

RATES

Most customers are familiar with their ComEd bill, but not everyone knows how their electric rates are actually established. ComEd's rates are regulated and set by the Illinois Commerce Commission (ICC), a government agency with five members appointed by the Governor of Illinois.

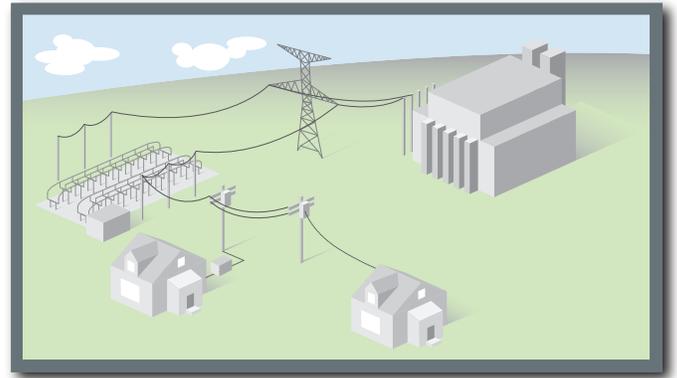
THE TWO COMPONENTS OF ELECTRIC SERVICE

The electric bill is made up of two primary costs:

Electricity Supply is the electricity itself that comes through the electrical wires. Customers in Illinois can shop for electricity supply from more than 75 electric suppliers authorized by the ICC. Typically, the municipality selects a new electric supplier for all of its residents, with the option for customers to choose to remain with ComEd for electricity supply. For those customers that do not choose a competitive retail supplier, ComEd buys electricity in the competitive wholesale market through the Illinois Power Agency and passes it through to customers at cost. ComEd does not earn any profit on the electricity supply.

Delivery Service is the delivery of the electric supply to every home and business in northern Illinois. ComEd provides this service regardless of the choice of supplier. The delivery service rate covers the maintenance of and in ComEd's distribution system. Beyond the upkeep of grid equipment like lines, poles and substations, the delivery service rate also funds storm restoration and the investments being made in smart grid technology, including digital smart meters that give customers greater control over their energy consumption and costs. The delivery service rate is set by the Illinois Commerce Commission in an annual rate-setting process from May to December each year to set rates for the following year.

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KEY TO KNOW...

- The ICC conducts an annual 8-month process to determine ComEd's delivery service rates.
- ComEd does not recover any costs through rates unless those costs have been deemed prudent and reasonable by the ICC.
- ComEd's allowed rate of return is set through a formula established by Illinois law and is one of the lowest rates of return in the nation.
- ComEd's rate of return is lowered if doesn't meet certain customer reliability and performance benchmarks established by law.

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MUNICIPAL AGGREGATION

Municipal aggregation is a process whereby an entire community can purchase energy supply as a group. A municipality will negotiate with alternative energy providers and enter into a purchasing agreement that they believe reflects the best value. Each resident has the option to “opt out” of the program and either select their own supplier or remain with ComEd. Nearly 1.5 million customers have already switched to alternative suppliers, more than 80 percent of which were driven by municipal aggregation. ComEd has long supported electric retail choice in Illinois and works cooperatively with municipalities and suppliers to ensure customer transfers are smooth. ComEd remains the electric delivery company for all customers, regardless of where the electricity supply is purchased.

THE ROLE OF THE ILLINOIS COMMERCE COMMISSION

The ICC has a very important and historic role in establishing the delivery service rate. The ICC is a government agency, made up of five commissioners who are appointed by the Governor and confirmed by the Illinois Senate. The ICC also has a staff of experts on all matters of the utility’s business so they can examine even the most complicated and technical parts of a utility’s rate filing.

In general terms, the process works like this:

- ComEd is required to file its annual rate update in the first half of every year. This filing includes operating, maintenance and investment costs.
- The ICC and other parties (such as the Citizens Utility Board, and the Illinois Attorney General) then spend a number of months examining ComEd’s filing, asking questions or raising concerns. These parties may request additional data or supporting evidence from ComEd.
- Then the case goes before an Administrative Law Judge (ALJ), appointed by the ICC. The ALJ holds a hearing open to the public. The ALJ makes a recommended ruling to the full Commission.
- The five members of the Commission then review the case. They often will conduct a public hearing as well. The ICC rules and sets the official rate for the next year.

OTHER CHARGES ON THE COMED BILL

Although electricity supply and delivery service are the principle components of a ComEd bill, there are other charges as well. These include various state and municipal taxes. It also includes charges to fund the state-mandated energy-efficiency programs that help customers reduce electricity usage and save money.

RATES THAT REFLECT LONG-TERM VALUE

Over the last two decades, ComEd rates have been remarkably stable. Residential customers paid 5 percent less in 2012 than they did in 1995. When adjusted for inflation, customers paid 27 percent less.

- ComEd rates are 18 percent lower than the national average.

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