SUPPLEMENTAL STATEMENT
ELECTRICITY
Ill. C.C. No. 10

The tariff sheets filed with this Supplemental Statement are listed in Attachment A.

Filed with the Illinois Commerce Commission on June 30, 2010

With this filing, Commonwealth Edison Company ("ComEd") proposes a general increase to its electric distribution rates.

ComEd requires an increase in its electric distribution rates to recover its costs of providing reliable delivery services. ComEd last filed for a delivery service rate increase on October 17, 2007 (*see* ICC Docket No. 07-0566) based on an adjusted 2006 historical test year. Recognizing the difficult financial times that our customers have experienced, ComEd has avoided seeking another rate increase through very strong measures, such as reducing operating expenses by $85 million and reductions in workforce. However, rising pension, benefit, and investment costs, which are driven by service needs and market forces, have exhausted ComEd's ability to further cut costs and to do more with less. Further, cutting reinvestment and operating and maintenance activities is neither a viable long-term option for ComEd nor is it in our customers' best interest. Under current conditions, the rates approved in ComEd's last rate case are insufficient to maintain ComEd's financial health and to make the investments and pay the increased costs necessary to meet the needs of our customers. For these reasons, ComEd is now seeking an increase in rates in order to support a modern, reliable electric system and keep ComEd investing and creating jobs.

Excluding supply costs that are recovered through separate pass-through tariffs and not the subject of this filing, ComEd's costs of providing electric utility service significantly exceed what is recovered through current rates. Three main factors account for most of the increased costs. First, by the time new rates take effect, ComEd will have invested over $2 billion in its core delivery system in order to maintain, expand, and improve the infrastructure that serves our customers. These include Advanced Metering Infrastructure ("AMI") and a variety of efficiency and demand response programs that can help customers better manage their energy use and should ultimately reduce customers' total costs below what they otherwise would have been. However, because ComEd's new investment is considerably larger than its annual depreciation expense, ComEd's total net investments have inevitably risen.

Second, costs of employee and retiree pensions, health care, and benefits have risen faster than inflation. ComEd's pension plan has been severely affected by the decline in the value of stock, bond, and other investment portfolios. Along with the rest of the world's markets, the defined benefit pension and post-retirement plans covering ComEd's employees experienced significantly lower than expected returns in 2008. In addition, the revenue requirement reflects increase in pension expense and retiree health care expense of $44 million and $11 million, respectively, since ComEd's last rate case.

Finally, the cost of attracting and maintaining capital exceeds what ComEd is allowed to recover – approved by the Illinois Commerce Commission ("Commission" or "ICC") less than two years ago. Being financially strong is critical to a utility's ability to raise and retain necessary capital and to preserve its ability to operate effectively. ComEd's ratings were recently upgraded to the lowest investment grade rating. However, until recently, ComEd was one of the very few electric utilities that had been downgraded to below investment grade status. While ComEd's current ratings are an improvement over the recent past, they still subject ComEd to higher borrowing costs than are experienced by A-rated utilities and they leave ComEd little cushion in the event market conditions deteriorate further. Currently, ComEd's delivery rates do not generate sufficient revenue for ComEd to operate its business given the need to make significant capital investments incur additional costs necessary to serve customers.

To recover its actual costs of delivering electricity, ComEd has filed proposed increased electric service rates. The newly filed rates would increase revenues by $376.1 million over revenues under current rates, based on actual 2009 test year deliveries. This is equivalent to an increase in revenues of $396.1 million based on weather-normalized 2009 deliveries. The tariffs also make certain other revisions to ComEd's terms and conditions of service.

The proposed rates are based on a 2009 test year, with appropriate *pro forma* and ratemaking adjustments. They implement an Illinois-jurisdictional delivery service revenue requirement of $2,337 million. ComEd is requesting a rate of return on its rate base of 8.99%.

While not being filed with this rate case, ComEd will be filing an experimental alternative regulation plan about 60 days after this filing. This plan will work together with the tariffs proposed in this rate filing to bring additional benefits to customers, including significant additional assistance to low-income customers. Specifically, the plan will allow ComEd to implement: (1) future AMI and distribution automation projects that are found by the Commission to be cost-beneficial and approved for investment; (2) a pilot program to investigate the use of electric vehicles in ComEd's fleet; (3) a low-income assistance program, and (4) a program to accelerate reinvestment in underground infrastructure in urban areas. The plan is designed to enable ComEd to invest significantly more capital dollars in infrastructure than would be funded under the proposed rates in ComEd's general rate case. This investment is targeted in areas where customers can receive significant benefits directly, through better service, and indirectly, through environmental improvements, creation of high-quality jobs, and economic stimulus.

Summary of Prepared Direct Testimony In Support of ComEd's Filing

ComEd's filed tariffs are supported by the testimony of witnesses from within ComEd as well as independent experts. The witnesses presenting testimony are:

- Michael Guerra (ComEd Ex. 1.0), Vice President, Regulatory Policy & Strategy of ComEd, overviews the reasons why increases in its costs of delivering electricity require ComEd to seek a corresponding increase in the delivery charges. He also provides a summary of the devastating effect on ComEd's financial health that has resulted from its failure to recover its delivery service costs in rates. Finally, Mr. Guerra identifies each other witness providing direct testimony in support of ComEd's tariffs.

- Prof. Geoffrey J.D. Hewings, Ph.D. (ComEd Ex. 2.0), Director of the Regional Economics Applications Laboratory at the University of Illinois at Urbana-Champaign, shows the significant impact on jobs and regional spending of ComEd's expenditures for construction and operations and maintenance. He concludes that ComEd's expenditures have significant ripple effects throughout regional economy, which in most instances result in doubling the direct impacts of the expenditures.

- Dr. Juan Andrade (ComEd Ex. 3.0) testifies about ComEd's commitment to corporate social citizenship at all levels, and how ComEd's involvement in community development and investment has helped local communities in numerous ways.

- Joe Trpik, CPA (ComEd Ex. 4.0), ComEd's Senior Vice President and Chief Financial Officer, testifies concerning ComEd's current and future financial condition and the critical importance of financial health and capital market access to ComEd's ability to function efficiently and reliably. Mr. Trpik also discusses ComEd's capital structure, ComEd's cost of capital, the financial aspects of ComEd's Incentive Compensation program, and the prudence and reasonableness of ComEd's use of services provided by Exelon Business Services Company.

- Susan D. Abbott (ComEd Ex. 5.0), an independent consultant, testifies to the importance of ComEd maintaining or even improving its current credit ratings so that it can finance its continuing capital needs and the importance of supportive action by the Commission in achieving that.

- The panel of Kathryn Houtsma, CPA, ComEd's Vice President – Regulatory Projects, and Marty Fruehe, Manager – Revenue Policy (ComEd Ex. 6.0), testifies concerning the calculation of ComEd's revenue requirement and the revenue shortfall of $396 million under current rates. They further support the calculation of numerous revenue requirement components and sponsor supporting schedules and documentation.

- Nagendra Subbakrishna (ComEd Ex. 7.0), an Associate Director in the Energy practice at Navigant Consulting, supports the calculation of ComEd's cost of working capital.

- Terence Donnelly (ComEd Ex. 8.0), ComEd's Executive Vice President, Operations, provides an overview of ComEd's operations, discusses changes that have occurred since ComEd's last rate case, and testifies to the strong cost controls ComEd has implemented. Mr. Donnelly, along with Messrs. McMahan and Marquez, supports ComEd's overall rate base and O&M expenses, and provides detailed support for major components of distribution rate base and distribution O&M expense. He further supports the methods by which ComEd plans for the addition of new capital projects and determines that certain post-test year capital additions are known and measurable. Mr. Donnelly also supports ComEd's incentive compensation program and explains how its operational emphasis benefits customers. Finally, Mr. Donnelly sponsors ComEd's updated Distribution Loss Study.

- Michael McMahan, P.E. (ComEd Ex. 9.0), ComEd's Vice President, Smart Grid / Technology, supports most of the distribution capital investment projects listed on ComEd's Schedule F-4 and confirms that they have been prudently planned and executed, and are used and useful in providing reliable service to ComEd's customers. Mr. McMahan also discusses the major recurring activities that ComEd properly accounts for and monitors as "blanket programs." Mr. McMahan also supports ComEd's programs to manage vegetation and confirms that ComEd has properly functionalized its transmission and distribution activities.

- Fidel Marquez, P.E. (ComEd Ex. 10.0), ComEd's Senior Vice President, Customer Operations, testifies concerning ComEd's vision for customer service excellence and the steps ComEd has taken to achieve that goal. Mr. Marquez supports the capital investments made in the Customer Operations area and the reasonableness and prudence of Customer Operations costs. Mr. Marquez also addresses the status of the AMI Pilot.

- Professor Samuel Hadaway (ComEd Ex. 11.0), a professor of economics and finance and principal in FINANCO, Inc., Financial Analysis Consultants, supports ComEd's cost of equity capital. Applying standard cost of equity methodologies, Dr. Hadaway concludes that ComEd's requested unadjusted investor-required cost of equity capital of 11.1% is reasonable. Dr. Hadaway also emphasizes that the economic and financial uncertainties generated by the credit crisis have significantly impacted the risks surrounding public utility company cost of capital. The cost of equity for utility companies has not declined to the same extent that interest rates have fallen or to the same extent that the cost of equity may have come down for the broader equity market. In fact, the cost of capital for utilities is higher.

- Carl Seligson (ComEd Ex. 12.0), an independent consultant with nearly 50 years experience in the financial markets who specialized in financial matters related to the utility industry, explains that higher risks facing utilities for major construction initiatives; the mounting need for external financing; increasing costs for medical, post-retirement, and pension benefits, and other factors warrant higher allowed returns on equity for utilities than have been authorized in many jurisdictions in the recent past. Based on his extensive experience studying utilities and regulation and the results of his analysis using two recognized cost of equity estimation methodologies, Mr. Seligson determines that a reasonable return on common equity for ComEd is 12.2%.

- Hon. Susan Tierney, Ph.D. (ComEd Ex. 13.0), a Managing Principal at the Analysis Group and former assistant U.S. Secretary of Energy for Policy and Commissioner of the Massachusetts Department of Public Utility Control, testifies concerning the importance of reflecting the risk that ComEd undertakes as a result of its aggressive demand response and energy efficiency programs in its return on equity. She testifies that ComEd's proposed 40 basis point adjustment to the allowed return on equity is reasonable and appropriate.

- Ross C. Hemphill, Ph.D. (ComEd Ex. 14.0), ComEd's Director – Rates & Regulatory Strategies, testifies about the rate design policies ComEd's filing advances, including matching rates more closely to cost causation, and how ComEd has accomplished that without sacrificing other policy goals. He also outlines ComEd's alternative regulation proposal and explains both why it will be filed sixty days after the rate case and how it functions hand-in-hand with the proposed rates.

- Alan C. Heintz (ComEd Ex. 15.0), Vice President of Brown, Williams, Moorhead & Quinn, Inc., presents the Embedded Cost of Service Study ("ECOSS") for ComEd, and testifies that the study properly allocates costs among ComEd's customer classes.

- The panel of Lawrence Alongi, Manager, Retail Rates, and Robert Garcia, Manager, Regulatory Strategy (ComEd Ex. 16.0), presents and supports ComEd's proposed tariffs. Messrs. Alongi and Garcia also explain how ComEd has derived many of the inputs to its ECOSS. Finally, Messrs. Alongi and Garcia explain how ComEd has complied with requirements of the Commission in developing the ECOSS.

- The panel of Val R. Jensen, Vice President – Marketing & Environmental Programs and Jennifer Montague, Director – Marketing & Environmental Programs (ComEd Ex. 17.0), explains and supports ComEd's energy efficiency and demand response programs.

- Mary Anne Emmons (ComEd Ex. 18.0), Director, Customer Assistance Programs, describes the comprehensive plan ComEd proposes to address the needs of low-income customers.

Nature and Description of the Tariffs Filed

The tariff sheets filed with this Supplemental Statement are listed in Attachment A. Further, Attachment B details the change in rates contained in the new tariff sheets as compared to the rates currently in effect, the approximate number of customers affected, and the estimated increase or decrease in revenue resulting from the change in rates. A detailed description of the changes and additions is also provided in the direct panel testimony of Messrs. Alongi and Garcia and the direct testimony of Dr. Hemphill. The principal changes proposed by ComEd include the following, listed in the order these tariffs appear in ComEd's Schedule of Rates:

- Rate BES: Revisions have been proposed to Rate BES to eliminate references to the Self-Generating Group, to consolidate the single family residential classes and the multi-family residential classes, and to include a separate charge for the Illinois Electricity Distribution Tax Charge.

- Rate BESH: Revisions have been proposed to Rate BESH to eliminate references to the Self-Generating Group; to include a separate charge for the Illinois Electricity Distribution Tax Charge; to eliminate the capacity charge for the Self-Generating Group; and to update the monthly capacity charge and the Off-Cycle Termination Fee.

- Rate MSPS: The Meter Reading Charges have been updated.

- Rate RDS: Revisions have been proposed to reflect ComEd's proposal to move towards a straight fixed-variable rate design and to include a separate charge for the Illinois

Electricity Distribution Tax Charge. The Customer Charge, Standard Metering Service Charge, Distribution Facilities Charge, and Fixture Charges have changed. Further, the Distribution Loss Factors have changed. The Split Load DASR Fee, the Nonstandard Switching Fee, and the Single Bill Credit have been updated. Also, the references to the residential classes have been revised.

- General Terms and Conditions: The CATV Power Supply Test Fee, Duplicate Information Fee, Interval Data Fee, Invalid Payment Fee and Reconnection Fees have been updated. Provisions related to the Residential Class, Supply Group, Distribution Facilities, Metering, and Disconnection and Reconnection have been revised. A limited liability provision has been added. References to the Self Generating Supply Group have been eliminated. Revisions are also proposed to address (1) situations in which customer equipment causes damage to ComEd facilities or unsafe conditions, (2) vegetation management, (3) standard metering, (4) situations in which ComEd may withhold refunds or other elective program payments to customers that are in arrears paying their ComEd bill, and (5) further clarification of several miscellaneous provisions.

- Rider FCA: Revisions are proposed to incorporate the Illinois Electricity Distribution Tax Charges.

- Rider ML: The Monthly Rental Charges have been revised and Standard Meter Allowances are proposed to be added.

- Rider PPO: References to Self Generating Customer Group have been eliminated.

- Rider QSW: Revisions are proposed to reflect the elimination of the Self Generating Customer Group.

- Rider RCA: The Residential Real Time Pricing Program Cost Recovery Charge has been updated.

- Rider RRS: Rider RRS references to the single family residential classes and the multi-family residential classes were revised.

- Rider RRTP: Revisions are proposed to reflect changes made to Rider ML.

- Rider SBO: The Single Bill Credit has been updated.

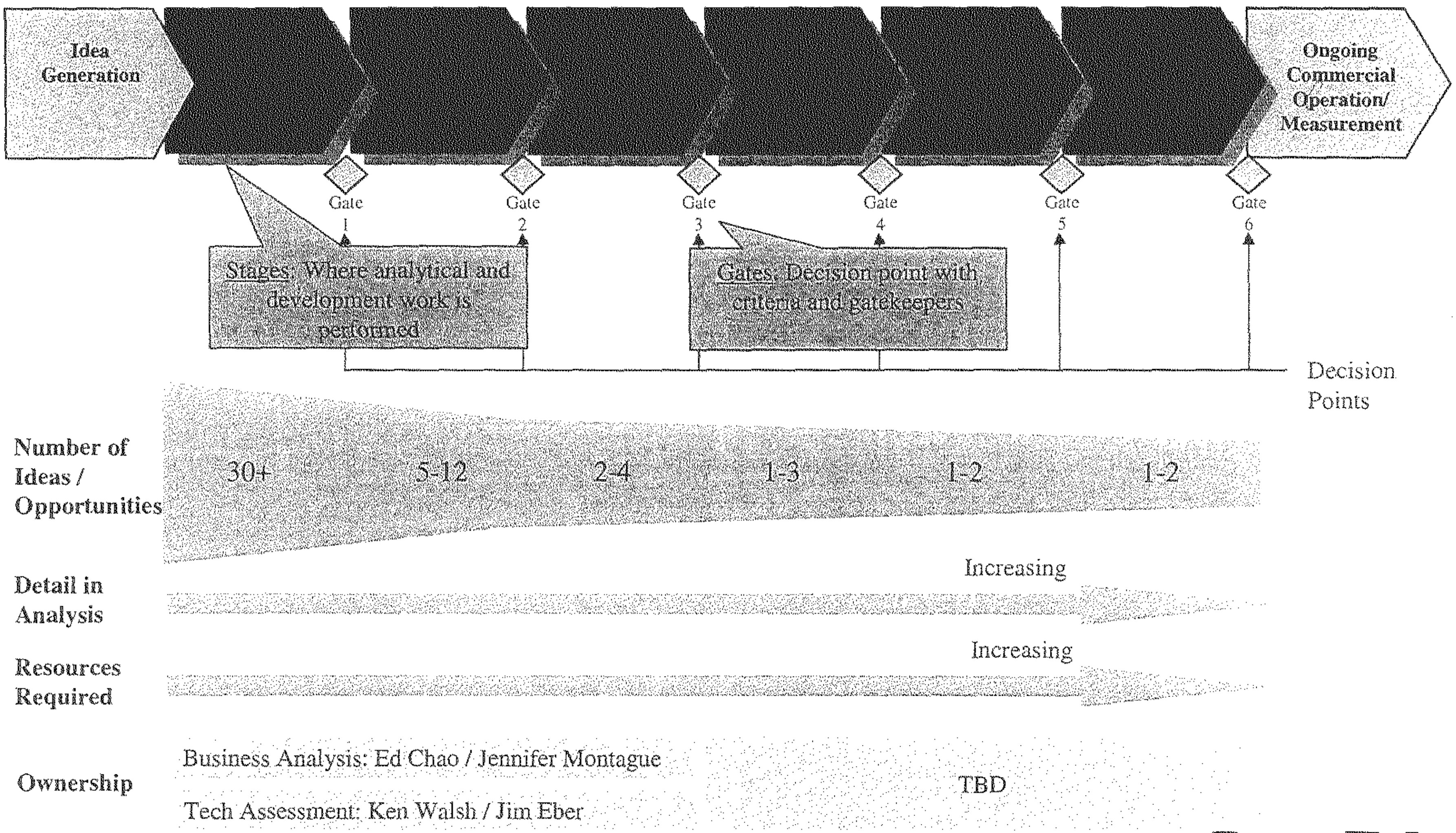
- Rider UF: The Base Uncollectible Cost Factors have been updated.

- Rider ZSS: References to the Illinois Electricity Distribution Tax are proposed to be eliminated.

COMMONWEALTH EDISON COMPANY

Michael Guerra
Vice President, Regulatory Policy & Strategy
Commonwealth Edison Company

NPD Process Overview



Source: Gateway Process Manual 2001, "Winning at New Products" - Cooper

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