	29,190	-	0	0	105	29,295
15	2014	-	29,190	-	0	0	105	29,295
16	2015	-	29,190	-	0	0	105	29,295
17	2016	-	29,190	-	0	0	105	29,295
18	2017	-	29,190	-	0	0	105	29,295
19	2018	-	29,190	-	0	0	105	29,295
20	2019	-	29,190	-	0	0	105	29,295
21	2020	-	29,190	-	0	0	105	29,295
22	2021	-	29,190	-	0	0	105	29,295
23	2022	-	29,190	-	0	0	105	29,295
24	2023	-	29,190	-	0	0	105	29,295
25	2024	-	29,190	-	0	0	105	29,295
26	2025	-	29,190	-	0	0	105	29,295
27	2026	-	29,190	-	0	0	105	29,295
28	2027	-	29,190	-	0	0	105	29,295
29	2028	-	29,190	-	0	0	105	29,295
30	2029	-	29,190	-	0	0	105	29,295
31	2030	-	29,190	-	0	0	105	29,295

FORM 213/21
ALLOWANCE REPORTING FORM

Cordova Energy Company

Reporting Period

October 1, ~~19~~ XX 2007

To

December 31, ~~19~~ XX 2007

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9		-----		-----				
10		-----		-----				
11		-----		-----				
12		-----		-----				
13		-----		-----				

ALLOWANCE REPORTING FORM Cordova Energy Company

Reporting Period

July 1 , 2008 **to** September 30, 2008

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2000	0	0	0	0	0	0	0
2	2001	0	0	1	0	20	0	19
3	2002	19	0	2	0	0	0	17
4	2003	17	0	0	0	0	0	17
5	2004	17	0	1	0	0	0	16
6	2005	16	0	2	0	0	0	14
7	2006	14	0	0	0	0	0	14
8	2007	14	0	2	0	0	0	12
9	2008	12	0	0	0	0	0	12
10		---		---				
11		---		---				
12		---		---				
13		---		---				

Electric Energy Inc.

FORM 213/21

ALLOWANCE REPORTING FORM

Reporting Period
January 1, 2007
To
December 31, 2007

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2007	31,395	-----	26,283	0			5,112
2	2008	28,992	-----	0	0			28,992
3	2009	38,992	-----	0	0	10,000		48,992
4	2010	29,040	-----	0	0			29,040
5	2011	29,040	-----	0	0			29,040
6	2012	29,040	-----	0	0			29,040
7	2013	29,040	-----	0	0			29,040
8	2014	29,040	-----	0	0			29,040
9	2015	29,040	-----	0	0			29,040
10	2016	29,040	-----	0	0			29,040
11	2017	29,040	-----	0	0			29,040
12	2018	29,040	-----	0	0			29,040
13	2019	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2020	29,040	-----	0	0			29,040
15	2021	29,040	-----	0	0			29,040
16	2022	29,040	-----	0	0			29,040
17	2023	29,040	-----	0	0			29,040
18	2024	29,040	-----	0	0			29,040
19	2025	29,040	-----	0	0			29,040
20	2026	29,040	-----	0	0			29,040
21	2027	29,040	-----	0	0			29,040
22	2028	29,040	-----	0	0			29,040
23	2029	29,040	-----	0	0			29,040
24	2030	29,040	-----	0	0			29,040
25	2031	29,040	-----	0	0			29,040
26	2032	29,040	-----	0	0			29,040
27	2033	29,040	-----	0	0			29,040
28	2034	29,040	-----	0	0			29,040
29	2035	29,040	-----	0	0			29,040
30	2036	29,040	-----	0	0			29,040
31	2037	0	29,040	0	0			0

FORM 213/20 Electric Energy, Inc.

ALLOWANCE REPORTING FORM

Reporting Period

January 1, 2008 to September 30, 2008

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	34,105	-----	20,246	0			13,859
2	2009	48,992	-----	0	0			48,992
3	2010	29,040	-----	0	0			29,040
4	2011	29,040	-----	0	0			29,040
5	2012	29,040	-----	0	0			29,040
6	2013	29,040	-----	0	0			29,040
7	2014	29,040	-----	0	0			29,040
8	2015	29,040	-----	0	0			29,040
9	2016	29,040	-----	0	0			29,040
10	2017	29,040	-----	0	0			29,040
11	2018	29,040	-----	0	0			29,040
12	2019	29,040	-----	0	0			29,040
13	2020	29,040	-----	0	0			29,040

Line No.	Compliance Use Date Of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	29,040	-----	0	0			29,040
15	2022	29,040	-----	0	0			29,040
16	2023	29,040	-----	0	0			29,040
17	2024	29,040	-----	0	0			29,040
18	2025	29,040	-----	0	0			29,040
19	2026	29,040	-----	0	0			29,040
20	2027	29,040	-----	0	0			29,040
21	2028	29,040	-----	0	0			29,040
22	2029	29,040	-----	0	0			29,040
23	2030	29,040	-----	0	0			29,040
24	2031	29,040	-----	0	0			29,040
25	2032	29,040	-----	0	0			29,040
26	2033	29,040	-----	0	0			29,040
27	2034	29,040	-----	0	0			29,040
28	2035	29,040	-----	0	0			29,040
29	2036	29,040	-----	0	0			29,040
30	2037	29,040	-----	0	0			29,040
31	2038	0	29,040	0	0			29,040

MidAmerican Energy Company

ALLOWANCE REPORTING FORM

Reporting Period

Oct 1, 20 07

To

December 31, 20 07

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2007	10,435	67,606	61,613	0	1,600	0	18,028
2	2008	-----	67,606	-----	0	0	0	67,606
3	2009	-----	67,606	-----	0	36,571	0	104,177
4	2010	-----	59,139	-----	0	0	0	59,139
5	2011	-----	59,139	-----	0	0	0	59,139
6	2012	-----	59,139	-----	0	0	0	59,139
7	2013	-----	59,139	-----	0	0	0	59,139
8	2014	-----	59,139	-----	0	0	0	59,139
9	2015	-----	59,139	-----	0	0	0	59,139
10	2016	-----	59,139	-----	0	0	0	59,139
11	2017	-----	59,139	-----	0	0	0	59,139
12	2018	-----	59,139	-----	0	0	0	59,139
13	2019	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2020	-----	59,139	-----	0	0	0	59,139
15	2021	-----	59,139	-----	0	0	0	59,139
16	2022	-----	59,139	-----	0	0	0	59,139
17	2023	-----	59,139	-----	0	0	0	59,139
18	2024	-----	59,139	-----	0	0	0	59,139
19	2025	-----	59,139	-----	0	0	0	59,139
20	2026	-----	59,139	-----	0	0	0	59,139
21	2027	-----	59,139	-----	0	0	0	59,139
22	2028	-----	59,139	-----	0	0	0	59,139
23	2029	-----	59,139	-----	0	0	0	59,139
24	2030	-----	59,139	-----	0	0	0	59,139
25	2031	-----	59,139	-----	0	0	0	59,139
26	2032	-----	59,139	-----	0	0	0	59,139
27	2033	-----	59,139	-----	0	0	0	59,139
28	2034	-----	59,139	-----	0	0	0	59,139
29	2035	-----	59,139	-----	0	0	0	59,139
30	2036	-----	59,139	-----	0	0	0	59,139
31	2037	-----	59,139	-----	0	0	0	59,139

MidAmerican Energy Company

ALLOWANCE REPORTING FORM

Reporting Period

July 1, 20 08

To

September 30, 20 08

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
1	2008	18,028	67,606	37,937	0	18,400	1	66,098
2	2009	-----	67,606	-----	0	36,571	0	104,177
3	2010	-----	59,139	-----	0		0	59,139
4	2011	-----	59,139	-----	0	0	0	59,139
5	2012	-----	59,139	-----	0	0	0	59,139
6	2013	-----	59,139	-----	0	1,988	0	61,127
7	2014	-----	59,139	-----	0	9,118	0	68,257
8	2015	-----	59,139	-----	0	0	0	59,139
9	2016	-----	59,139	-----	0	0	0	59,139
10	2017	-----	59,139	-----	0	0	0	59,139
11	2018	-----	59,139	-----	0	0	0	59,139
12	2019	-----	59,139	-----	0	0	0	59,139
13	2020	-----	59,139	-----	0	0	0	59,139

Line No.	Compliance Use Date of Allowances (A)	Beginning Allowance Balance (B)	USEPA Allowance Allocation (C)	YTD Allowance Usage (D)	Allowance Sales (E)	Allowance Acquisitions (F)	USEPA Allocation Adjustments (G)	YTD Allowance Balance (H)
14	2021	-----	59,139	-----	0	0	0	59,139
15	2022	-----	59,139	-----	0	0	0	59,139
16	2023	-----	59,139	-----	0	0	0	59,139
17	2024	-----	59,139	-----	0	0	0	59,139
18	2025	-----	59,139	-----	0	0	0	59,139
19	2026	-----	59,139	-----	0	0	0	59,139
20	2027	-----	59,139	-----	0	0	0	59,139
21	2028	-----	59,139	-----	0	0	0	59,139
22	2029	-----	59,139	-----	0	0	0	59,139
23	2030	-----	59,139	-----	0	0	0	59,139
24	2031	-----	59,139	-----	0	0	0	59,139
25	2032	-----	59,139	-----	0	0	0	59,139
26	2033	-----	59,139	-----	0	0	0	59,139
27	2034	-----	59,139	-----	0	0	0	59,139
28	2035	-----	59,139	-----	0	0	0	59,139
29	2036	-----	59,139	-----	0	0	0	59,139
30	2037	-----	59,139	-----	0	0	0	59,139
31	2038	-----	59,139	-----	0	0	0	59,139

MidAmerican Energy Company