

# Commonwealth Edison Company's Multi-Year Performance Metrics Plan

Docket No. 11-\_\_\_\_  
ComEd Exhibit 1.0

**December 8, 2011**



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An Exelon Company

## **Commonwealth Edison Company's Multi-Year Performance Metrics Plan**

### **INTRODUCTION**

On November 8, 2011, Commonwealth Edison Company (“ComEd”) filed its proposed performance-based formula rate, Rate DSPP – Delivery Service Pricing and Performance (“Rate DSPP”), with the Illinois Commerce Commission (“Commission”) in ICC Docket No. 11-0721 pursuant to Section 16-108.5 of the Public Utilities Act (“Act”). In making that filing, ComEd elected to become a “participating utility”, and committed to undertake the investments described in Section 16-108.5 of the Act.

To address the performance component of Rate DSPP, the Act requires that a participating utility improve its performance in a variety of categories. Specifically, subsections (f) and (f-5) of Section 16-108.5 of the Act require that ComEd make a filing within 30 days of filing Rate DSPP that includes two components – (i) 10-year performance metrics (“metrics”) demonstrating how ComEd will achieve improvement over baseline values in various categories during this period, and (ii) a tariff mechanism that applies any financial penalties assessed by the Commission for a failure to meet annual performance goals.

Accordingly, ComEd submits to the Commission for review and approval this Multi-Year Performance Metrics Plan (“Plan”), as well as Rider DSPM – Delivery Service Performance Metrics (“Rider DSPM”), which is attached to this Plan as ComEd Ex. 1.1. Importantly, ComEd’s Plan also recognizes that the Illinois General Assembly recently passed legislation entitled House Bill 3036 (“HB 3036”) that would modify the metrics provisions of subsections (f) and (f-5) of Section 16-108.5. Although this legislation is not yet law, it may become

effective shortly. Therefore, the Plan follows existing law while also including the information that would be called for if HB 3036 becomes effective. This includes an alternate version of the proposed Rider DSPM, which is attached to this Plan as ComEd Ex. 1.1 TB.

In the event that Section 16-108.5 becomes inoperative or Rate DSPP is terminated, then the Plan, including but not limited to all performance goals and penalties, and Rider DSPM also become inoperative and terminate immediately, except to the extent necessary to comply with the provisions of Section 16-108.5(f-5) of the Act, which provide that “the tariff mechanism established pursuant to subsection (f) of this Section and this subsection (f-5) shall remain in effect until any penalties due and owing at the time of such termination are applied.” 220 ILCS 5/16-108.5(f-5).

## **I. METRICS**

The first section of ComEd’s Plan presents ComEd’s proposed multi-year performance metrics, which are designed to achieve improvement over baseline values ratably (*i.e.*, in equal segments) over a 10-year period. Importantly, because performance will be reviewed, and any penalties assessed, on an annual basis, the metrics must identify annual performance goals that are “designed to demonstrate that the utility is on track to achieve the performance goal in each category at the end of the 10-year period.” 220 ILCS 5/16-108.5(f).<sup>1</sup> Section 16-108.5(f) of the Act identifies each of the metrics applicable to ComEd, as well as each of the associated overall improvement goals and baseline calculations.

Under existing law, Section 16-108.5(f) permits ComEd to elect a start date for all metrics no later than 14 months following the date on which it begins investing in the

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<sup>1</sup> In certain instances, the calculations of the annual performance goals are subject to rounding adjustments.

infrastructure investment program. Because ComEd will begin investment on or before January 1, 2012, it elects that the 10-year period for metrics begin on **January 1, 2013**.

In the event that HB 3036 becomes law, Section 16-108.5(f) will create two separate 10-year tracks – (i) for those metrics related to reliability and opportunities for minority-owned and women-owned business enterprises (Section 16-108.5(f)(1) through (4) and (9) of HB 3036), ComEd must elect a start date that is no later than 14 months following the date on which it begins investing in its infrastructure investment program, and (ii) for those metrics that utilize the technology or functionality that will be implemented under ComEd’s Advanced Metering Infrastructure Deployment Plan (“AMI Plan”) (Section 16-108.5(f)(5) through (8) of HB 3036), ComEd must elect a start date that is no later than 14 months following the Commission’s order approving the AMI Plan. Accordingly, if HB 3036 becomes law, ComEd elects a start date of **January 1, 2013** for the metrics set forth in Section 16-108.5(f)(1) through (4) and (9) of HB 3036 based on the fact that ComEd will begin investing in its infrastructure investment program no later than January 1, 2012. With respect to those metrics dependent upon approval of ComEd’s AMI Plan set forth in Section 16-108.5(f)(5) through (8) of HB 3036, ComEd will make a filing with the Commission within 30 days of the Commission’s order approving ComEd’s AMI Plan, which filing shall elect a start date for such metrics that is no later than 14 months following the entry of such order.

For each annual period, the determination of whether ComEd achieved an annual performance goal shall be based on ComEd's performance as of the end of the relevant 12-month period during that 12-month period. ComEd shall be deemed to have achieved an annual goal if

its performance during the relevant 12-month period is sufficient to have satisfied the specific annual goal for that annual period.

### **RELIABILITY-RELATED METRICS**

The first set of metrics in Section 16-108.5(f) relates to ComEd's provision of reliable electric service to its customers. For purposes of designing and calculating ComEd's performance under these metrics, the definitions set forth in 83 Illinois Administrative Code ("83 Ill. Admin. Code") Part 411.20 as of May 1, 2011 apply. In addition, ComEd may exclude up to nine Extreme Weather Event Days from the calculations related to these metrics. An Extreme Weather Event Day is a 24-hour calendar day beginning at 12:00 a.m. and ending at 11:59 p.m. during which any weather event caused interruptions of electric delivery service for 10,000 or more of its customers for three or more hours. (*See* Appendix 2). ComEd has excluded up to nine Extreme Weather Event Days from each year of the baseline calculations for the reliability-related metrics. (*See* Appendix 1). Moreover, when calculating ComEd's performance under each of the annual performance goals for these metrics, the same Extreme Weather Event Days shall be excluded from each calculation. However, the calculation for Southern Region SAIFI, and, if HB 3036 becomes law, the calculation for Northeastern Region SAIFI, excludes only those customer interruptions occurring in each of these respective regions.

#### **1. System Average Interruption Frequency Index (Section 16-108.5(f)(1)).**

**Definition.** The System Average Interruption Frequency Index ("SAIFI") is defined by 83 Ill. Admin. Code 411.20 as "the average number of interruptions per customer during the year. It is calculated by dividing the total annual number of customer interruptions by the total number of customers served during the year."

$$\text{SAIFI} = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

**Performance Goal.** ComEd must improve system-wide SAIFI (“System SAIFI”) by 20%, ratably over the 10-year period.

**Baseline Calculation.** The baseline is determined based on the average of the System SAIFI data reported to the Commission in ComEd’s annual reports to the Commission for the years 2001 through 2010.<sup>2</sup> After excluding up to 9 Extreme Weather Event Days from each baseline year, the System SAIFI baseline value is 0.998. (See Appendix 1).

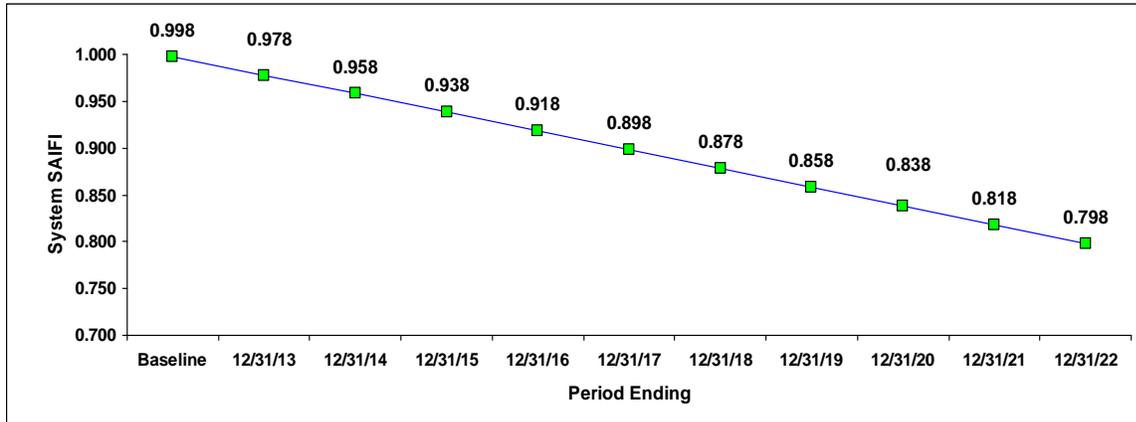
**Annual Performance Goals.** ComEd submits the annual System SAIFI goals set forth in Table 1, which are designed to improve System SAIFI by 20% ratably over the 10-year period beginning January 1, 2013 through annual reductions of 0.020. Chart 1 presents a graphical depiction of the System SAIFI annual goals over the 10-year period.

**TABLE 1: SYSTEM SAIFI ANNUAL GOALS**

Year	SYSTEM SAIFI
Baseline (2001-2010)	0.998
1/1/13 – 12/31/13	0.978
1/1/14 – 12/31/14	0.958
1/1/15 – 12/31/15	0.938
1/1/16 – 12/31/16	0.918
1/1/17 – 12/31/17	0.898
1/1/18 – 12/31/18	0.878
1/1/19 – 12/31/19	0.858
1/1/20 – 12/31/20	0.838
1/1/21 – 12/31/21	0.818
1/1/22 – 12/31/22	0.798

<sup>2</sup> See <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

**CHART 1: SYSTEM SAIFI ANNUAL GOALS**



**2. Customer Average Interruption Duration Index (Section 16-108.5(f)(2)).**

**Definition.** The Customer Average Interruption Duration Index (“CAIDI”) is defined by 83 Ill. Admin. Code 411.20 as “the average interruption duration for those customers who experience interruptions during the year. It is calculated by dividing the annual sum of all customer interruption durations by the total number of customer interruptions.”

$$\text{CAIDI} = \frac{\text{Sum of all Customer Interruption Durations}}{\text{Total Number of Customer Interruptions}}$$

**Performance Goal.** ComEd must improve its system-wide CAIDI (“System CAIDI”) by 15%, ratably over the 10-year period.

**Baseline Calculation.** The baseline is determined based on the average of the System CAIDI data reported to the Commission in ComEd’s annual reports to the Commission for the years

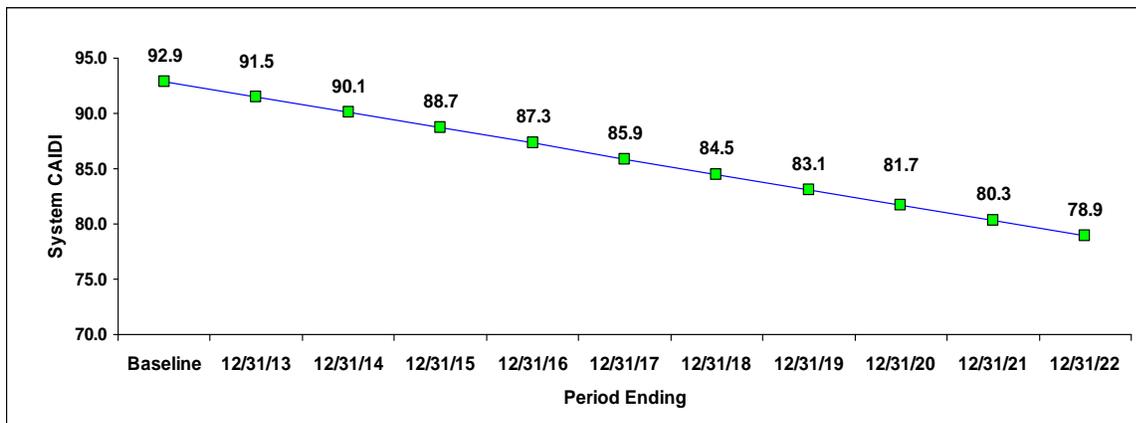
2001 through 2010.<sup>3</sup> After excluding up to 9 Extreme Weather Event Days from each baseline year, the baseline value is 92.9 minutes. (See Appendix 1).

**Annual Performance Goals.** ComEd submits the annual System CAIDI goals set forth in Table 2, which are designed to improve CAIDI by 15% ratably over the 10-year period beginning January 1, 2013 through annual reductions of 1.4 minutes. Chart 2 presents a graphical depiction of the System CAIDI annual goals over the 10-year period.

**TABLE 2: SYSTEM CAIDI ANNUAL GOALS**

Year	SYSTEM CAIDI
Baseline (2001-2010)	92.9
1/1/13 – 12/31/13	91.5
1/1/14 – 12/31/14	90.1
1/1/15 – 12/31/15	88.7
1/1/16 – 12/31/16	87.3
1/1/17 – 12/31/17	85.9
1/1/18 – 12/31/18	84.5
1/1/19 – 12/31/19	83.1
1/1/20 – 12/31/20	81.7
1/1/21 – 12/31/21	80.3
1/1/22 – 12/31/22	78.9

**CHART 2: SYSTEM CAIDI ANNUAL GOALS**



<sup>3</sup> See <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

**3. Southern Region SAIFI (Section 16-108.5(f)(3)).**

**Definition.** The term “Southern Region” has the meaning set forth in ComEd’s 2010 annual report to the Commission submitted pursuant to Section 16-125 of the Act. Accordingly, the Southern Region SAIFI is calculated as follows:

$$\text{S. Region SAIFI} = \frac{\text{Total Number of Southern Region Customer Interruptions}}{\text{Total Number of Southern Region Customers Served}}$$

**Performance Goal.** ComEd must improve SAIFI for its Southern Region by 20%, ratably over the 10-year period.

**Baseline Calculation.** The baseline is determined based on the average of the Southern Region SAIFI data reported to the Commission in ComEd’s annual reports to the Commission for the years 2001 through 2010.<sup>4</sup> After excluding up to 9 Extreme Weather Event Days from each baseline year, the baseline value is 1.236. (See Appendix 1).

**Annual Performance Goals.** ComEd submits the annual Southern Region SAIFI goals set forth in Table 3, which are designed to improve the Southern Region SAIFI by 20% ratably over the 10-year period beginning January 1, 2013 through achievement of annual reductions of 0.025. Chart 3 presents a graphical depiction of the Southern Region SAIFI annual goals over the 10-year period.

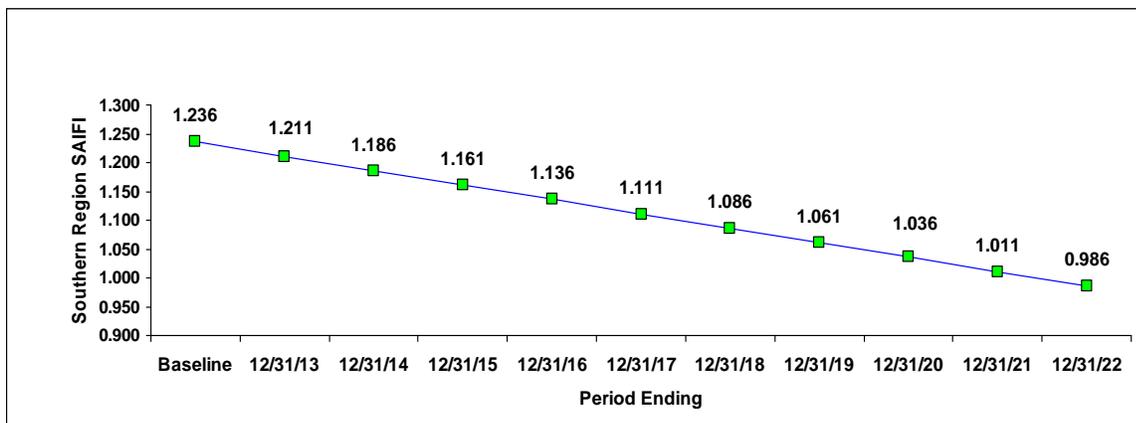
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<sup>4</sup> See <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

**TABLE 3: SOUTHERN REGION SAIFI ANNUAL GOALS**

Year	SOUTHERN REGION SAIFI
Baseline (2001-2010)	1.236
1/1/13 – 12/31/13	1.211
1/1/14 – 12/31/14	1.186
1/1/15 – 12/31/15	1.161
1/1/16 – 12/31/16	1.136
1/1/17 – 12/31/17	1.111
1/1/18 – 12/31/18	1.086
1/1/19 – 12/31/19	1.061
1/1/20 – 12/31/20	1.036
1/1/21 – 12/31/21	1.011
1/1/22 – 12/31/22	0.986

**CHART 3: SOUTHERN REGION SAIFI ANNUAL GOALS**



**4. Northeastern Region SAIFI (Section 16-108.5(f)(3.5) of HB 3036).**

In the event that HB 3036 becomes law, ComEd will be subject to an additional SAIFI metric related to its Northeastern Region. In such event, ComEd proposes the following:

**Definition.** The term “Northeastern Region” has the meaning set forth in ComEd’s 2010 annual report to the Commission submitted pursuant to Section 16-125 of the Act. Accordingly, the Northeastern Region SAIFI is calculated as follows:

$$\text{NE. Region SAIFI} = \frac{\text{Total Number of Northeastern Region Customer Interruptions}}{\text{Total Number of Northeastern Region Customers Served}}$$

**Performance Goal.** ComEd must improve SAIFI for its Northeastern Region by 20%, ratably over the 10-year period.

**Baseline Calculation.** The baseline is determined based on the average of the Northeastern Region SAIFI data reported to the Commission in ComEd's annual reports to the Commission for the years 2001 through 2010.<sup>5</sup> After excluding up to 9 Extreme Weather Event Days from each baseline year, the baseline value is 1.006. (See Appendix 1).

**Annual Performance Goals.** ComEd submits the annual Northeastern Region SAIFI goals set forth in Table 4, which are designed to improve the Northeastern Region SAIFI by 20% ratably over the 10-year period beginning January 1, 2013 through annual reductions of 0.020. Chart 4 presents a graphical depiction of the Northeastern Region SAIFI annual goals over the 10-year period.

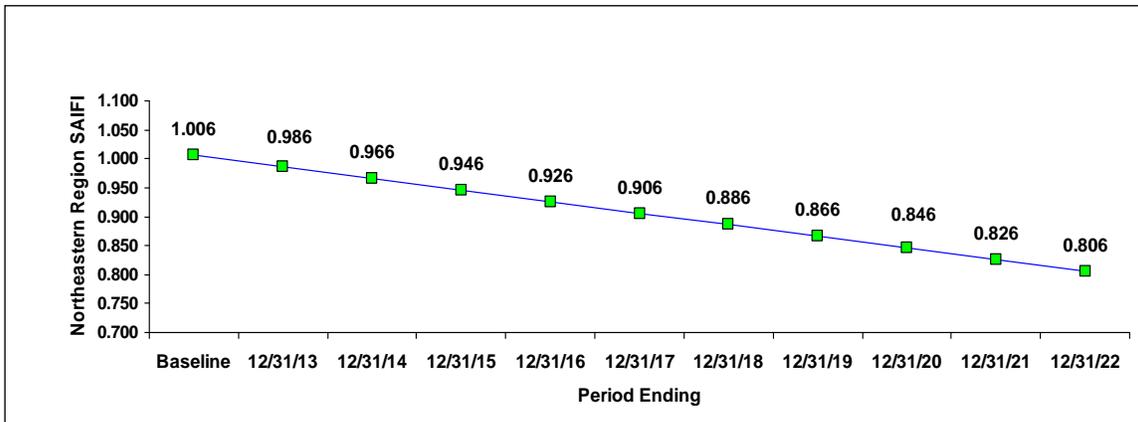
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<sup>5</sup> See <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

**TABLE 4: NORTHEASTERN REGION SAIFI ANNUAL GOALS**

Year	NORTHEASTERN REGION SAIFI
Baseline (2001-2010)	1.006
1/1/13 – 12/31/13	0.986
1/1/14 – 12/31/14	0.966
1/1/15 – 12/31/15	0.946
1/1/16 – 12/31/16	0.926
1/1/17 – 12/31/17	0.906
1/1/18 – 12/31/18	0.886
1/1/19 – 12/31/19	0.866
1/1/20 – 12/31/20	0.846
1/1/21 – 12/31/21	0.826
1/1/22 – 12/31/22	0.806

**CHART 4: NORTHEASTERN REGION SAIFI ANNUAL GOALS**



**SERVICE RELIABILITY TARGETS METRIC**

**5. Service Reliability Targets (Section 16-108.5(f)(4)).**

**Definition.** Section 16-108.5(f)(4) of the Act defines the service reliability targets as those set forth in subparagraphs (A) through (C) of paragraph (4) of subsection (b) of 83 Ill. Admin. Code 411.140. These targets are as follows:

- A) Customers whose immediate primary source of service operates at 69,000 volts or above should not have experienced:
  - i) More than three controllable interruptions in each of the last three consecutive years.
  - ii) More than nine hours of total interruption duration due to controllable interruptions in each of the last three consecutive years.
- B) Customers whose immediate primary source of service operates at more than 15,000 volts, but less than 69,000 volts, should not have experienced:
  - i) More than four controllable interruptions in each of the last three consecutive years.
  - ii) More than twelve hours of total interruption duration due to controllable interruptions in each of the last three consecutive years.
- C) Customers whose immediate primary source of service operates at 15,000 volts or below should not have experienced:
  - i) More than six controllable interruptions in each of the last three consecutive years.
  - ii) More than eighteen hours of total interruption duration due to controllable interruptions in each of the last three consecutive years.

**Performance Goal.** ComEd must improve the total number of customers who exceed the service reliability targets by 75%, ratably over the 10-year period.

**Baseline Calculation.** The baseline is the 2010 data reported to the Commission regarding performance under each of the service reliability targets.<sup>6</sup> The baseline value is 407 customers.

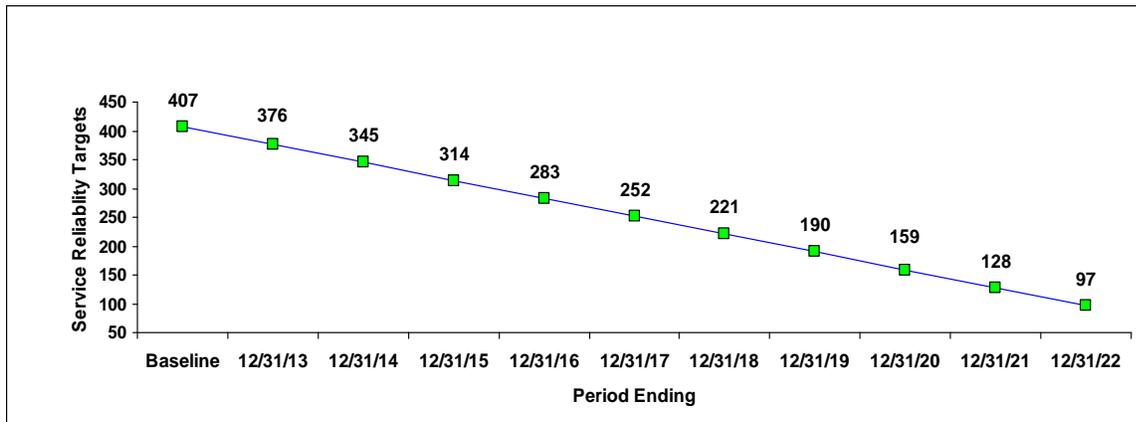
**Annual Performance Goals.** ComEd submits the annual service reliability targets goals set forth in Table 5, which are designed to improve the total number of customers who exceed the service reliability targets by 75% ratably over the 10-year period beginning January 1, 2013 through annual reductions of 31 customers. Chart 5 presents a graphical depiction of the service reliability targets annual goals over the 10-year period.

**TABLE 5: SERVICE RELIABILITY TARGETS ANNUAL GOALS**

Year	SERVICE RELIABILITY TARGETS
Baseline (2010)	407
1/1/13 – 12/31/13	376
1/1/14 – 12/31/14	345
1/1/15 – 12/31/15	314
1/1/16 – 12/31/16	283
1/1/17 – 12/31/17	252
1/1/18 – 12/31/18	221
1/1/19 – 12/31/19	190
1/1/20 – 12/31/20	159
1/1/21 – 12/31/21	128
1/1/22 – 12/31/22	97

<sup>6</sup> See <http://www.icc.illinois.gov/electricity/electricreliability.aspx>.

**CHART 5: SERVICE RELIABILITY TARGETS ANNUAL GOALS**



**THE CUSTOMER BENEFITS METRICS**

This set of metrics is designed to reduce ComEd’s costs of providing electric service through achievement of reductions in the issuance of estimated electric bills, consumption on inactive meters, non-technical line loss unaccounted for energy (*i.e.*, losses not related to distribution and transmission losses), and uncollectible expense. Because the costs associated with these categories are recovered from customers, achievement of these metrics will realize tangible customer benefits in the form of reduced costs of electric service.

Each of the annual performance goals relating to these four metrics is based on the assumption that ComEd may fully implement Smart Grid technology, including utilizing the full functionality of the technology and that there is no requirement for on-site disconnection notification. Accordingly, the annual performance goals associated with these four metrics depend on the Commission’s approval of ComEd’s Advanced Metering Infrastructure Deployment Plan pursuant to Section 16-108.6 of the Act and on the Commission declining to otherwise impose an on-site disconnection requirement.

**6. Estimated Electric Bills (Section 16-108.5(f)(5)).**

**Definition.** ComEd renders an estimated monthly bill when a meter on an account was not read for the applicable monthly billing period. To reflect that the bill is estimated, the word “estimate” is plainly stated on the face of each such bill.

**Performance Goal.** ComEd must reduce the number of estimated electric bills by 90%, ratably over the 10-year period.

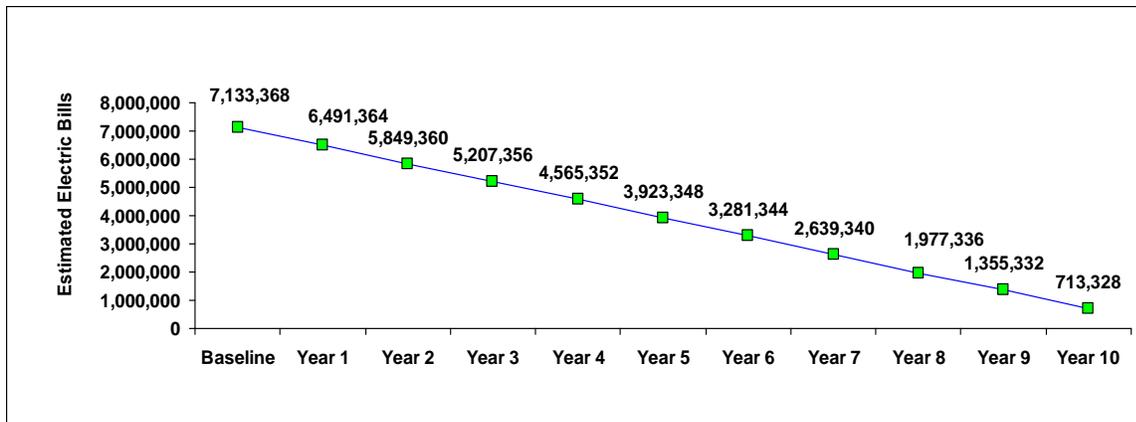
**Baseline Calculation.** The baseline is the average number of estimated electric bills for the years 2008 through 2010. Because estimated electric bills were not tracked during the first 4 months of 2008, the 2008 figure is a prorated estimate based on the 8 months of actual estimated electric bills issued during 2008. The baseline value is 7,133,368.

**Annual Performance Goals.** ComEd submits the annual estimated electric bills goals set forth in Table 6, which are designed to reduce the number of estimated electric bills by 90% ratably over the 10-year period beginning January 1, 2013 or, if HB 3036 becomes law, beginning on a date within 14 months after the Commission approves ComEd’s AMI Plan, through annual reductions in estimated electric bills of 642,004. Chart 6 presents a graphical depiction of the estimated electric bills annual goals over the 10-year period.

**TABLE 6: ESTIMATED ELECTRIC BILLS ANNUAL GOALS**

Year	ESTIMATED ELECTRIC BILLS
Baseline (2008-2010)	7,133,368
Year 1	6,491,364
Year 2	5,849,360
Year 3	5,207,356
Year 4	4,565,352
Year 5	3,923,348
Year 6	3,281,344
Year 7	2,639,340
Year 8	1,977,336
Year 9	1,355,332
Year 10	713,328

**CHART 6: ESTIMATED ELECTRIC BILLS ANNUAL GOALS**



**7. Consumption on Inactive Meters (Section 16-108.5(f)(6)).**

*Definition.* Consumption on inactive meters (“CIM”) occurs when metered electricity has no customer on record to bill for usage. As a result, the costs for CIM are recovered from all ComEd customers receiving service under ComEd’s Rate BES – Basic Electric Service, rather than from the individual retail customer that is responsible for such usage. CIM generally occurs when the customer of record finalizes the account and there is no immediate successor customer that contacts ComEd to set up new service. ComEd tracks the total monthly kilowatt-hours

(“kWh”) of electricity categorized as CIM by way of the regular monthly meter reads and retains such information even though a bill is not generated.

**Performance Goal.** ComEd must reduce CIM by 90%, ratably over the 10-year period.

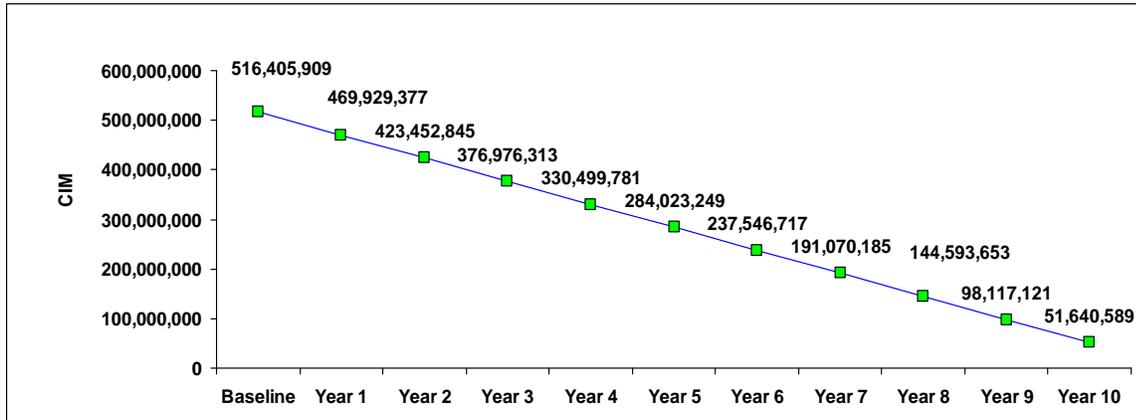
**Baseline Calculation.** The baseline is the average CIM for the years 2009 and 2010. The baseline value is 516,405,909 kWh.

**Annual Performance Goals.** ComEd submits the annual CIM goals set forth in Table 7, which are designed to reduce CIM by 90% ratably over the 10-year period beginning January 1, 2013 or, if HB 3036 becomes law, beginning on a date within 14 months after the Commission approves ComEd’s AMI Plan, through annual reductions in CIM of 46,476,532 kWh. Chart 7 presents a graphical depiction of the CIM annual goals over the 10-year period.

**TABLE 7: CIM ANNUAL GOALS**

Year	CIM (kWh)
Baseline (2009-2010)	516,405,909
Year 1	469,929,377
Year 2	423,452,845
Year 3	376,976,313
Year 4	330,499,781
Year 5	284,023,249
Year 6	237,546,717
Year 7	191,070,185
Year 8	144,593,653
Year 9	98,117,121
Year 10	51,640,589

**CHART 7: CIM ANNUAL GOALS**



**8. Unaccounted For Energy (Section 16-108.5(f)(7)).**

*Definition.* Unaccounted for energy (“UFE”) is unmetered electricity that is not billed to an individual retail customer, such as theft of service. As a result, the costs for such unmetered electricity are recovered from all ComEd customers, rather than from an individual retail customer that is responsible for such usage.

*Performance Goal.* ComEd must reduce UFE by 50%, ratably over the 10-year period.

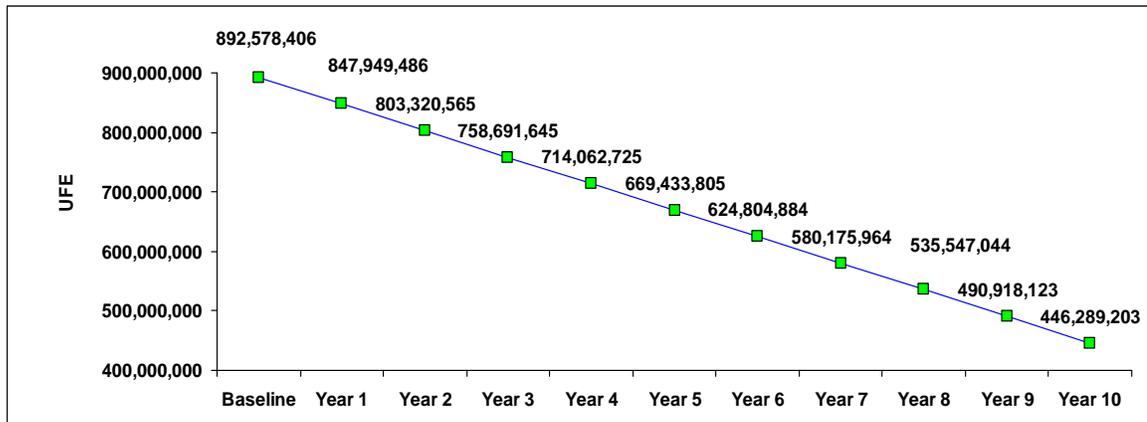
*Baseline Calculation.* The baseline is the UFE for the year 2009. The baseline value is 892,578,406 kWh.

*Annual Performance Goals.* ComEd submits the annual UFE goals set forth in Table 8, which are designed to reduce UFE by 50% ratably over the 10-year period beginning January 1, 2013 or, if HB 3036 becomes law, beginning on a date within 14 months after the Commission approves ComEd’s AMI Plan, through annual reductions in UFE of 44,628,921 kWh. Chart 8 presents a graphical depiction of the UFE annual goals over the 10-year period.

**TABLE 8: UFE ANNUAL GOALS**

Year	UFE (kWh)
Baseline (2009)	892,578,406
Year 1	847,949,486
Year 2	803,320,565
Year 3	758,691,645
Year 4	714,062,725
Year 5	669,433,805
Year 6	624,804,884
Year 7	580,175,964
Year 8	535,547,044
Year 9	490,918,123
Year 10	446,289,203

**CHART 8: UFE ANNUAL GOALS**



**9. Uncollectible Expense (Section 16-108.5(f)(8)).**

**Definition.** Uncollectible expense is the amount of expense recorded in the Federal Energy Regulatory Form 1 (“FERC Form 1”) Account 904.

**Performance Goal.** ComEd must reduce uncollectible expense by \$30,000,000, ratably over the 10-year period.

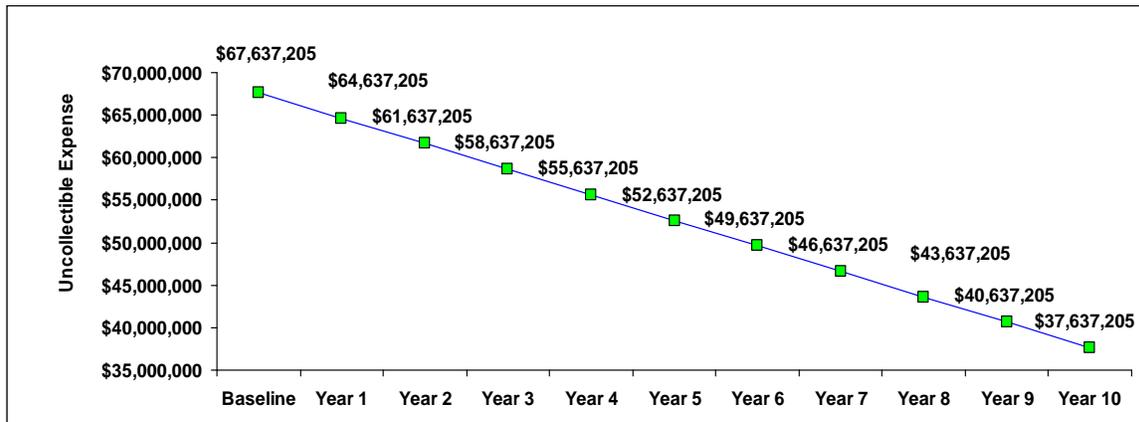
**Baseline Calculation.** The baseline is the average uncollectible expense set forth in Account 904 in ComEd’s 2008 through 2010 FERC Form 1 submittals. The baseline value is \$67,637,205.

**Annual Performance Goals.** ComEd submits the annual uncollectible expense goals set forth in Table 9, which are designed to reduce uncollectible expense by \$30,000,000 ratably over the 10-year period beginning January 1, 2013 or, if HB 3036 becomes law, beginning on a date within 14 months after the Commission approves ComEd’s AMI Plan, through annual reductions in uncollectible expense of \$3,000,000. Chart 9 presents a graphical depiction of the uncollectible expense annual goals over the 10-year period.

**TABLE 9: UNCOLLECTIBLE EXPENSE ANNUAL GOALS**

Year	Uncollectible Expense (\$)
Baseline (2008-2010)	\$67,637,205
Year 1	\$64,637,205
Year 2	\$61,637,205
Year 3	\$58,637,205
Year 4	\$55,637,205
Year 5	\$52,637,205
Year 6	\$49,637,205
Year 7	\$46,637,205
Year 8	\$43,637,205
Year 9	\$40,637,205
Year 10	\$37,637,205

**CHART 9: UNCOLLECTIBLE EXPENSE ANNUAL GOALS**



**OPPORTUNITIES FOR MINORITY-OWNED  
AND WOMEN-OWNED BUSINESS ENTERPRISES METRIC**

**10. Opportunities for Minority-Owned and Women-Owned Business Enterprises (Section 16-108.5(f)(9)).**

*Definition.* Section 16-108.5(f)(9) directs ComEd to design a performance metric regarding the creation of opportunities for minority-owned and women-owned business enterprises (“MWBE”) consistent with State and federal law. MWBE refers to a minority-owned or women-owned business that is a for-profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated and controlled by minority group members or women. “Minority group members” refers to those individuals who are Asian, Black, Hispanic, or Native American.

Ownership by minority individuals or women means the business is at least 51% owned by such individuals or, in the case of a publicly-owned business, at least 51% of the stock is owned by one or more such individuals. Further, the management and daily operations are controlled by those minority group members or women.

**Performance Goal.** It is ComEd’s goal to increase its capital expenditures paid to MWBE by 15% over the 10-year period.

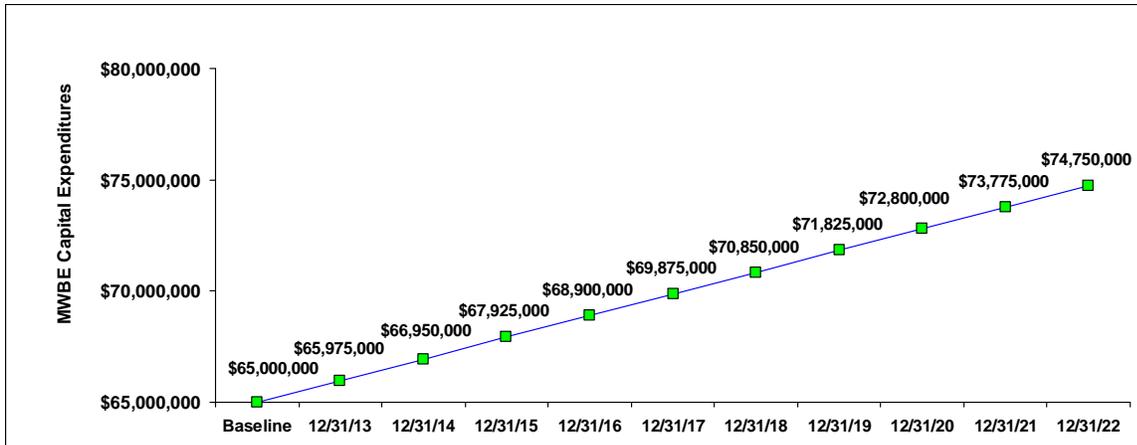
**Baseline Calculation.** The baseline is ComEd’s capital expenditures that were paid to MWBE in 2010. The baseline value is \$65,000,000.

**Annual Performance Goals.** The MWBE annual goals set forth in Table 1 reflect annual capital expenditures to be paid to MWBE, and are designed to increase such expenditures 15% ratably over the 10-year period beginning January 1, 2013 through annual increases in such expenditures of \$975,000. Chart 10 presents a graphical depiction of the MBWE annual goals over the 10-year period.

**TABLE 10: MWBE ANNUAL GOALS**

Year	Capital Expenditures Paid to MWBE (\$)
Baseline ( 2010)	\$65,000,000
1/1/13 – 12/31/13	\$65,975,000
1/1/14 – 12/31/14	\$66,950,000
1/1/15 – 12/31/15	\$67,925,000
1/1/16 – 12/31/16	\$68,900,000
1/1/17 – 12/31/17	\$69,875,000
1/1/18 – 12/31/18	\$70,850,000
1/1/19 – 12/31/19	\$71,825,000
1/1/20 – 12/31/20	\$72,800,000
1/1/21 – 12/31/21	\$73,775,000
1/1/22 – 12/31/22	\$74,750,000

**CHART 10: MWBE ANNUAL GOALS**



## **II. PENALTIES**

This section of ComEd’s Plan describes the tariff mechanism designed to apply the financial penalties described in Section 16-108.5(f-5), which take the form of a basis points (“bps”) reduction to the cost of common equity (“COE”) set by Rate DSPP for the relevant 12-month period.

### **A. Penalties under Current Section 16-108.5(f-5)**

Under the existing provisions of Section 16-108.5(f-5), the penalties are as follows and are applied only for the 12-month period in which the deficiency occurred:

*System SAIFI* – failure to achieve the annual goal shall result in a 5 bps reduction.

*System CAIDI* – failure to achieve the annual goal shall result in a 5 bps reduction.

*SAIFI for ComEd’s Southern Region* – failure to achieve the annual goal shall result in a 5 bps reduction.

*Customers Exceeding Service Reliability Targets* – failure to achieve the annual goal shall result in a 5 bps reduction.

*Reduction in Issuance of Estimated Electric Bills* – failure to achieve at least 95% of the annual goal shall result in a 5 bps reduction.

*Consumption on Inactive Meters, Unaccounted for Energy, and Uncollectible Expense* – each of the three goals shall be calculated in terms of the percentage of the goal achieved. The percentages shall be aggregated and averaged; if the utility does not achieve an aggregated average percentage value of at least 95% in a given year, then the COE shall be reduced by 5 bps.

**Aggregate Average Example:** For example, ComEd's percent of goal achieved in a given year is 95% for CIM, 97% for UFE, and 96% for uncollectible expense. The aggregate average percent achievement of these three goals would then be  $(0.95 + 0.97 + 0.96)$  divided by 3, or 96%. In this example, the aggregate average percentage value of 96% achieves and exceeds the 95% requirement.

These penalties applicable pursuant to Section 16-108.5(f-5) are implemented through the proposed Rider DSPM, which is attached to this Plan as ComEd Ex. 1.1.

The total reduction to the COE for a given year is no more than a total of 30 basis points per year.

**B. Penalties under Section 16-108.5(f-5) if HB 3036 Becomes Law**

In the event that HB 3036 becomes law, the penalties under Section 16-108.5(f-5) are as follows and are applied only for the 12-month period in which the deficiency occurred:

**System SAIFI** – failure to achieve the annual goal shall result in a 5 bps reduction for years 1 through 3; a 6 bps reduction for years 4 through 6; and a 7 bps reduction for years 7 through 10.

**System CAIDI** – failure to achieve the annual goal shall result in a 5 bps reduction for years 1 through 3; a 6 bps reduction for years 4 through 6; and a 7 bps reduction for years 7 through 10.

**SAIFI for ComEd's Southern Region and SAIFI for ComEd's Northeastern Region** – failure to achieve both annual goals shall result in a 5 bps reduction for years 1 through 3; a 6 bps reduction for years 4 through 6; and a 7 bps reduction for years 7 through 10.

***Customers Exceeding Service Reliability Targets*** – failure to achieve the annual goal shall result in a 5 bps reduction for years 1 through 3; a 6 bps reduction for years 4 through 6; and a 7 bps reduction for years 7 through 10.

***Reduction in Issuance of Estimated Electric Bills*** – failure to achieve at least 95% of the annual goal shall result in a 5 bps reduction.

***Consumption on Inactive Meters, Unaccounted for Energy, and Uncollectible Expense*** – each of the three goals shall be calculated in terms of the percentage of the goal achieved. The percentages shall be aggregated and averaged; if the utility does not achieve an aggregated average percentage value of at least 95% in a given year, then the COE shall be reduced by 5 bps.

***Aggregate Average Example:*** For example, ComEd's percent of goal achieved in a given year is 95% for CIM, 97% for UFE, and 96% for uncollectible expense. The aggregate average percent achievement of these three goals would then be  $(0.95 + 0.97 + 0.96)$  divided by 3, or 96%. In this example, the aggregate average percentage value of 96% achieves and exceeds the 95% requirement.

These penalties, which are only applicable if HB 3036 becomes law, would be implemented through the proposed Rider DSPM attached to this Plan as ComEd Ex. 1.1 TB.

If HB 3036 becomes law, the total reduction to the COE for a given year is no more than a total of 30 basis points for years 1 through 3; no more than a total of 34 bps for years 4 through 6; and no more than 38 bps for years 7 through 10.

**C. Impact of Smart Grid Functionality on Penalties**

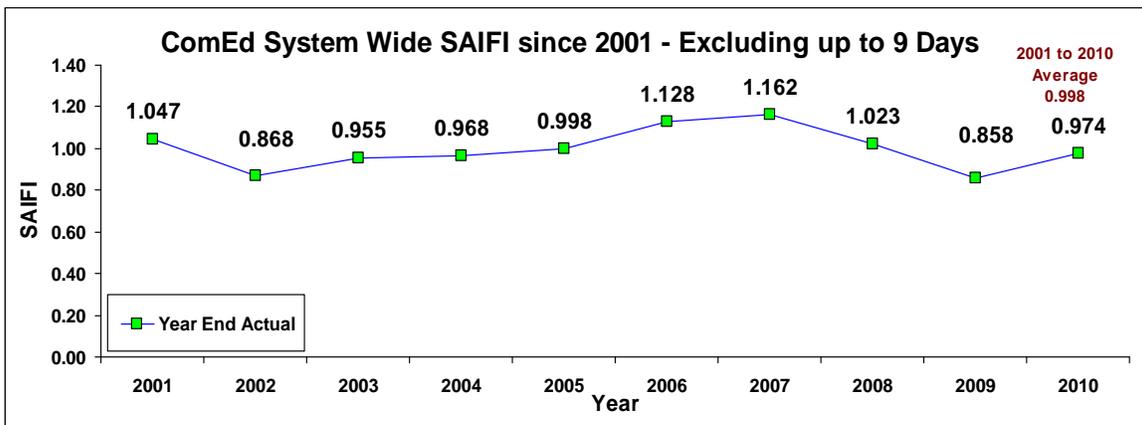
Under existing Section 16-108.5(f) or as modified by HB 3036, the metrics related to customer benefits (reduction in issuance of estimated electric bills, consumption on inactive meters, unaccounted for energy, and uncollectible expense) are based on the assumptions that ComEd may fully implement all Smart Grid technology, including utilizing the full functionality of such technology and that there is no requirement for personal on-site disconnection notification. As a result, if ComEd is unable to meet the metrics and performance goals for the customer benefits metrics because it was unable to fully implement all Smart Grid technology, and the Commission so finds after notice and hearing, then ComEd will be excused from compliance, but only to the limited extent achievement of the affected metrics and performance goals was hindered by less than full implementation.

## APPENDIX 1

### CALCULATION OF METRIC BASELINES

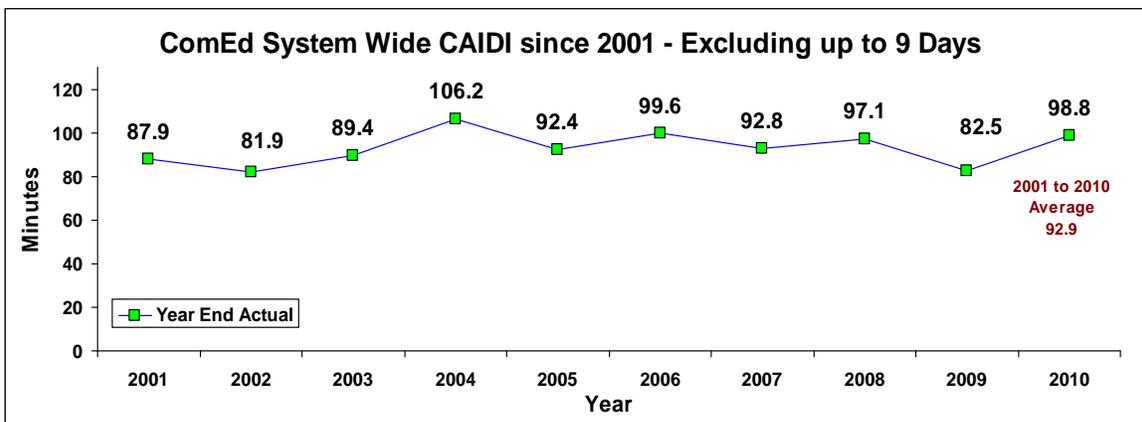
#### *System SAIFI*

The baseline is the 2001 through 2010 average System SAIFI excluding up to 9 Extreme Weather Event Days per year. The baseline value is 0.998.



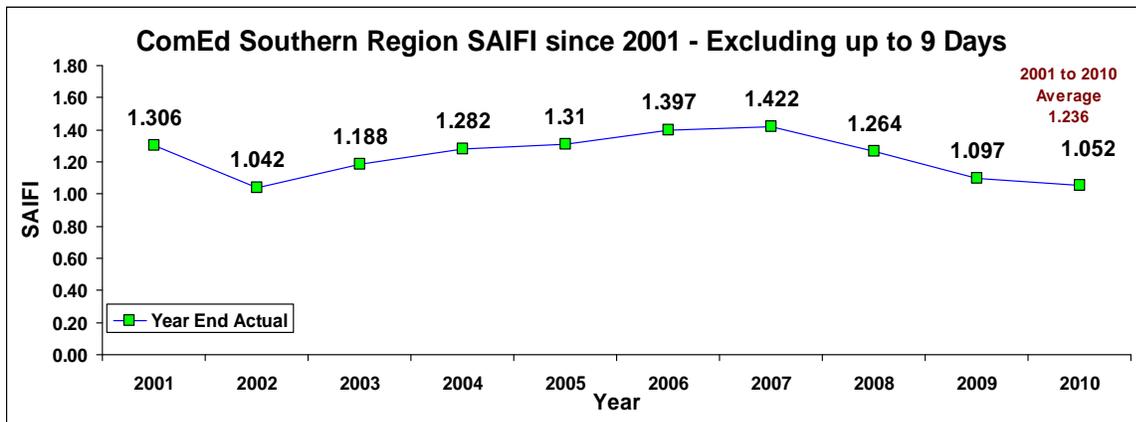
#### *System CAIDI*

The baseline is the 2001 through 2010 average System CAIDI excluding up to 9 Extreme Weather Event Days per year. The baseline value is 92.9 minutes.



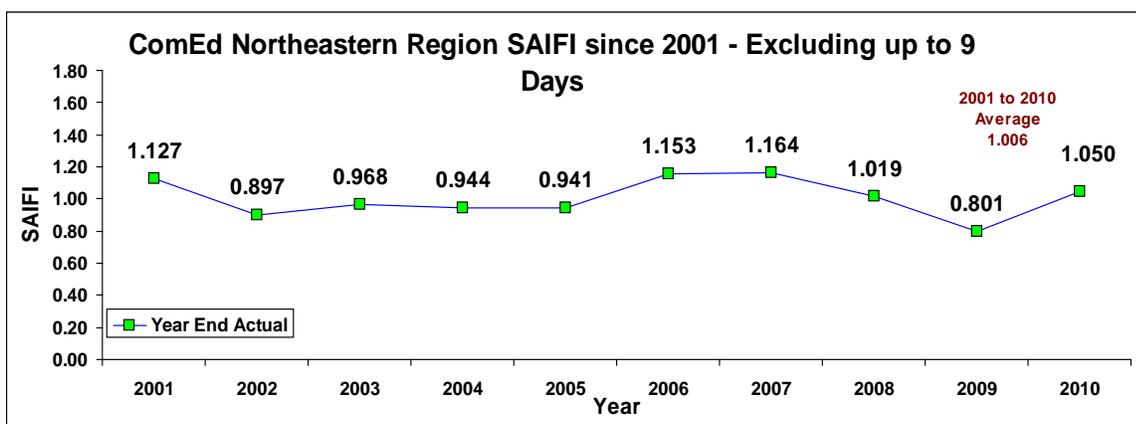
***Southern Region SAIFI***

The baseline is the 2001 through 2010 average Southern Region SAIFI excluding up to 9 Extreme Weather Event Days per year. The baseline value is 1.236.



***Northeastern Region SAIFI***

In the event that HB 3036 becomes law, the baseline is the 2001 through 2010 average Northeastern Region SAIFI excluding up to 9 Extreme Weather Event Days per year. The baseline value is 1.006.

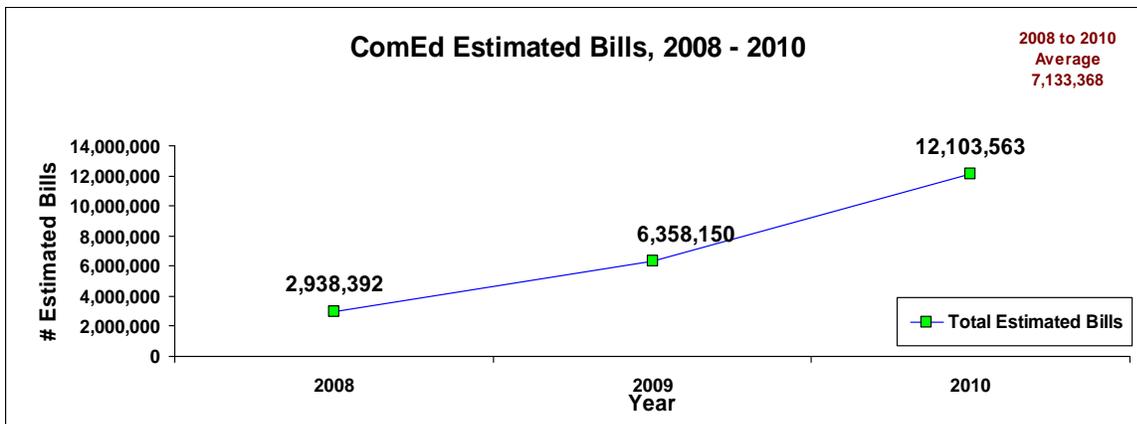


***Service Reliability Targets***

The baseline is the 2010 data reported to the Commission regarding performance under each of the service reliability targets. The baseline value is 407 customers.

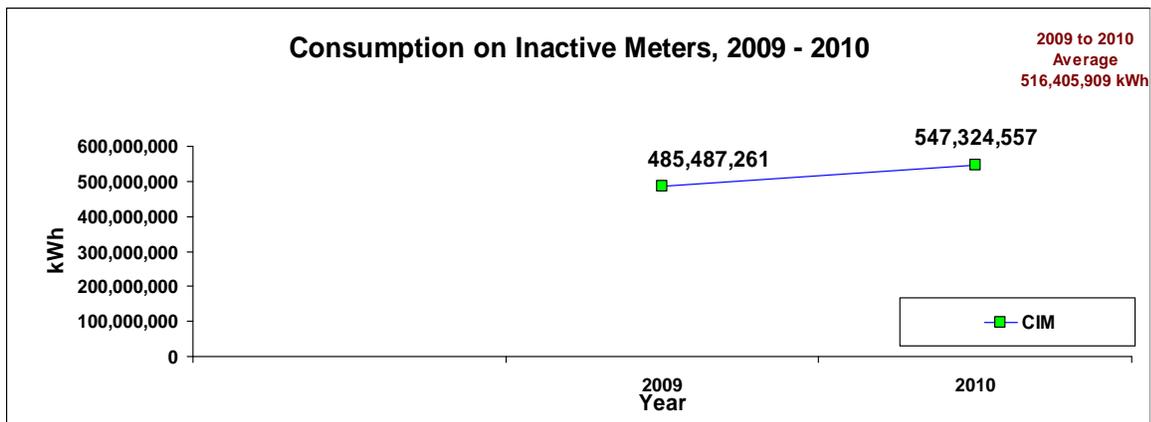
***Estimated Electric Bills***

The baseline is the 2008 through 2010 average number of estimated electric bills per year. Because estimated electric bills were not tracked during the first 4 months of 2008, the 2008 figure is a prorated estimate based on the 8 months of actual estimated electric bills issued during 2008. The baseline value is 7,133,368.



***Consumption on Inactive Meters (CIM)***

The baseline is the average CIM for the years 2009 and 2010. The baseline value is 516,405,909 kWh.

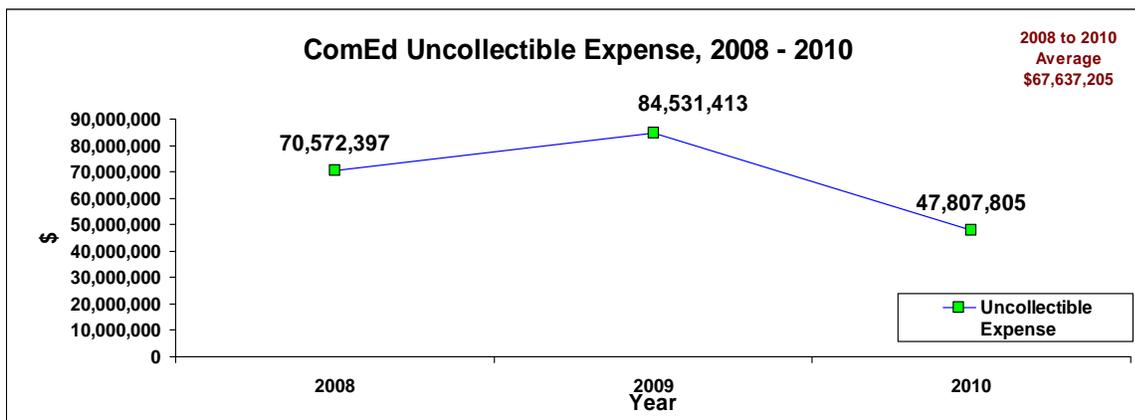


***Unaccounted For Energy (UFE)***

The baseline is the UFE for the year 2009. The baseline value is 892,578,406 kWh.

***Uncollectible Expense***

The baseline is the average uncollectible expense set forth in Account 904 in ComEd’s 2008 through 2010 FERC Form 1 submittals. The baseline value is \$67,637,205.



***Opportunities for Minority-Owned and Women-Owned Business Enterprises***

The baseline is ComEd’s capital expenditures that were paid to MWBE in 2010. The baseline value is \$65,000,000.

**APPENDIX 2**  
**IDENTIFICATION OF EXTREME WEATHER EVENT DAYS**

An Extreme Weather Event Day is defined as a 24-hour calendar day (beginning at 12:00 a.m. and ending at 11:59 p.m.) during which any weather event (*e.g.*, storm, tornado) caused interruptions of electric delivery service for 10,000 or more of the participating utility's customers for 3 hours or more.

Both the baseline calculation(s) and annual calculations must use the same exact methodology and exclude up to 9 Extreme Weather Event Days to ensure an equivalent baseline and annual measurement.

If there are more than 9 days that meet the definition of an Extreme Weather Event Day in a year, then the utility may choose no more than 9 Extreme Weather Event Days.

The same exact Extreme Weather Event Days must be excluded from the calculation of the System SAIFI, System CAIDI and Southern Region SAIFI. The same is true for the calculation of Northeastern Region SAIFI in the event that HB 3036 becomes law. However the calculations for Southern Region SAIFI and Northeastern Region SAIFI exclude only those customer interruptions occurring in each of these respective regions.

2001 to 2010 Extreme Weather Event Day Summary

Year	Extreme Weather Days Qualifying for Exclusion	Number of Extreme Weather Days Excluded	Customer Interruptions Excluded	Customer Interruptions Not Excluded (Exceeds 9 days)
2001	14	9	856,000	295,000
2002	8	8	692,000	-
2003	15	9	1,266,000	236,000
2004	13	9	898,000	146,000
2005	9	9	633,000	-
2006	14	9	1,120,000	217,000
2007	23	9	1,388,000	617,000
2008	17	9	1,166,000	360,000
2009	8	8	586,000	-
2010	16	9	1,428,000	327,000

2001 through 2004 days qualifying for exclusion

- Days excluded from the determination of baseline are highlighted in yellow

2001		2002		2003		2004	
Date	Customer Interruptions	Date	Customer Interruptions	Date	Customer Interruptions	Date	Customer Interruptions
10/25/2001	131,139	3/9/2002	204,515	5/11/2003	264,399	7/21/2004	129,162
4/7/2001	115,487	8/19/2002	104,505	7/5/2003	221,019	7/22/2004	118,175
8/9/2001	100,347	10/4/2002	89,607	11/12/2003	193,669	5/21/2004	112,577
8/2/2001	94,713	6/10/2002	82,981	7/17/2003	152,349	3/5/2004	105,023
6/12/2001	93,431	8/22/2002	65,597	7/15/2003	109,510	5/30/2004	93,885
7/23/2001	85,574	6/25/2002	53,739	7/7/2003	103,410	11/24/2004	92,062
7/22/2001	81,461	7/9/2002	45,909	8/1/2003	86,346	6/12/2004	86,143
6/14/2001	80,497	8/21/2002	45,430	7/6/2003	74,456	8/27/2004	85,341
2/25/2001	73,819			7/27/2003	60,731	10/30/2004	75,679
8/22/2001	72,601			7/21/2003	56,096	8/28/2004	73,355
10/24/2001	66,703			7/20/2003	55,190	4/20/2004	26,651
7/21/2001	60,212			5/1/2003	38,685	8/4/2004	25,679
7/25/2001	51,322			7/8/2003	38,365	11/25/2004	20,512
10/13/2001	44,488			5/12/2003	26,418		
				7/18/2003	21,432		

2005 through 2007 days qualifying for exclusion

- Days excluded from the determination of baseline are highlighted in yellow

2005		2006		2007	
Date	Customer Interruptions	Date	Customer Interruptions	Date	Customer Interruptions
7/25/2005	103,317	10/2/2006	350,189	8/23/2007	467,785
7/20/2005	100,467	7/20/2006	132,676	12/23/2007	203,441
11/13/2005	99,306	5/29/2006	131,105	7/18/2007	126,569
6/4/2005	98,522	8/2/2006	119,258	8/22/2007	120,320
9/13/2005	66,701	8/24/2006	97,933	8/24/2007	101,489
8/20/2005	55,642	3/13/2006	82,824	12/1/2007	100,252
10/2/2005	50,688	10/3/2006	69,615	6/7/2007	100,134
7/26/2005	33,522	8/3/2006	68,463	4/11/2007	88,678
7/21/2005	25,188	12/1/2006	68,175	5/24/2007	79,751
		5/30/2006	60,027	2/24/2007	76,718
		10/4/2006	50,861	6/18/2007	69,461
		7/18/2006	50,498	8/7/2007	67,252
		9/22/2006	42,882	7/9/2007	62,164
		10/5/2006	12,523	8/12/2007	59,311
				9/25/2007	49,775
				7/26/2007	47,394
				7/19/2007	35,937
				2/25/2007	35,826
				8/25/2007	26,586
				12/2/2007	24,093
				6/8/2007	23,443
				8/26/2007	20,120
				8/27/2007	19,191

2008 through 2010 days qualifying for exclusion

- Days excluded from the determination of baseline are highlighted in yellow

2008		2009		2010	
Date	Customer Interruptions	Date	Customer Interruptions	Date	Customer Interruptions
8/4/2008	376,721	6/19/2009	227,001	6/18/2010	456,892
6/15/2008	138,443	12/24/2009	97,320	6/23/2010	263,965
8/5/2008	115,163	3/29/2009	85,634	10/26/2010	183,766
5/30/2008	111,395	6/24/2009	55,187	10/27/2010	131,017
6/8/2008	107,489	10/6/2009	52,490	7/23/2010	99,194
6/6/2008	102,830	6/20/2009	37,401	7/24/2010	93,373
6/13/2008	87,792	5/14/2009	18,256	5/31/2010	72,993
12/19/2008	63,396	12/25/2009	12,807	6/26/2010	66,002
12/21/2008	62,791			8/4/2010	60,590
7/10/2008	60,980			6/21/2010	57,838
5/2/2008	60,821			6/24/2010	57,047
6/28/2008	60,086			9/21/2010	55,136
10/26/2008	59,641			4/6/2010	46,849
6/7/2008	48,927			6/19/2010	43,976
6/9/2008	31,982			6/22/2010	41,495
8/6/2008	25,869			6/20/2010	24,669
8/7/2008	11,331				