Exhibit 3-1: EBSC Activity Summary

- As mentioned in Section 3 – Organization Overview, Booz Allen identified over 100 distinct activities being performed by EBSC. This exhibit provides a summary of those activities within each practice area, cost center and EDSS. Please refer to the report for overall conclusions.

Commercial Operations Group

Accounts Payable	*See sub-activities below*
Invoice Processing Services	Process vendor payments; resolve invoice discrepancies; reconcile cash disbursements to cash system; reconcile AP to General Ledger
Accounting Services	Conduct tax reporting; identify and recover potential duplicate payments and unrecovered credits
P Card Administration	Provide record retention and management services; administer file transfers; reconcile Pcard clearing accounts
Procurement Services	Identify, analyze and adjust out-of-tolerance conditions

Benefit Plan Accounting Services(1)	*See sub-activities below*
Accounting Services	Conduct record keeping and financial statements; perform pay period reconciliations; coordinate independent financial audits
Governmental Reporting	Prepare PBGC Form 1, Form 1 ES and Report of Underfunded Plans; prepare SEC Form 11K
3rd Party Payment Services	Facilitate payment of 3rd party service providers such as AON and Fidelity for benefit programs

(1) Activities and personnel were transferred to Finance Practice Area during 2006

Commercial Operations Group (cont'd)

Chauffeur Services	Provide executive transportation and dispatching services
Employee Service Center	*See sub-activities below*
Benefits Administration	Administer benefits programs; monitor 3rd party vendor services; manage and deliver open enrollment; provide voice-response and web-enabled systems for transaction support
Workers Compensation & Claims Administration	Administer workers compensation; perform litigation management services; deliver medical services and manage contracts
Event / Meeting Planning Services	Prepare event-related communications; identify, evaluate and select external service providers
Fitness for Duty Services	Conduct drug and alcohol testing; provide medical review officer services; manage contracts
Media Production Services	Provide photography, photo printing and videography services

Commercial Operations Group (cont'd)

Operational Support Services	*See sub-activities below*
Support Current-State Technology (PeopleSoft)	Apply upgrades / updates to technology platform remain current
Support / Help Desk	Respond to requests for special reports, queries and general information
Data Integrity / Payroll Liaison	Monitor system for irregularities; assure proper treatment of retroactive records; manage unusual pay rules; maintain payroll system table
Implement PeopleSoft Changes	Manage implementation of large-scale Human Resources related PeopleSoft changes
Consulting Services	Coordinate benchmarks and operational metrics; provide services for HR solutions

Commercial Operations Group (cont'd)

Payroll Services	*See sub-activities below*
Support Time Collection & Data Validation	Provide oversight and support of timekeeping function
Process Payroll & Other Employee Payments	Account for payroll payments and account reconciliations (G/L accounts); manage benefit plan-related accounting processes
Tax Filings & Government Reporting	Prepare tax withholdings, tax deposits, tax filings, income taxes, FICA and Medicare taxes, unemployment taxes; manage W-2 forms
Deduction & Garnishments	Manage child support payroll deductions and related payments

Communications

Management and Administration	Provide communications strategy and direction
Charitable Activities	Coordinate charitable gifts / giving; prepare regulatory and tax filings in compliance with charitable giving
External	Develop and maintain internet website; prepare annual report and develop shareholder communications, including financial publications; manage and engage media relations (PR and media engagement)
Advertising	Manage advertising and brand management; execute sponsorship arrangements
Internal	Develop and execute employee communications; provide policy guidance & direction; develop and manage intranet; support HR related communications

Corporate Secretary

Office of Corporate Secretary	Administer Board compensation and expenses programs for Exelon and subsidiaries; prepare proxy; coordinate and execute shareholder meeting; manage ethics program (training and reporting hotline); develop and maintain Code of Business Conduct Certification; maintain Exelon Securities Trading Procedure

Corporate Strategy

Develop, Implement and Communicate Direction and Strategy	Develop, implement and communicate overall direction and strategy; analyze key issues facing Exelon; provide analytical support to business units in addressing key strategic issues

Finance

Management and Administration	Provide functional leadership, strategy and direction; standardize processes and procedures
Investor Relations	*See sub-activities below*
Investor Relations	Develop and publish financial reports; prepare quarterly earnings releases; develop weekly management reports; manage financial community relationships
Shareholder Services	Address shareholder inquiries; manage transactional processes

Finance (cont'd)

Controller	*See sub-activities below*
External Financial Reporting	Perform consolidation accounting; prepare financial statements
General Accounting	Perform monthly and quarterly close; support conclusions made on accounting issues; conduct transaction analysis
Management Reporting	Prepare monthly T-1 and T+3 reports; prepare Quarterly Management Meeting package; conduct BOD and Corporate Executive reporting
Transaction Processing	Provide billing, cash, reconciliations, PP&E transactrion services; oversee AP and payroll activities
Internal Controls	Conduct process certifications; conduct controls assessment; reengineer controls; provide general oversight of control environment

Finance (cont'd)

Tax	*See sub-activities below*
Federal, State & Local Tax Compliance & Reporting	Prepare and file Federal, state and local tax filings; review and approve financial statements and disclosures; prepare consolidations; ensure compliance with federal, state and local tax codes / laws
Tax Planning	Provide guidance and analysis to minimize tax liabilities
Tax Accounting	Perform tax account reconciliations; conduct research on relevant tax issues
Treasury	*See sub-activities below*
Capital Markets Services	Manage corporate commitment fees; provide financial planning and policy; manage bank relationships; manage ratings agencies; provide overall economic governance, oversight and performance; prepare dividend policy and administer dividend payments; conduct debt issuance; determine and manage capital structure
Cash Management	Prepare cash forecast; issue commercial paper; administer utility cash pool; prepare daily cash reports

Finance (cont'd)

Planning & Analysis	*See sub-activities below*
Financial Forecasting	Define and implement standards; implement corrective action programs if necessary; define and implement standards for budgeting process; prepare and approve budgets; conduct / manage short and long-term planning; establish corporate financial goals
Capital Evaluation	Evaluate and provide decision support for capital project finance activities
Management Reporting	Measure performance against budgets; conduct business unit, financial and operational metric and initiative reporting
Financial & Economic Analysis, Decision Support	Develop business case development support; prepare net present value evaluations for management decisions

Finance (cont'd)

Risk Management	*See sub-activities below*
Risk Management & Governance	Establish appropriate risk appetite; coordinate risk management activities; conduct risk mapping
Insurance	Stabilize cash flows; risk avoidance; perform benchmarking activities
Internal Audit	Assess risks; evaluate internal controls; perform management, operational and compliance audits
Corporate Development	Evaluate and prioritize merger and acquisition opportunities; evaluate divestitures; provide financial and transaction support to restructuring projects

Government and Environmental Affairs

Government Affairs	*See sub-activities below*
Federal Policy Issue Management & Coordination	Monitor Federal laws and development; manage governmental stakeholder relationship; develop strategy and advocacy at the Federal level; analyze emerging issues; manage trade associations
Wholesale Market Development Activities	Develop and file FERC documents; support interaction with FERC for operating companies; monitor filings made by RTO's at the FERC
Political Action Committee Administration and Operation	Administer Political Action Committee; manage fundraising; process checks; file Federal Election Commission filings
Environmental Health & Safety	*See sub-activities below*
Develop Environmental Policies	Develop corporate environment and safety programs; improve relationship with external stakeholders
Monitor, Audit & Report on Compliance Activities	Monitor, audit and report on environmental and safety compliance issues; monitor corporate compliance with environmental health and safety policies and programs

Human Resources

Management and Administration	Provide strategic direction, governance and oversight on people-related issues
Executive Compensation and Benefit Plans	Develop Executive compensation and benefits plans
Leadership and Management Development	Develop and implement education programs; oversee talent management; manage and monitor assessments and assessment process; conduct development planning; conduct change management
Recruitment	Provide recruiting services for both Executive and non-Executive positions
HR Planning and Development	Support development and implementation of corporate-wide HR initiatives
Diversity Initiatives	Develop and oversee diversity initiatives

Human Resources (cont'd)

Employee Compensation and Benefits	Develop competitive total compensation and incentive packages; understand best practices
HR Field Units	Manage day-to-day employee relations; manage workforce planning activities
Labor and Employee Relations	Develop Corporate employee relations strategy for represented and non-represented employees
Security Services	Oversee and administer security services such as conducting internal and external investigations, selecting and testing workplace security systems and coordinating crisis management response for security-related events

Information Technology

Applications	Manage application development, application software licensing and contract labor
Maintenance and Support	Manage help desk; maintain hardware and software
Workstations	Manage desktop leases, printers, desktop software licenses (Operating System, Office, etc.)
Telecom	Manage voice network (phone, mobile), data network, router and connectivity infrastructure and contract labor
Projects	Manage internal and external costs and resources associated with executing / implementing IT projects across Exelon
Data Center	Manage mainframe leases, system software, contract labor and facilities
Governance	Oversee IT systems; establish policies and procedures; establish user permissions

Legal Services

General Counsel	Oversee BSC Legal department; ensure business strategies, policies, procedures and programs are developed and applied in full recognition of legal implications and risks and are legally sound
Other Legal Services	Address lawsuits, proceedings, transactions or other legal matters (Litigation, Labor & Employment, Corporate & Commercial, Regulatory); manage contract negotiations and conduct contract management training

Supply

Strategic Sourcing	Manage enterprise-wide supply contracts and programs; manage long-term contracting; develop procedures for contract administration
Supply Support	Develop supply strategy; develop standards for control and reporting; manage shared infrastructure and services; provide financial control oversight; facilitate and manage business planning; provide eBusiness solutions
Supply Operations	*See sub-activities below*
Tactical Buying	Manage daily, transactional purchases
Materials and Services Management	Optimize stocking levels; automate supply process; inventory strategy
Warehousing and Logistics	Manage materials shipping, receiving and storage
Fulfillment Management	Ensure material is available and delivered on time; manage just-in-time inventory; perform benchmarking and analysis
Investment Recovery	Maximize returns through investment recovery; manage obsolete / stranded inventory; environmental management and compliance
Procurement Engineering (Nuclear Only)(2)	Manage the specific requirements of Supply related to Nuclear

(2) Services solely benefit and are billed to Exelon Generation

Energy Delivery Shared Services

Management and Administration	Provide oversight of shared services between EED companies; oversee planning at an EED level
Meter Reading	Manage ComEd meter readers and AMR program at PECO
Customer Billing	Manage ComEd and PECO billing employees
Payment Processing	Manage ComEd and PECO payment processing centers
Call Center Administration	Manage ComEd and PECO call centers
Customer Ops Planning	Set and evaluate operating metrics and goals for the Customer Operations areas such as call volumes, wait times, etc
Marketing and Support Services	Develop marketing strategy; conduct marketing research; manage bill insert program
Training	Provide training for linemen; execute maintenance and safety training; develop other frontline workforce training; conduct field and technical services training; conduct customer and marketing training
Fleet Management	Provide purchasing, leasing and maintenance of Exelon vehicles

Energy Delivery Shared Services (cont'd)

Asset Performance and Investment Strategy	Evaluate transmission system to determine investment needs and determine asset replacement needs; understand macro and micro issues to support system design
Contract Management	Conduct project management for contracted work related to maintenance or capital projects
Environmental & Vegetation Management	Provide planning and execution of tree / vegetation trimming
EDSS Property Management	Oversee utility property management; manage real estate acquisition and land management; manage and maintain real estate records; provide real estate property tax services; provide real estate leasing and sales service; provide building operations and maintenance services and general building services
EDSS Finance	Provide financial planning and analysis for EED; conduct load forecasting for ComEd and PECO; support both ComEd and PECO
Tax & Controller for EDSS	Oversee tax and controller functions within utility operations; support and consolidation of EED accounting
Severance	Account for payments made to severed employees
IT Support	Manage EED IT projects; manage projects specific to an EED entity, such as SCADA or meter reading and billing systems
Document Services	Provide management and oversight of activities to develop maps and other formal documents for bodies such as regulatory commissions (actual activities are embedded in EED)

Energy Delivery Shared Services (cont'd)

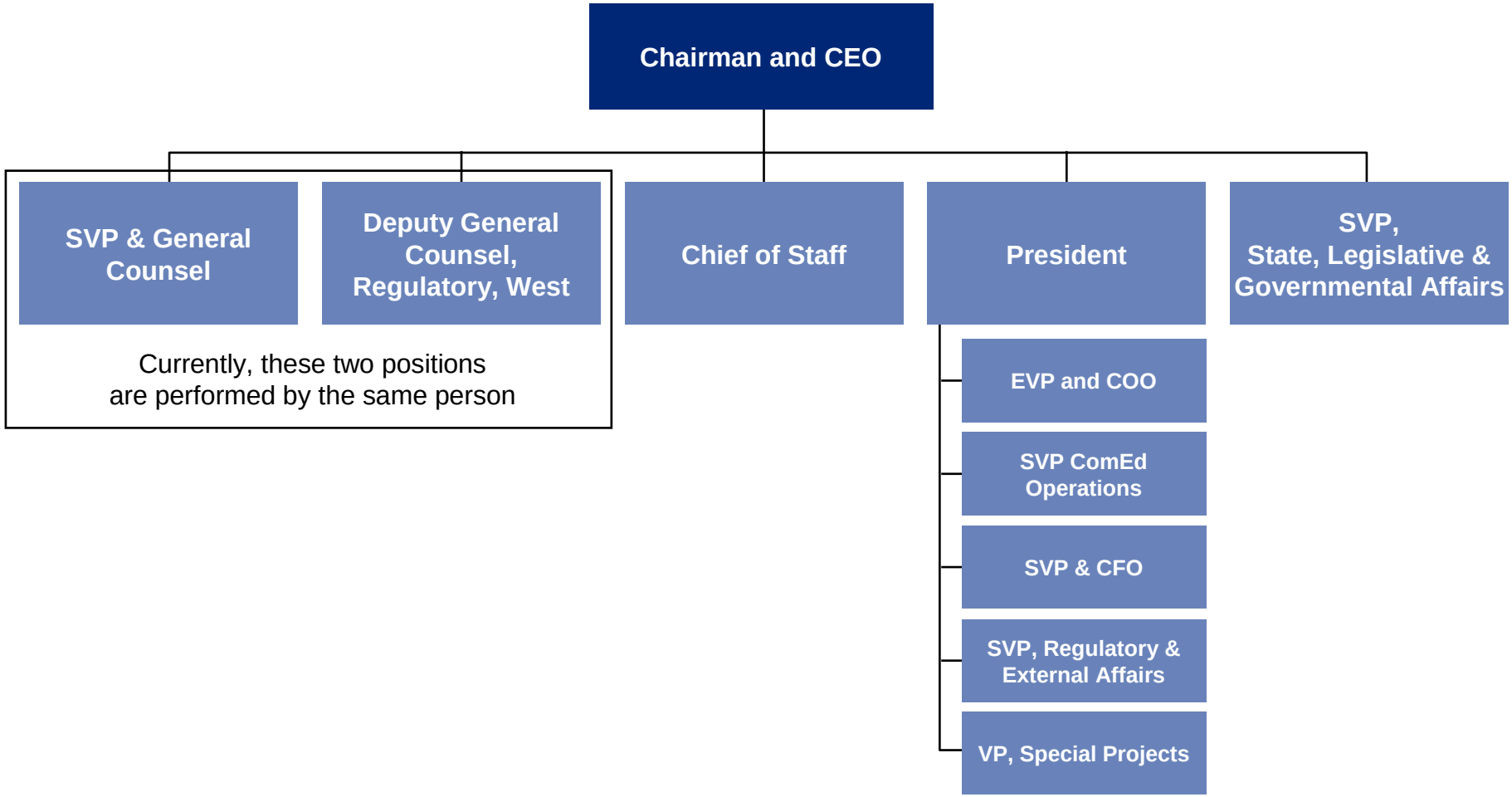
Engineering	Prepare project design and cost estimates; estimate material and other requirements
Quality Assurance	Perform operational audits to ensure that work is being conducted in accordance with safety guidelines and company policies
R&D	Participate in industry groups (EPRI, etc.); manage membership fees; manage conference travel for EED personnel
T&D Planning	Conduct system capacity expansion planning; conduct RTO interface planning
T&D Operations	Manage control centers for ComEd and PECO transmission control center; conduct outage planning management

Cost Centers

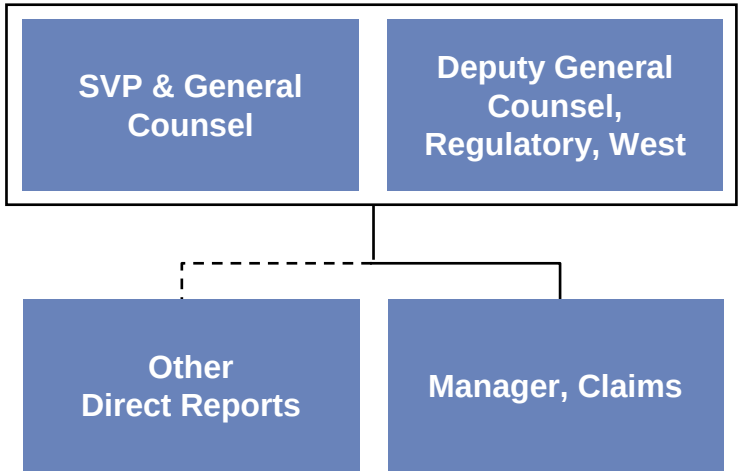
Management and Administration	Provide corporate strategic direction of cost center activities
Public Affairs and Issues Management	Coordinate state legislative activity
General Company Activities	Clear intra-company accounts; provide support services for BSC
Overheads	Costs related to executive travel; incremental benefits; depreciation
Severance Costs	Costs related to employee separation as a result of headcount reduction programs

Exhibit 3-2: ComEd Organization Charts

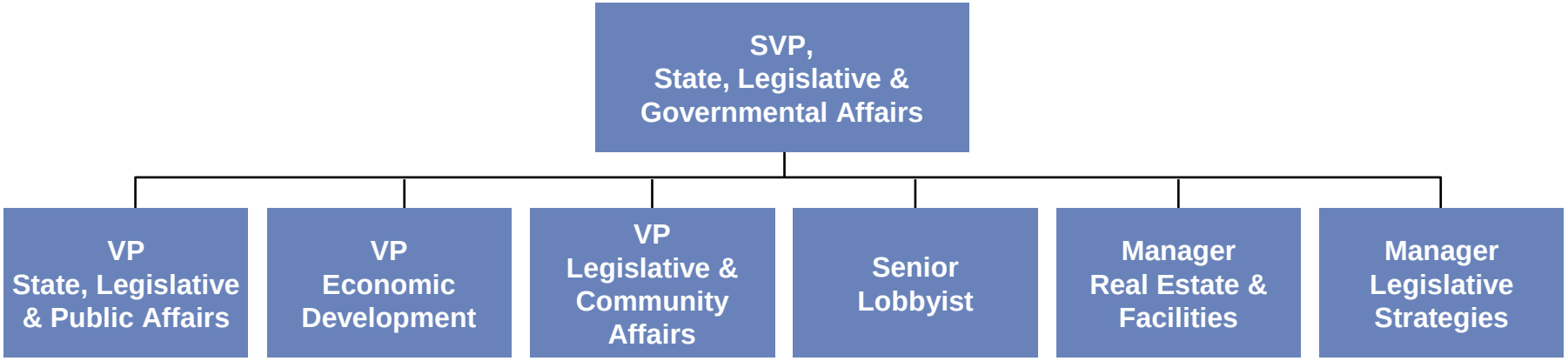
ComEd High Level Organization Overview



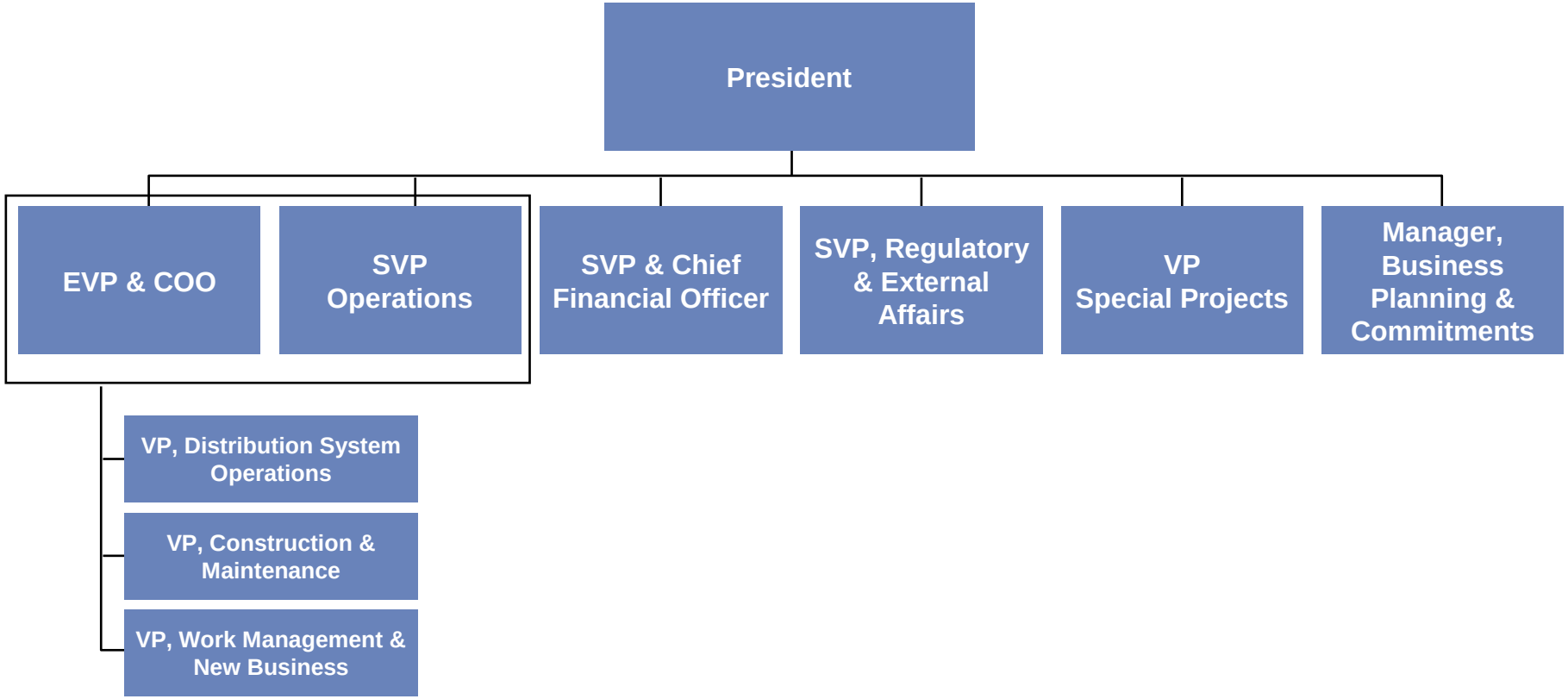
ComEd – Office of the General Counsel



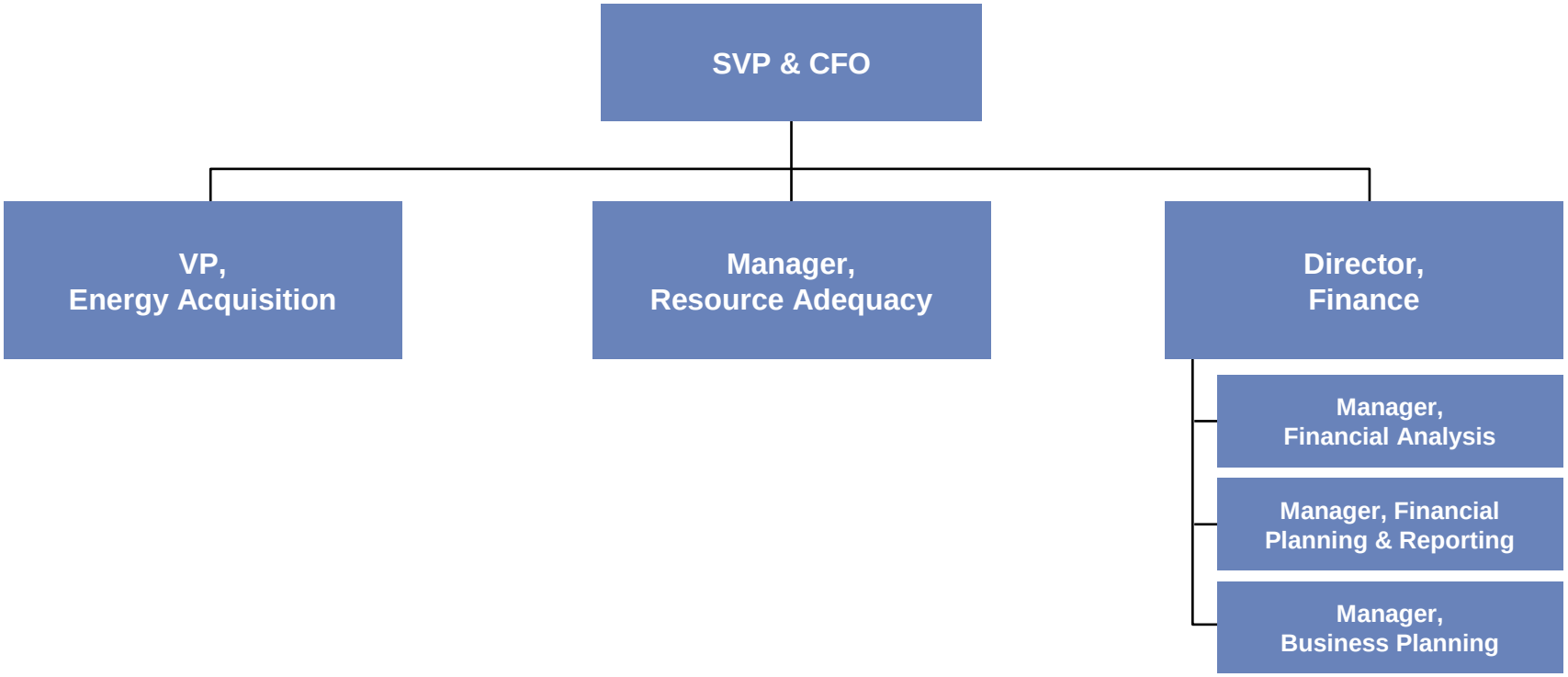
ComEd – State, Legislative & Governmental Affairs



ComEd – Office of the President



ComEd – Finance



ComEd – Regulatory & External Affairs

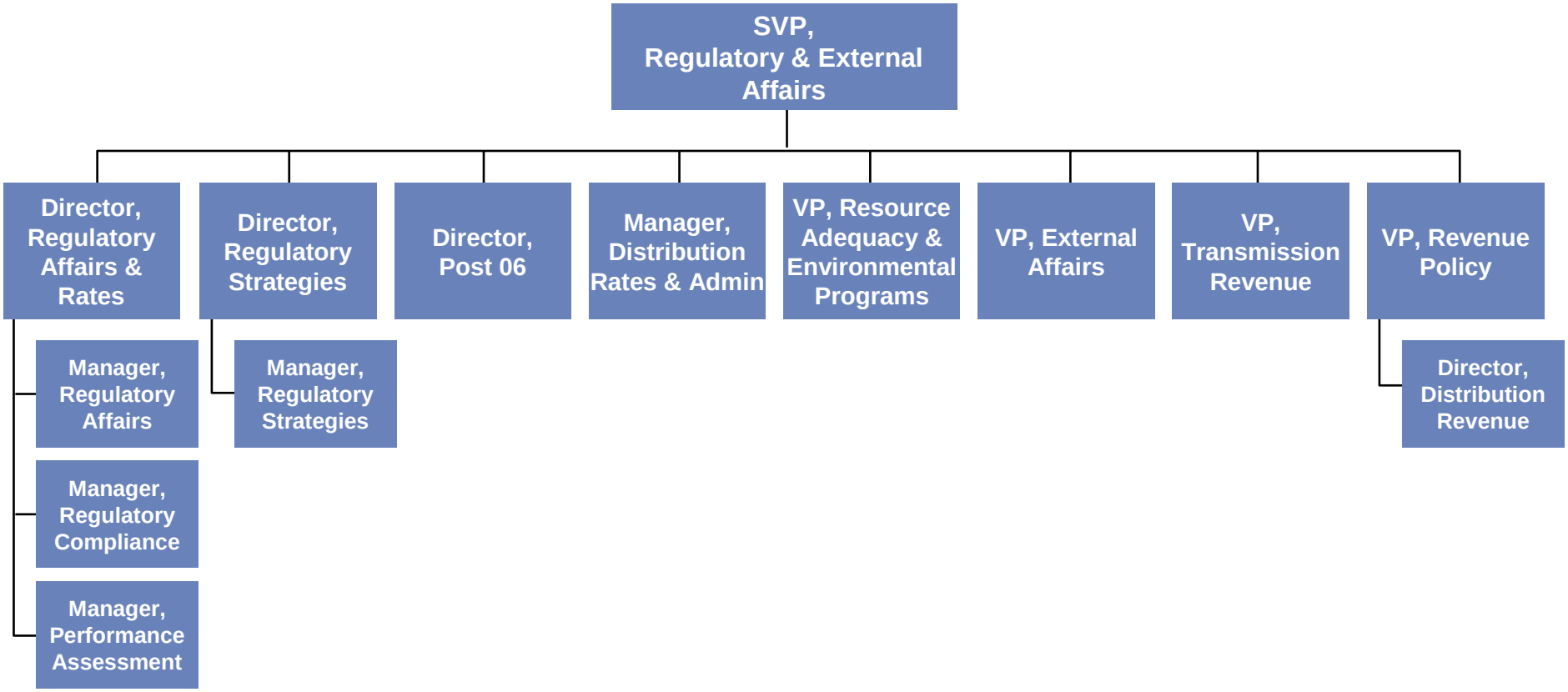


EXHIBIT 4-1: FERC A&G Account Definitions

ComEd A&G costs are included in FERC accounts 920 – 935, which contain the following types of costs ***(descriptions excerpted from GPO Access, a service of the U.S. Government Printing Office at www.gpoaccess.gov):***

- **920 – Administration and general salaries:** This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

- **921 – Office Supplies and Expenses:** This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920. Examples include: automobile service, communication service expenses, postage, printing and stationery and meals, traveling and incidental expenses

- **922 – Administrative expenses transferred—Credit:** This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts.

- **923 – Outside services employed:** This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility. *Most EBSC billings to ComEd are recorded in this account.*

- **924 – Property insurance:** This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

Source: US Government Printing Office

- **925 – Injuries and damages:** This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. For Major utilities, it shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

- **926 – Employee pensions and benefits:** This account shall include pensions paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

- **927 – Franchise Requirements:** This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements; provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, utility service furnished without charge under provisions of franchises. *ComEd expenses charged to account 927 are offset by credits recorded in account 929 as these costs are recovered through tariff rates.*

- **928 – Regulatory commission expenses:** This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

- **929 – Duplicate charges—Credit:** This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own

Source: US Government Printing Office

supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay. *Credits in account 929 generally reflect recoveries of franchise requirement expenses recorded in account 927.*

- **930.1 – General advertising expenses:** This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere. Properly includible in this account is the cost of advertising activities on a local or national basis of a good will or institutional nature, which is primarily designed to improve the image of the utility or the industry, including advertisements which inform the public concerning matters affecting the company's operations, such as, the cost of providing service, the company's efforts to improve the quality of service, the company's efforts to improve and protect the environment, etc.

- **930.2 – Miscellaneous general expenses:** This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

- **931 – Rents:** This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, customer service and informational, sales, and general and administrative functions of the utility.

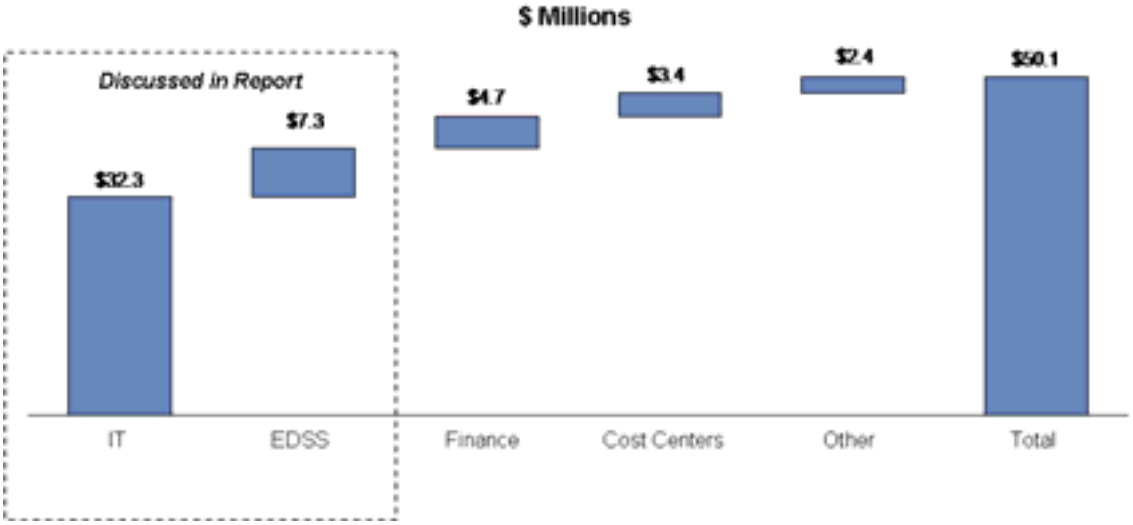
- **935 – Maintenance of general plant:** This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398 Miscellaneous Equipment.

Source: US Government Printing Office

Exhibit 4-2
Summary of Remaining Changes in EBSC Billings to ComEd From 2004 to 2006

The increases in EBSC billings to ComEd relating to IT and EDSS costs were described in the main report. This exhibit describes the remaining changes in EBSC billings to ComEd. Please refer to the report for the analysis and overall conclusions.

Figure 4-6
Change in EBSC Billings to ComEd



Finance - $4.7 million: Finance billings to ComEd increased by $5 million between 2004 and 2006 due to several drivers. First, contracting costs billed to ComEd increased by approximately $4 million, which was primarily due to costs associated with PSEG merger activities in 2006. Second, labor-related overheads billed to ComEd increased by approximately $3 million. These costs primarily consist of forms of stock-based compensation, including performance shares and stock options issued to executives and key managers. There were no expenses recorded in connection with employee stock options in 2004 because SFAS 123R, the most current FASB guidance governing treatment of employee stock options, did not require companies to record as an expense the issuance of most types of stock options until 2006. Third, payroll-related costs billed to ComEd increased by approximately $1 million primarily due to headcount additions to EBSC Finance.

The $8 million of increases were offset by an approximate $3 million decrease in billings to ComEd due to changes in the result of the Modified Massachusetts Formula (MMF) allocation calculation. Given the relatively faster growth of assets, revenues and headcounts at Exelon Generation since 2004, Exelon Generation received a larger share of costs allocated using this allocation factor, which include most Finance Practice Area

costs, while other affiliates, primarily ComEd and PECO, received a smaller share of those costs in 2006

Executive Services - $2.7 million: Executive Services billings to ComEd increased by $3 million between 2004 and 2006 due to a number of largely offsetting drivers. Drivers causing increases include:

- $2 million for labor-related overheads;
- $2 million for ComEd's share of lease abandonment charges associated with the AT&T building lease that was broken in 2006 because EBSC consolidated its headquarters facilities into the Chase building in downtown Chicago;
- $2 million for depreciation expense primarily in accounting for the AT&T building lease abandonment;
- $1 million of Board of Directors-approved charitable contributions;
- $1 million of facility costs associated with building out additional floors in the Chase building in connection with the headquarters consolidation.

These increases were offset by drivers causing decreases including:

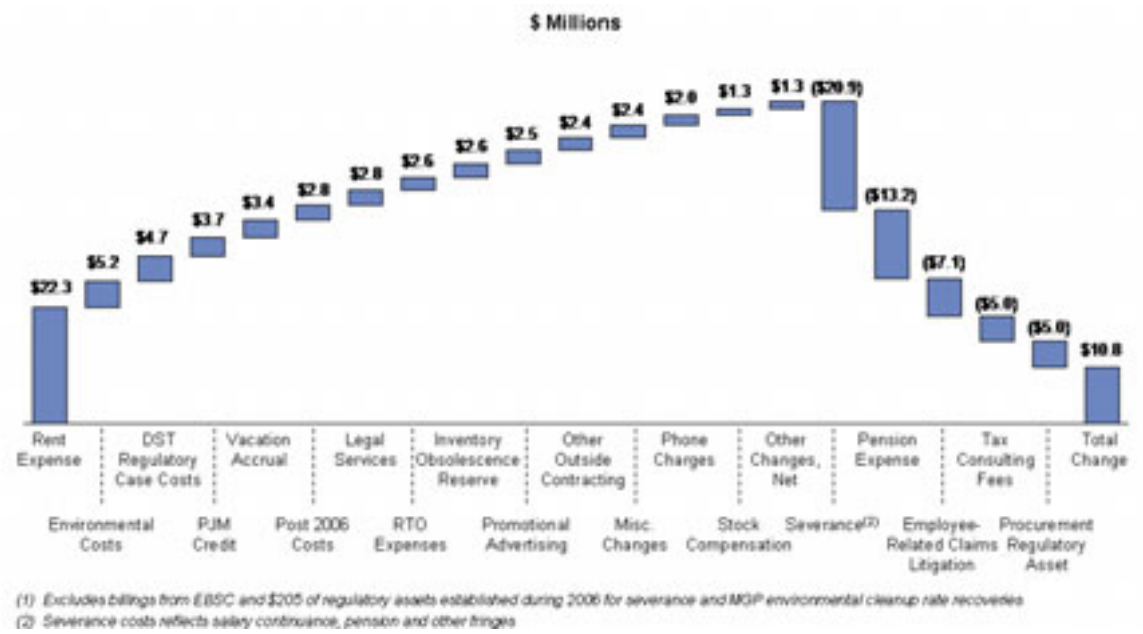
- $4 million of payroll-related costs due to ComEd's share of a non-recurring 2004 payout associated with executive retirement, changes to Exelon medical plans, reduced pension expense caused by $2 billion of discretionary contributions to the Exelon pension plans in 2005 and changes in the annual incentive plan;
- $1 million due to changes in the result of the MMF allocation calculation discussed in the Finance billings section above.

Other - $3.1 million: The remaining $3 million increase in EBSC billings to ComEd comprises only 6% of the total change. The primary drivers of this increase are higher labor-related overheads and miscellaneous practice area and cost center changes.

Exhibit 4-3
Changes in ComEd Directly Incurred A&G Expenses Between 2004 and 2006

This exhibit describes changes in ComEd A&G expenses, excluding billings from EBSC, which were examined in the report. As described in the report, ComEd expenses, excluding EBSC billings, increased by $11 million from 2004 to 2006. Data analysis using department, resource and project views, combined with interviews, identified a set of drivers causing the net $11 million increase in ComEd directly incurred A&G. Those drivers are summarized below and then discussed individually. Please refer to the report for the analysis and overall conclusions.

Figure 4-7
ComEd Directly Incurred A&G Expense Changes (Excluding EBSC Billings)(1)



Rent Expense - $22.3 million: Rent expense is recorded in FERC accounts 920, 931 and 935. ComEd owns property that is used by affiliates for which those affiliates are charged rent. During 2004, ComEd recorded rental revenue from affiliates along with the associated rent expense in the same FERC accounts, thus effectively netting them out to zero. In the 2006 FERC account-based financial statements, ComEd is required to state the rental revenue from affiliates and rent expense separately. Thus, there is a $22 million increase in revenues from affiliates that offsets this $22 million increase in rent expense, and there is no effect on net profits.

Environmental Costs -$5.2 million: Of this $5 million increase, $4 million relates to costs associated with increases in environmental reserves. These reserves increased because of an accounting decision to discontinue discounting environmental liabilities due to uncertainty surrounding future cash flows along with higher expected site cleanup costs following revised external estimates of these costs. The remaining $1 million increase relates to non-labor costs associated with environmental services conducted during 2006.

DST Regulatory Case Costs -$4.7 million: ComEd incurred $2.7 million of expenses during 2006 and reversed $2 million of a previously booked regulatory asset for costs that would not be recovered in connection with the delivery services tariff (DST) rate case with the ICC. The types of costs incurred during 2006 include internal payroll and legal services.

PJM Credit - $3.7 million: ComEd recorded a $3.7 million credit for the refund of FERC commission fees during 2004. ComEd received this refund because FERC commission fees were covered through its membership with PJM, a regional transmission organization, which it joined in 2004. A&G expenses are higher during 2006 relative to 2004 due to the absence of this credit.

Vacation Accrual - $3.4 million: ComEd's vacation accrual increased by $3.4 million between 2004 and 2006, primarily because ComEd recorded a $3.2 million credit to reduce the accrual in 2004 when employees were transferred to the newly formed EDSS affiliate. In total, approximately 460 employees were transferred from ComEd and PECO to EDSS at the end of 2004.

Post 2006 Costs - $2.8 million: ComEd incurred a variety of non-labor costs during 2006 in connection with the Post 2006 Initiative. Approximately $1.6 million was spent on the Post 2006 Sustainable Energy Program and $1.2 million on communications efforts related to Post 2006.

Legal Services - $2.8 million: Substantially all of the legal services cost increase is attributable to legal fees incurred in connection with property tax reductions and objections. Beginning in 2006, ComEd began accruing in the current year for legal fees that will be paid to attorneys in future years in connection with property tax settlements that have already been negotiated, the benefit of which will be realized in those future years. This new accounting treatment resulted in establishment of a $1.7 million accrual. The remaining cost increase is due to a variety of legal fee payments, each of which is less than $0.3 million, for items such as prior year objection refunds in Chicago, 2005 Cook County assessments reductions and Lake County refunds.

RTO Expenses - $2.6 million: These costs represent PJM start-up costs not recoverable under the FERC Transmission Tariff, so they were expensed during 2006. The recoverable costs are recorded in FERC account 182.3 (Other Regulatory Assets).

Inventory Obsolescence Reserve Adjustments - $2.6 million: ComEd reviews its inventory obsolescence reserve for materials and supplies on a quarterly basis and adjusts that reserve as necessary. The increase is primarily due to approximately $2 million of scrap wire and cable recoveries that were recorded as credits to A&G in 2004 but are booked as reductions to fixed asset values on the balance sheets beginning in 2006. The remaining increase is due to adjustments to the obsolescence reserve in the normal course of business.

Promotional Advertising - $2.5 million: ComEd incurred $2.5 million of costs during 2006 related to promotional advertising. There were no promotional advertising costs booked in 2004. Informational and instructional advertising expenses are recorded in a non-A&G FERC acct.

Other Outside Contracting - $2.4 million: This amount reflects an increase in contracting costs not separately identified and includes individually immaterial items each less than $0.2 million such as costs related to HR administration, printing and resource adequacy consulting.

Miscellaneous Changes - $2.4 million: A variety of miscellaneous changes contributed to a net $2.4 million increase in A&G costs. Those changes include:

- $1.5 million increase for costs incurred for regulatory and legal compliance in connection with the energy auction that took place during 2006;

- $1.1 million decrease in the amount of A&G costs capitalized in 2006 versus 2004 primarily due to overall greater levels of costs appropriate to capitalize during 2004 (e.g., portion of labor devoted to projects that are capitalized). These costs are reflected as negative amounts in FERC account 922, so the net effect is an increase in A&G expenses;

- $1.0 million net increase in items each less than $1.0 million such as renewable energy projects, Illinois efficiency program, fees and expenses for directors and amortization;

- $1.2 million decrease in injuries and damages claims, which is a 7% decrease over the $17.4 million in ComEd claims reported in FERC account 925 during 2004. Changes in these costs fluctuate from year-to-year depending on the types and level of claims reported.

Phone Charges - $2.0 million: Increase in phone charges incurred at ComEd is due to a reallocation in phone charges among ComEd FERC accounts with additional charges being recorded in A&G accounts versus non-A&G accounts in 2006. Overall, ComEd telephony charges were essentially flat at $12 million in both 2004 and 2006.

Stock Compensation - $1.3 million: Additional costs for stock compensation were due to expenses for performance shares and employee stock options. Approximately one-third of the increase was due to expensing employee stock options.

Other Changes, Net - $1.3 million: Other individually immaterial changes contributed to the remaining $1.3 million net increase in A&G costs between 2004 and 2006.

Severance - ($20.9 million): During 2004, ComEd incurred $21 million in separation costs such as salary continuance and severance expenses in connection with the Exelon Way program. Of these severance costs, $10 million related to salaries and $11 million to pensions and benefits. There were no material separation costs recorded in ComEd A&G during 2006.

Pension Expense - ($13.2 million): The decrease in pension expense is a direct result of the $2 billion in discretionary contributions Exelon made to its pension plans in the first quarter of 2005. This contribution increased the total return on plan assets each year, which reduced the overall level of pension expense.

Employee-Related Claims Litigation - ($7.1 million): Following headcount reductions in connection with Exelon Way cost reduction efforts in 2004, a number of employee-related claims for wrongful termination were filed against ComEd. A reserve of approximately $5.9 million was established during 2004 for expected settlement costs, which caused 2004 A&G expenses to be higher by $5.9 million in that year; however, actual settlements only required $4.7 million of expenses. Therefore, the $5.9 million decrease in litigation expenses from 2004 combined with reversing the remaining $1.2 million reserve in 2006 caused a net $7.1 million decrease in A&G expenses between 2004 and 2006.

Tax Consulting Fees - ($5.0 million): ComEd paid $5 million in contingent fees for tax consulting work on income tax claims filed with the IRS. The arrangement was such that the outside contractor retained a portion of the claims won with the IRS that were paid in 2004 and not in 2006.

Procurement Regulatory Asset - ($5.0 million): During 2006, ComEd recorded a regulatory asset to recover certain costs incurred in connection with energy procurement during 2006 (ICC docket 05-0159). Costs included in the regulatory asset primarily relate to external legal fees and expenses and costs of outside consultants and

expert witnesses. Recovery of these costs was permitted under the ICC's docket 05-0597.

Exhibit 5-1
Necessity and Benefits Activity Analysis

Utilizing the process described in the report, we identified 108 distinct activities performed by EBSC. For each distinct activity, Booz Allen through its understanding of the nature of the activity being performed, interviews with EBSC and ComEd personnel, and review of previously described documentation, evaluated the activity in light of the necessity and benefits attributes described in the report.

A summary of all 108 activities is included in **Exhibit 3-1**. The following provides a discussion of the necessity and benefits attributes associated with the activities performed within each practice area, cost center and EDSS. Refer to the report for overall conclusions.

A. COMMERCIAL OPERATIONS GROUP ("COG")

Activities performed by COG are basic to the everyday operation of the company and ensure the smooth day to day operation of both EBSC as well as the operating companies. COG performs many of the typical "back-office" functions of a business, such as managing disbursements and payroll. As discussed in **Section 3 – Organization Overview**, these functions are typically centralized within a services company, and would be required by any business. COG activities include:

- **Accounts Payable**: Vendor payments processing; invoice discrepancies resolving; reconciliation of cash disbursements to cash system; reconciliation of AP to General Ledger; tax reporting; potential duplicate payments and unrecovered credit identification and recovery; record retention and management; administration of file transfers; reconciliation of P-card clearing accounts; identification, and; analysis and adjustment out-of-tolerance conditions.

- **Benefit Plan Accounting Services**: Record keeping and financial statements; period reconciliations payment; coordination of independent financial audits; preparation of PBGC Form 1; Form 1 ES and Report of Underfunded Plans; SEC Form 11K, and; payment of 3rd party service providers such as AON and Fidelity for benefit programs.

- **Chauffeur Services**: Executive transportation; dispatching services.

- **Employee Service Center:** Benefits programs administration; third party vendor services monitoring; open enrollment management and delivery; voice-response and web-enabled systems for transaction support; workers compensation administration; litigation management; medical services; contract management.

- **Fitness for Duty Services:** Drug and alcohol testing; medical review officer services; contract management**.**

- **Media Production Services:** Photography; photo printing; videography services.

- **Operational Support Services:** System upgrade and update management; special reports and queries requests; general information; system monitoring for irregularities; assurance of proper treatment of retroactive records; management of unusual pay rules; payroll system table maintenance; large-scale HRPC changes; benchmarks and operational metrics coordination; services for human resourses solutions.

- **Payroll Services**: Oversight and support of timekeeping function; accounting for payroll payments and account reconciliations (G/L accounts); benefit plan-related accounting processes management; tax witholdings, tax deposits, tax filings, income taxes, FICA and Medicare taxes, unemployment taxes; W-2 forms; child support payroll deductions and related payments.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-3
Commercial Operations Group Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Commercial Operations Group						
Accounts Payable						
Invoice Processing Services					▨	
Accounting Services				▨	▨	
P Card Administration				▨	▨	
Procurement Services					▨	
Benefit Plan Accounting Services						
Accounting Services		▨			▨	
Governmental Reporting		▨			▨	
3rd Party Payment Services					▨	
Chauffeur Services					▨	
Employee Service Center						
Benefits Administration		▨			▨	
Workers Comp. & Claims Administration			▨		▨	
Event/Meeting Planning Services					▨	
Fitness for Duty Services					▨	
Media Production Services					▨	
Operational Support Services						
Support Current-State Technology (PeopleSoft)					▨	
Support/Help Desk					▨	
Data Integrity/Payroll Liaison					▨	
Implement PeopleSoft Changes					▨	
Consulting Services				▨	▨	
Payroll Services						
Support Time Collection & Data Validation					▨	
Process Payroll & Other Employee Payments			▨		▨	
Tax Filings & Government Reporting			▨		▨	
Deduction & Garnishments			▨		▨	

The activities within this practice area relate to the following attributes: Regulatory Mandates, Legal Compliance, Management Control and Operational Execution.

Regulatory Mandates

Within COG, activities that relate to regulatory mandates relate to the performance of functions in accordance with IRS, SEC and other Federal regulations. These include performing accounting transactions and preparing reports to support SEC and IRS filings. Additionally, these activities include compliance with Federal requirements around health and benefit plans.

Legal Compliance

Activities within COG that relate to legal compliance relate to performing activities to proactively limit exposure to litigation. These activities include administration of workers compensation and other claims against the company. Additionally, these activities include processing tax payments to the IRS as well as garnishing employee wages when required by law.

Management Control

Within COG, activities that relate to management control include gathering, analyzing and reporting on the financial condition of the company. These activities include coordination of the outside, independent audit as well as gathering and analyzing external benchmarks to compare performance against peers.

Operational Execution

Activities within COG that relate to operational execution relate to the performance of many back-office functions to support continuing operations. These activities include accounts payable processing, payroll processing and benefits administration, along with the associated accounting transactions. These activities also provide support through functions such as media production and event planning services.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-4
Commercial Operations Group Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Commercial Operations Group						
Accounts Payable						
Invoice Processing Services	✓	✓			✓	
Accounting Services	✓		✓		✓	
P Card Administration	✓	✓			✓	
Procurement Services	✓	✓	✓		✓	
Benefit Plan Accounting Services						
Accounting Services	✓			✓		
Governmental Reporting	✓		✓	✓		
3rd Party Payment Services					✓	
Chauffeur Services		✓				
Employee Service Center						
Benefits Administration		✓			✓	
Workers Comp. & Claims Administration	✓				✓	
Event/Meeting Planning Services					✓	
Fitness for Duty Services	✓	✓			✓	
Media Production Services					✓	
Operational Support Services						
Support Current-State Technology (PeopleSoft)		✓		✓	✓	
Support/Help Desk		✓				
Data Integrity/Payroll Liaison	✓					
Implement PeopleSoft Changes		✓			✓	
Consulting Services		✓	✓	✓	✓	
Payroll Services						
Support Time Collection & Data Validation		✓	✓			
Process Payroll & Other Employee Payments		✓				
Tax Filings & Government Reporting	✓		✓		✓	
Deduction & Garnishments	✓					

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance and Reduce or Avoid Costs.

Reduce Risk

COG activities that reduce risk include the management and oversight of transactional operations such as processing accounts payable and employee payroll. These activities reduce risk by creating processes and procedures to ensure that the performance of the activity is in accordance with corporate guidelines. Additionally, these activities include screening employees for potentially risky traits.

Increase Employee Productivity

Within COG, the activities that increase employee productivity include the development and implementation of policies and procedures to ensure that job performance is uniform and in compliance with the needs of the organization. Additionally, these activities include interfacing around health and benefit plans to ensure employees are aware of how to address benefit plan options and managing P-card activities to facilitate procurement.

Provide Management Information

Activities within COG that provide management information include the gathering, analysis and presentation of performance data in the areas of disbursements and benefits. These activities help management understand performance and enable management to provide reports to outside stakeholders.

Enhance Corporate Performance

COG activities that enhance corporate performance relate to the gathering and analysis of outside benchmarks. These activities enable functional and corporate leadership to understand performance against peers and better understand areas for improvement.

Reduce or Avoid Costs

The activities within COG that reduce or avoid costs relate to the management and oversight of back-office transactional processing of items such as accounts payable and payroll. These activities ensure that these functions are performed in a manner that reduces errors and, therefore, costs. Additionally, COG activities that reduce or avoid costs relate to negotiating contracts with outside service providers to provide less expensive services to the operating companies, such as with respect to payment services.

B. COMMUNICATIONS

Activities performed by Communications are required for the operation of the company. The activities fulfill the need to communicate effectively and consistently with all internal and external stakeholders. They include engagement with media outlets as well as development and maintenance of the inter and intra net sites. As discussed in **Section 3 – Organization Overview**, the activities provided by Communications are typically centralized within a

services company. Performance of these activities would be required by any business. Communications activities include the following:

- **External Communications:** Internet website development and maintenance; annual report and shareholder communications, including financial publications; PR and media engagement; advertising and brand management; sponsorships

- **Internal Communications:** Employee communications; policy guidance & direction; intranet development & management; human resources communications

- **Executive Direction:** Communications strategy and direction; coordination of charitable gifts; regulatory and tax compliance related to charitable giving.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-5
Communications Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Communications						
Management and Administration						
Charitable Activities						
External						
Advertising						
Internal						

These activities fulfill the following necessity attributes: Corporate Governance, Legal Compliance, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Activities within Communications that relate to corporate governance include the publication of the annual report and other shareholder publications. These

activities also include ensuring that corporate messaging to internal and external constituents is consistent and communicated effectively.

Legal Compliance

Communications relate to legal compliance through activities such as ensuring that the corporation is in compliance with federal laws governing charitable giving activities and supporting the distribution of publications that are disseminated to shareholders as mandated by the SEC.

Management Control

Within Communications, activities that relate to management control include providing information to management that helps more effectively shape and communicate internal corporate communications. These activities ensure that consistent messaging is received by all constituents.

Operational Execution

Activities within Communications that relate to operational execution include daily updates to and maintenance of the external website. These activities also include day to day engagement with media contacts and the development of press releases.

Strategic Planning

Within Communications, activities that relate to strategic planning include the executive direction of the department, which sets a communications strategy but also works with corporate and business unit leadership to develop strategic plans around communicating important information both internally and externally.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-6
Communications Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Communications						
Management and Administration	✓			✓		
Charitable Activities				✓		
External	✓			✓		
Advertising				✓		
Internal		✓	✓			

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information and Enhance Corporate Performance.

Reduce Risk

Activities within Communications that reduce risk include the development of policies and procedures to ensure that all personnel within the organization understand the appropriate way to perform their job function so that messaging to external stakeholders is consistent and correct.

Increase Employee Productivity

Communications activities that increase employee productivity include disseminating critical business information and changes that are required for job performance.

Provide Management Information

The Communications department supports management information by conducting strategic assessments around employee communications. These activities provide management with important information to support decisions around how competitors are communicating to the market, as well as the business cases around options for Exelon.

Enhance Corporate Performance

Activities within Communications that enhance corporate performance include the development of strategic departmental and business unit communication plans and maintaining the inter/intranet sites and other communications

mediums. Additionally, the coordination of charitable activities helps improve the reputation of the Exelon organization.

C. CORPORATE SECRETARY

Corporate Secretary activities are required for the fiduciary oversight of the company. These activities ensure that, as an enterprise, Exelon meets external requirements imposed by a variety of legislative and regulatory bodies. As discussed in **Section 3 – Organization Overview**, Corporate Secretary activities, including managing all elements of the Corporate Secretary function, are common elements within a services company. These activities can be described as non-discretionary, in that they would be required in any business. Activities within the Corporate Secretary area include:

- **Corporate Secretary**: Board compensation and expense program administration for Exelon and subsidiaries; proxy preparation; shareholder meeting coordination; ethics program (training and reporting hotline) administration; code of business conduct certification; Exelon securities trading procedure determination.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-7
Corporate Secretary Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Corporate Secretary						
Office of Corporate Secretary						

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Legal Compliance and Operational Execution.

Corporate Governance

The coordination and administration of activities of the Exelon Board of Directors relates to the corporate governance attribute as the broad range of

Board level activities are fundamental to fiduciary performance on behalf of the shareholders. Additionally, these activities include the development of a corporate-wide ethics program.

Regulatory Mandates

Activities that relate to regulatory mandates include the preparation of the corporation proxy statement in compliance with SEC guidelines.

Legal Compliance

The Exelon Board of Directors is responsible for ensuring that the corporation complies with all legal structures by providing oversight to key matters and policies.

Operational Execution

Activities that relate to operational execution include administration of the ethics violation reporting hotline and training around the ethics and compliance program.

BENEFIT ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-8
Corporate Secretary Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Corporate Secretary						
Office of Corporate Secretary						

These activities provide benefits in the following categories: Reduce Risk and Enhance Corporate Performance.

Reduce Risk

The activities within Corporate Secretary that reduce risk include ensuring that the Board of Directors is adequately informed of internal and external issues.

Additionally, these activities include the development of policies and procedures to ensure that personnel within the organization understand legal and regulatory requirements and behave ethically. These activities also include the Securities Trading Procedure, which establishes guidelines and monitors employees for insider trading violations.

Enhance Corporate Performance

Activities within Corporate Secretary that enhance corporate performance include employee ethics training programs and the development of corporate-wide ethics policies. These activities ensure that all employees are cognizant of mandates and requirements which enhances Exelon's overall performance.

D. CORPORATE STRATEGY

Activities in Corporate Strategy are fundamental to the continuing performance of the company and enhancing returns for shareholders, and thereby facilitating access to capital needed to provide the infrastructure to serve customers. They encompass the shaping and execution of the corporate and business unit direction. These activities are non-discretionary in nature, as their performance would be required by any business. As shown in **Section 3 – Organization Overview**, these activities are commonly centralized in a shared services organization. Activities in Corporate Strategy include:

- **Corporate Strategy**: Development, implementation and communication of overall direction and strategy; Exelon's key issues analysis; analytical support to business units in addressing key issues.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-9
Corporate Strategy Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Corporate Strategy						
Develop, Implement, Communicate Direction/Strategy						

These activities fulfill the following necessity attributes: Corporate Governance, Management Control and Strategic Planning.

Corporate Governance

Activities within Corporate Strategy that relate to corporate governance include developing and evaluating strategic options for the corporation and individual business units. Additionally, these activities include providing analytical support to business units in their development of strategic option evaluation.

Management Control

The activities within Corporate Strategy that relate to management control include the collection and analysis of data to support decision making around broad corporate strategic questions and the development of situational analyses and strategy options that can guide enterprise and operating company execution.

Strategic Planning

Activities within Corporate Strategy include strategic planning for the corporation as a whole as well as support for the strategic development of individual business units. Additionally, these activities include monitoring activities and actions of competitors.

BENEFIT ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-10
Corporate Strategy Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Corporate Strategy						
Develop, Implement, Communicate Direction/Strategy						

These activities provide benefits in the following categories: Reduce Risk, Provide Management Information and Enhance Corporate Performance.

Reduce Risk

Activities in the Corporate Strategy department that reduce risk include the analysis of important business issues to enable the corporation to understand and react to the business environment. Corporate Strategy helps develop informed views around market activities and potential responses by Exelon.

Provide Management Information

Within Corporate Strategy, activities that provide management information include the development and analysis of market information related to corporate and business unit leadership regarding short and long-term strategic decisions. Corporate Strategy develops strategic options based on robust analysis that support various business decisions.

Enhance Corporate Performance

Activities in Corporate Strategy that enhance corporate performance include the development of strategic plans at a corporate and business unit level. Corporate Strategy is integrated throughout the planning process at a corporate and business unit level to support such analysis. Additionally, these activities include the monitoring of competitor activity in the market to enable management to react in a timely manner.

E. FINANCE

Activities performed by Finance meet basic operational support needs, as well as provide stewardship of corporate and business unit financial responsibilities. These activities ensure compliance with legislative and regulatory requirements, as well as help meet fiduciary responsibilities. As discussed in **Section 3 – Organization Overview**, many of these functions are typically largely consolidated within a service company organization. These activities are non-discretionary in nature, as they would be required of any business. Activities performed within Finance include the following:

- **Executive Direction:** Functional leadership; processes and procedures standardization.

- **Investor Relations:** Financial report publication; quarterly earnings releases and weekly management reports preparation; management of financial community relationships; addressing of shareholder inquiries; transactional processes.

- **Controller:** Consolidation accounting; financials preparation; monthly/quarterly close; support of conclusions made on accounting issues; transaction analysis; preparation of Monthly T-1 and T+3 reports, Quarterly Management Meeting package and Board of Directors and Corporate Executive reporting; billing, cash, reconciliations, PP&E; AP and Payroll oversight; certification processing; controls assessment; reengineering of controls; general oversight of the controls environment.

- **Tax:** Federal, state and local tax filings; reviewing and approval of financial statements and disclosures; consolidations; compliance with federal, state and local tax codes/laws; guidance and analysis to minimize tax liabilities; tax account reconciliation; research on relevant tax issues.

- **Treasury:** Corporate commitment fees; financial planning and policy; bank relationship management; dealings with ratings agencies; economic governance, oversight and performance; dividend policy/payment; debt issuance; capital structure determination; cash forecast; commercial paper issuance; administration of utility cash pool; daily cash reports.

- **Planning & Analysis:** Standards definition and implementation; corrective action programs; budget preparation and approval; short and long-term planning; establishment of corporate financial goals; evaluation and decision support around capital project finance activities; performance measurement against budgets; business unit, financial and operational metric and initiative reporting; business case development support; net present value evaluations for management decisions.

- **Risk Management:** Establish appropriate risk profile/tolerance; risk management activities coordination; risk mapping; cash flows stabilization; risk avoidance; activities benchmarking.

- **Internal Audit:** Risk assessment; internal controls evaluation; audit.

- **Corporate Development:** Merger and acquisition opportunities evaluation and prioritization; divestiture evaluation; financial and transaction support to restructuring projects.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-11
Finance Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Finance – Necessity Analysis						
Management and Administration	✓			✓		✓
Investor Relations						
Investor Relations	✓			✓		✓
Shareholder Services	✓		✓		✓	
Controller						
External Financial Reporting	✓	✓	✓			
General Accounting		✓	✓	✓	✓	
Management Reporting	✓			✓	✓	✓
Transaction Processing					✓	
Internal Controls	✓	✓	✓	✓		
Tax						
Federal, State, Local Tax Compliance & Reporting		✓	✓	✓	✓	
Tax Planning				✓		✓
Tax Accounting		✓	✓	✓	✓	
Treasury						
Capital Markets Services	✓	✓	✓			
Cash Management				✓	✓	
Planning & Analysis						✓
Financial Forecasting	✓			✓	✓	✓
Capital Evaluation	✓			✓	✓	✓
Management Reporting	✓			✓	✓	✓
Financial & Economic Analysis, Decision Support				✓		✓
Risk Management						
Risk Management & Governance	✓			✓		✓
Insurance	✓					✓
Internal Audit	✓	✓	✓	✓	✓	
Corporate Development	✓					✓

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Legal Compliance, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Activities that relate to corporate governance include performance of shareholder activities and investor relations. Additionally, the Finance area is responsible for the internal audit function which monitors and evaluates the internal control environment. These activities also include the development of risk metrics and tolerances across the organization.

Regulatory Mandates

Activities that relate to regulatory mandates include SEC and IRS filings that are coordinated by the Finance department on behalf of all operating companies within the organization. Additionally, the treasury function is responsible for coordinating debt and dividend payments.

Legal Compliance

Activities that relate to legal compliance include required accounting functions and external reporting to meet statutory structures and avoid exposure to litigation. Additionally, the internal audit function helps to identify financial and operational issues that could lead to legal costs if not addressed.

Management Control

The Finance department prepares various analyses that relate to cross-business decision making. For example, Finance coordinates the financial data used to support short and long-term planning activities. Additionally the budgeting function within Finance supports management decision making. These activities also include the development of business cases in support of O&M and capital projects.

Operational Execution

Activities within the Finance department that relate to operational execution include general accounting and the close process for the general ledger and tax accounts across the Exelon organization. Additionally, these activities include daily cash management and reporting.

Strategic Planning

The Finance department performs activities that relate to strategic planning such as analytical support, e.g., in capital project evaluations to corporate and business unit leadership. These activities also include determination of the

corporate capital structure and the issuance of debt in financial markets. Additionally, the financial planning and analysis group supports the strategic planning process by compiling data and analysis for strategic spending.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-12
Finance Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Finance – Benefit Analysis						
Management and Administration	▨	▨		▨	▨	
Investor Relations						
Investor Relations	▨		▨	▨		
Shareholder Services			▨			
Controller						
External Financial Reporting	▨					
General Accounting	▨		▨			
Management Reporting	▨		▨	▨		
Transaction Processing		▨			▨	
Internal Controls	▨		▨		▨	
Tax						
Federal, State, Local Tax Compliance & Reporting	▨		▨			
Tax Planning	▨		▨	▨	▨	
Tax Accounting	▨		▨			
Treasury						
Capital Markets Services	▨		▨	▨	▨	
Cash Management	▨		▨	▨	▨	
Planning & Analysis	▨		▨	▨	▨	
Financial Forecasting	▨		▨	▨	▨	
Capital Evaluation	▨			▨	▨	▨
Management Reporting	▨	▨	▨	▨	▨	
Financial & Economic Analysis, Decision Support	▨		▨	▨	▨	
Risk Management						
Risk Management & Governance	▨		▨	▨	▨	
Insurance	▨			▨	▨	
Internal Audit	▨		▨	▨	▨	
Corporate Development	▨		▨			

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance and Reduce or Avoid Costs.

Reduce Risk

Activities within Finance that reduce risk relate to the development and implementation of a risk management policy. Through the setting of risk tolerances, procurement of adequate insurance and performance of regular internal audits, Finance is able to reduce risk across Exelon. Additionally, these activities include performance and oversight of accounting functions to limit reporting errors.

Increase Employee Productivity

Within Finance, activities that increase employee productivity include leadership oversight and training to perform finance functions more effectively and efficiently. Additionally, management reporting that provides insightful information for use in the business improves productivity in execution

Provide Management Information

Activities within Finance that provide management information relate primarily to the business forecasting and analysis function. Through the procedures established in this group, data is gathered and analyzed that allows management to make appropriate decisions based on actual business results. Additionally, these activities include reporting on the status of the control environment for the entire organization.

Enhance Corporate Performance

Within Finance, activities that enhance corporate performance include the development of business cases to support O&M and capital projects and the establishment of a corporate capital structure through the treasury function. Additionally, these activities include the planning and analysis group that continuously measures performance metrics against planned targets to effect business changes when necessary.

Reduce or Avoid Costs

The primary activities within Finance that reduce or avoid costs relate to limiting negative financial exposure. These activities, such as risk management and internal audit, reduce or avoid penalties, fees and potential litigation.

Additionally, these activities include tax planning to minimize corporate tax exposure and management of treasury and cash matters.

Increase Reliability

The Finance organization increases reliability within the planning and analysis activity, particularly with respect to evaluating and providing decision support around capital project finance activities. This enables Exelon operating companies to make appropriate capital investment decisions and provide more reliable service.

F. GOVERNMENT AND ENVIRONMENTAL AFFAIRS

Activities performed by Government and Environmental Affairs support corporate compliance with legislative and regulatory requirements, as well as facilitate constructive relationships with policy makers. These activities support the corporation as well as the individual business units, including ComEd. As outlined in **Section 3 – Organization Overview**, many services companies consolidate this function. These activities can be described as non-discretionary in nature, as their performance would be required by any business. Activities performed within Government and Environmental Affairs include:

- **Government Affairs:** Federal legislation monitoring; governmental stakeholder relationship management; strategy development and advocacy at a Federal level; emerging issues analysis; trade association management, development and filing of FERC documents; FERC interaction support for operating companies; monitoring filings made by RTO's and others at the FERC; Political Action Committee administration; fundraising and processing of checks; Federal Election Commission filings.

- **Environmental Health & Safety:** Corporate environment and safety programs development; management of relationship with external stakeholders; environmental and safety compliance issues monitoring, auditing and reporting; corporate compliance monitoring related to environmental health and safety policies and programs.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-13
Government and Environmental Affairs

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Government & Environmental Affairs						
Government Affairs						
Federal Policy Issue Management & Coordination	✓			✓		✓
Wholesale Market Development Activities	✓	✓	✓	✓		✓
Political Action Committee Admin. and Operation	✓		✓			
Environmental Health & Safety						
Develop Environmental Policies	✓	✓				✓
Monitor, Audit & Report on Compliance Activities			✓	✓	✓	

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Legal Compliance, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Activities that relate to corporate governance include governmental stakeholder relationship management. Additionally, these activities include monitoring the development and progression of governmental actions that could affect the corporation as a whole or specific business units. These activities also include the development of corporate policies that adhere to Federal environmental regulations and legislation.

Regulatory Mandates

Activities that relate to regulatory mandates include filing required forms with the FERC to ensure continued operation within the PJM RTO. Additionally, these activities include reporting requirements around environmental and safety issues throughout the organization.

Legal Compliance

Legal compliance within the Government and Environmental Affairs department consists of activities such as Federal Election Committee filings and administration of the Exelon Political Action Committee. Additionally, these activities include the monitoring of Exelon performance along environmental and safety metrics to ensure that legal reporting requirements are met.

Management Control

The Government and Environmental Affairs group collects, analyzes and presents information around Federal policy development in legislative and environmental areas to inform effective management decisions.

Operational Execution

Activities that relate to operational execution include the collection and regular monitoring and reporting of safety and environmental compliance requirements. These activities, performed on a regular basis, are important to support the reporting and compliance functions within Government and Environmental Affairs.

Strategic Planning

Government and Environmental Affairs relate to strategic planning by integrating with corporate and business unit leadership to develop plans that incorporate full understanding of the Federal legislative landscape. These activities also include corporate and business unit planning around changes in wholesale electricity markets that impact the organization.

BENEFIT ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-14
Government and Environmental Affairs Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Government & Environmental Affairs						
Government Affairs						
Federal Policy Issue Management & Coordination	▨		▨	▨	▨	
Wholesale Market Development Activities			▨	▨		▨
Political Action Committee Admin. and Operation				▨		
Environmental Health & Safety						
Develop Environmental Policies	▨			▨	▨	
Monitor, Audit & Report on Compliance Activities	▨		▨		▨	

These activities provide benefits in the following categories: Reduce Risk, Provide Management Information, Enhance Corporate Performance, Reduce or Avoid Cost and Increase Reliability.

Reduce Risk

Activities within Government and Environmental Affairs that reduce risk include remaining informed about changes to the legislative and regulatory environment to develop an accurate assessment of market risks. Additionally, by actively monitoring and reporting on safety and environmental issues, risk is reduced because potential issues are known ahead of time and can be mitigated.

Provide Management Information

Activities within Government and Environmental Affairs that provide management information include the reporting and analysis of changes in legislative and regulatory status that could impact Exelon. The internal reporting of status along safety and environmental metrics also enables management to be proactive in addressing potential issues.

Enhance Corporate Performance

Within the Government and Environmental Affairs department, activities that enhance corporate performance relate to developing strategic plans to respond to a changing legislative and regulatory environment. By being involved with the legislative process, Exelon can help influence the direction of pending issues in its favor.

Reduce or Avoid Cost

Activities within Government and Environmental Affairs that reduce or avoid cost relate to being proactive about shaping and responding to changes in regulations or legislation. By actively participating in the legislative process, Government and Environmental Affairs can help to reduce costs that impact Exelon through adverse changes. Additionally, these activities include the avoidance of cost from fines due to poor performance along environmental and safety metrics.

Increase Reliability

By conducting wholesale market development activities, Government and Environmental Affairs helps to ensure the continued operation and expansion of the grid. This process involves interaction and planning with the RTO to shape

how the continued development and operation of the grid can meet growing demand while also meeting the business needs of market participants.

G. HUMAN RESOURCES

Activities performed within Human Resources are fundamental to both the every day functioning of the company as well as its long-range goals. These activities support both corporate objectives as well as business unit needs. Typically, these activities are centralized in a shared services organization, as illustrated in **Section 3 – Organization Overview**. These activities are non-discretionary in nature, as their performance would be required in any business. Activities performed within Human Resources include the following:

- **Executive Direction:** Strategic direction governance and oversight on people-related issues.
- **Executive Compensation and Benefit Plans:** Development of Executive compensation and benefits plans.
- **Leadership and Management Development:** Development and implementation of education programs; talent management; assessments; development planning, and; change management.
- **Recruitment:** Recruiting for both Executive and non-Executive positions
- **HR Planning and Development:** Support for development and implementation of corporate-wide HR initiatives.
- **Diversity Initiatives:** Development and oversight for diversity initiatives.
- **Employee Compensation and Benefits:** Development of competitive total compensation and incentive packages, and; best practices study and implementation.
- **HR Field Units:** Day-to-day employee relations; workforce planning.
- **Labor and Employee Relations:** Corporate employee relations strategy development for represented and non-represented employees.

- **Security Services:** Oversight of security services - This department reports through the Human Resources organization, but maintains its own budget.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-15
Human Resources Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Human Resources						
Management and Administration	✓			✓		✓
Executive Compensation & Benefit Plans	✓		✓		✓	✓
Leadership and Management Development	✓				✓	✓
Recruitment			✓		✓	
HR Planning & Development					✓	✓
Diversity Initiatives			✓		✓	
Employee Compensation & Benefits			✓	✓	✓	
HR Field Units					✓	
Labor & Employee Relations	✓		✓		✓	
Security Services					✓	

These activities fulfill the following necessity attributes: Corporate Governance, Legal Compliance, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Human Resource governance activities relate to establishing compensation and benefit guidelines and policies, succession planning, leadership development, recruiting, diversity and labor relations. These activities help provide a basis for the organization to effectively recruit, develop and retain employees.

Legal Compliance

Human Resource legal compliance activities relate to compliance with state and federal laws around recruitment, benefit plans, diversity initiatives and labor relations. These activities ensure that Exelon can effectively avoid and respond to legal proceedings. For example, a diversity initiative function ensures corporate

compliance with EEOC rules and regulations and helps avoid potential litigation related to diversity or EEOC matters. Additionally, by having a labor and employee relations function, ComEd is able to mitigate potential negative union grievances and other issues related to all employees. The recruiting function maintains accurate and appropriate personnel records in accordance with Federal laws.

Management Control

Human Resource management control activities relate to communicating important employee-related issues to corporate management such as turnover rates and compensation trends. They also involve reporting on diversity issues, labor issues and staffing strategies and plans. These activities also measures and communicates functional performance to business units and corporate leadership.

Operational Execution

Human Resource operational execution activities relate to executing compensation and benefits programs and packages, developing leadership training and rotational programs and building security operations. These activities also involve all aspects of the staffing lifecycle and communications with employees around business and Human Resources-specific issues.

Strategic Planning

Human Resource strategic planning activities relate to the structuring of compensation and benefit plans that will attract and retain top talent within the organization. These activities also include ensuring that personnel have access to appropriate training resources to assist in upward progression and professional development. They also serve as the foundation for corporate-wide initiatives to execute the strategic agenda for Human Resources.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-16
Human Resource Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Human Resources						
Management and Administration	✓			✓	✓	
Executive Compensation & Benefit Plans	✓			✓	✓	
Leadership and Management Development	✓	✓		✓		
Recruitment	✓			✓		
HR Planning & Development	✓	✓		✓		
Diversity Initiatives				✓		
Employee Compensation & Benefits		✓		✓	✓	
HR Field Units		✓		✓	✓	
Labor & Employee Relations	✓	✓		✓	✓	
Security Services	✓					

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Enhance Corporate Performance and Reduce or Avoid Cost.

Reduce Risk

Human Resource activities that reduce risk include ensuring that the organization is in compliance with EEOC regulations and that union relationships are managed to prevent strikes or walkouts. The recruiting group reduces lawsuits due to discriminatory hiring practices. The leadership and management development program reduces instances of Director and Officer liability. Additionally, the development of policies, procedures and manuals helps limit behavior that could put the company at risk.

Increase Employee Productivity

Human Resource activities that increase employee productivity include training and development required for employees to effectively perform their job functions. Labor and employee relations monitors employees for job and other satisfaction measures (including work-life balance, corporate reputation, etc.)

Enhance Corporate Performance

Human Resource activities that enhance corporate performance include managing the performance review process. Activities also include development of training that enables employees to perform their jobs more effectively. HR also develops plans for recruiting, compensation and benefits that attract high quality

personnel. Additionally, HR regularly coordinates a benchmarking study to measure performance against peers.

Reduce or Avoid Cost

Human Resource activities that reduce or avoid cost relate to the negotiation of lower cost benefit plans. Additionally, labor relations actively manages union relationships to avoid employment litigation costs. From an executive level, HR sets performance goals, objectives and targets.

H. INFORMATION TECHNOLOGY

Activities performed within IT are fundamental to day-to-day company operations as well as the achievement of long-term goals. These activities include tactical support for all business units as well as integration with strategic planners to identify IT opportunities and limitations. These activities are typically centralized, as discussed in **Section 3 – Organization Overview**. These activities are non-discretionary in nature, in that they would be required functions in any business. Activities performed within the IT group include the following:

- **Application:** Application development; application software licensing; contract labor
- **Management and Support:** Help desk; hardware and software maintenance
- **Workstations:** Desktop leases; printers; desktop software (Operating System, Office, etc.) licenses
- **Telecom:** Voice network (phone, mobile); data network; router and connectivity infrastructure; contract labor
- **Projects:** External services costs
- **Data Center:** Mainframe leases; system software; contract labor; facilities
- **Governance:** Oversight of IT systems; establish policies and procedures; establish user permissions

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-17
Information Technology Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Information Technology						
Applications						
Maintenance & Support						
Workstations						
Telecom						
Projects						
Data Center						
Governance						

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Activities within IT that relate to corporate governance address the enhancement, maintenance and support of backbone systems that are the repository for all corporate financial and operational information. These activities ensure that systems such as PeopleSoft, CIS and SCADA systems are functioning properly to meet the needs of corporate and business unit leadership. Additionally, IT sets user rights levels that help ensure compliance with Sarbanes-Oxley.

Regulatory Mandates

IT activities that relate to regulatory mandates address application enhancements, maintenance and support of systems that are the backbone of enabling the organization to comply with external reporting requirements. For example, IT supports the financial systems that enable IRS and SEC reporting requirements as well as NERC cyber security requirements.

Legal Compliance

IT activities that relate to legal compliance address the maintenance, support and enhancement of the Legal Management System that is used by the Legal department. These activities ensure that Legal has the systems support to conduct their operations

Management Control

Activities within IT that relate to management control address the enhancement, maintenance and support of the systems used to develop management reports. These activities include supporting the financial and operational performance reporting systems, as well as ensuring the data integrity of the information conveyed within them.

Operational Execution

Activities within IT that relate to operational execution include the maintenance and support responsibility for the systems used by the operating companies to conduct day-to-day operations. These activities include ensuring data availability as well as support to personnel with issues related to IT resources.

Strategic Planning

The IT group is involved with strategic planning by integrating with corporate and business unit leadership to develop system requirements and strategies to support broader business needs. These activities ensure that strategic plans developed within the corporate center or within business units

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-18
Information Technology Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Information Technology						
Applications						
Maintenance & Support						
Workstations						
Telecom						
Projects						
Data Center						
Governance						

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance, Reduce or Avoid Costs and Increase Reliability.

Reduce Risk

Activities within IT that reduce risk relate to setting guidelines for access rights within systems. These activities ensure that there are appropriate segregation of duties and approval levels within the business unit applications. Additionally, disaster recovery programs ensure that data will be available and allow business to continue in the event of a catastrophe.

Increase Employee Productivity

Within IT, activities that increase employee productivity relate to providing system solutions to allow employees to perform their jobs more effectively and efficiently. These activities involve the deployment of up to date technologies that support the broad Exelon workforce. Additionally, these activities include providing training on applications and enhancements to ensure that employees are familiar with the appropriate uses of technology solutions.

Provide Management Information

Activities within IT that provide management information relate to the development and support of an integrated information system. By ensuring that the systems used to store and analyze data for management reports operate effectively, IT helps to provide meaningful and actionable management information.

Enhance Corporate Performance

Within IT, activities that enhance corporate performance relate to a continuous improvement process. The IT group continually benchmarks itself against peers as a way to ensure that costs and service levels are at or better than median performance. Additionally, IT develops strategic plans to ensure the continued support of corporate and business unit operations.

Reduce or Avoid Costs

Activities that reduce or avoid costs within the IT group relate to the maintenance and enhancement of system resources. System upgrades are often driven by a desire within the business to reduce costs directly through less expensive systems or indirectly, through increase employee productivity. These activities also include the regular monitoring of system resources to conduct preventative maintenance to reduce exposure to major costs.

Increase Reliability

IT activities that increase reliability include the enhancement, maintenance and support of systems that support the operation of the grid. In particular, these activities relate to the Outage Management System as well as SCADA systems. IT also provides support to information systems within generation plants, which are essential to achieving consistent, reliable electricity.

I. LEGAL

Activities performed within Legal support compliance, at a corporate and business unit level, with all statutory requirements. These activities also support tactical, on-going requirements of the business, such as contract negotiations and labor disputes. As such, these activities can be described as non-discretionary in nature and would be required of any business. As outlined in **Section 3 – Organization Overview**, these activities are typically centralized in a shared services organization. Activities performed within Legal include the following:

- **General Counsel:** BSC Legal department oversight; business strategies, policies, procedures and programs development and application in full recognition of legal implications and verification that risks and are legally sound.

- **Other Legal Services:** Lawsuits, proceedings, transactions or other legal matters (Litigation, Labor & Employment, Corporate &

Commercial, Regulatory), and; contract negotiations and contract management training.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-19
Legal Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Legal						
General Counsel						
Other Legal Services						

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Legal Compliance Management Control, Operational Execution and Strategic Planning.

Corporate Governance

The General Counsel in the Legal department supports corporate governance by providing oversight and management of legal functions across the organization and providing necessary counsel and guidance to management. These activities include ensuring that legal policies and procedures are uniformly and carefully applied.

Regulatory Mandates

Activities that support regulatory mandates generally include review of corporate procedures to ensure compliance with Federal, State and Local regulations. These activities include, but are not limited to, review of labor and supply contracts as well as review of regulatory filings (SEC, IRS, etc.).

Legal Compliance

Activities within the Legal department that support legal compliance include day-to-day review of contracts and practices to ensure that the corporation is in compliance with all applicable laws. These also include preparation for and participation in any litigation activities.

Management Control

The Legal department supports management control by providing information and analysis of potential or ongoing legal issues to enable management to make appropriate decisions.

Operational Execution

Activities within Legal that support operational execution include contract and document review that enable the continuous operation of the business units. These activities support other governance and control functions within Legal and also support the operational execution of business unit functions.

Strategic Planning

The Legal department supports strategic planning by integrating with corporate and business unit leaders to understand legal implications of various strategic options. These activities include the development of an enterprise risk assessment as well as evaluation of potential issues.

BENEFIT ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-20
Legal Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Legal						
General Counsel						
Other Legal Services						

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance and Reduce or Avoid Cost.

Reduce Risk

Activities within Legal that reduce risk include the review of documents and contracts for compliance with laws as well as to ensure that they provide adequate legal protection for the corporation and business units. Additionally, these activities include management of potential and ongoing litigation to avoid adverse exposure.

Increase Employee Productivity

Within Legal, activities that increase employee productivity include providing training around contract negotiation procedures and providing guidance around general compliance with legal requirements of specific job functions.

Provide Management Information

Activities within Legal that provide management information include the collection and analysis of potential and ongoing legal issues to support effective management decisions.

Enhance Corporate Performance

Activities within Legal that enhance corporate performance include the development of a comprehensive legal strategy that addresses the needs and concerns of the all corporate entities within the Exelon organization. Additionally, the Legal department conducts benchmarking studies to ensure that performance is on par with competitors.

Reduce or Avoid Cost

Within the Legal department, activities that reduce or avoid costs include the monitoring of legal issues and review of legal documents such as contracts to avoid exposure to litigation.

J. SUPPLY

Activities performed within Supply support day to day operation of each Exelon operating company. Additionally, Supply plays an integral role in the capital planning process. These activities would be required of any business, and can therefore be described as non-discretionary in nature. As outlined in **Section 3 – Organization Overview**, the activities performed within Supply are typically

centralized within a shared services organization, often to leverage greater economies of scale. Activities within the Supply organization include:

- **Strategic Sourcing:** Enterprise-wide supply contracts and programs; long-term contracting; procedures for contract administration development.

- **Supply Support:** Supply strategy; standards for control and reporting; shared infrastructure and services; financial control oversight; business planning; eBusiness solutions.

- **Supply Operations:** Daily transactional purchases; stocking level optimization; supply process automation; inventory strategy; materials shipping, receiving and storage; material availability and on-time delivery assurance; just-in-time inventory management; benchmarking and analysis; return maximization through investment recovery; obsolete/stranded inventory management, and; environmental management and compliance; specific requirements of Supply as related to nuclear management.

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-21
Supply Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Supply						
Strategic Sourcing	▨		▨	▨	▨	▨
Supply Support	▨	▨		▨		▨
Supply Operations						
Tactical Buying					▨	
Materials and Services Management					▨	▨
Warehousing and Logistics					▨	▨
Fulfillment Management	▨	▨		▨	▨	▨
Investment Recovery					▨	
Procurement Engineering (Nuclear Only)		▨				▨

These activities fulfill the following necessity attributes: Corporate Governance, Legal Compliance, Management Control, Operational Execution and Strategic Planning.

Corporate Governance

Activities that support corporate governance within Supply include strategic sourcing, which ensures that all operating companies obtain materials and services required to perform work. Additionally, these activities include the supply support organization, which creates and executes a supply strategy across the Exelon organization as well as establishes the control environment around Supply.

Regulatory Mandates

Within Supply, activities that support regulatory mandates include management and disposal of materials in compliance with State and Federal laws. These activities also include compliance with laws relating to vendor selection. Additionally, the supply support organization supports the internal controls environment for Supply.

Legal Compliance

Activities that support management control within Supply include fulfillment management, which monitors and provides information to support decision making on inventory turns and strategy. Additionally, these activities include working with business units across Exelon to develop sourcing needs and requirements for O&M and capital projects.

Operational Execution

The Supply organization supports operational execution through activities such as the day-to-day buying, handling and stocking of materials and services. These activities also include the shipping and disposal of materials.

Strategic Planning

Activities that support strategic planning within Supply include the identification and negotiation of preferred sourcing contracts and development of a supply strategy for the entire organization. Additionally, these activities include developing strategies for inventory policy and fulfillment management.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-22
Supply Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Supply						
Strategic Sourcing	▨	▨	▨	▨	▨	▨
Supply Support	▨	▨	▨	▨	▨	
Supply Operations						
Tactical Buying	▨	▨			▨	▨
Materials and Services Management	▨				▨	▨
Warehousing and Logistics	▨	▨			▨	▨
Fulfillment Management	▨				▨	▨
Investment Recovery	▨			▨	▨	▨
Procurement Engineering (Nuclear Only)	▨				▨	▨

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance, Reduce or Avoid Cost and Increase Reliability.

Reduce Risk

Activities in the Supply organization that reduce risk include the oversight functions provided through supply support as well as strategic sourcing, which ensures that critical materials and services are available when needed. Additionally, these activities include compliance with regulatory mandates relating to the disposal of materials.

Increase Employee Productivity

The Supply organization increases employee productivity by providing training and administrative support to supply personnel that enables more efficient job performance. Additionally, the tactical buying function within Supply ensures that required materials are available to support job execution.

Provide Management Information

Within the Supply organization, activities that provide management information include strategic sourcing, which works with corporate and business unit management to understand constraints and opportunities within Supply. Additionally, these activities include the supply support function which provides information on financial and operational metrics to senior leadership.

Enhance Corporate Performance

Activities within Supply that enhance corporate performance include the development of strategic plans for the Supply organization, as well as support for business unit strategic planning. Additionally, the investment recovery function manages inventory to minimize obsolete and stranded assets.

Reduce or Avoid Cost

Within the Supply organization, activities that reduce or avoid cost include strategic sourcing, which is involved in negotiating preferred contracts with materials and services vendors. These activities are also performed within the tactical buying groups that make day-to-day purchases. Additionally, supply support maintains the systems infrastructure for ordering and tracking purchases of materials.

Increase Reliability

The Supply organization increases reliability through its functions to ensure that materials and services are ordered, received correctly and deployed to the business units in a quick and reliable manner. These activities maintain availability of parts and services that allow business units, particularly within EED, to provide reliable service.

K. ENERGY DELIVERY SHARED SERVICES ("EDSS")

Activities performed within EDSS support many of the customer-support functions of the operating companies, particularly the two utilities. These activities ensure that customers are able to easily contact the company and that work planning can be enhanced through various asset management strategies. The financial management activities in EDSS also provide for resource utilization and control and planning support. Additionally, EDSS activities support the long-range planning of the utilities. These customer-related services are commonly consolidated within a shared services organization, as outlined in

Section 3 – Organization Overview. Activities performed in EDSS include the following:

- **Executive Management:** Oversight of shared services between EED companies; planning at an EED level
- **Meter Reading:** Management of ComEd meter readers and AMR program at PECO
- **Customer Billing:** Management of ComEd and PECO billing employees
- **Payment Processing:** Management of ComEd and PECO payment processing centers
- **Call Center Administration:** Management of ComEd and PECO call centers
- **Customer Ops Planning:** Sets and evaluates operating metrics and goals for the Customer Operations areas
- **Marketing and Support Services:** Marketing strategy; marketing research; bill insert program
- **Training:** Training for linemen; maintenance and safety training; other frontline workforce training; field and technical services training; customer and marketing training
- **Fleet Management:** Purchasing, leasing and maintenance of Exelon vehicles
- **Asset Performance and Investment Strategy:** Evaluate transmission system to determine investment needs and determine asset replacement needs; understand macro and micro issues to support system design
- **Contract Management:** Project management of contracted work for maintenance or capital projects
- **Environmental and Vegetation Management:** Planning and execution of tree/vegetation trimming
- **EDSS Property Management:** Oversight of utility property management; acquisition and land management; real estate records management; real estate property tax service; real estate leasing and

sales service; building operations and maintenance; general building services

- **EDSS Finance:** Financial planning and analysis for EED; load forecasting for ComEd and PECO; support both ComEd and PECO
- **Tax & Controller for EDSS:** Oversight of tax and controller functions within utility operations; support and consolidation of EED accounting
- **Severance:** Account for dollars used to make payments to severed employees
- **IT Support:** Management of EED IT projects; projects specific to an EED entity, such as SCADA or meter and billing systems
- **Document Services:** Management of the EDSS Management Model; ensure distribution of Management Model
- **Engineering:** Project design and cost estimates; material and other requirements
- **Quality Assurance:** Performance of operational audits to ensure that work is being conducted in accordance with safety guidelines and company policies
- **R&D**: Participation in industry groups; membership fees; conference travel for EED personnel
- **T&D Planning:** System capacity expansion planning; RTO interface planning
- **T&D: Operations** – Running control centers for ComEd and PECO transmission control center; outage planning management

NECESSITY ANALYSIS

We assessed and categorized each practice area activity by the attributes previously discussed.

Figure 5-23
Energy Delivery Shared Services Necessity Analysis

Activity	Necessity Attributes					
	Corporate Governance	Regulatory Mandates	Legal Compliance	Management Control	Operational Execution	Strategic Planning
Energy Delivery Shared Services						
Management and Administration	✓			✓		✓
Meter Reading					✓	
Customer Billing					✓	
Payment Processing					✓	
Call Center Administration					✓	
Marketing and Support Services					✓	
Customer Ops Planning				✓		
Training					✓	
Fleet Management					✓	
Asset Performance and Investment Strategy				✓	✓	✓
Project Management			✓	✓	✓	
Environmental & Vegetation Management					✓	
EED Property Management				✓	✓	
EED Finance	✓			✓	✓	✓
Tax & Controller for EED		✓	✓	✓	✓	
Severance			✓	✓		
IT Support					✓	
Document Services					✓	
Engineering					✓	
Quality Assurance	✓		✓			
R&D					✓	✓
T&D Planning	✓			✓	✓	✓
T&D Operations				✓	✓	

These activities fulfill the following necessity attributes: Corporate Governance, Regulatory Mandates, Legal Compliance, Management Control, Operational Execution and Strategic Planning

Corporate Governance

EDSS corporate governance activities include the coordination and management of overall electric utility operations. The finance group within EDSS supports budget preparation at the utility level. Additionally, broad transmission and distribution strategic and operational planning (expansion, repair, etc.) occurs within EDSS for both utilities.

Regulatory Mandates

The tax and controller functions within EDSS ensure that, from an EED perspective, financial statements are in compliance with SEC and IRS

regulations. These activities ensure that the utility operating companies are in compliance with appropriate regulatory mandates before consolidation at a corporate level.

Legal Compliance

Legal compliance activities within EDSS include managing contracts with outside service providers to ensure proper legal protection and recourse. These activities help limit exposure to costly legal proceedings.

Management Control

Management control activities within EDSS relate to providing financial reporting and variance analysis across EED. Additionally, these activities provide information about asset replacement planning and strategies and status of large contracts and associated spend.

Operational Execution

EDSS operational execution activities include the management and supervision of customer related activities including meter reading, billing, payment processing and call center. These activities also include the management and supervision of various utility engineering functions. Additionally, these activities include O&M and capital budgeting, business planning and financial forecasting.

Strategic Planning

EDSS strategic planning activities include planning for the expansion of the transmission and distribution grid. Additionally, this group plans for asset replacements and coordinates the long range plans across EED. These activities also include developing the strategic direction of customer related functions such as meter reading and customer service.

BENEFITS ANALYSIS

We assessed and categorized each practice area activity with respect to the attributes previously discussed.

Figure 5-24
Energy Delivery Shared Services Benefits Analysis

Activity	Benefit Attributes					
	Reduce Risk	Increase Employee Productivity	Provide Management Information	Enhance Corporate Performance	Reduce or Avoid Costs	Increase Reliability
Energy Delivery Shared Services						
Management and Administration	✓		✓	✓		
Meter Reading	✓	✓			✓	
Customer Billing	✓	✓			✓	
Payment Processing		✓			✓	
Call Center Administration		✓			✓	
Marketing and Support Services				✓		
Customer Ops Planning			✓	✓		
Training	✓	✓				✓
Fleet Management		✓			✓	
Asset Performance and Investment Strategy	✓	✓	✓	✓	✓	✓
Project Management	✓	✓	✓	✓	✓	
Environmental & Vegetation Management	✓	✓			✓	✓
EED Property Management	✓				✓	
EED Finance	✓		✓	✓		
Tax & Controller for EED	✓		✓	✓		
Severance					✓	
IT Support	✓				✓	✓
Document Services	✓					
Engineering	✓					✓
Quality Assurance	✓			✓		✓
R&D				✓		
T&D Planning	✓		✓		✓	✓
T&D Operations	✓				✓	✓

These activities provide benefits in the following categories: Reduce Risk, Increase Employee Productivity, Provide Management Information, Enhance Corporate Performance, Reduce or Avoid Cost and Increase Reliability.

Reduce Risk

EDSS activities that reduce risk include managing T&D operations and vegetation management program to reduce the potential for outages. These activities also include the development of policies and procedures relating to investment strategy and asset performance measurement.

Increase Employee Productivity

EDSS activities that increase employee productivity include providing the strategic and technological direction relating to customer systems (CIS, IVR,

AMR, etc.). Additionally these activities include providing training for customer-facing employees to enable better job performance.

Provide Management Information

EDSS activities that provide management information include providing financial and operational data relating to the operation of EED assets. These activities also include providing data and recommendations to support T&D expansion planning.

Enhance Corporate Performance

Activities that enhance corporate performance within EDSS include strategic planning for the operation and expansion of the T&D system. Additionally, these activities also include providing consolidated management of T&D related activities, providing for more efficient and effective operations.

Reduce or Avoid Cost

EDSS activities that reduce or avoid cost include implementing enabling technologies such as AMR and IVR in the call center. These activities also include the management and oversight of credit and collection activities. Additionally, these activities include the preventative maintenance of the T&D system.

Increase Reliability

EDSS activities that help increase reliability include training of employees on maintaining, operating and monitoring the T&D system, including demand levels to reduce the frequency and duration of outages. Additionally, these activities include the active management of vegetation growth and system age and maintenance requirements. These activities also encompass the support of a SCADA system across EED.

Exhibit 7-1
Budget and Control Details

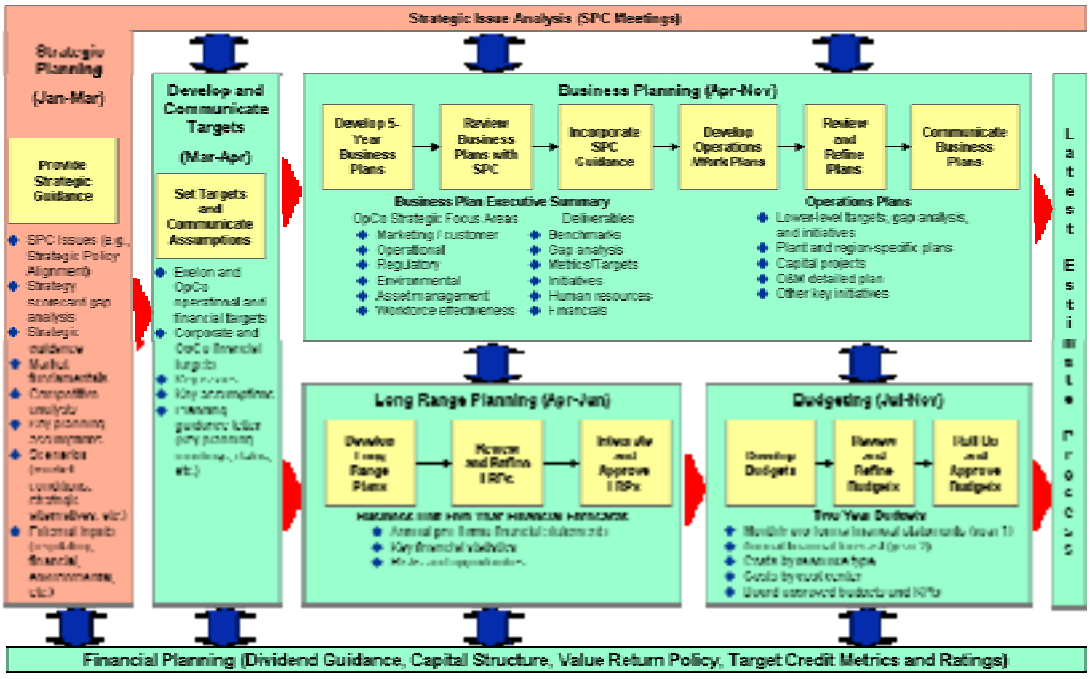
PURPOSE

The purpose of this Exhibit is to support report **Section 7 – Budget and Control** as it relates to assessing the structure, execution and effectiveness of the budget process as a means of limiting EBSC expenditures and assuring appropriate scrutiny is provided to their development. The review was also structured to understand the manner in which EBSC exercises ongoing control over the absolute level of budgeted dollars as a basis for assessing the adequacy of involvement in reviewing total costs incurred at EBSC for services to be provided.

Understanding the nature of Exelon's budgeting and control processes provides insight into the philosophy, approach and methods Exelon, EBSC and the operating companies undertake to minimize and control service company costs. These processes provide the fundamental elements of effective cost management and are indicative of the extent to which EBSC costs are controlled.

The scope of this analysis focused as Exelon's enterprise-wide overall planning and budget process. This overall process was reviewed due to manner in which the various planning, evaluation and control elements are integrated. As will be discussed later, Exelon and ComEd utilize multiple planning dimensions to forecast costs and have adopted specific mechanisms to monitor, understand and control costs. Exelon's overall financial planning process (including budgeting) is shown in **Figure 7-1** below:

Figure 7-1
Exelon Planning and Budgeting Process



Source: Exelon Corporate Planning

This diagram depicts the integration of the strategic planning, business planning, long range planning, budgeting process, and financial planning process that Exelon executes on an annual basis and ultimately represents the formal budget and control processes in place. The budgeting and planning process is led by EBSC's corporate planning function with multiple interfaces with EBSC senior leadership, operating company leadership, EBSC finance and embedded operating company finance resources that result in the development of a comprehensive long range view of the business as well as more detailed near term (2 year detailed budget) financial plans.

- Planning and budgeting at large, complex organizations often involves multiple iterative processes, interactions with several layers through the organization, and coordination across multiple financial processes.

Understanding Exelon and ComEd budget and control activities required an understanding of the planning framework and the management models in place to govern task execution. These assessments were designed to both document current processes in place, but also to observe how these processes are implemented and executed. Of particular relevance is the role that ComEd plays in the budget establishment and ongoing cost monitoring processes. Our review focused on how ComEd interfaced with EBSC-as an enterprise and at the functional level – regarding annual activity planning and cost budgeting. The review also focused on the

identification of the various mechanisms used with Exelon, EBSC and ComEd to control costs – both on a regular bases, as well as through more programmatic means.

Management Model Review

Exelon has developed and formally adopted its Management Model across the enterprise as a framework to link the critical policies, programs, processes, and procedures each organizational unit employs to accomplish Exelon's vision and goals. The components of the Management Model provide insight into formal management mechanism that provide further description and insight into the budget and control process. This overall framework was revised to understand the manner in which it provides guidance for business planning for ongoing management.

Budgeting Process Review

As depicted in **Figure 7-1**, Exelon has documented a formal and detailed process that governs the annual planning and budgeting process which is described in further detail in this section of the report. This process serves as the baseline from which to evaluate the thoroughness and comprehensiveness of the mechanisms by which the Company manages costs. In this area of analysis, we focused on the interface mechanisms and interactions between ComEd and EBSC and the utility of ComEd to influence planned costs.

Planning Process Dimensions

Before describing Exelon's planning and budgeting processes in detail, there are two inputs to these processes that frame management's perspective and influence the outcomes of these processes as depicted in **Figure 7-1**:

- **Strategic Analysis:** Senior management in coordination with the Company's corporate strategy function regularly monitor and evaluate the external business environment including financial, environmental, operational, and regulatory changes that influence the Company's strategic initiatives and focus. One of the roles of Exelon's Strategy and Policy Committee (SPC), comprised of senior management members across the operating businesses, is to consider, evaluate, and establish the future direction and priorities of the organization. These strategic initiatives provide direction from management that influence and establish the performance boundaries that must be synchronized within the annual financial planning process.

- **Financial Planning** : A corollary input to the planning and budgeting processes are the external financial drivers and expectations from Exelon shareholders. This external view place parameters on the business , and specifically operating costs, that drive Exelon and operating company performance, including EBSC, to levels consistent with stakeholder interests.

As **Figure 7-1** depicts, the Exelon planning and budgeting processes consist of five inter-related activities that will be described in detail below:

- Strategic Planning
- Target Development
- Long Range Planning
- Business Planning
- Budgeting

Strategic Planning

Exelon's planning process begins with the strategic planning process during the first quarter of the calendar year. Strategic planning is led by the Corporate Strategy function with input from the SPC. Key planning assumptions result from this process as strategic initiatives are developed that will guide the enterprise over the short and long-term horizon.

Target Development

In January of every year, initial targets are established for each of the operating companies based on senior management (Chief Financial Officer, Exelon Energy Delivery President, Exelon Generation President, EBSC President, and Senior Vice President -Corporate Planning) review of information including:

- The most recent long range plan,
- Current market conditions (market, political, regulatory conditions),
- Risks and opportunities identified by each operating company,
- The corporate scorecard and operating company review of the scorecard

Ultimately the judgment of this senior team establishes financial targets that are communicated to the operating companies including ComEd. These targets are reviewed by the operating companies and adjustments are made to targeted performance levels. Corporate planning and ultimately senior management evaluate and reviews these adjustment before the ultimate approval of the targets.

Long Range Planning (LRP)

Once these targets have been established, the corporate planning function initiates the long range planning process, which is closely integrated with the business planning process described further below. The LRP is an integrated financial pro-forma, consisting of an income statement, balance sheet and cash flow statement covering a longer time horizon (typically five years). The LRP reflects the results of major initiatives and assumptions in the business plan and known or likely changes beyond the five year period. As a result, in some cases, the LRP time period can be extended to cover future events, such as planned M&A activity, e.g., the PSE&G merger, (typically a 10 year period in this case).

Typically, the long range planning process results in the development of a five year financial plan that integrates the strategic objectives and financial targets previously described. The initiation of the long range planning process allows each operating entity to develop a view of its expected long term financial forecasts that incorporates the specific initiatives and challenges facing the entity. The corporate planning function integrates each of the operating plans into a comprehensive view of the expected financial performance for the enterprise.

Long range planning involves integrating the specific operating company plans that align with the corporate targets and planning objectives with the long-term enterprise financial plan. This plan identifies the business risks and market opportunities associated with the plan and serves as the basis to develop more detailed business plans as part of the business planning process.

Business Planning

Detailed business planning is conducted between the second and third quarter that includes a more iterative process between the corporate planning function, the operating companies, and EBSC related to the near-term (one year) budgets. This process considers specific financial, operational, regulatory, environmental, and asset management factors affecting each entity that support the LRP. The business plans are five year plans that include specific operational initiatives and financial estimates with detailed one year budgets (at the resource type / subaccount level, e.g., regular time, office supplies, materials, professional services, contract services, public relation services). Business plans are developed by operating company and within the EBSC for several of the more significant (defined by level of costs incurred) practice areas (Finance, Supply and Information Technology). Typically the business plan is designed to include:

- Business unit strategic focus and business direction
- Business unit benchmarking and gap analysis
- Action Plans with major initiatives to close operational and financial performance gaps, including dates, milestones, ownership and metrics
- Risks and opportunities assessments
- Long range plan incorporating income, cash flow and balance sheet targets

As part of this process, project evaluations are prepared to initiate the review and approval of capital commitment requests that are subject to review and approval by the Chief Executive Officer. These commitments include operating company capital expenditures, procurement and supply contracts, service agreements and real estate optimization projects that exceed authorized individual expenditure levels.

Budgeting

The business plan is the major input into the annual budgeting process that begins in the third quarter of the year. The budgeting process begins with understanding overall corporate priorities and targets previously established. This detailed process involves

developing a budget for over 165 individual items within EBSC and approximately 100 individual items within ComEd. The EBSC practice area budgets capture the relevant contribution of the 165 individual items that determine the basis for the budget for the 108 activities previously described. Each operating company builds a budget from the bottom-up by resource type and subaccount (e.g., regular time, office supplies, materials, professional services, contract services, public relation services) which is then reviewed by operating company senior management. The finance function governs the overall process to provide a consistent review framework to ensure accuracy and alignment with Exelon goals, targets, strategic objectives and the recently completed LRP process. The finance function also interfaces with other EBSC practice areas to develop individual practice area budgets. Once the initial budget is approved by the finance representative of the appropriate operating company, operating company senior management (e.g., President, Finance Vice President) approves the budget. Currently a two year detail bottoms-up budget is prepared.

Each EBSC practice areas follows a similar process to develop their budgets which are ultimately rolled-up into EBSC's total budget. This process involves extensive interaction with each operating company. For example, the Information Technology budget is developed by the Information Technology senior management team with input from each of the operating companies for activities or major initiatives that specifically benefit or have been requested by the operating company through previously established service level arrangements. The budget process also provides the opportunity for the operating company to review those costs that relate to strategic or governance related activities performed by EBSC that are ultimately directly assigned or allocated to the operating company. Each Practice Area or functional group reviews their budget and the responsible executive approves and submits to Corporate Planning. Corporate Planning reviews the individual budgets, consolidates them into the Exelon corporate budget and submits it to the Board of Directors for final approval.

Once the annual budget has been established and approved, the company has formal management processes that track performance against the budget. Exelon management reviews performance monthly through the latest estimate or "LE" process. This process involves reviewing budgets at the line-item level for each operating company, including EBSC. Within the operating company, each practice area prepares a reconciliation of the current month performance relative to the budget and describes any variance from planned performance. Direct discussion is held between EBSC and the operating companies regarding variances. These review meetings also address any requirement to change the forecast based on business performance to-date and also are used to establish any mid-year budget challenges (target adjustments) that are required to meet financial objectives.

Three additional formal mechanisms to evaluate and monitor cost performance are used within Exelon as follows:

Monthly Reporting

Once the operating budget has been approved, the corporate planning function aggregates, analyzes and reports forecasted financial performance at the end of each month. An enterprise wide performance report is then prepared that is reviewed by senior operating company management. On a quarterly basis, this report is distributed to Exelon's Management Committee, an expanded executive committee that includes the Chief Executive Officer, Executive Vice Presidents and Vice Presidents from the enterprise. This presentation includes an analysis of key business drivers and a comparison of actual performance to the plan (budget) and is used as a basis for understanding financial results and managing the business on an ongoing basis.

Quarterly Management Meetings (QMM)

On a quarterly basis, the Management Committee convenes to review the previous quarter's financial performance (current performance vs. plan), and key financial and operational metrics. During these meetings, performance against plan and compared to targets is reviewed and additional budget challenges may be instituted to meet financial objectives given year-to-date performance. The QMM package consists of:

- Year-to-date income statements
- Full year income statements
- Year-to-date balance sheets
- Year-to-date cash flow statements
- Year-to-date capital expenditures and analysis
- Full-year capital expenditures and analysis
- Significant risks to latest forecast

Corporate Planning collects, consolidates and analyzes the QMM packages from each business unit and validates the reasonableness of the information submitted by the business units. Corporate Planning contacts the business units if there are issues with the submission or if the submission significantly varies from the LRP. Corporate Planning provides an overview of how the actual and forecasted financial results (from the business units) differ from the plan and previous year. Corporate Planning also prepares a presentation that reconciles earnings and shows the income statement, balance sheet, cash flows and capital expenditures to date and for the full year compared to the prior year and plan.

Board of Director Meetings

Monthly, financial variance analyses are prepared that describe current year financial performance vs. prior year performance and current year financial performance vs. planned performance. On a monthly basis, the corporate planning function coordinates the submission of the financial package and variance analysis.

The activities described above are processes largely coordinated by the Corporate Planning function with significant input from management throughout the organization.

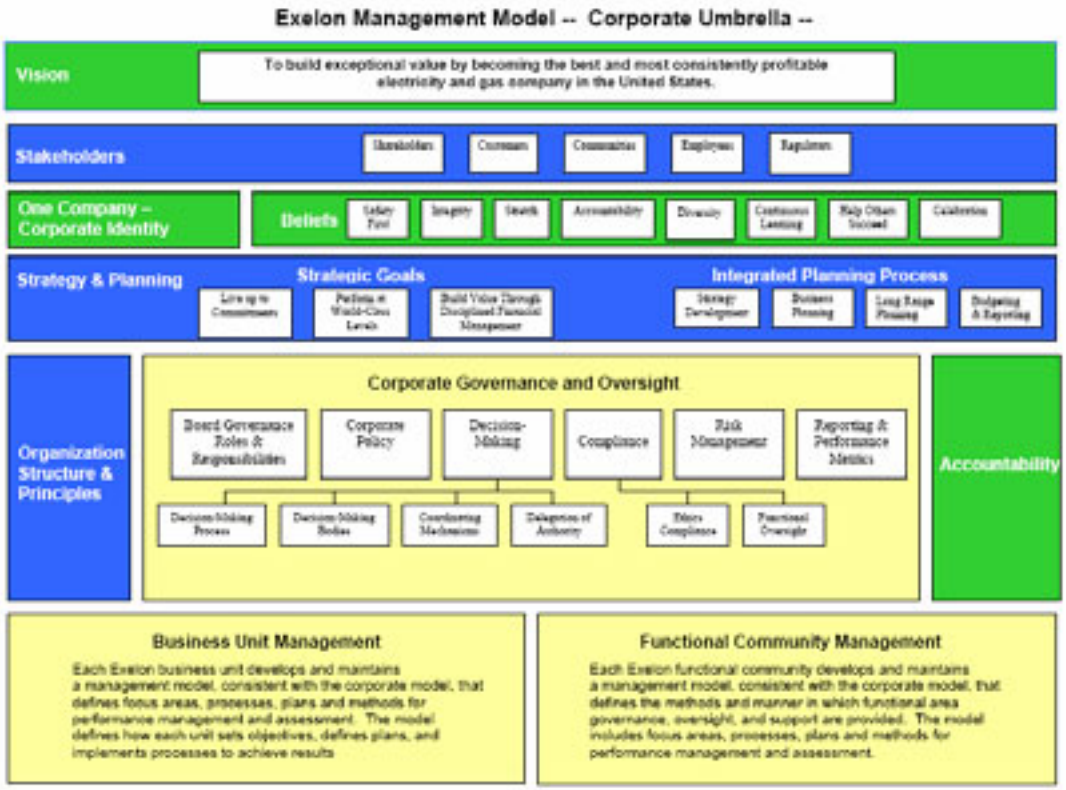
The detailed budget and control processes are well documented in the Exelon Finance Management Model. The overall and functional Exelon management models were established to document guidelines to enable the corporation to "consistently achieve excellence in all key dimensions." The management models are tools that document policies, procedures and processes that identify the best way to operate the business. Some of the key objectives of the management models are to:

- Identify best practices and enable knowledge sharing across Exelon
- Align resources and priorities to common goals and objectives
- Accelerate onboarding of new hires and communicate shared values to new hires
- Repeat "best performance" across the enterprise

The corporate management model is summarized in the graphic shown in **Figure 7-2,** the EED management model is summarized in the graphic shown in **Figure 7-3** and the BSC management model summary is show in **Figure 7-4**. The management models contain details around a variety of topics and are structured similarly across the various operating companies and functional areas:

- Mission and Vision
- Stakeholders
- Beliefs
- Principles
- Strategic Focus Areas (e.g., management controls)
- Functional Area Overviews (e.g., Asset Management, Supply, Information Technology)
- Customer Focus / Business Alignment (e.g., customer satisfaction, service level arrangements, client engagement levels)
- Cost Management (e.g., business planning, capital approval, contractor utilization, performance reporting)
- Organization Effectiveness (e.g., performance management, diversity, training, and other Human Resources related items)
- Business Planning (e.g., customer satisfaction, service delivery, process optimization, service level arrangements, budgets, safety, training and development, benchmarking, decision making,)
- Organization Structure

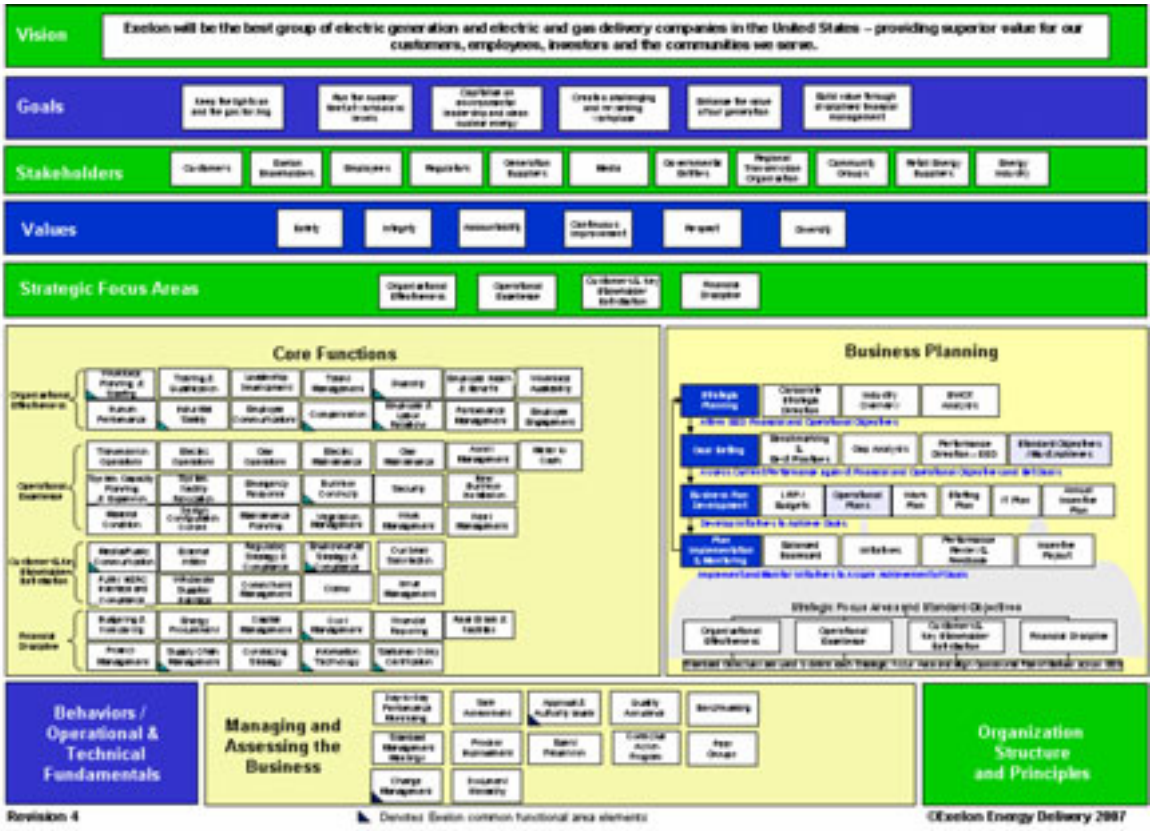
Figure 7-2
Exelon Corporation Management Model



The corporate management model framework above is adapted by the business units (e.g. ComEd, PECO, and Exelon Generation) and functional areas (e.g., EBSC practice areas) to reflect the different priorities within each entity while still maintaining consistency with Exelon's overall vision and mission.

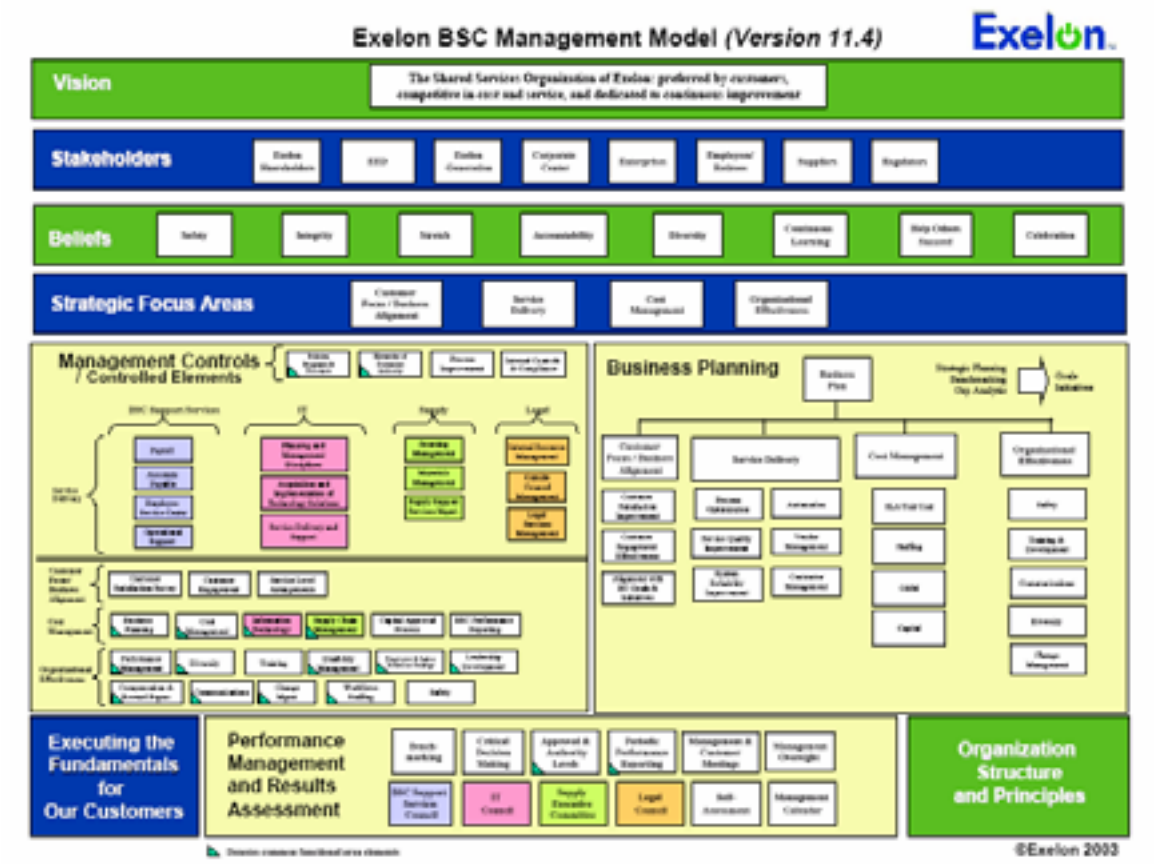
Exelon Energy Delivery has created a management model that outlines the policies, processes and procedures it follows as shown in **Figure 7-3** below that is followed by ComEd and PECO employees. Of note is the focus on cost management noted in the financial objectives of EED (ComEd and PECO).

Figure 7-3
Exelon Energy Delivery Management Model



Additionally, BSC has an established management model with policies, processes and procedures it follows. The BSC management model describes the focus areas, business processes, business plans, and performance management assessment processes that allow BSC to effectively provision services to its internal customers. The depiction of the BSC management model is shown in **Figure 7-4** below:

Figure 7-4
BSC Management Model



A key element of the corporate management model, as shown in **Figure 7-4**, relates to reporting and performance metrics. Performance management and results assessment and reporting are fundamental elements of the BSC management model.

Exhibit 8-1
EBSC Functional Area Allocation Factors

The purpose of this exhibit is to present the manner in which EBSC costs, not otherwise directly assigned, are allocated to affiliates. This exhibit identifies the primary allocation factor for each EBSC practice area, cost center and EDSS. Note that while total ComEd billings are included below for each area, only a portion of those billings are actually allocated while the balance is directly assigned. Refer to the report for overall conclusions.

Figure 8-7
Primary EBSC Allocation Factors

EBSC Practice Areas / Cost Centers / EDSS	Billings to ComEd ($M)	% of Total	Primary Allocation Factor(s)	Comments
Information Technology	$90.6	30%	Varies – a wide range of specific allocation factors are used to assign costs(2)	IT direct charges where possible and allocates a small percentage of governance, enterprise-wide projects and other allocable costs
EDSS	$81.9	27%	Expenditures, Employees(3), Customers, Vehicles	EDSS incurs costs on behalf of both utilities and allocates costs using a variety of activity-specific factors based on the size and usage from each utility
Finance	$40.9	13%	MMF	Costs are largely allocated due to the governance nature of the activity
Executive Services	$19.4	6%	MMF	Costs are largely allocated due to the governance nature of the activity
Human Resources	$17.6	6%	Employees	Costs are largely allocated due to the governance nature of the activity
Legal Services(1)	$15.3	5%	Total Legal Services Billings and MMF	Legal services directly bills using standard rates; General Counsel, Corporate Strategy, and Corporate Governance activities benefit the organization as a whole and are largely allocated
Communications	$9.4	3%	MMF	Costs are largely allocated due to the governance nature of the activity
Supply Services	$8.5	3%	Spend(4)	Costs are largely allocated due to the governance nature of the activity
General Company Activities	$7.1	2%	MMF	Costs are largely allocated due to the governance nature of the activity
Commercial Operations Group	$6.3	2%	Total Service Billings	COG direct bills using standard unit prices for its services and adjusts prices through true-up mechanism based on each operating company's pro rata share of direct charges (reflected in the indirect costs)
Government and Environmental Affairs	$4.6	2%	MMF	Costs are largely allocated due to the governance nature of the activity
Corporate SLA	$2.1	1%	MMF	Costs are largely allocated due to the governance nature of the activity
Total	**$303.7**	**100%**		

(1) Includes billings for Legal Services (allocated using total legal services billings) and General Counsel, Corporate Strategy, and Corporate Secretary (allocated using MMF)
(2) E.g., e-mail accounts, telephones
(3) EDSS employees only contain headcounts at EDSS client companies (i.e., ComEd and PECO)
(4) Supply Services spend allocated based on each operating company's relative share of the spend category being allocated (e.g., spend on outside services, spend on purchased materials)

Exhibit 8-2
Change in Business Drivers Between 2004 and 2006

The purpose of this Exhibit is to show the change in business metrics between 2004 and 2006 that contribute to the Modified Massachusetts Formula.

As discussed in Section 8 of the report, in 2006, ComEd received a smaller percentage of EBSC billings than in 2004. this is caused by a change in the mix of the Exelon business as shown below.

The three components that make up the Modified Massachusetts formula, revenues, assets and direct labor, are highlighted below. Using those metrics, Genco has experienced increases in each of those factors compared to ComEd, causing it to receive a higher percentage of MMF billings.

($ in Millions)

MMF Calculation – 2004	ComEd	PECO	GenCo	Enterprises	Exelon Corp	Total
Gross Revenues (2004 Projected)	$5,805	$4,401	$7,590	$108	$920	$18,824
	30.8%	23.4%	40.3%	0.6%	4.9%	100.0%
Assets (9/30/03 Historical)	$16,779	$10,530	$13,458	$499	$9,532	$50,798
	33.0%	20.7%	26.5%	1.0%	18.8%	100.0%
Direct Labor (2004 Projected)	$804	$361	$1,064	$20	$12	$2,261
	35.6%	16.0%	47.1%	0.9%	0.5%	100.0%
Allocation Percentage	33.1%	20.0%	38.0%	0.8%	8.1%	100.0%
MMF Calculation – 2006	**ComEd**	**PECO**	**GenCo**	**Enterprises**	**Exelon Corp**	**Total**
Gross Revenues (2006 Projected)	$6,274	$5,452	$8,791	$0	$927	$21,444
	29.3%	25.4%	41.0%	0.0%	4.3%	100.0%
Assets (9/30/05 Historical)	$17,311	$9,907	$17,562	$0	$12,644	$57,424
	30.1%	17.3%	30.6%	0.0%	22.0%	100.0%
Direct Labor (at 11/30/05)	$423	$177	$681	$0	$10	$1,291
	32.8%	13.7%	52.7%	0.0%	0.8%	100.0%
Allocation Percentage	30.7%	18.8%	41.4%	0.0%	9.0%	100.0%
Change in Percentage	**ComEd**	**PECO**	**GenCo**	**Enterprises**	**Exelon Corp**	**Total**
Gross Revenues	-1.6%	2.0%	0.7%	-0.6%	-0.6%	NA
Assets	-2.9%	-3.5%	4.1%	-1.0%	3.3%	NA
Direct Labor	-2.8%	-2.3%	5.7%	-0.9%	0.2%	NA
Average	-2.4%	-1.2%	3.5%	-0.8%	1.0%	NA

Exhibit 8-3
EBSC Allocation Detail

The purpose of this exhibit is to provide additional information on total EBSC billings to ComEd and how the proportions of billings among operating companies and between direct and allocated have changed over time. Refer to the report for overall conclusions.

While the relative proportion of EBSC billings changed slightly among operating companies between 2004 and 2006, **Figure 8-9** shows that the mix of billings by method remained relatively consistent over that period.

Figure 8-9
EBSC Billings by Method: 2004 vs. 2006

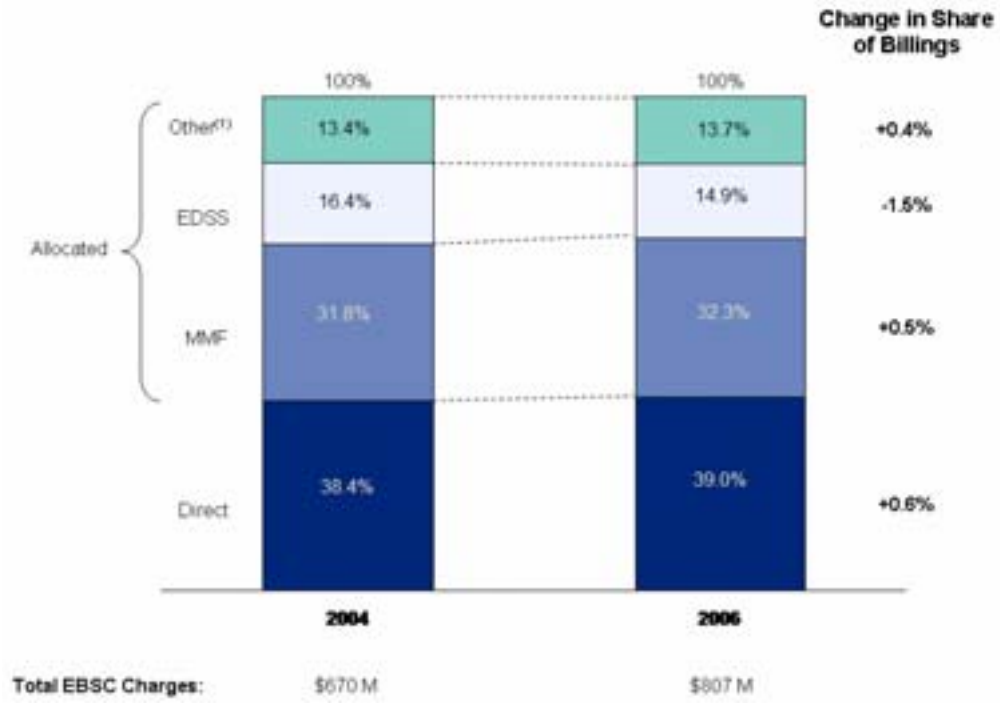
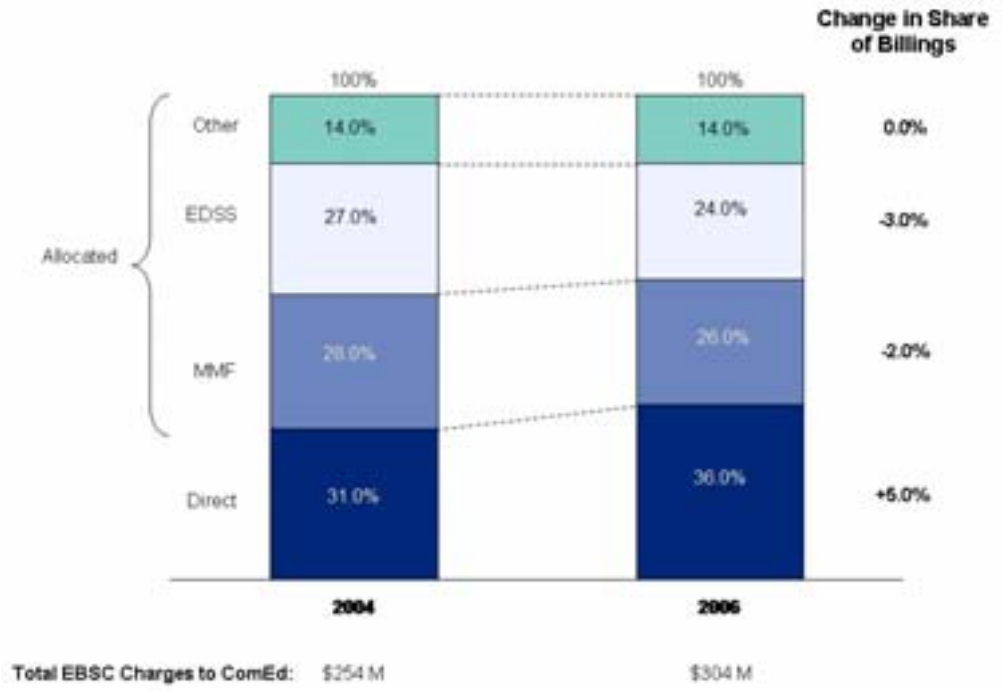


Figure 8-10 shows that the mix of billings to ComEd has shifted toward direct charges, primarily due to additional IT projects and other IT services.

Figure 8-10
EBSC Billings to ComEd by Method: 2004 vs. 2006



Figures 8-11 through 8-13 depict 2006 EBSC billings based on the nature of the cost being billed.

Figure 8-11
Total EBSC Billings by Type

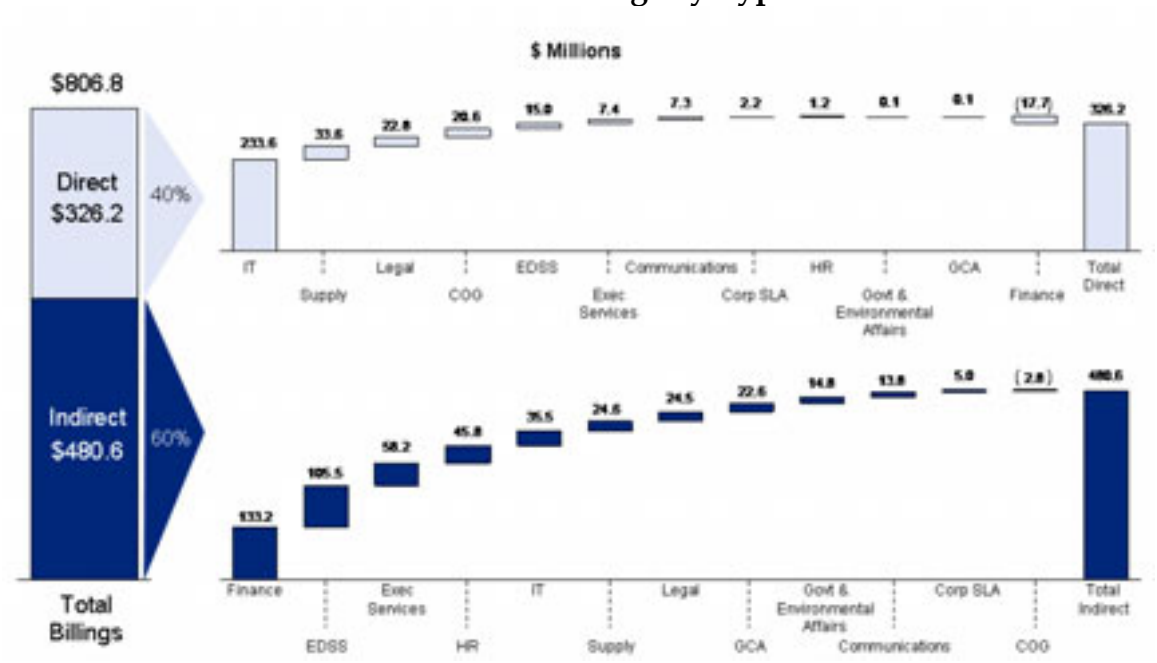


Figure 8-12
Total EBSC Billings to ComEd by Type

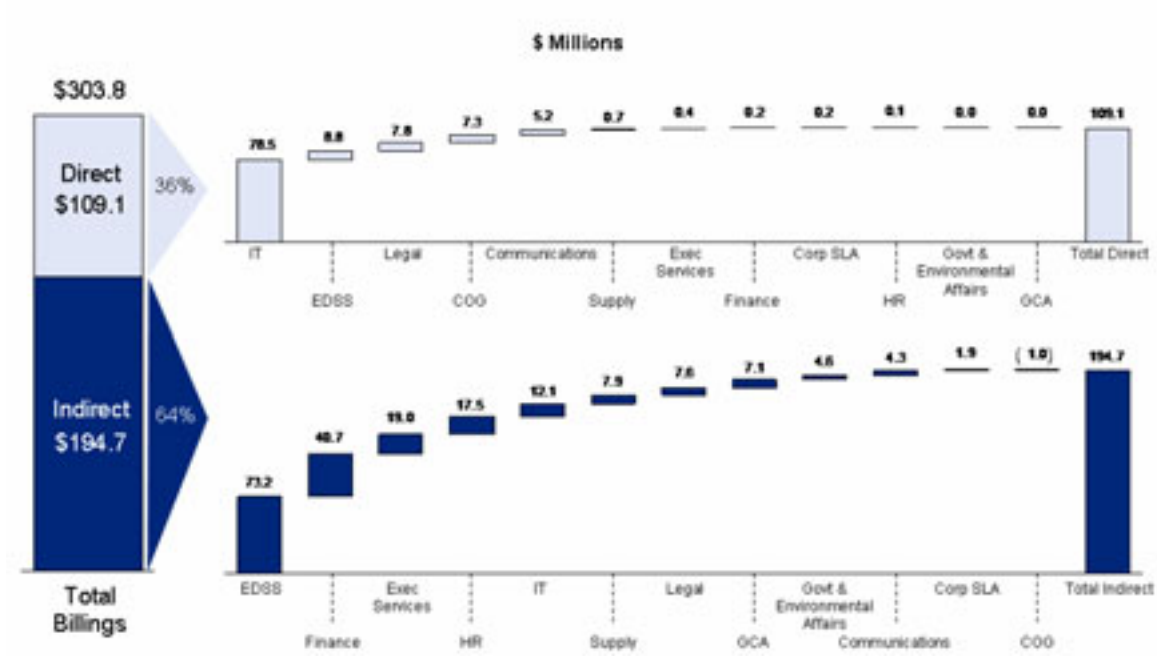


Figure 8-13
Total EBSC Billings in ComEd A&G by Type

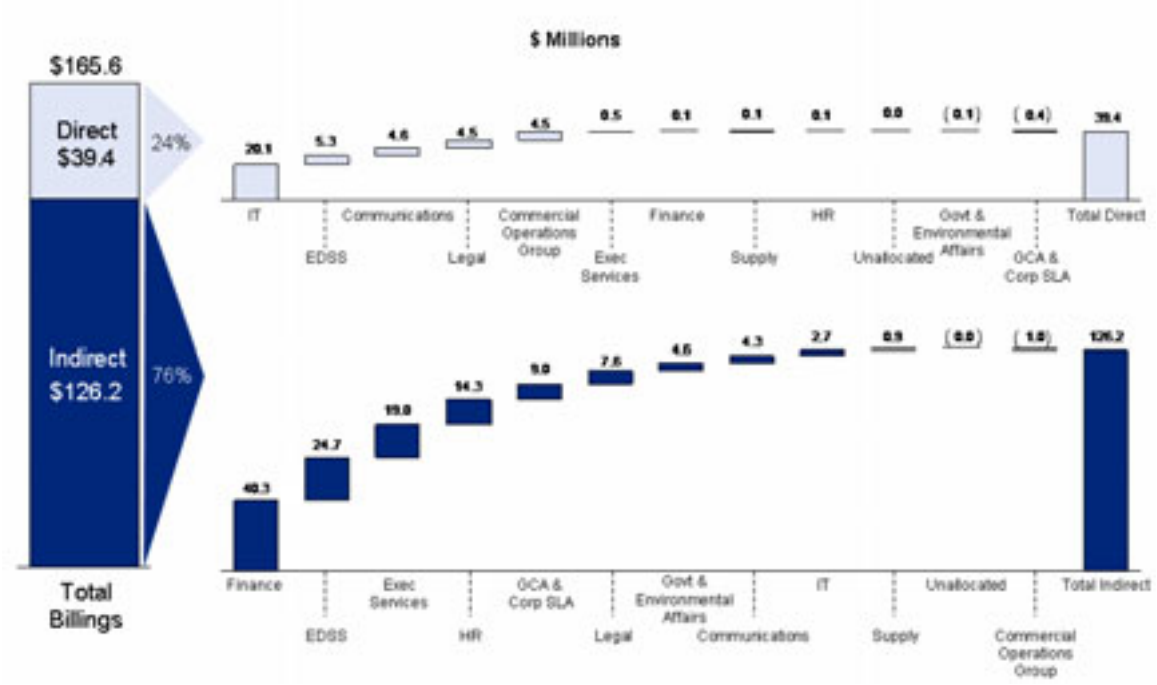


Exhibit 9-1
Booz Allen Staffing Function Definitions

To ensure that staffing levels and comparisons were analyzed on a consistent basis for the purposes of benchmarking, Booz Allen uses common definitions to identify function and subfunction alignment of client companies. This alignment captures most of the 108 identified EBSC activities, which are summarized in **Exhibit 3-1**. To categorize the staffing levels within each function, we reviewed the specific description of each position. This process allows a consistent organizational alignment based on a set of common definitions so that direct and fair comparisons can be made across client companies.

The ultimate function and subfunction alignment was validated by management. This process was followed in other client situations ensuring consistency of alignment within these companies as well as comparability across the other companies in the database.

The following provides the definitions of each function and subfunction examined for the purposes of this benchmarking. In addition, the Exelon practice area that is most closely aligned with the definitions within a given Booz Allen function or subfunction is included in the far right column.

Subfunction	Description	Exelon Practice Area Most Closely Aligned
Legal		Legal
Attorneys	Include attorneys on the internal legal staff or FTE equivalents for outside attorneys covered under long term retainer agreements whether reporting into a corporate General Counsel's office or directly to a business unit or functional organization.	
Support Staff	Those who provide clerical, secretarial and paralegal support staff including law library and document preparation	
Corporate Secretary	Include those personnel who are responsible for corporate governance matters, shareholder matters, and compliance/regulatory and legal matters.	
Other	Include the office of the general counsel, any investigatory personnel or other related activity reporting directly to the law department	

Subfunction	Description	Exelon Practice Area Most Closely Aligned
External Relations		
Public Relations / Corporate Communications	Those who plan and implement programs intended to foster favorable public attitudes toward the company and coordinate with corporate and community leaders. Include here community relations personnel and public image advertising	Communications
Governmental Affairs	Include those involved with lobbying and keeping abreast of federal and state legislative issues. Exclude environmental affairs and nuclear licensing/regulatory relations personnel.	Regulatory and Government Affairs
Other	Includes all personnel in district manager functions; include any management or administrative personnel involved with managing this function or providing liaison to the various regulatory/legislative functions	

Subfunction	Description	Exelon Practice Area Most Closely Aligned
Finance and Accounting		Finance
Financing & Treasury	Those involved in financing and cash management. Exclude cash remittance and bill processing personnel.	
Payroll Accounting & Admin	Include those that manage the payroll	Commercial Ops Group
AP & AR	Include individuals responsible for disbursements and receivables other than customer billing.	Commercial Ops Group
Property Accounting	Includes individuals responsible for maintaining the plant & property records for the organization includes those individuals that would analyze project/construction work orders and make appropriate distributions to capital accounts.	
GL & Corporate Accounting	Includes those individuals responsible for maintaining the general ledger and related reports; responsible for the monthly, quarterly and annual closing processes and procedures.	
Internal Audit	Those conducting internal audit and appraisals of accounting, financial, and other company operations.	
Tax		
Budgeting	Include those who coordinate the preparation of O&M and capital budgets and analyze budget variances. Do not include personnel involved in project estimating and engineering.	
Financial Planning	Those who prepare short and long-term financial forecasts and plans	
Corporate Planning	People involved in developing the company's long-term strategic plan or business plan. This category is not for system planning.	
Corporate Performance	General office personnel responsible for assisting line managers in selecting and monitoring key success factors or performance measures in major functional areas as well as company quality and process improvement personnel	
Investor Relations	Those people who develop and implement shareholder relations programs, including all direct communications with stockholders. Include individuals involved in stock transfer activities including record keeping, tax reporting, and certificate insurance	
Other	For merger integration projects this function includes the Transition team	

Subfunction	Description	Exelon Practice Area Most Closely Aligned
Human Resources		Human Resources
Compensation	Staff members who develop, recommend, implement wage and salary programs as well as compensation practices and policies	
Benefits	Staff members who develop, recommend, and implement benefits practices and policies; includes medical claims processing	
Staffing	Those responsible for recruiting, hiring (including pre-employment testing), promotion, transfer, EEO/AA	
Labor Relations	Those responsible for union relations, negotiating union contracts, and administering those contracts	
Skills Training (non-nuclear)	Include any outside contractor trainers	
Management Development	Those involved with the implementation of internally developed training programs, coordination of externally offered training programs as well as those individuals who provide performance intervention counseling on an individual employee basis or on a department basis.	
Employee Relations	Those responsible for record keeping, performance appraisal, counseling, employee communications, and employee assistance programs; list any internal/employee communications group here, not in External Relations	
Organizational Planning & Design	Internal HR consulting staff performing organizational evaluation and planning	
Medical & Health Services	Staff members who provide medical evaluations and health care for employees	
Safety	Those responsible for programs relating to safety and industrial health. Do not include nuclear safety personnel here.	
Other	Include the management and administrative personnel of the HR function who are not specifically assignable to a subfunction	

Subfunction	Description	Exelon Practice Area Most Closely Aligned
Information Systems		Information Technology
Application Systems Development	Those who develop new system, perform major enhancements of existing systems, develop documentation, and evaluate third-party software. Also include programmers and support staff responsible for maintaining and modifying existing systems.	
Database Admin & Security	Those responsible for the design, management, and security of corporate databases	
Computer Operations	Those providing computer services to fulfill information system processing requirements, including operating and controlling corporate computer centers, technical support, keypunching facilities operations, systems planning, and hardware assessment	
End User/Info. Center	Individuals who provide services and assistance on PC or mainframe hardware and software, office automation, and local area networks, and associated training.	
Telecommunications	Include those who plan and direct telecommunications activities and who build and maintain equipment primarily related to the voice and data network	
Other	Include the management and administrative personnel of the IT organization that are not specifically assignable to a subfunction	

Subfunction	Description	Exelon Practice Area Most Closely Aligned
Purchasing and Materials Management		Supply
Buyers	Includes both central and distributed buyers. Do not include fuel supply, gas supply, or nuclear purchasing personnel	
Purchasing Management and Admin	Include those with management and administrative responsibilities across all the purchasing and materials management functions rather than those individuals responsible for specific subfunctional responsibilities.	
Inventory Control and Planning	Include personnel involved in selling, measuring, and controlling inventory	
Storeroom Personnel	Include personnel in storerooms and warehouses who receive, stock, pick, and transfer inventory; include quality control personnel; exclude nuclear	
Disposal and Investment Recovery	Those involved in physical plant and equipment salvage operations on a centralized or decentralized basis.	
Materials Management and Admin.	Those engaged in Purchasing and Materials Management whose responsibilities encompass more than one of the specific subfunctions	
Other	Include functions/activities related to supplier diversity programs.	

Exhibit 9-2: FERC Form 1 A&G Benchmarking

- ComEd's A&G costs were benchmarked against 9 different peer groups – the Customer group, the Regional group, the Holding Company Group, the Exelon group, and a Transmission and Distribution only group. Primarily T&D and T&D only companies were also identified and benchmarked separately within the Customer, Regional, Holding Company, and Exelon Group.

- The benchmarks were developed using 10 different metrics – Total A&G Costs per customer, per MWh, per Dollar of Gross Assets, and per Dollar of Net Assets. Total A&G Costs without Pensions and Benefits per customer, per MWh, per Dollar of Gross Assets, and per Dollar of Net Assets were also analyzed.

FERC Form 1 A&G Benchmarking

- **Peer Groups and Summary Results**
- 2000 to 2006 ComEd A&G Benchmarking Summary
- 2006 ComEd A&G Benchmarking Detailed View

2006 FERC Form 1 A&G Benchmarking Peer Groups

Customer Peer Group

Utilities with greater than 1 million customers

31 Total; 10 T&D

- Alabama Power
- AmerenUE
- Arizona Public Service
- Baltimore G&E
- ***CenterPoint Energy***
- ***Connecticut Light & Power***
- ***Consolidated Edison***
- Consumers Energy
- Detroit Edison
- Duke Energy Carolinas
- Florida P&L
- Georgia Power
- Jersey Central P&L
- ***Massachusetts Electric***
- ***Niagara Mohawk Power***
- Northern States Power
- Ohio Edison
- Pacificorp
- ***PG&E***
- PECO
- PPL
- Progress Energy Carolinas
- Progress Energy Florida
- Public Service Co Colorado
- PSEG
- ***Puget Sound Energy***
- ***San Diego G&E***
- ***Southern California Edison***
- ***TXU Electric Delivery***
- Virginia Electric & Power
- Wisconsin Electric Power

Regional Peer Group

Utilities in Illinois and border states with greater than 50,000 customers

27 Total; 3 T&D

- ***AmerenCILCO***
- ***AmerenCIPS***
- ***AmerenIP***
- AmerenUE
- Aquila
- Consumers Energy
- Detroit Edison
- Duke Energy Indiana
- Empire District Electric
- Indiana Michigan Power
- Indianapolis P&L
- Interstate P&L
- Kansas City P&L
- Kentucky Power
- Kentucky Utilities
- Louisville G&E
- Madison G&E
- Minnesota
- NIPSCO
- Northern States Power (Minnesota)
- Northern States Power (Wisconsin)
- Otter Tail Power
- Southern Indiana G&E
- Upper Peninsula Power
- Wisconsin Electric Power
- Wisconsin P&L
- WPS

Note: Companies appearing in bold italics font are primarily T&D and T&D only utilities

2006 FERC Form 1 A&G Benchmarking Peer Groups

Holding Company Peer Group

Holding companies in most recent list of the SEC's Registered Holding Companies

23 Total; 6 T&D

- Allegheny Energy
- Alliant Energy
- Ameren Corp
- American Electric Power (AEP)
- Black Hills Corp
- ***CenterPoint Energy***
- Cinergy
- Dominion Resources
- E On Ag
- ***Energy East***
- Entergy
- FirstEnergy
- Great Plains Energy
- ***National Grid***
- NiSource
- ***Northeast Utilities***
- ***Pepco***
- PNM Resources
- Progress Energy
- SCANA
- Southern
- ***Unitil***
- Xcel

Exelon Peer Group

Same peer group used for benchmarking in previous ComEd rate case filing

23 Total; 9 T&D

- Ameren
- American Electric Power (AEP)
- ***CenterPoint Energy***
- Cinergy
- ***Consolidated Edison***
- ***Constellation Energy***
- Dominion Resources
- Duke Energy
- ***Edison International***
- Entergy
- FirstEnergy
- FPL Group
- MidAmerican
- ***National Grid***
- ***Northeast Utilities***
- ***Pepco***
- ***PG&E***
- PPL
- Progress Energy
- Public Service Enterprise Group (PSEG)
- Southern Co
- ***TXU***
- Xcel

Note: Companies appearing in bold italics font are primarily T&D and T&D only utilities

2006 FERC Form 1 A&G Benchmarking Peer Groups

Primarily T&D and T&D Only Peer Group

Companies across each of the peer groups plus six additional primarily T&D companies

21 Total

- Ameren CILCO
- Ameren CIPS
- Ameren IP
- CenterPoint Energy
- Consolidated Edison
- Constellation Energy Group
- DPL
- Duquesne Light Holdings
- Edison International
- El Paso Electric
- Energy East
- National Grid
- Northeast Utilities
- NSTAR
- Pepco Holdings
- PG&E
- Puget Sound Energy
- San Diego Gas and Electric
- TXU
- United Illuminating Holdings
- Unitil

Summary of 2006 FERC Form 1 Benchmarking Analysis

Peer Group	Unit	ComEd A&G vs. peers	ComEd A&G vs. T&D Only Peers	ComEd A&G without P&B vs. T&D Only Peers
Customer Peer Group (31 Total; 10 T&D)	Customers	Better	Better	Better
	MWh Sold	Better	Better	Better
	Gross Assets	Average	Average	Average
	Net Assets	Average	Average	Average
Regional Peer Group (27 Total; 3 T&D)	Customers	Better	NA	NA
	MWh Sold	Better	NA	NA
	Gross Assets	Average	NA	NA
	Net Assets	Better	NA	NA
Holding Company Peer Group (23 Total; 6 T&D)	Customers	Better	Better	Better
	MWh Sold	Better	Better	Better
	Gross Assets	Average	Better	Better
	Net Assets	Average	Better	Better
Exelon Peer Group (23 Total; 9 T&D)	Customers	Better	Better	Average
	MWh Sold	Better	Better	Better
	Gross Assets	Average	Better	Average
	Net Assets	Average	Better	Average
T&D Peer Group (21 Total)	Customers	Better	NA	Better
	MWh Sold	Better	NA	Better
	Gross Assets	Better	NA	Average
	Net Assets	Better	NA	Better

Note: Regional Primarily T&D and T&D only peer group too small to provide meaningful results

Summary of 2006 FERC Form 1 Benchmarking Analysis

Peer Group	Unit	ComEd A&G vs. peers	ComEd A&G vs. T&D Only Peers	ComEd A&G without P&B vs. T&D Only Peers
Customer Peer Group	Customers	2nd Quartile	2nd Quartile	2nd Quartile
	MWh Sold	2nd Quartile	2nd Quartile	2nd Quartile
	Gross Assets	3rd Quartile	2nd Quartile	2nd Quartile
	Net Assets	3rd Quartile	2nd Quartile	3rd Quartile
Regional Peer Group	Customers	1st Quartile	NA	NA
	MWh Sold	1st Quartile	NA	NA
	Gross Assets	3rd Quartile	NA	NA
	Net Assets	2nd Quartile	NA	NA
Holding Co. Peer Group	Customers	1st Quartile	1st Quartile	2nd Quartile
	MWh Sold	1st Quartile	1st Quartile	2nd Quartile
	Gross Assets	3rd Quartile	2nd Quartile	2nd Quartile
	Net Assets	3rd Quartile	2nd Quartile	2nd Quartile
Exelon Peer Group	Customers	2nd Quartile	1st Quartile	2nd Quartile
	MWh Sold	2nd Quartile	2nd Quartile	2nd Quartile
	Gross Assets	3rd Quartile	2nd Quartile	2nd Quartile
	Net Assets	3rd Quartile	2nd Quartile	2nd Quartile
T&D Peer Group	Customers	NA	1st Quartile	2nd Quartile
	MWh Sold	NA	2nd Quartile	2nd Quartile
	Gross Assets	NA	2nd Quartile	2nd Quartile
	Net Assets	NA	2nd Quartile	2nd Quartile

FERC Form 1 A&G Benchmarking

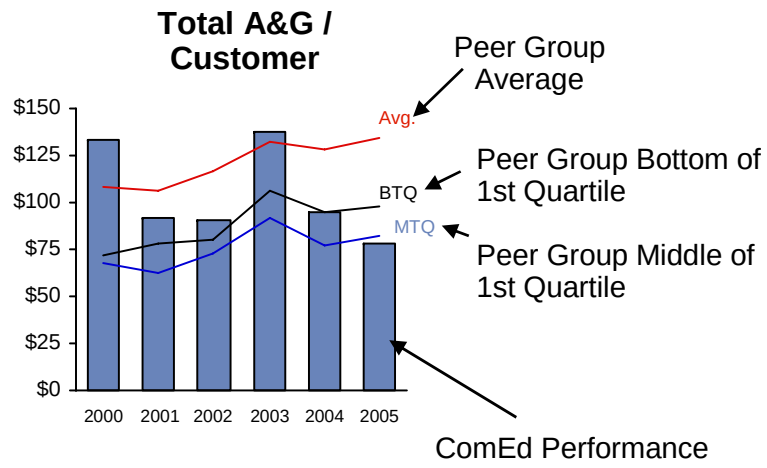
- Peer Groups and Summary Results
- **2000 to 2006 ComEd A&G Benchmarking Summary**
- 2006 ComEd A&G Benchmarking Detailed View

Overview

- Peer Groups
  - Customer – Investor Owned Utilities with More than 1 million Customers
  - Regional – Investor Owned Utilities in Illinois and Surrounding States greater than 50,000 customers
  - Holding Co – Utility Holding Companies Registered with the SEC
  - Exelon – The identical peer group used in the last ComEd Rate Case
  - T&D peer group that consists of all T&D only and primarily T&D companies across the peer groups above in addition to other T&D / primarily T&D utilities in the US

- Analysis Approach
  - The data used in the analysis comes from the FERC Form 1
  - Data was not used on an absolute basis, rather was done per customer, per MWh sold, and per asset so as to account for the effects of scale

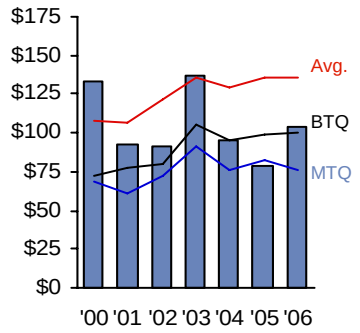
- Example



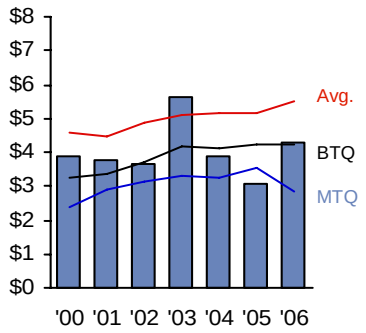
2000-2006 A&G Benchmarking Summary

Customer Peer Group

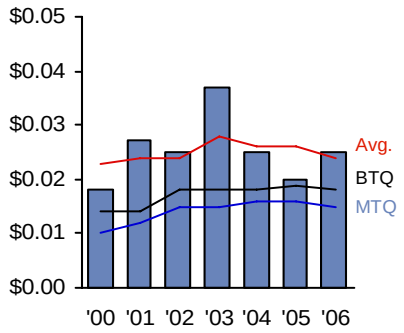
Total A&G / Customer



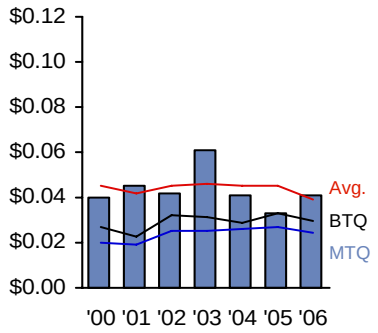
Total A&G / MWh Sold



Total A&G / Gross Plant

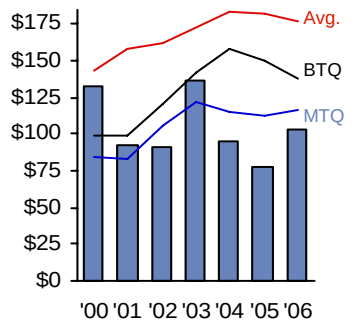


Total A&G / Net Plant

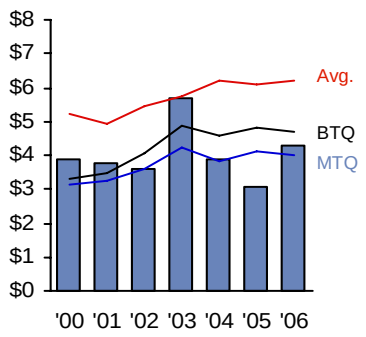


Regional Peer Group

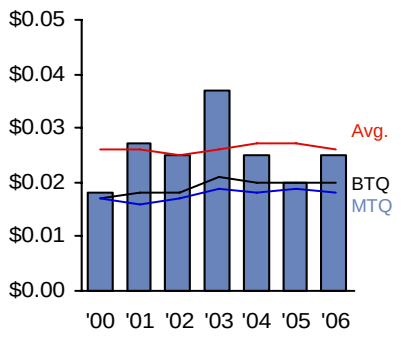
Total A&G / Customer



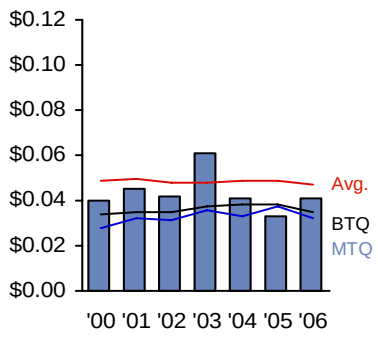
Total A&G / MWh Sold



Total A&G / Gross Plant



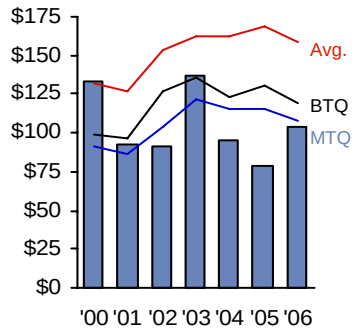
Total A&G / Net Plant



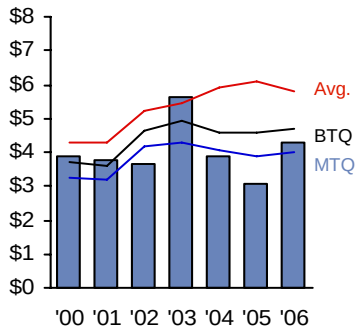
2000-2006 A&G Benchmarking Summary

Holding Company Peer Group

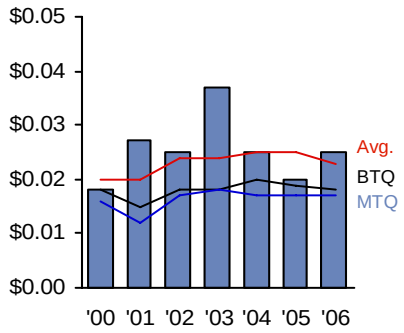
Total A&G / Customer



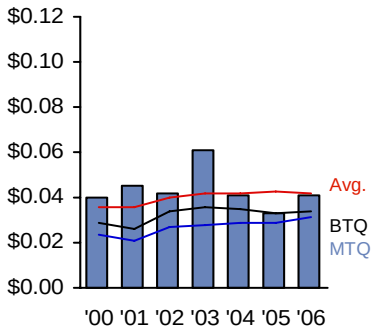
Total A&G / MWh Sold



Total A&G / Gross Plant

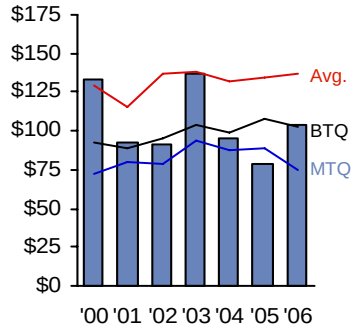


Total A&G / Net Plant

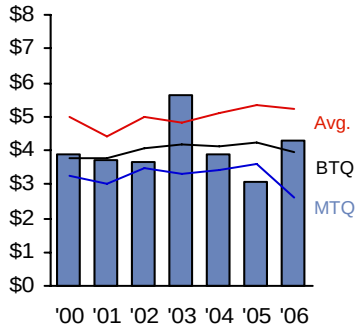


Exelon Peer Group

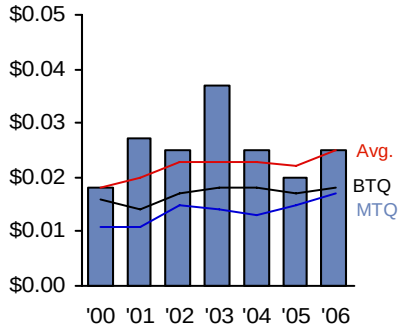
Total A&G / Customer



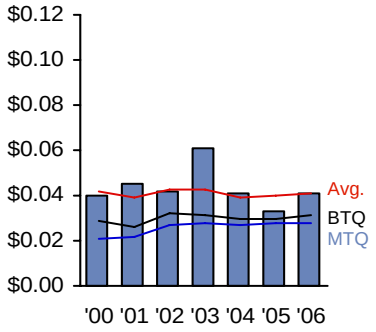
Total A&G / MWh Sold



Total A&G / Gross Plant



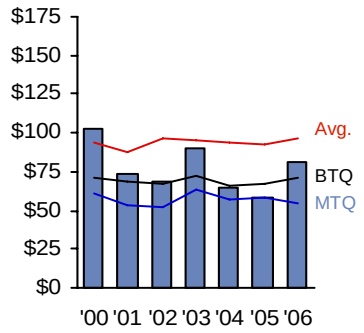
Total A&G / Net Plant



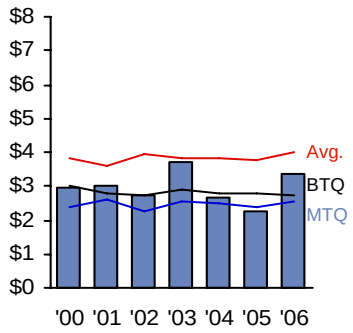
2000-2006 A&G Benchmarking Summary (w/o P&B)

Customer Peer Group

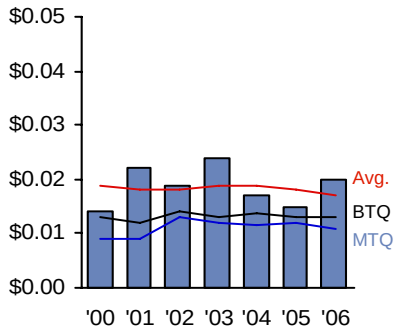
Total A&G w/o P&B / Customer



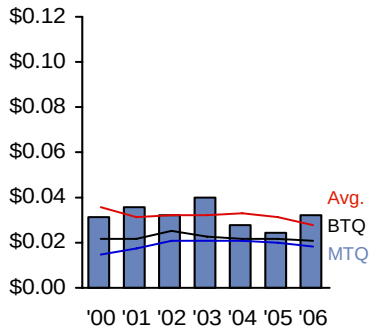
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant

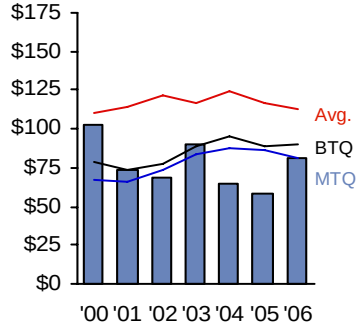


Total A&G w/o P&B / Net Plant

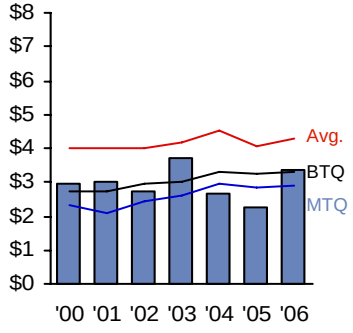


Regional Peer Group

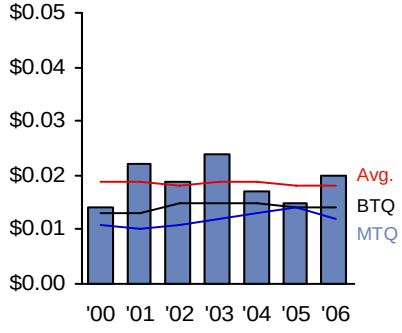
Total A&G w/o P&B / Customer



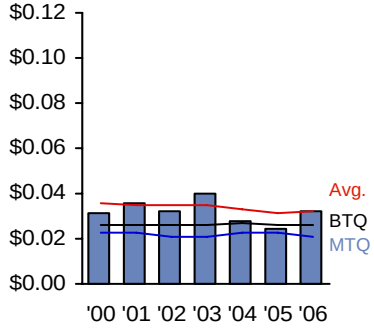
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant



Total A&G w/o P&B / Net Plant

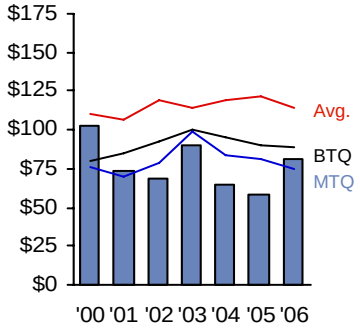


Note: P & B = Pensions and Benefits

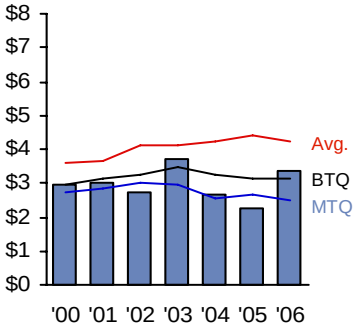
2000-2006 A&G Benchmarking Summary (w/o P&B)

Holding Company Peer Group

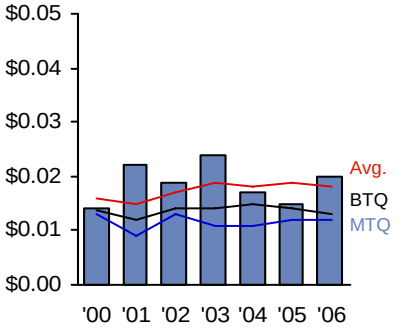
Total A&G w/o P&B / Customer



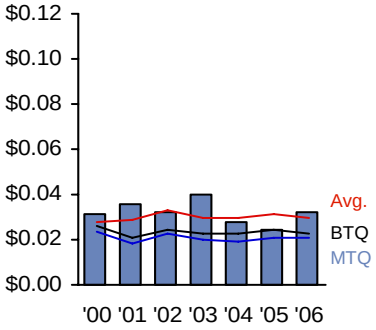
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant

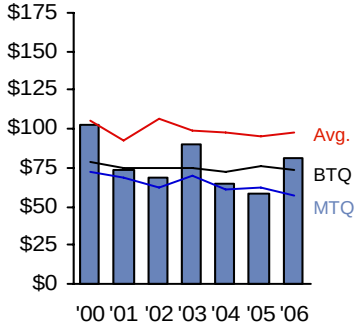


Total A&G w/o P&B / Net Plant

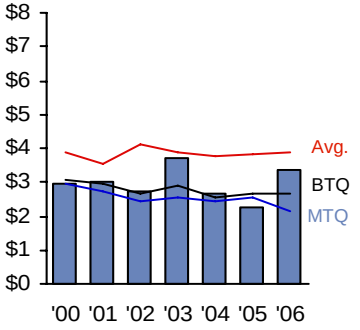


Exelon Peer Group

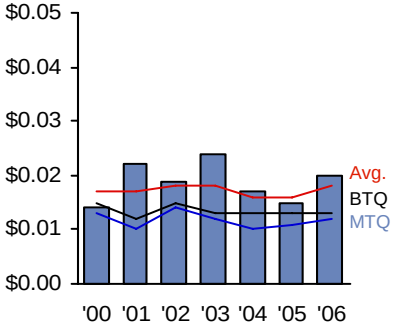
Total A&G w/o P&B / Customer



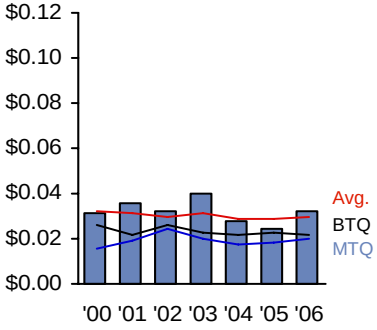
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant



Total A&G w/o P&B / Net Plant

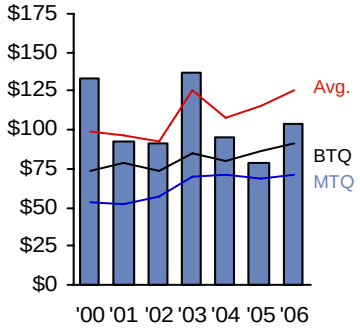


Note: P & B = Pensions and Benefits

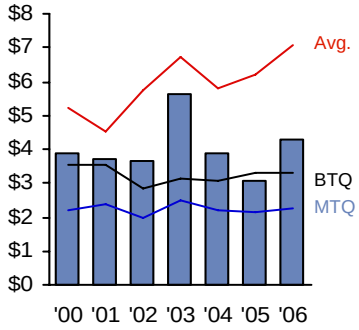
2000-2006 A&G Benchmarking Summary

Customer (T&D) Peer Group

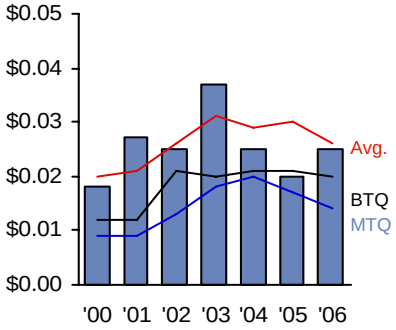
Total A&G / Customer



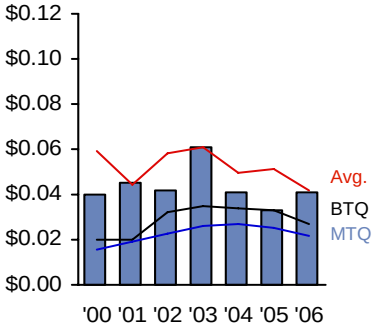
Total A&G / MWh Sold



Total A&G / Gross Plant



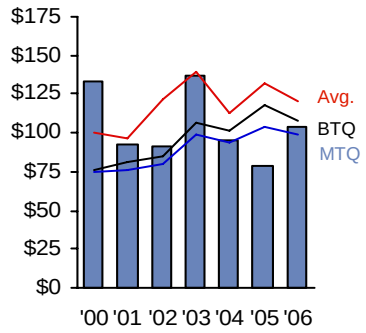
Total A&G / Net Plant



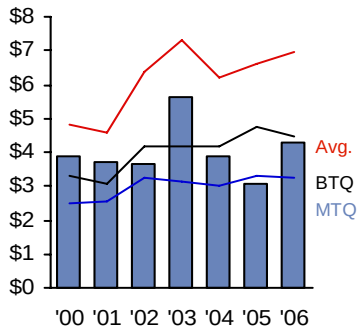
2000-2006 A&G Benchmarking Summary

Holding Company (T&D) Peer Group

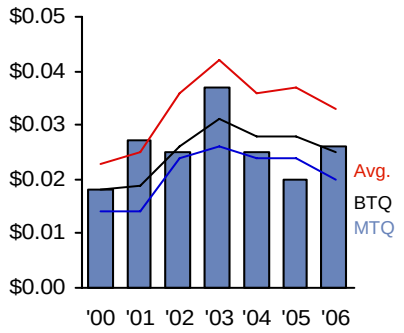
Total A&G / Customer



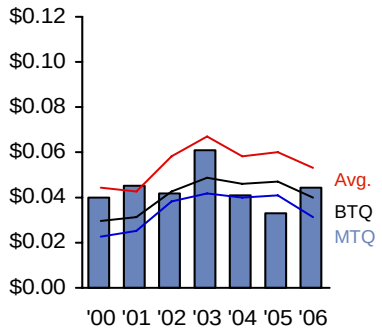
Total A&G / MWh Sold



Total A&G / Gross Plant

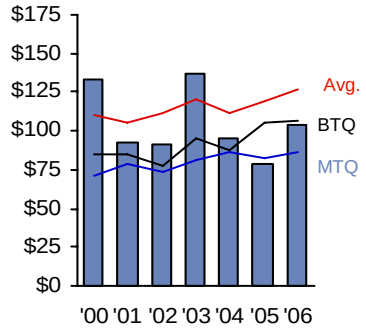


Total A&G / Net Plant

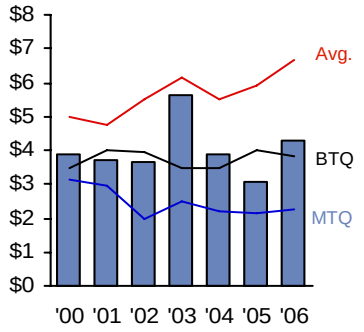


Exelon (T&D) Peer Group

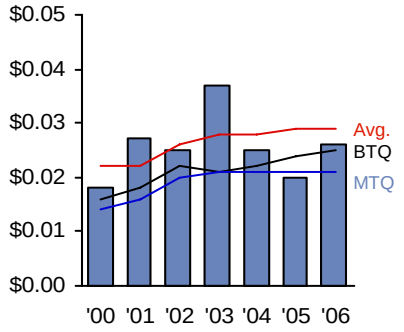
Total A&G / Customer



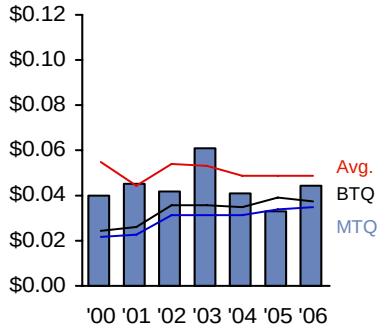
Total A&G / MWh Sold



Total A&G / Gross Plant



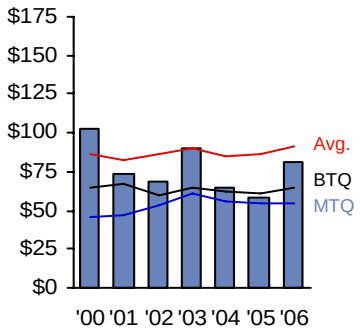
Total A&G / Net Plant



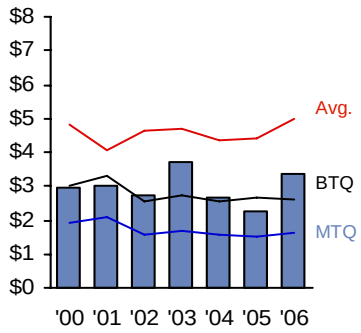
2000-2006 A&G Benchmarking Summary (w/o P&B)

Customer (T&D) Peer Group

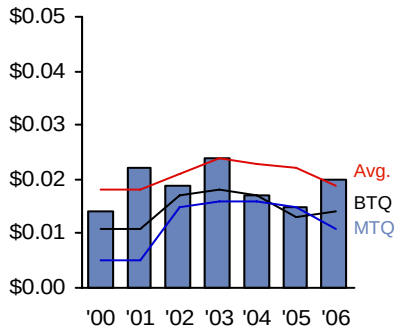
Total A&G w/o P&B / Customer



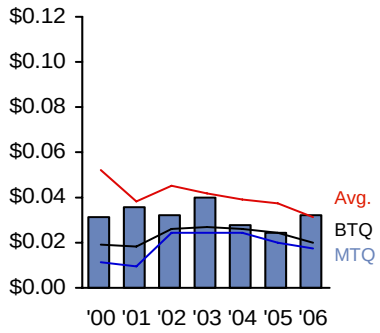
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant



Total A&G w/o P&B / Net Plant

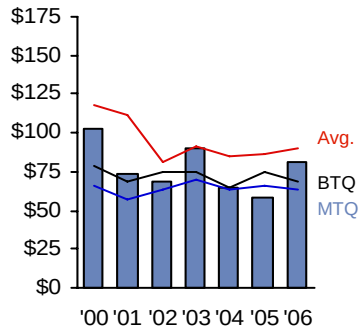


Note: P & B = Pensions and Benefits

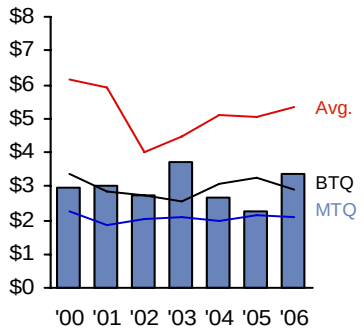
2000-2006 A&G Benchmarking Summary (w/o P&B)

Holding Company (T&D) Peer Group

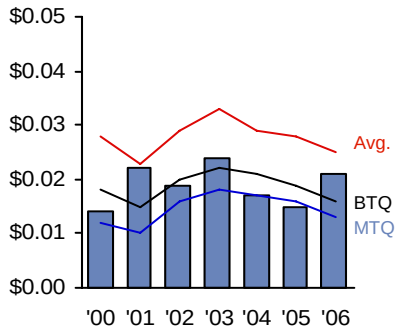
Total A&G w/o P&B / Customer



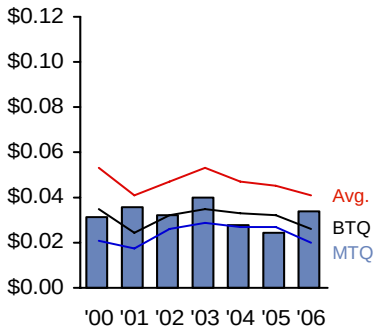
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant

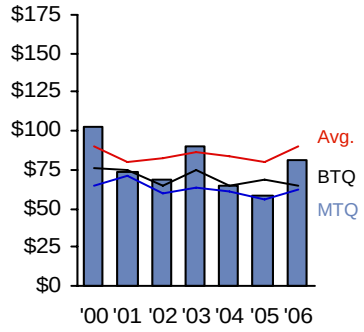


Total A&G w/o P&B / Net Plant

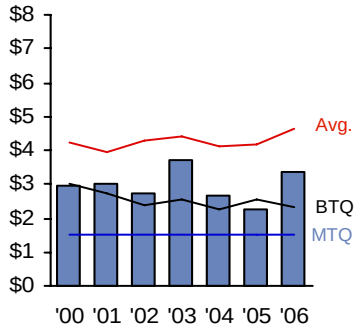


Exelon (T&D) Peer Group

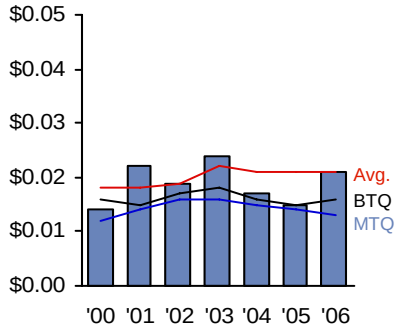
Total A&G w/o P&B / Customer



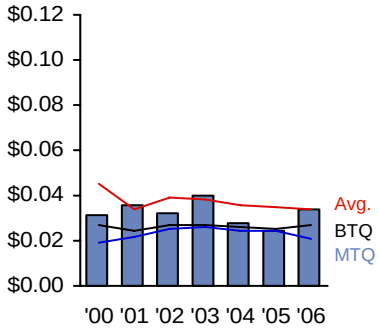
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant



Total A&G w/o P&B / Net Plant

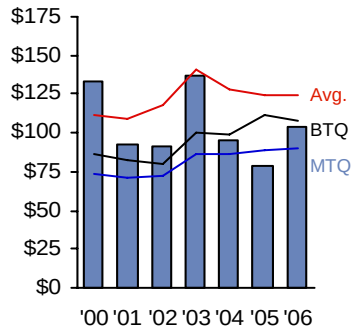


Note: P & B = Pensions and Benefits

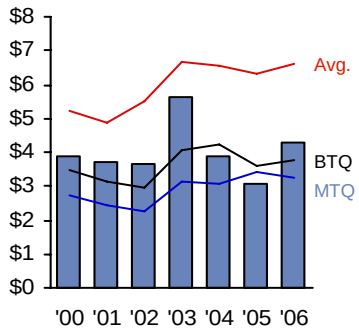
2000-2006 A&G Benchmarking Summary

T&D Peer Group

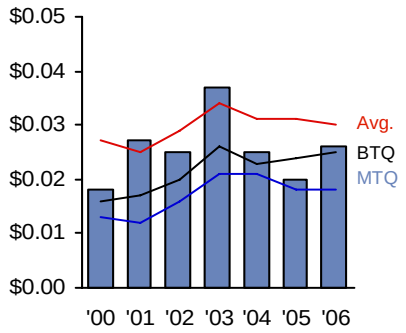
Total A&G / Customer



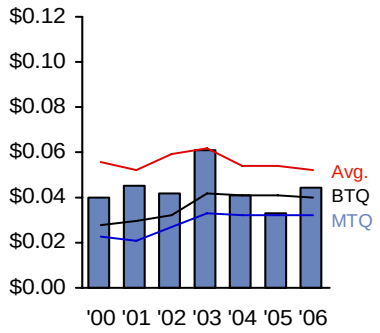
Total A&G / MWh Sold



Total A&G / Gross Plant



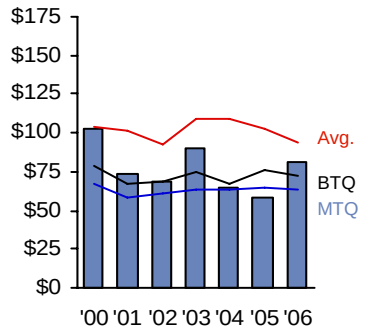
Total A&G / Net Plant



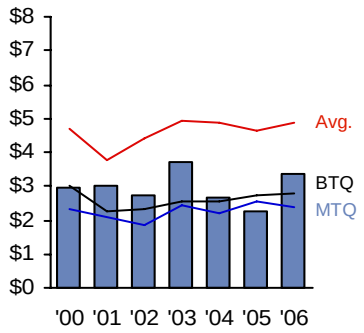
2000-2006 A&G Benchmarking Summary (w/o P&B)

T&D Peer Group

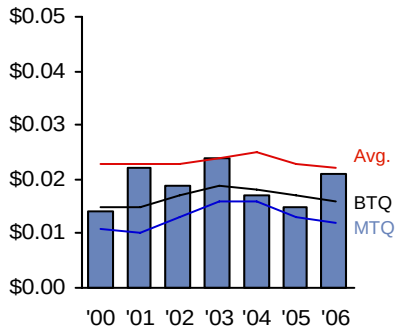
Total A&G w/o P&B / Customer



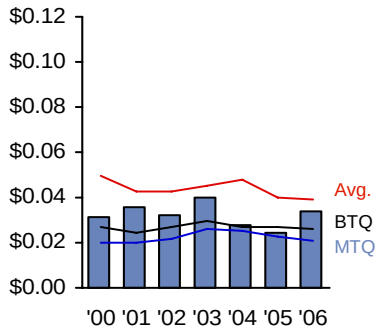
Total A&G w/o P&B / MWh Sold



Total A&G w/o P&B / Gross Plant



Total A&G w/o P&B / Net Plant



Note: P & B = Pensions and Benefits