

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company :
: **04-0424**
Petition pursuant to Section 7-101 of the :
Public Utilities Act for consent to enter :
into a credit agreement to which :
affiliated interests are parties. :

ORDER

By the Commission:

On June 7, 2004, Commonwealth Edison Company (“ComEd”) filed with the Illinois Commerce Commission (“Commission”) its Verified Petition, pursuant to Section 7-101 of the Public Utilities Act (the “Act”) (220 ILCS 5/7-101), for consent to enter into a credit agreement to which affiliated interests are parties.

Based upon a review of the Verified Petition and other documentation provided by ComEd to the Staff of the Commission, the Commission’s Staff filed a written Answer to the Verified Petition in which it recommended that the Verified Petition be granted by the Commission. The Administrative Law Judge reviewed the foregoing and found there were sufficient facts presented so that ComEd’s request that a hearing be waived was granted.

Facts Presented

ComEd is an Illinois corporation with its principal offices in Chicago, Illinois. ComEd is engaged in the business of furnishing electric utility service to the public in the State of Illinois and, as such, is a public utility within the meaning of the Act.

PECO Energy Company (“PECO”) is a corporation organized and existing under the laws of the State of Pennsylvania. PECO is a public utility providing electric service to customers in the State of Illinois.

ComEd and PECO are direct subsidiaries of Exelon Energy Delivery, LLC (“EED”), a limited liability company organized and existing under the laws of the State of Delaware, and indirect subsidiaries of Exelon Corporation (“Exelon”), a corporation organized and existing under the laws of the State of Pennsylvania. Accordingly, PECO, EED and Exelon are affiliated interests of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101).

Exelon Generation Company, LLC (“Genco”) is a Pennsylvania limited liability company engaged in the business of generating electric power and energy. Genco is a direct subsidiary of Exelon Ventures LLC, a limited liability company organized and

existing under the laws of Delaware and an indirect subsidiary of Exelon. Accordingly, Genco is an "affiliated interest" of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101).

Bank One, NA. ("Bank One"), headquartered in Chicago, Illinois, is a national banking association and provides commercial lending and banking services as well as corporate trust services. A director of Exelon is also a director of Bank One. Accordingly, Bank One is an "affiliated interest" of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101). Bank One has recently announced its involvement in a merger transaction involving JP Morgan Chase, a global financial services corporation. Consequently, Bank One may cease to be an "affiliated interest" of ComEd during the pendency of the transactions referenced herein and JP Morgan Chase may become an affiliate if the involved Exelon director becomes a director of JP Morgan Chase.

Northern Trust Bank ("Northern") is an Illinois banking corporation headquartered in Chicago, Illinois. A director of Exelon is also a director of Northern. Accordingly, Northern is an "affiliated interest" of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101).

Morgan Stanley ("Morgan") is a global financial services corporation organized and existing under the laws of Delaware and provides investment banking and related services. A director of Exelon is also a director of Morgan. Accordingly, Morgan is an "affiliated interest" of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101).

In June of 2004, ComEd, PECO, Exelon, and Genco ("Borrowers") intend to enter into a revolving credit agreement ("Credit Agreement") with a number of other financial institutions, including Bank One, Northern and Morgan (the "Banks"). Other than Bank One, Northern, and Morgan, none of the Banks are currently an "affiliated interest" of ComEd as that term is defined in Section 7-101 of the Act (220 ILCS 5/7-101). However, it is possible that, from time to time, ComEd, PECO, Exelon, or Genco may become affiliated with other parties to the Credit Agreement through changes in their officers or directors or through changes in the affiliations of their officers or directors or due to the aforementioned merger transaction contemplated by Bank One and JP Morgan Chase. Similarly, there is the possibility that one or more financial institutions may "take over" the commitments of a Bank. Accordingly, it is possible that one or more such financial institutions may become affiliated with ComEd, PECO, Exelon, or Genco.

The Credit Agreement will be effective on or about July 15, 2004. Subject to the terms and conditions set forth therein, the multi-year Credit Agreement expires no later than January 1, 2010. A copy of the Credit Agreement, which includes the full terms and conditions of the Credit Agreement, was submitted by the Petitioner.

The Credit Agreement is a type of agreement sometimes referred to as a "revolving credit agreement." Pursuant to such an agreement, funds may, but are not

required to, be borrowed throughout the term of the agreement (as extended) up to the total amount permitted under the agreement. When funds borrowed under the agreement are repaid, the amount so repaid may once again be borrowed, so long as the outstanding aggregate principal amount borrowed is no more than the total amount permitted, here up to \$1,000,000,000.

Under the terms of the agreement, the credit sublimit is a maximum amount that can be borrowed by each borrower under the Credit Agreement. The initial credit sublimit amounts for ComEd, PECO, Exelon, and Genco are expected to be \$50,000,000, \$125,000,000, \$275,000,000, and \$300,000,000, respectively. The maximum sublimit amounts shall not exceed \$1,000,000,000 for ComEd, \$1,000,000,000 for PECO, \$1,000,000,000 for Exelon and \$1,000,000,000 for Genco. These sublimits can be adjusted. The Credit Agreement will permit the issuance of letters of credit for the account of ComEd, PECO, Exelon, or Genco, provided that the aggregate amount of all letters of credit do not exceed \$600,000,000. However, the total of all amounts borrowed within the sublimits including outstanding letters of credit, will not, at any time, exceed the amount of the Credit Agreement.

Upon entry into the Credit Agreement, Exelon paid an initial fee, referred to as an “upfront fee,” of between 17.5 and 35.0 basis points. However, the final “upfront fee” will not be known until such time as negotiations are completed with the bank group. In addition, throughout the term of the Credit Agreement (as extended), Exelon will pay “facility fees.” The current facility fees associated with ComEd’s sublimit are between ten and thirty basis points, based on ComEd’s long-term senior unsecured non-credit-enhanced debt ratings. However, the final “facility fees” will not be known until such time as negotiations are completed with the bank group. The facility fees are payable on each Bank’s commitment amount, irrespective of actual borrowings under the Credit Agreement, quarterly in arrears on the last day of each March, June, September and December, and on the termination date (as extended) of the Credit Agreement. These fees are consistent with market rates.

Under the Credit Agreement, each of the Banks has made a commitment to fund a specified portion of ComEd’s credit sublimit. Northern, and Morgan are two of the Banks that have made such commitments. Northern’s, and Morgan’s individual commitments to ComEd will be no more than \$100,000,000. However, if Bank One is unsuccessful in consummating its contemplated merger transaction, Bank One’s commitment will be no more than \$100,000,000. The Credit Agreement does not allow ComEd to favor Bank One, Northern, Morgan or any other financial institution over the other Banks.

Under the Credit Agreement, ComEd has the option to choose from two types of borrowings — a “Eurodollar Rate” Advance or a “Base Rate” Advance. If ComEd selects a Eurodollar Rate Advance, ComEd will pay a rate per annum equal to the sum of the London interbank market rate (i.e., “LIBOR”) for each applicable Interest Period plus the Applicable Margin (between fifty-five and one hundred basis points based on ComEd’s long-term senior unsecured non-credit-enhanced debt ratings) in effect for ComEd. If ComEd selects a Base Rate Advance, ComEd will pay a fluctuating interest

rate per annum which shall at all times be equal to the higher of (a) the Prime Rate and (b) the sum of 0.5% per annum plus the Federal Funds rate in effect from time to time.

ComEd has evaluated the relevant terms, conditions, and costs of the other credit options available to it and has determined that entry into the Credit Agreement is preferable.

The affiliated relationships between ComEd and PECO, Exelon, Genco, Bank One, Northern, and Morgan, have had no effect on ComEd's evaluation of whether to seek approval of the Credit Agreement.

Approval of the Credit Agreement under the circumstances set forth herein will result in an economical source of revolving credit which ComEd needs to ensure that it can continue to conduct business and meet its obligations under the Act. Accordingly, the public would be inconvenienced thereby.

ComEd is seeking approval of this Credit Agreement because this facility will be used for general corporate purposes and is required to support commercial paper.

ComEd has not and does not expect to draw on the facility and has not incurred any expense under the Credit Agreement.

ComEd requested expedited consideration of its Verified Petition and further requested that a hearing be waived.

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) ComEd is a corporation organized and existing under the laws of the State of Illinois. ComEd is engaged in the business of providing electric service to customers in the State of Illinois. ComEd is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over ComEd, a public utility as defined by Section 3-105 of the Act;
- (3) the recitals of fact and conclusions reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law; and
- (4) the proposed transaction is in the public interest and the public will be inconvenienced thereby and ComEd's Verified Petition should therefore be approved.

IT IS THEREFORE ORDERED that the consent and approval of the Illinois Commerce Commission is granted to Commonwealth Edison Company to enter into the Credit Agreement, and to act in accordance with the terms and conditions of such Credit Agreement.

IT IS FURTHER ORDERED that approval is granted to Commonwealth Edison Company to do any and all other things not contrary to law that are necessary and appropriate for the performance of any and all acts authorized herein.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 8th day of July, 2004.

(SIGNED) EDWARD C. HURLEY

Chairman