Commonwealth Edison Company
Docket No. 11-0721
CUB Exhibit 1.3
Copies of Applicant's Responses to Discovery Requests
Referenced in the Direct Testimony and Schedules of
Ralph C. Smith

****Confidential Information has been Redacted****

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ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 1.01 – 1.30
Date Received: November 16, 2011
Date Served: December 1, 2011

REQUEST NO. AG 1.06:

Ref: ComEd Ex. 4.1 (Formula Rate Schedules).

Does ComEd contend that its proposed revenue requirement presented in Exhibit 4.1 complies with each of the Commission's ratemaking findings in Docket No. 10-0467 except for return on equity? If not, please identify and quantify each departure from ICC-Ordered ratemaking policies and procedures that is reflected in Exhibit 4.1 with an explanation of the basis for each such departure.

RESPONSE:

No. Although ComEd Ex. 4.1 conforms with most of the Commission's ratemaking findings in ICC Docket No. 10-0467, it does not conform with some as they are either not applicable, not requested, addressed through the legislation, or differ for the reasons explained below. ComEd has identified differences between the Commission's final Order in ICC Docket No. 10-0467 and the proposed revenue requirement presented in ComEd Ex. 4.1 but has not completed any analysis to quantify differences. Note that the Direct Testimony of Kathryn Houtsma discusses four (4) differences in methodology (see ComEd Ex. 2.0 at 28:585 - 30:628) between the final Order in ICC Docket No. 10-0467 and the amounts proposed in ComEd Ex. 4.1.

Below is an itemization of the Commission's ratemaking findings as identified in Appendix A of the final Order in ICC Docket No. 10-0467, as well as several other adjustments not shown on Appendix A, but included in the final Order, and a description of how they are addressed in the formula rate schedules.

Please also see ComEd's Response to Staff Data Request TEE 1.03.

The following items are treated in the same manner as in the Commission's final Order in ICC Docket No. 10-0467:

Item	Notes
PORCB adjustment	Removed capital costs related to software and the corresponding depreciation expense. See ComEd Ex. 4.1, Appendix 1 and ComEd Ex. 4.1, Appendix 8 to the formula rate
Charitable contributions	Removed certain contributions to organizations outside ComEd's service territory.
Late payment charges	Applied 100% of late payment charges not previously allocated to transmission to distribution revenues. See ComEd Ex. 4.1, Appendix 10 to the formula rate.

Materials and supplies adjustment	Uses the 13 month average and reduces the balance by the associated accounts payable. See ComEd Ex. 4.1, Appendix 1 to the formula rate and ComEd Ex. 4.2, WP 14
Corporate jet costs	Removed 50% of the costs from the revenue requirement. See ComEd Ex. 4.1, Appendix 7 to the formula rate.
Rate relief payments totaling $3M	Excluded credit to other revenues. See ComEd Ex. 4.1, Appendix 10 to the formula rate.
Investment tax credit	Amortization of investment tax credits are included as a reduction to the revenue requirement.
Customer deposits	Reduced distribution rate base by 100% of customer deposits net of associated interest

The following adjustments made in the final Order in ICC Docket No. 10-0467 are not applicable to this filing because the treatment was prescribed in the legislation:

Item	Notes
2009 pension asset funding	Pension assets earn a return equal to the embedded cost of long-term debt
2005 pension asset funding	Pension assets earn a return equal to the embedded cost of long-term debt.
Pro forma plant additions	Included one year of projected plant additions.

The following adjustments made in the final Order in ICC Docket No. 10-0467 are not applicable to this filing as they relate to the timing of incurred costs or for the reasons indicated below:

Item	Notes
Intangible plant amortization	Adjustment in ICC Docket No. 10-0467 was due to amortization based on a cut-off date in 2011.
Miscellaneous fees	ComEd makes no adjustment in miscellaneous fees because the adjustment in ICC Docket No. 10-0467 was due to timing.
Revenues for new business	Adjustment in 10-0467 was due to timing.
Rate case expenses for the instant proceeding	These costs are not being requested for recovery in this proceeding as none were incurred in 2010.
2010 wages and salaries increase	Adjustment due to timing of incurred expense. Changes will be captured in the 2011 reconciliation.
State tax adjustment	The filing uses 2010 actual tax rates. New tax rates will reflect in the 2011 reconciliation.
Jacobs Consulting	No costs associated with this study were recorded in 2010.
Adjustment for bad debt associated with the updated revenue requirement	Actual bad debt amount will be captured in annual reconciliations.

The following items are treated differently in the current revenue requirement than they were in the final Order in ICC Docket No. 10-0467 for the reasons indicated below:

Item	Notes
Allocation of G&I plant	See the Direct Testimony of Kathryn Houtsma (ComEd Ex. 2.0) for a discussion of ComEd's allocation method for G&I plant.
Restricted stock awards	ComEd believes that since restricted stock awards are not tied to net income or return on equity they are thus appropriately recoverable.
Perquisites and awards	ComEd believes that expenditures for perquisites and awards are reasonable business expenses that provide benefits to customers.
Sporting activity expense	Adjustment will be made in rebuttal testimony as described in ComEd's Response to Staff Data Request ST 1.01.
Legal fees related to fossil sale	ComEd will remove these fees in rebuttal testimony.
Interest on Customer deposits included in Operating Expenses	ComEd would consider adjusting operating expenses to account for the interest payments. See ComEd's Response to Staff Data Request JMO 1.04.
Cash working capital	See the Direct Testimony of John Hengtgen (ComEd Ex. 8.0) for a discussion of the differences between the cash working capital requirement and the final Order in ICC Docket. No. 10-0467
Real estate taxes	See the Direct Testimony of Kathryn Houtsma (ComEd Ex. 2.0) for a discussion of the difference in allocation method.
Depreciation expense for pro forma plant additions	See the Direct Testimony of Kathryn Houtsma (ComEd Ex. 2.0) for a discussion of the historical class average approach.
Photovoltaic pilot costs	ComEd has made no adjustment to remove these costs.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
PR 1.01 – 1.04
Date Received: December 5, 2011
Date Served: December 19, 2011

REQUEST NO. PR 1.02:

Please answer the following concerning the statement on p.10 of ComEd Ex. 2.0 that the current ECOSS contains a change in the manner of functionalizing G&I from a direct assignment methodology to a generic W&S allocation:

a) Please explain whether this change has any impact on the overall distribution revenue requirement.
b) In Docket No. 10-0467, in response to Staff DR PL 6.06, the Company stated that "The alignment of functionalization methodologies with the Transmission Formula Rate increases the revenue requirement by $1,970K." Likewise, if the answer to part a) is yes, please indicate what the change to the Company's proposed distribution revenue requirement would be if the previously used direct assignment methodology was retained in this case.
c) Please explain whether the Company considers a generic W&S allocation to produce more accurate results from a cost standpoint than a direct assignment approach.
d) Please explain in detail why it is appropriate from a cost standpoint to directly assign.
e) For each G&I account please indicate whether the allocation at the function level is the same as the allocator at the sub-function level.
f) For each account identified in response to part e of this question where the allocators at the function and sub-function levels are different, please identify and explain each of the reasons why two different allocators were chosen and please explain why the use of two different approaches is consistent with costs.

RESPONSE:

ComEd objects to the question as it mischaracterizes the testimony in ComEd Ex. 2.0 at 10. ComEd Ex. 2.0 does not address the ECOSS, nor does the testimony state that a change was made from direct assignment to a generic W&S allocation. Subject to that objection and ComEd's General Objections, ComEd responds as follows: As described in the direct testimony of Kathryn Houtsma, ComEd Ex. 2.0 at 29, ComEd had previously applied a direct assignment approach to only a portion of G&I Plant (Account 397 – Communications Equipment) and applied several different allocation methods to functionalize the remaining G&I plant between transmission and distribution, but in this proceeding, ComEd is proposing to change to use a single allocation method for G&I plant (apart from Account 397) based on wages and salaries. A direct assignment approach continues to be proposed for Account 397. The rationale for the change is described by Ms. Houtsma on the page referenced above.

a) ComEd has not performed an update of the allocation methods used in previous cases, but based on the factors utilized in 2010 the changes do have an impact on the revenue requirement as discussed in ComEd's response to subpart (b), below.

b) If the previously allowed allocation factors for Account 389, Account 390, Account 392, and Accounts 394 - 396 were used in the formula rate template, the net change to the revenue requirement would be $2,547,000. Jurisdictional rate base would decrease by net amount of $18,197,000 reducing the revenue requirement by $2,055,000. Jurisdictional depreciation expense would be reduced by $492,000.

c) When it can be accurately applied to a specific cost, direct assignment can produce a more accurate assignment of costs. For most types of general cost accounts, such as general and intangible plant as well as administrative and general expenses, direct assignment is not usually feasible due to the nature of the underlying costs which are shared between different functions. For example, Direct Assignment is feasible for Account 397, Communications Equipment, because the assets in that account can be associated to a particular function based on the location of the equipment and the function of the underlying asset. Direct Assignment is not feasible for many of the other types of general plant. For example, Account 394, Tools, Shop and Garage Equipment is commonly used by employees who serve both transmission and distribution functions and cannot be readily associated with a discrete function. Therefore, the use of a general allocator is appropriate. The change in this proceeding with respect to this account was a change from a general allocator based on gross plant to a general allocator based on wages and salaries. Also, ComEd believes it is appropriate to functionalize the assets consistently for transmission and distribution rate purposes to ensure that there are no overlaps or gaps in cost recovery.

d) See ComEd's response to subpart (c), above.

e) ECOSS allocates the G&I (general and intangible plant) accounts (at the 3-digit level) from the function to the subfunction levels as follows. The W&S components of the O&M accounts related to distribution plant (accounts 580 through 598) are allocated to sub-functions based on the assignment/allocation of corresponding plant investment amounts. See lines 286 through 308 of Schedule 1b, Functionalization Factors, of Exhibits 10.1 & 10.1 TB. For example, the W&S component of Account 593 (Maintenance of Overhead Lines) is allocated to the subfunctions: High Voltage Dist. Lines, Dist. Lines Primary, and Dist. Lines Secondary, based on the plant investment in the subfunctions, at line 301 of Schedule 1b. The allocator "LTOTAL DIST." is formed from these distribution plant-related W&S allocators at lines 216 through 218 of this schedule. The "L-TOTAL DIST." allocator is then used to subfunctionalize the distribution-related portion of the G&I accounts, lines 323 through 442 of Schedule 1b. This process is necessary because there is no direct mapping available from the accounting system of the W&S component of distribution-related expenses to the specific distribution plant subfunctions used in the ECOSS.

The W&S components of the customer service-related O&M accounts are directly mapped from expense accounts 901 through 916 to the customer-related sub-functions. See lines 311-319 of Schedule 1b. These W&S values are used to form the allocator "LDIST (901-916)" at lines 224 through 226 of this schedule. This allocator is used to subfunctionalize the customer-related component of each G&I account, lines 323 through 442, of Schedule 1b.

f) In general (with the exception of Account 397), the W&S allocator is used throughout to functionalize G&I accounts in ECOSS. As noted above, the W&S components of the 3-digit distribution-related expenses are subfunctionalized on plant, because there is no corresponding accounting data to do otherwise. There is an internal consistency in this process, because the subfunctionalization of the direct O&M expenses at the (3) three digit account level also uses plant investment as an allocator, since there is no direct mapping in the accounting system of O&M expenses to the subfunctions.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 6.01 – 6.08
Date Received: December 23, 2011
Date Served: January 6, 2012

REQUEST NO. AG 6.06 CORRECTED:

Ref: ComEd Response to AG 3.01 (Lead Lag Accrued Vacation/Incentives).

The referenced response appears to state that Accrued Vacation and Accrued Incentive Pay amounts have some impact upon Cash Working Capital. Please provide the following additional information:

a. Provide the test year expense amounts for Accrued Vacation and Accrued Incentive Pay and state with specificity how such amounts were "used in the Cash Working Capital calculation."

b. What was the impact of Accrued Vacation expenses upon ComEd's asserted Cash Working Capital?

c. What was the impact of Accrued Incentive Pay expenses upon ComEd's asserted Cash Working Capital?

d. Provide calculations supportive of your response to parts (b) and (c).

e. Explain what, if any, studies were performed to measure the lag days associated with the timing of cash flows for ComEd's Accrued Vacation expenses and provide complete copies of all documents associated with same.

f. Explain what, if any, studies were performed to measure the lag days associated with the timing of cash flows for ComEd's Accrued Incentive Pay expenses and provide complete copies of all documents associated with same.

RESPONSE:

a. The test year expense amount of vacation pay is $19,948,000, reflecting $19.8 million paid in 2010 plus $0.1 million accrued in Account 930 in December 2010 to increase the vacation pay reserve as described in ComEd's Data Request Response to AG 5.03. The test year expense amount of incentive pay is $28,995,000. These amounts are reflected in the amounts shown on Schedule C-11.3, Direct Payroll By Function. The test year expense amounts for vacation pay and incentive pay are included in the Base Payroll and Withholdings amount shown in column C, line 8 of ComEd Ex. 8.1 and ComEd Ex. 8.1 TB.

b. See line 1 of the attachment labeled as AG 6.06_Attach 1 for the calculation of the impact of vacation pay expense on the CWC amount included in the test year ($823,000).

c. See line 2 of the attachment labeled as AG 6.06_Attach 1 for the calculation of the impact of incentive pay expense on the CWC amount included in the test year ($1,196,000).

d. See the attachment labeled as AG 6.06_Attach 1.

e. ComEd employees take vacation and therefore receive vacation pay at various times of the year and in their normal paychecks. A study of the lead days associated with the payroll cycles of ComEd was done and shown in ComEd Ex. 8.2 and ComEd Ex. 8.2 TB in the Payroll and Withholdings Lead section.

f. A separate study was not done to measure the lead days associated with test year incentive pay. The lead days for Base Payroll and Withholdings was used.

Commonwealth Edison Company

Ln	Item	Amount (000)	Lead	CWC Factor (Lead / 365)	CWC Requirement (Amt x CWC Factor)
1	Test Year Vacation Pay included in col C, line 8 of ComEd Ex. 8.1 and 8.1 TB	19,948	(15.05)	(0.04123)	($823)
2	Test Year Incentive Pay included in col C, line 8 of ComEd Ex. 8.1 and 8.1 TB	28,995	(15.05)	(0.04123)	($1,196)

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 5.01 – 5.09
Date Received: December 22, 2011
Date Served: January 4, 2012

REQUEST NO. AG 5.04:

Referring to the Corrected Response to AG Data Request 2.06, please describe when Incentive Pay is paid in relation to when it is earned and accrued.

RESPONSE:

The estimated costs of the Annual Incentive Plan are recorded monthly in the plan year and the Plan awards are paid out to employees in mid-February of the succeeding year.

The Executive LTIP for a given plan year is accrued and vested and paid out in thirds over three (3) years. In year 1 (the plan year) one-third of the total award is accrued, and that amount is paid out in February of year 2. This pattern repeats in year 2 and year 3. An exception to this accounting occurs for retirement-eligible executives, for whom the three-year total vests in the year they become retirement eligible. In accordance with GAAP, the entire three-year cost for these executives is accrued in the first year of the three year cycle. The payouts are made in one-third installments as with other participants, unless the executive does retire, in which case the entire award is paid out.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 1.01 – 1.30
Date Received: November 16, 2011
Date Served: November 30, 2011

REQUEST NO. AG 1.27:

Ref: ComEd Ex. 8.1 and 8.1TB, line 9 (Pension/OPEB Zero Payment Lead).

Please provide complete copies of all analyses, workpapers, projections, correspondence and other documents supportive of the zero payment lead days attributed to Pension and OPEB employee benefits. In addition, please explain whether ComEd ever pays any cash for these benefits and, if so, whether any measurement of the timing of such cash flows was determined to be appropriate or necessary. Provide copies of all documents associated with your response.

RESPONSE:

ComEd routinely and periodically makes payments to the trusts associated with these benefits. The revenue requirement schedules in this proceeding separately account for the net pension asset, which is the net amount of the cumulative non-cash pension accruals and the cash contributions, as well as the OPEB liability, which similarly represents the net amount of the non-cash accruals and the cash contributions. In the case of pension – the cash contributions have been greater than the pension accruals, and there is a proposal in this proceeding to earn an investment return on the net Pension asset (*see* Direct Testimony of Kathryn Houtsma, ComEd Ex. 2.0 at 19). With respect to OPEB, the non-cash accruals have exceeded the cash contributions, hence the net OPEB liability reduces rate base. Since these amounts are already included in rate base or earning a return, consistent with the last rate order, zero lag days are used. No separate measurement of the timing of the cash flows was done and no other analyses, workpapers, projections or correspondence exist supportive of the zero lead days. In ComEd's last rate case (ICC Docket No. 10-0467, Final Order at Appendix A, Page 17, column (c), line 8), the Commission approved zero lead days for the Pension and OPEB amounts.

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**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 2.01 – 2.15
Date Received: November 16, 2011
Date Served: December 16, 2011**

REQUEST NO. AG 2.06:

Referring to Schedule B-9, pages 1 and 2, please explain the extent to which the accrued liabilities or reserves associated with the following items are taken into account in the determination of rate base: Accrued Vacation, Incentive Pay, Reserve for Employee Litigation, Workers Compensation Reserve, Management Deferred Compensation Plan, and Supplemental Retirement Plan.

CORRECTED RESPONSE:

Accrued Vacation and Accrued Incentive Pay are current liabilities and as such do not figure directly in the determination of rate base. The charges that generate these current liabilities are used in the Cash Working Capital study.

The deferred taxes related to the Reserve for Employee Litigation is based on the balance in ComEd's general ledger subaccount for Other Accrued Expenses, a current liability. As of December 31, 2010, there was a credit balance of $13,218,960 in the subaccount. As a current liability, this balance does not figure directly in the determination of rate base.

The deferred tax balance for Workers' Compensation relates to two components of Operating Reserves as shown in ComEd Ex. 4.1, Appendix 5, the reserve for Public Claims (Line 20) plus the reserve for Workers' Compensation (Line 21). Operating Reserves is a deduction in determining rate base. As shown on Appendix 5, these reserves are applied to the jurisdictional rate base using the Wages and Salaries Allocator, which is 89.22% in 2010.

The reserves for Management Deferred Compensation Plans are also a component of Operating Reserves and therefore a deduction from rate base, also applied using the Wages and Salaries Allocator. The reserves are shown on Appendix 5, Lines 12 and 16.

The Supplemental Retirement Plan is included in the net pension asset on Schedule FR C-3.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 3.01 – 3.11
Date Received: December 2, 2011
Date Served: December 16, 2011

REQUEST NO. AG 3.03:

Referring to the response to AG Data Request 2.06, please provide documentation showing that the Supplemental Retirement Plan is included in the net pension asset on Schedule FR C-3. The response should also explain why the deferred taxes related to this item are not already included in the deferred tax offset on Schedule FR C-3.

RESPONSE:

The attachment labeled as AG 3.03_Attach 1 shows the change in Account 186150, ComEd's net pension asset. In general, the pension asset decreases by annual pension accruals and increases by the amount of annual contributions. As shown on Lines 6, 7, and 9 of the attachment labeled as AG 3.03_Attach 1, accruals and settlement charges related to SERP plans reduce the balance in Account 186150.

Since the beginning of 2007, SERPs have been recorded with the pension asset in Account 186150. Prior to that, SERPs were accounted for in Account 228010 – Supplemental Management Retirement Plan. Despite the fact that SERP accruals were consolidated with the pension asset, the deferred taxes associated with it remained in a separate account. Upon review, ComEd believes it would be appropriate to include the SERP-related deferred taxes as part of the pension funding cost calculation (ComEd Ex. 4.1, Sch. C-3, Line 2), rather than in the overall rate base calculation.

Commonwealth Edison Company
Change in Account 186150 (Net Pension Asset) for 2010
(in dollars)

Line No.	Item	Amount	
1	Beginning Balance	$907,476,041	(1)
2	Accrued Net Periodic Pension Cost		(2)
3	Exelon Corporation Retirement Plan	($118,576,750)	
4	Cash Balance Pension Plan	($3,156,078)	
5	Exelon Pension Plan - Bargaining Unit Employees	($425,078)	
6	Supplemental Pension Benefit Plan	($62,473)	
7	Supplemental Management Retirement Plan	($1,801,612)	
8	Contributions/Disbursements	258,978,287	
9	SERP Settlement Charges	($3,650,000)	(2)
10	Ending Balance	$1,038,782,338	(1)

NOTES
(1) See ComEd's FERC Form 1, Page 233, Line 25
(2) See ComEd Ex. 4.10

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
ST 1.01 – 1.07
Date Received: November 17, 2011
Date Served: November 30, 2011

REQUEST NO. ST 1.01:

Please identify all expenses incurred during calendar year 2010 for athletic events, tickets, skyboxes, catering in skyboxes, and all sporting activities.

(a) Specifically identify the activity and dollar amount.

(b) Provide copies of paid vouchers and invoices supporting these expenditures.

(c) If any of the above expenditures have been charged to or reallocated to any above the line accounts, please indicate the amount and to which account the expenditures have been charged.

RESPONSE:

ComEd did not intend to include any expenses incurred during calendar year 2010 for athletic events, tickets, skyboxes, catering in skyboxes or any sporting activities in the revenue requirement in this case. During ComEd's monthly book close allocation process, however, certain amounts for sporting event tickets and catering were charged to clearing accounts and ultimately redistributed to above-the-line accounts. As a result, approximately $56.5K was included in ComEd's revenue requirement as jurisdictional operating expense and a credit of $33.2K to capital expenditures was included in ComEd's jurisdictional rate base. ComEd will remove these amounts from its revenue requirement and rate base in conjunction with its submission of rebuttal testimony.

a) Subject to the explanation above, ComEd objects to identifying the requested information as irrelevant and not likely to lead to the discovery of admissible evidence.

b) Subject to the explanation above, ComEd objects to producing the requested documentation as irrelevant and not likely to lead to the discovery of admissible evidence.

c) Please see the attachment labeled as ST 1.01_Attach 1.

Commonwealth Edison Company

Sporting Event/Suite/Sponsorship Expenditures

For the Year 2010

(In Dollars)

FERC Account	Activity Amount		Jurisidictional Basis	Jurisdictional Amount	
107000	$	8,084	Net Plant Allocator	$	6,340
107999		(50,415)	Net Plant Allocator		(39,536)
108100		51	Net Plant Allocator		40
Plant Related	$	(42,279)	Plant Related	$	(33,156)
163000	$	11,900	Salaries and Wages	$	10,617
426500		1,694,865	Below the Line		-
920995		17	Salaries and Wages		15
920999		51,422	Salaries and Wages		45,879
O&M Related	$	1,758,205	O&M Related	$	56,511

ICC Docket No. 11-0721

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 4.01 – 4.26
Date Received: December 8, 2011
Date Served: December 22, 2011**

REQUEST NO. AG 4.08:

Ref: ComEd Responses to AG 1.06, page 3; AG 1.14, page 2 (Perquisites and Awards).
According to the response, "ComEd believes that expenditures for perquisites and awards are reasonable business expenses that provide benefits to customers." Please provide the following additional information relative to this statement:

a. Explain each reason why ComEd believes that perquisites and awards "provide benefits to customers" and provide copies of all reports, analyses, workpapers studies and other documents associated with your response.
b. State with specificity each reason whether/why ComEd believes the Commission's Final Order in Docket No. 10-0467 did not reasonably address the ratemaking treatment of perquisite and award expenses.
c. Provide a calculation of the additional adjustment that would be required to apply the Docket No. 10-0467 treatment to recorded 2010 perquisite and awards costs.

RESPONSE:

a. There are several reasons why perquisites and awards provide benefits to customers. Among them are the following. First, awards such as retention awards encourage key, high performing personnel filling critical roles to stay with ComEd and continue to deliver value to customers. Next, special recognition awards provide an incentive for employees to "go above and beyond" the normal level of expectations. For example, special recognition rewards may be given for a high level of customer assistance or working extra hours to get a job completed on-time and under budget. Finally, performance awards, such as meter reading awards, provide incentive for employees to continually strive to attain high levels of performance throughout the year.

b. The adjustment made to ComEd's perquisite and awards in ICC Docket No. 10-0467 included a normalization of retention awards, a 50/50 "sharing" of performance awards and exclusion of the Other Stock Awards and Executive Perquisites not already removed in the voluntary executive compensation adjustment. ComEd continues to believe that these are reasonable costs which benefit customers. With respect to the normalization of retention awards, a normalization adjustment is no longer necessary or appropriate now that ComEd has transitioned to a formula rate. Normalization adjustments (with the exception of certain costs identified in the legislation), commonly used with stated, or fixed rates, are no longer needed as costs will adjust each year and higher and lower expenses will be reflected in rates. With respect to performance awards, ComEd does not believe the 50/50 sharing is warranted as performance awards are designed to promote a high performance culture which will ultimately result in a higher standard of service to customers. Finally, ComEd has already voluntarily removed approximately $119,000 of perquisites and $984,000 of other awards (see ComEd Ex. 4.2, WP 7, Page 13) which is a sharing of costs with shareholders and customers. See also ComEd's Application for Rehearing, ICC Docket No. 10-0467 at 26.

c. See the attachment labeled as AG 4.08_Attach 1, Page 2.

Commonwealth Edison Company
Perquisites and Other Awards Included in 2010 Jurisdictional Test Year
(in thousands)

	(A) Retention Awards	(B) Performance Based Awards	(C) Performance, Signing Bonus And Other Awards	(D) Other Stock Awards	(E) Executive Perquisites	(F) Less: Perquisites and Other Stock Excluded in WPC-1c (2)	(D) Sub Total	(E) Jurisdictional Percentage Charged to C-1	(F) Amount Included in C-1 (3)
Transmission	266	-	1	-	-	-	267	0.0%	-
Distribution	75	62	6	-	-	-	143	100.0%	143
Customer Accounts	97	-	770	-	-	-	867	100.0%	867
Customer Service	62	-	-	-	-	-	62	100.0%	62
A&G	2,867	235	270	375	144	(292)	3,599	89.2%	3,211
Total Expense	**3,367**	**297**	**1,047**	**375**	**144**	**(292)**	**4,938**		**4,283**
									Estimated Amt Included in B-1 (4)
Total Charged to Capital - Other Accounts (1)	**913**	**63**	**82**	**51**	**-**	**-**	**1,109**	78.4%	**870**

(1) Primarily capital, allocated using the gross plant allocator on WPA-5, page 2
(2) WPC-1c includes a reduction for Other Stock Awards of $173 and Perquisites of $119
(3) Includes $814 in costs from affiliates
(4) Includes $250 in costs from affiliates

Commonwealth Edison Company
in 000s

		Total	Jurisdictional
	Normalize Retention Awards		
1	2007	229	
2	2008	967	
3	2009	1425	
4	2010	4,280	
5	4 year average	1,725	
6	Redution to 2010	2,555	
7	Expense Reduction	2,010	1,793
8	Capital Reduction	545	427
	Performance Base Awards		
9	2010	360	
10	50% Reduction	180	
11	Expense Reduction	149	132
12	Capital Reduction	32	25
	Other Stock Awards And Perquesites		
13	2010	570	
14	Removed on WPC-1c	(292)	
15	Total in Revenue Requirement	278	
16	Expense Reduction	227	203
17	Capital Reduction	51	40

ICC Docket No. 11-0721

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 7.01 – 7.09
Date Received: December 27, 2011
Date Served: January 9, 2012**

REQUEST NO. AG 7.09:

Ref: Response to AG 4.08 (Perquisites and Awards).

The referenced response indicates that "a normalization adjustment is no longer necessary or appropriate" for retention awards and that, "ComEd does not believe the 50/50 sharing is warranted as performance awards are designed to promote a higher performance culture…" Please provide the following additional information:

a. Itemization of 2010 Retention Awards by recipient employee, with an indication of how the amounts awarded were determined for each employee.
b. Explain why the 2010 Retention Awards totaling $4.28 million are reasonable, in light of comparable amounts in prior years being at much lower levels (Att. 1, p.2)
c. Itemization of 2010 Performance Based Awards totaling $297,000 by recipient employee, with an indication and calculation of how the amounts awarded were determined for each employee who received an award.
d. Itemization of 2010 Performance, Signing and Other Awards totaling $1,047,000 by recipient employee, with an indication and calculation of how the amounts awarded were determined for each employee who received an award.
e. Itemization of 2010 Other Stock Awards totaling $375,000 by recipient employee, with an indication and calculation of how the amounts awarded were determined for each employee who received an award.
f. Itemization of 2010 Executive Perquisites totaling $144,000 by recipient employee, with an indication and calculation of how the amounts awarded were determined for each employee who received such perquisites.
g. Provide a breakdown of the $292,000 amount already included in the Company's WP7 adjustment across the amounts shown in columns (A) through (E).

RESPONSE:

a. ComEd objects to providing information as to individuals on grounds that the requested information is not relevant and not reasonably likely to lead to the discovery of admissible evidence and further is a disproportionate invasion of privacy of the individuals involved. ComEd further objects to this request on the grounds that detailed individual awards for each of the recipients are not readily available.

b. Awards typically are paid upon vesting, three to four years after the agreements are made. The significant increase for 2010 was an isolated event for the payment of a significant group of awards that originated in 2007 in light of the organizational and regulatory transition in 2007 which increased retention concerns, and were expensed and paid in

2010. Awards are now typically granted annually during an Exelon-wide process to review high performing high potential talent with critical skills that are transferrable to other utilities and industries.

c. ComEd objects to providing information as to individuals on grounds that the requested information is not relevant and not reasonably likely to lead to the discovery of admissible evidence and further is a disproportionate invasion of privacy of the individuals involved. ComEd further objects to this request on the grounds that detailed individual awards for each of the recipients are not readily available. Subject to the foregoing objections and ComEd's General Objections, ComEd states that this is a total of cash and non-cash (gift certificate) awards that were granted to recognize significant performance achievements of employees. The amounts were given in line with standard Exelon guidelines and performance parameters and include awards under the 101 Club that acknowledges going above and beyond, Excellence in Customer Service award, and individual achievements.

d. ComEd objects to providing information as to individuals on grounds that the requested information is not relevant and not reasonably likely to lead to the discovery of admissible evidence and further is a disproportionate invasion of privacy of the individuals involved. ComEd further objects to this request on the grounds that detailed individual awards for each of the recipients are not readily available. Subject to the foregoing objections and ComEd's General Objections, ComEd states that sign-on awards are provided in limited circumstances upon hire into ComEd management, either externally to induce a candidate to join where they may be foregoing some form of compensation with their current employer, such as unvested stock or bonus, or internally they are provided to bargaining unit employees entering Operations Front Line Supervisor (FLS) roles. Sign on bonuses help ComEd keep its overall compensation rates lower by not adjusting base salaries upward and they are a competitive market practice. Higher base salaries would mean higher fixed compensation costs, which also factors into pension, 401K and incentive compensation costs. Additionally, as shown on the attachment to ComEd's Data Request Response to AG 4.08 labeled as AG 4.08_Attach 1, $777,000 was charged to the Customer function. This amount is specifically related to meter reading performance awards.

e. ComEd objects to providing information as to individuals on grounds that the requested information is not relevant and not reasonably likely to lead to the discovery of admissible evidence and further is a disproportionate invasion of privacy of the individuals involved. ComEd further objects to this request on the grounds that detailed individual awards for each of the recipients are not readily available. Subject to the foregoing objection and ComEd's General Objections, ComEd responds as follows. Any stock awards would be standard by level and part of the programs discussed and reported previously. All awards would be standard based on stock price at the time and level. See also subpart (g) of this response. ComEd has removed $173,000 of other stock awards from its revenue requirement.

f. ComEd objects to providing information as to individuals on grounds that the requested information is not relevant and not reasonably likely to lead to the discovery of admissible evidence and further is a disproportionate invasion of privacy of the individuals involved. Subject to the foregoing objections and ComEd's General Objections, ComEd notes that it has excluded $119,000 of the total amount of 2011 perquisites of $144,000.

g. The $292,000 is comprised of $119,000 of perquisites and $173,000 of off-cycle stock awards.

Commonwealth Edison Company's Response to
People of the State of Illinois ("AG") Data Requests
AG 6.01 – 6.32
Date Received: September 16, 2010
Date Served: October 7, 2010

REQUEST NO. AG 6.15:

Ref: ComEd's Response to Staff Data Request BAP 7.06, Attachment 1 (Perquisites and Other Awards). According to the attachment, ComEd incurred costs for awards and perquisites of approximately $3.5 million in the test year. Please provide the following additional information:

a. A detailed description and copies of plan documentation associated with each of the awards and perquisites associated with columns A, B, C, D and E in this attachment.
b. An explanation of each reason why "Retention Awards" were paid in the test year and why such costs are properly and fully included in the revenue requirement without amortization or normalization treatment.
c. Annual expenses incurred by ComEd for Retention Awards in each of the years 2006, 2007 and 2008.
d. An itemization of Performance Based Awards paid in 2009, indicating what type of measured performance was being rewarded.
e. A detailed itemization of the "Performance, Signing Bonus and Other Awards" that were paid in 2009, indicating why such awards were necessary and appropriately recovered through rates.
f. Annual expenses incurred by ComEd for "Performance, Signing Bonus and Other Awards" in each of the years 2006, 2007 and 2008.

RESPONSE:

a. ComEd has a retention policy and it is included in the attachment labeled as AG 6.15_Attach 1. The meter reading compensation document is attached as AG 6.15_Attach 2. The reward and recognition policy is attached as AG 6.15_Attach 3. There are no detailed documents for signing awards as they are not formal programs.

b. Retention awards were paid in the test year to hire and retain critical talent needed to meet ComEd's business objectives. These are regular costs incurred in the normal course of business.

c. Annual Retention award amounts are as follows:

2006 - $131,000
2007 - $229,000
2008 - $967,000

d. The 2009 Performance Based awards in column (B) of the attachment to Staff Data Request BAP 7.06 labeled as BAP 7.06_Attach 1 of $837,000 are made up of recognition awards that are explained in the attachment labeled as AG 6.15_Attach 3. A detailed itemization of each award is not readily available and would be overly burdensome to obtain.

e. The 2009 Performance, Signing Bonus, and Other Awards in column (C) of the attachment to Staff Data Request BAP 7.06 labeled BAP 7.06_Attach 1 are made up of the following listed below. The awards are designed to acknowledge and reward significant employee contributions to the company's success. The programs are benchmarked and aligned with best practices and as such are a cost incurred in the ordinary course of business.

Signing Bonuses $102,000
Other Payroll Premiums $177,000
Meter Reading Bonus $910,000
Unmetered Awards $89,000

f. ComEd's annual Performance, Signing Bonus and Other Awards amounts are as follows:

2006 - $1,313,000
2007 - $1,296,000
2008 - $1,237,000

RETENTION POLICY

Applicability

This policy applies to employees of an Exelon subsidiary, affiliate or related Company as set forth below.

This policy supersedes all other policies, procedures, practices and guidelines relating to the matters set forth herein. Where this Policy contradicts the terms of a collective bargaining agreement, negotiated agreement, other written employment agreement, benefit plan, or any applicable law or regulation, the provisions of such agreement, plan, law or regulation shall govern. In all cases, it is the responsibility of the Business Unit and the Corporate Center to fairly and consistently apply this Policy in accordance with (i) federal, state and local law and (ii) business needs.

No Alteration of Terms of Employment

Nothing contained in this Policy is intended to, and this Policy does not, alter the employment at-will relationship or create a guarantee of continued employment or any contractual obligations, express or implied. Management retains the right, at all times and in its sole discretion, to modify or revoke this Policy at any time, for any reason.

No exceptions to the policy will be allowed without the approval of the Executive Vice President, Chief Human Resources Officer.

1. PURPOSE

1.1. Exelon is committed to building leadership bench strength to ensure that the corporation has the talent necessary to execute business strategy and goals. Retention of key talent ensures mission critical positions are appropriately staffed in order to achieve the company's vision.

1.2. Senior leadership identifies mission critical positions. These are positions, which, for example, can affect the safe and reliable delivery of service to our customers, those in which employees work to create vision and strategy for the company, are responsible for change and innovation, and/or directly impact stakeholder relationships vital to the implementation of business strategy and goals.

2. **MAIN BODY**

2.1. Retention criteria are the responsibility of Corporate Human Resources Planning and Development.

2.2. Criteria for selection to participate in a retention program is determined by the following:

1. Employee is designated to be a high potential key manager or executive as determined through the Business Talent Review process or they have a skill set that the company cannot afford to lose.
2. Employee is meeting performance expectations in their current role.
3. The business unit leader has identified the employee's position as mission critical.
4. The employee has been identified as at-risk of departure from the company.
5. The business unit leader requests a retention recommendation.

2.3. The process for requesting a retention plan as part of the routine business talent review cycle, or in ad hoc situations, follows.

1. Management Development initiates a discussion to identify employees who should be considered for retention in the third quarter Business Talent Review meeting. A list of current employees receiving retention is reviewed and new employees who should be considered for the following year are discussed.
2. The business unit leader determines which employees should be placed on retention.
3. Management Development structures a retention proposal to present to the business unit leader. The proposal will include one or more of the following dependent upon the employee situation. If the proposal includes a compensation or executive education component there is a requirement for additional input as delineated below.

   A. Communication

      1. Discuss high potential status with employee in conversations tied to performance reviews and development planning
      2. Discuss benefits of working at Exelon – company strategy, leadership opportunities, work satisfaction, reward system

   B. On-The-Job Development

      1. Assign employee to a high profile project

2. Provide opportunities for exposure to senior team (presentations, meetings, etc)

3. Consider rotational opportunities to gain broader experience

4. Identify and support external volunteer opportunities that will develop employee’s skill sets

C. Coaching and Mentoring

1. Identify a mentor or coach for the employee

2. Pair the employee with a management development specialist or peer for informal coaching and feedback

D. Development Feedback

1. Enroll employee in an assessment process to gain additional development feedback

2. Provide employee with career guidance through meetings with internal managers in different areas or through on-line support tools

E. Leadership Training and Education

1. Nominate employee for internal leadership training programs (i.e. the Advanced Management Program or the Exelon Leadership Institute)

2. Recommend and support higher education opportunities for the employee consistent with the Tuition Reimbursement Policy

3. Recommend employee for external training programs tied to the development plan

4. Nominate employee for external executive education programs consistent with the Executive Education Policy

F. Motivation and Compensation strategies

1. Explore work-life balance options (example: flexible work arrangements, working from home or alternate location when appropriate)

2. Develop a compensation package that support s retention (example: one time recognition award, restricted stock or monetary retention award)

4. If the proposal includes a compensation component, the human resources lead drafts a letter addressed to the vice president, compensation requesting

a monetary retention. The letter is carbon copied to the vice president, human resources planning and development for talent data. Note: If there is an external executive education component refer to the External Executive Education Policy.

A. The letter includes:

1. A synopsis of the employee's current role and background,

2. Comments on leadership capability as described by the business unit leader,

3. Confirmation that the position is mission critical and reasons, and

4. An estimate of total cost for participation.

B. The vice president, compensation creates a monetary retention plan based on the specific situation required.

C. The human resources lead will prepare a retention letter to address the retention components.

1. Compensation prepares the language for any monetary retention component.

2. The business unit pays for all retention costs associated with a monetary retention component as well as any external executive education components.

D. The business unit leader, or designate, meets with the employee to communicate the components of the retention agreement.

E. Upon acceptance or rejection of the offer, the human resources lead informs the vice president, compensation to initiate payment and the management development lead to track employee acceptances and rejections.

2.3.2. This policy applies to all Exelon key management employees.

3. REFERENCES

3.1. Diversity Policy

Business Talent Review Policy

Compensation and Rewards Policy

Executive Education Policy

Tuition Reimbursement Policy

APPROVED: /s/ S. Gary Snodgrass 12/04/04

Executive Vice President and Chief Human Resources Officer, Exelon Corporation

Reward and Recognition Policy

Applicability

This Reward and Recognition (R&R) policy applies to all employees of Exelon Corporation and any subsidiary, affiliate or related company, including represented employees where permitted by collective bargaining agreement or binding past practice. Contractors are excluded. This policy supersedes all previous policies, procedures, practices, and guidelines relating to the matters set forth herein. Employees or managers should consult with their local Human Resources ("HR") generalists or Exelon's Corporate Compensation Department ("Compensation") for questions or interpretation of the policy contained herein. In all cases, it is the responsibility of each Operating Company ("OpCo") or Business Unit ("BU") and Compensation to fairly and consistently apply the policy in accordance with (i) federal, state and local law, and (ii) business needs.

Policy Statement

Exelon's R&R programs are designed to acknowledge and reward significant employee contributions to Exelon's success. The programs are benchmarked and aligned with best practices. Compensation within Human Resources is responsible for establishing the overall Corporate Policy on Reward & Recognition programs.

No Alteration of Terms of Employment

Nothing contained in this policy is intended to, and this policy does not alter the employment at-will relationship or create a guarantee of continued employment or any contractual obligations, expressed or implied. Management retains the right, at all times, and in its sole discretion, to modify or revoke this policy at any time, for any reason.

No exceptions to the policy will be allowed without the approval of the Vice President Compensation & Benefits or Senior Vice President Human Resources.

1. Responsibilities:

Compensation within Human Resources is responsible for the governance and oversight of reward and recognition program design and administration. OpCos, BUs or practice areas may implement this policy with separate program names/identities or other minor variations to meet specific business needs, provided they are in conformance with the requirements of this policy. OpCo, BU or practice area R&R programs need to be reviewed and approved by Compensation prior to implementation. Compensation provides tools and guidelines for management use to ensure proper administration of the programs.

2. Eligibility:

- Cash Awards - all active non-union employees below Executive level.
- Non-Cash Gift Certificate Awards, Other Non-Cash Spot Awards and Merchandise Awards - all active employees below Executive level (including union where permitted by collective bargaining agreement or binding past practice).
- Eligibility includes employees on leave and temporaries/interns; however, contractors are excluded.

3. Awards:

This policy provides for both Cash and Non-Cash awards. In the current "cost-constrained" economic climate, lower cost Non-Cash Gift Certificate Awards are encouraged vs. higher cost Cash Awards.

3.1 Cash Awards: Generally, cash awards should range from $1,000 to $5,000 (in $50 increments) and are used to recognize extraordinary achievements (particularly those in the high end of the award range). Cash awards should focus on results and should not be based solely on effort.

3.2 Non-Cash Gift Certificate Awards: Awards in this category must be in the form of Premiere Choice Gift Certificate Awards from Hallmark Insights ranging from $25 up to $500 (in $5 dollar increments) and can be used to reward important accomplishments, superior effort, commitment to Exelon's vision and strategic goals and actions or behaviors valued by the company. Hallmark Insights is Exelon's <u>sole</u> vendor for awards in this category.

3.3 Other Non-Cash Spot Awards: This category includes inexpensive award practices established and managed by OpCos, BUs or practice areas with aggregate value below $25 per award event (e.g. Cafeteria meal vouchers, $5 Subway Restaurant card, $5 Gas Station cards, movie tickets, etc.). Awards should be provided on a prudent and infrequent basis.

3.4 Merchandise Awards: Merchandise must have a value of $100 or less and be provided on a prudent and infrequent basis. Programs that accumulate points or currency for merchandise redemption from a catalog (including online), or any other process involving selection by an employee based on value, are not permitted by this policy. (Note: This policy does not prohibit merchandise selected or received under an approved length-of-service program covered under Service Award Policy HR-AC-88 or point-based programs that are redeemed for Premiere Choice Gift Certificate Awards from Hallmark Insights as described in section 3.2.)

4. Administration and Approvals:

Both Cash and Non-Cash Gift Certificate Awards referenced in sections 3.1 and 3.2 above are provided and processed through the Exelon R&R web-based system hosted and administered by Hallmark Insights at http://hallmarkrewards.exeloncorp.com. All R&R processes including nomination and approval and associated payment and taxation interfaces are automated via this system. Other Non-Cash Spot Awards and Merchandise Awards are purchased and administered by each OpCo, BU or practice area directly.

OpCos, BUs, and practice areas can establish and maintain their own program identities, provided they operate within this policy and any Cash and Non-Cash Gift Certificate Awards are administered exclusively through the Exelon R&R web-based system hosted by Hallmark Insights.

4.1 Cash Awards: Key Managers (or above) can nominate employees to receive cash recognition awards. However for cash awards up to and including $1,500, approval is required from nominator's reporting VP and the OpCo/BU HR Lead. Cash Awards over $1,500 require additional approval of the respective OpCo/BU President or in the case of BSC, the respective practice area Executive Vice President (EVP). Cash Awards in excess of $5,000 may be considered as an exception and will require an additional approval from the VP Compensation & Benefits. Cash Awards are processed through the Hallmark Insights system and Exelon's payroll system and will be reflected as a separate line item on the employee's regular paycheck or direct deposit statement generally within two pay periods after all approvals are obtained.

4.2 Non-Cash Gift Certificate Awards: Premiere Choice Gift Certificate Awards are requested on-line by Key Managers (or above). No further approval is required unless the aggregate of an order exceeds $5,000. If the aggregate of an order exceeds $5,000; approval is required from the ordering Key Manager's reporting VP.

When ordering the Premiere Choice Gift Certificate Awards, managers should use their corporate Supply or Travel & Entertainment credit card for payment. Orders placed using a personal credit card may not be reimbursed.

4.3 Other Non-Cash Spot Awards: Awards in this category are purchased and administered by each OpCo, BU or practice area directly. Managers should use their corporate Supply or Travel & Entertainment credit card to purchase items in this category.

4.4 Merchandise Awards: Same as item 4.3 above.

5. Tax Implications:

5.1 Cash Awards: Cash Awards of any amount are always taxable compensation and applicable income and employment tax withholding and reporting will occur. A taxable amount will appear as a recognition payment on the employee's pay statement generally within two pay periods after all approvals are obtained.

5.2 Non-Cash Gift Certificate Awards: Awards in this category are taxable compensation, subject to appropriate income and employment tax withholding and reporting. Award recipients will see this additional compensation (i.e. imputed income) and appropriate withholding on their regular pay statement, generally within two pay periods following completion of an award order (including approvals, if required). In the case of Premiere Choice Gift Certificate Awards from Hallmark Insights, Exelon will gross up these amounts (i.e. make additional payment) in a reasonable effort to neutralize the tax implications for the award recipient. The gross up will be included and displayed as a separate earnings description on the regular pay statement. To view these new items, employees should go to PeopleSoft's Employee Self Service / Payroll and Compensation Home / View Paycheck.

5.3 Other Non-Cash Spot Awards: Awards with an aggregate value below $25 per award event will be treated as non-taxable provided they are granted on a prudent and infrequent basis.

5.4 Merchandise Awards: Merchandise awards valued at $100 or less will be treated as non-taxable provided they are given on a prudent and infrequent basis.

Managers are required to report awards in excess of the limits cited in paragraphs 5.3 and 5.4 above to Exelon's Payroll department so that income can be imputed to recipients. Managers must submit the following details via Outlook email to the Payroll Special Requests mailbox using the following subject and content:

Subject: Non Cash Spot Award $25 or Greater or Merchandise Award Greater than $100 in value.

Email Body:
Employee Name
Employee ID #
Value of Non Cash Spot Award or Merchandise Award

5.5. Miscellaneous R&R Related Items:

- Employee contest awards valued at $25 or higher are considered taxable compensation (with no gross-up) and should be reviewed in advance of contest implementation by Compensation and Tax departments.
- Reasonable meal costs related to company-sponsored departmental or group outings or celebrations are not considered taxable compensation.
- Use of personal employee or spousal meals as recognition is discouraged and is considered taxable compensation (with no gross-up).

- The cost for spousal travel resulting from attendance at special employee recognition events is considered taxable compensation but may be grossed-up at the discretion of the OpCo, BU or practice area sponsoring the event.

Reference:

- Refer to related documentation, procedures and submission requirements of the Travel & Expense (T&E) Policy AP-AC-10 for purchases of Non-Cash Gift Certificate, Other Non-Cash Spot, Merchandise and Miscellaneous R&R Related Awards cited above.
- Refer to Credit Card Program Policy AP-AC-8, Exelon Supply Card Policy AP-AC-9 and Travel & Expense (T&E) Policy AP-AC-10 for guidance on use of company credit cards.
- Refer to Service Award Policy HR-AC-88 for service recognition award guidance.

Approved: **/s/ Sunil Garg** **10/01/2009**
Senior Vice President **Date**
Human Resources

ICC Docket No. 10-0467

**Commonwealth Edison Company's Response to
Illinois Industrial Energy Consumers ("IIEC") Data Requests
IIEC 2.01 – 2.19
Dated: September 7, 2010
Date Served: September 27, 2010**

The following questions relate to the incentive compensation programs discussed at Commonwealth Edison Exhibit 4.0, page 24, line 448 through page 27, line 530:

REQUEST NO. IIEC 2.08:

Please provide a complete copy of plan documentation and report describing its Long-Term Incentive Program ("LTIP") for the test year and any subsequent revisions to program documents.

RESPONSE:

For ComEd's 2009 Long-Tem Incentive Plans (LTIP), please refer to the attachments to ComEd's Corrected Response to ICC Staff Data Request BAP 2.03 labeled as BAP 2.03 Corrected_Attach 3 and BAP 2.03 Corrected_Attach 4. Please refer to the attachments labeled as IIEC 2.08_Attach 1 and IIEC 2.08_Attach 2 for the 2010 LTIP documents.

ComEd
An Exelon Company

ComEd Long-Term Incentive Program
2010 - 2012 Program Summary
And 2010 Milestones

Program Approach

- Consistent with the Illinois Commerce Commission's determination that only compensation for metrics that are tied to customer benefits are recoverable in rates, the ComEd Long-Term Incentive Program ("LTIP") for the 2010-2012 performance cycle is based on ComEd's executives' ability to meet certain operational and cost control metrics over time. These metrics tie to consumer benefits by resulting in lower rates than would otherwise exist, as well as high performance.
- Quantitative measures are provided as proxies for measuring progress toward goals outlined in the business plan. These measures encompass cost control, operational goals, employee engagement and environmental goals for the three-year period.
- Because compensation above target is not recoverable in rates, any payout above 100% will be consistent with Exelon long-term incentive award levels. In addition, the total ComEd LTIP payout may be modified at the discretion of the ComEd Chairman and CEO and Board of Directors, based on the overall performance of the Company and the prevailing economic environment at the time of the award.

Who Is Eligible

Officers and executives of ComEd are eligible to participate. Awards are based on actual results and the number of days in an eligible position.

How the Program Works

- Individual long-term incentive target values in the ComEd LTIP are aligned to individual Exelon target values for similar roles.
- An award pool equal to the total of the annual target awards is established at the beginning of each year of the three-year performance cycle to address changes in participation and market conditions.
- The Board evaluates performance/progress toward goals each year and determines the award between 0 and 200 percent of the annual target award.
- Awards will be paid in cash, net of applicable withholding taxes, upon vesting.
- The first third of the award is paid out at time of grant; the other two-thirds vest ratably over the following two years, subject to continued employment.

2010 – 2012 Performance Cycle Goals

Measures encompass cost control, operational goals, employee engagement and environmental goals for the three-year period.

Long-Term Incentive Program Goals	Weight	Performance Cycle Target
ComEd Total Cost (O&M and Capital)	25%	ComEd will manage its costs such that controllable Total Costs remain relatively flat year over year out to 2013.
ComEd SAIFI, CAIDI, and OSHA Recordable	25%	By year-end 2012 ComEd actual SAIFI should be within 1st quartile performance. Actual ComEd CAIDI should be within 2nd quartile while striving towards 1st quartile performance. ComEd OSHA actual should be within 1st quartile performance.
Operational Performance Index (OPI)	15%	Implement OPI by year-end 2011 and fully integrate into our operational and financial processes for unit cost management and efficiencies by year-end 2012.
Employee Engagement Index / Employee Communication Index	10%	Increase Employee Engagement 2% each year / Develop Employee Communication Index, establish baseline and stretch goals each year.
Meet ComEd Goals related to Exelon 2020	25%	By 2013, ComEd will meet or exceed each of its annual commitments to support Exelon 2020.

2010 Milestones

The first year milestones are shown on the chart below.

Long-Term Incentive Program Goals	Year 1 Milestones
ComEd Total Cost (O&M and Capital)	ComEd Total Cost[1] at $1,331.8M (Threshold: $1,398.4 / Distinguished: $1,198.7)
ComEd SAIFI, CAIDI, and OSHA Recordable	ComEd SAIFI 2.5 Beta Method[2] - 0.97 (Threshold: 1.09 / Distinguished: 0.90)
	ComEd CAIDI 2.5 Beta Method[2] - 86 (Threshold: 95 / Distinguished: 83)
	OSHA Recordable - 1.04 (Threshold: 1.25 / Distinguished: 0.99)
Operational Performance Index (OPI)	Complete IT Project work and begin assessment of current performance metrics
Employee Engagement Index / Employee Communication Index	Employee Engagement Index - 68% / Employee Communication Index - Establish a Baseline Index and Targets
Meet ComEd Goals related to Exelon 2020	• Achieve GHG Net Emissions of 56,550 metric tons 2010 • Achieve ISO 14001 Certification in 2010 • Smart Grid Goal: Complete implementation of smart meter pilot in our service territories. Assess results and customer satisfaction levels. Evaluate broader smart grid implementation.

K:\Board\ComEd\2010 meetings\01-25-10\[2010 ComEd LTIP 011910_Final Submission.xls]2010-2012

1 As defined in the AIP plan

2 Consistent with the Annual Incentive Program (AIP), CAIDI and SAIFI goal targets were established using the IEEE 2.5 Beta Method. ComEd (and IEEE) believes the 2.5 Beta Method is a better indicator of normal operations.

Payout and Vesting Schedules – Illustrative Example

Actual award payable for each year in the performance cycle can range from 0% to 200%.

One-third of the award is paid out when awarded; the remaining two-thirds vests over the next two years.

Three-Year Performance Cycle

Award Payout and Vesting Schedule	For 2010	For 2011	For 2012
Step 1			
Annual Target Award	$100,000	$100,000	$100,000
Step 2			
Target Award Adjusted based on Goal Performance through year-end as determined by the Board	x 95.00% **$95,000**	x 115.00% **$115,000**	x 170.00% **$170,000**
Step 3			
One-third is paid out when awarded; Remaining two-thirds vests over the next two years	$31,666 in Jan 2011 $31,667 in Jan 2012 $31,667 in Jan 2013 **$95,000**	$38,333 in Jan 2012 $38,333 in Jan 2013 $38,333 in Jan 2014 **$114,999**	$56,667 in Jan 2013 $56,667 in Jan 2014 $56,667 in Jan 2015 **$170,001**

Three-Year Award Payout Schedule

Measurement Period	2010	2011	2012
Year Award is Paid	**2011**	**2012**	**2013**
Portion of Award Paid	- 1st third of 2010 award	- 2nd third of 2010 award - 1st third of 2011 award	- 3rd third of 2010 award - 2nd third of 2011 award - 1st third of 2012 award

\\Cwe\.CCCCLSTR2_VOL3.CCC.NILS.COR.EXELON\DATA\COMP_PLN\LTIP\ComEd\communication\[2010-2012Embedded Files ComEd LTI Example.xls]Sample Payout and Vesting

Special Situations

Status Change	Impact on Your Award
New participant (New hire or promotion to an eligible position)	Your award will be prorated based on actual results and the number of days you were in an eligible position.
Demotion from an eligible position	Your outstanding awards will vest normally, contingent upon continued employment with the Company. Your award will be prorated based on actual results and the number of days you were in an eligible position during that year. You will not be eligible for future awards.
Promotion or demotion within eligible positions with different targets	Your outstanding awards vest normally, contingent upon continued employment with the Company. Your current year award will be based on actual results and number of days in each eligible position.
Termination by reason of involuntary separation (other than for cause), long term disability, death or normal or early retirement under the terms of the applicable qualified or non-qualified pension plan (minimum of age 50 and 10 years of service)	Your outstanding awards subject to accelerated vesting in accordance with terms and conditions of applicable severance plan. Eligible to receive a prorated current year award based on actual results and number of days as an active participant in the program. Post-separation payments to certain senior executives may be subject to a six-month waiting period.
Unpaid leave of absence	Your outstanding awards vest normally, contingent upon continued employment with the Company. Eligible to receive a prorated current year award based on actual results and number of days as an active employee
Termination for cause or voluntary separation	You will forfeit any non-vested awards; not eligible for current year award.
Transfer to or from an eligible position, or to or from an affiliate	Outstanding awards vest normally, contingent upon continued employment with the Company. Eligible to receive a prorated current year award based on actual results and number of days in each eligible position.
Change-in-control	Outstanding awards vest upon “double trigger” (i.e. involuntary separation or “good reason” termination) event in accordance with terms and conditions of applicable severance plan. Post-separation payments to certain senior executives may be subject to a six-month wait.

Awards are made under, and subject to the terms and conditions of, the Commonwealth Edison Company Long-Term Incentive Plan.

2010 Key Manager Restricted Stock Award Program Summary

Program Objectives

The 2010 Key Manager Restricted Stock Award Program (the "Program") provides restricted stock units ("Restricted Stock") to individuals in select positions who play key roles in supporting Exelon's financial and operational success and whose retention is critical to long-term succession. This long-term incentive ("LTI") program is an important component of Exelon's total compensation package for key managers, which is benchmarked and aligned with the best practices of high-performing energy services companies and general industry firms.

Eligibility

Directors and managers ("Key Managers") and select other employees are eligible to be considered for awards under the Program.

How Target Opportunities are Determined

At the Compensation Committee's direction, Exelon conducts an annual compensation study to identify competitive market trends and assess the value of the various compensation components provided by the company relative to the value provided for similar positions in high-performing energy services and capital-intensive general industry companies.

Market trends reflect minimal change to LTI values and participant eligibility. Accordingly, the value of target opportunities for 2010 will be similar to the value of target opportunities in 2009 for all LTI participants. With the decrease in Exelon's stock price, additional target shares are required to deliver the same value.

How You Will Receive Your Award

Restricted Stock grants are awarded based on an employee's position, performance, and the expected value of the award.

Generally, awards issued under the Program are paid in shares of Exelon common stock and vest incrementally over three years, subject to your continued employment. One-third of your award will vest on the date the Compensation Committee holds its first meeting (usually in January) in each of 2011, 2012 and 2013. Restricted Stock will earn dividend equivalents while vesting, which will be reinvested in additional shares and payable upon vesting. Upon vesting, you will receive payment in shares, net of tax withholding.

What Happens if Your Status Changes

Status change	Impact on your award
New participant (New hire or promotion to an eligible position)	You may receive future Restricted Stock awards.
Demotion from an eligible position	Your non-vested awards vest normally, contingent upon continued employment with the Company. No future Restricted Stock awards will be granted.
Promotion or demotion within eligible positions with different targets	Your non-vested awards vest normally, contingent upon continued employment with the Company. You may receive future Restricted Stock awards based on the target opportunities established for your new position.
Termination by reason of long term disability, death or normal or early retirement under the terms of the applicable qualified or non-qualified pension plan (minimum of age 50 and 10 years of service)	Your non-vested awards will be subject to accelerated vesting and payment upon termination.
Unpaid leave of absence	Your non-vested awards vest normally, contingent upon continued employment with the Company.
Involuntary separation, other than for cause	You will forfeit any non-vested awards, unless your separation occurs within two years after a change in control of Exelon, in which case vesting and payment will be accelerated upon termination.
Termination for cause or voluntary separation	You will forfeit any non-vested awards.
Compliance with Section 409A of the Internal Revenue Code	The program will be administered in compliance with, and the timing of all payments is subject to, any applicable requirements of section 409A of the Internal Revenue Code (e.g., payments to a "specified employee" upon termination of employment will be delayed for six months after the termination date).

General

The 2010 Key Manager Restricted Stock Award Program is established under, and subject to the terms and conditions of, the Exelon Corporation Key Manager Restricted Stock Unit Program under the Exelon Corporation 2006 Long-Term Incentive Plan. In the event of any inconsistency between the formal document and this summary, the formal documents will be controlling.

Commonwealth Edison Company's Response to
Citizens Utility Board ("CUB") Data Requests
CUB 2.01 – 2.08
Date Received: December 15, 2011
Date Served: December 29, 2011

REQUEST NO. CUB 2.05:

Legal Fees - IRS Dispute. Provide detail by GL account for legal cost related an IRS dispute associated with the gain on the sale of the fossil generating units included in 2010 operating expenses.

RESPONSE:

The 2010 legal fees related to the IRS Dispute total $776,324 in GL Account 515000, FERC Account 923. Inclusion of these fees was an inadvertent oversight and ComEd will remove these costs in its rebuttal filing.

**Commonwealth Edison Company's Response to
Citizens Utility Board ("CUB") Data Requests
CUB 2.01 – 2.08
Date Received: December 15, 2011
Date Served: December 29, 2011**

REQUEST NO. CUB 2.08:

Photovoltaic Pilot Costs. Provide detail by GL account and month for all amounts related to the Photovoltaic Pilot Program.

RESPONSE:

See the attachment labeled as CUB 2.08_Attach 1 for the GL detail by month of the incremental costs associated with the Photovoltaic Pilot Program in 2010.

Commonwealth Edison Company
2010 Photovoltaic Pilot Costs
(In Dollars)

FERC Account	GL Account	Vendor - Name	Accounting Period 2010001	2010003	2010004	2010008	2010009	2010010	2010011	2010012	Grand Total
908000	[514000] Contracting, Services	~NA~	$ -	$ -	$ -	$ 21,340	$ (39,599)	$ (10,939)	$ (14,159)	$ 502,359	$ 459,002
908000	[514000] Contracting, Services	ENERGY & ENVIRONMENTAL RESOURCES GROUP, LLC				2,986	1,990		3,981		8,957
908000	[514000] Contracting, Services	GRUMMAN/BUTKUS ASSOCIATES					1,459	2,859	2,451		6,769
908000	[514000] Contracting, Services	MEDIUS & ASSOC.		275		2,550	37,549			(2,359)	38,015
908000	[514000] Contracting, Services	U OF I WASTE MANAGEMENT & RESE						23,500	7,057	7,895	38,452
908000	[515000] Contracting, Professional	SIDLEY & AUSTIN	9,731	1,996	11,287	411		2,289	2,717	528	28,959
			$ 9,731	$ 2,271	$ 11,287	$ 27,287	$ 1,399	$ 17,709	$ 2,047	$ 508,423	$ 580,154

ICC Docket No. 11-0721

**Commonwealth Edison Company's Response to
Illinois Industrial Energy Consumers ("IIEC") Data Requests
IIEC 2.01 – 2.12
Date Received: December 9, 2011
Date Served: December 20, 2011**

The following questions are directed to the Direct Testimony of ComEd witness Martin G. Fruehe, ComEd Exhibit 4.0:

REQUEST NO. IIEC 2.07:

Please explain ComEd's position on including versus excluding regulatory assets and liabilities in its formula rate calculation. Also, please include an explanation of the Illinois Electric Distribution Tax ("IEDT") and the June 2010 storm as it relates to the above question. (Fruehe, page 17, lines 348-354)

RESPONSE:

In its formula rate calculation, ComEd included amortization of regulatory assets and liabilities, consistent with amortization schedules that had been approved for inclusion in delivery service rates by the Commission in as of December 31, 2010. Regulatory assets approved in ICC Docket No. 10-0467 were not included, as recovery in delivery service rates was not approved until the Commission's final order in May, 2011. The regulatory assets included in rate base are also those approved for inclusion in rate base as of December 31, 2010, and are shown on ComEd Ex. 4.1, App 5, line 4, Column F, and ComEd Ex. 4.2, WP 5. Amortization of regulatory assets is shown on App 7, Line 42, Column D.

In addition, and in accordance with Section 16-108.5(c)(4)(f) of the act, ComEd amortized the additional IEDT credit it recorded for accounting purposes in 2010 and the June 2010 storm expense over five years and included the unamortized balance of each in its rate base. *See* also ComEd's responses to the following Staff data requests: JMO 2.01, JMO 4.01 and JMO 4.02.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
TEE 6.01 – 6.06
Date Received: December 13, 2011
Date Served: December 27, 2011

REQUEST NO. TEE 6.05:

Referring to ComEd Exhibit 4.9, p. 18, the third bullet point under Program Approach states that compensation above target is not recoverable in rates and any payout above 100% will be consistent with Exelon long-term incentive plan.

a) Explain why "compensation above target is not recoverable in rates" citing to any authority for that statement.
b) Explain how any payout above 100% will be consistent with Exelon long-term incentive plan, including what that long-term incentive plan is.

RESPONSE:

a) The program summary was written while ComEd was under stated rates and reflects ComEd's prior practice of requesting recovery of incentive compensation at target levels. Including a target payout level in stated rate requests using a historical test year was a form of normalization, considering that during the periods those rates are in effect payouts may be either above target or below target.

b) This type of normalization adjustment is not necessary in a formula rate as the rates will be reset each year based on the actual performance. ComEd Ex. 4.9, Page 18 describes the Executive Long-Term Incentive Plan.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 1.01 – 1.30
Date Received: November 16, 2011
Date Served: November 30, 2011

REQUEST NO. AG 1.13:

Ref: ComEd Ex. 4.9, pages 1 and 7-9 (AIP plan funding KPIs).
Please provide, for calendar year 2010, the following information regarding AIP funding:

a. Complete and detailed calculations of the Funding KPI's for administration of the AIP plan, before and after application of the "Net Income Limiter" set forth on page 8.
b. Using the information in your response to part (a), explain how 2010 performance translated into overall funding available under the AIP for the year.
c. Explain whether any "Significant Event Curtailment" occurred, as explained on page 9.
d. Provide a detailed description of the Company Performance Multiplier (CPM) applicable to ComEd and calculations indicating how CPM impacted the total 2010 expense under AIP.
e. Provide the monthly accruals to expense associated with ComEd's AIP Plan liability and information required to reconcile accruals in calendar 2010 to the amounts actually paid under the plan for 2010.
f. Explain how the portion of total 2010 accrued expense for AIP that is included in the Company's asserted revenue requirement, at page 1 was determined, indicating the basis for such recovery in light of statutory criteria.

RESPONSE:

a. For calendar year 2010 the Funding KPIs results before application of the Net Income Limiter was 110.3%. In light of overall company performance and in accordance with the incentive plan's CEO Discretionary Feature, ComEd leadership recommended that the net income limiter be adjusted from 102.9% to 112.9%. As a result, after application of the CEO Discretionary Feature and revised Net Income Limiter, the 2010 payout percentage is 112.1%. Details supporting these calculations are provided in the attachment labeled as AG 1.13_Attach 1 and a view of the year-end results per metric are provided on the attachment labeled as AG 1.13_Attach 2.

b. As described in ComEd's response to subpart a, ComEd's 2010 performance resulted in a funding KPI's percentage of 110.3%. Additionally, in accordance with the incentive plan's CEO Discretionary Feature, ComEd leadership recommended that funds that otherwise would have been paid out to leadership under Executive Long-Term Incentive Program for leadership should be applied to AIP payouts to all ComEd employees. The net result was a 112.1% payout for the ComEd AIP, as shown on the attachment labeled as AG 1.13_Attach 1.

c. No Significant Event Curtailment occurred for calendar 2010 AIP.

d. The Company Performance Multiplier applicable to ComEd is the Funding KPIs payout prior to application of the Net Income Limiter but after adjustments for any Significant Event Curtailment and CEO Discretionary Feature. For calendar year 2010, the total AIP payout was 112.1% after application of the CEO discretionary feature, as explained in subparts above.

e. Please see the attachment to ComEd's Response to Staff Data Request TEE 1.08 labeled as TEE 1.08_Attach 1 for the monthly AIP accruals to expense. The reconciliation of the accrual to the payment is explained in ComEd's Response to Staff Data Request TEE 1.07 and shown here:

February Payment	53,363,843
Total AIP Accrual	53,234,335
True-Up	129,507

f. Section 16-108.5(c)(4)(A) provides for the recovery of incentive compensation that is related to the achievement of certain specified metrics. The 2010 AIP metrics shown in the attachment labeled AG 1.13_Attach 1 all meet those requirements, and were approved for recovery in the Final Order in ICC Docket 10-0467. The direct testimony of Michelle Blaise provides a description of the key performance metrics included in ComEd's 2010 AIP (Direct Testimony of Michelle Blaise, ComEd Ex. 5.0, 51:1077 – 52:1087). Also, see ComEd's Response to Staff Data Request TEE 1.10 for a description of how the net income limiter potentially impacts the payouts.

ICC Dkt. No. 11-0721
AG 1.13_Attach 1

ComEd 2010 Funding KPIs	Goal Weight	x	KPI Performance Payout %	=	Funding KPI Payout % (Goal Weight x Payout %)	
ComEd O&M Expense	25%		117.2%		29.3%	
ComEd Capital Expenditures	25%		110.3%		27.6%	
ComEd Operational KPIs						
ComEd SAIFI (outages per customer)	10%		114.3%		11.4%	
ComEd CAIDI (minutes)	10%		38.9%		3.9%	
ComEd OSHA Recordable Rate	10%		0.0%		0.0%	
Focused Initiatives & Environmental Index	15%		200.0%		30.0%	
Customer Satisfaction Index	5%		162.5%		8.1%	
Total ComEd Funding KPI Performance - before adjustments	100%				110.3%	
ComEd Funding KPI Performance - after application of the CEO Discretionary Feature					112.1%	[1]
Operating Net Income Limiter					112.9%	[2]
Total ComEd 2010 Payout Percentage - after application of the Net Income Limiter					112.1%	

[1] In accordance with the incentive plan's CEO Discretionary Feature, ComEd leadership recommended that funds that otherwise would have been paid out to leadership under the Long-Term Incentive Program for leadership should be applied to AIP payouts to all ComEd employees. This decision resulted in a 112.1% payout for the ComEd AIP.

[2] In light of overall company performance and in accordance with the incentive plan's CEO Discretionary Feature, ComEd leadership recommended that the net income limiter be adjusted from 102.9% to 112.9%.

2010 Funding Key Performance Indicators (KPIs)	2010 Year-End Performance					
	2010 Performance Goals			2010 Actual Performance		
	Threshold (minimum) 25% Payout Level	Plan 50% Payout Level	Distinguished 200% Payout Level	Actual through 12/31/2010	Performance	% Result
Total O&M Expense ($M)	$679.8	$647.4	$582.7	**$618.4**	Plan/Distinguished	**117.2%**
Total Capital Expenditures ($M)	$718.6	$684.4	$616.0	**$656.9**	Plan/Distinguished	**110.3%**
SAIFI (IEEE 2.5 Beta Method) (Customer Outage Frequency)	1.09	0.97	0.90	**0.94**	Plan/Distinguished	**114.3%**
CAIDI (IEEE 2.5 Beta Method) (Customer Outage Duration)	95	86	83	**90**	Threshold/Plan	**38.9%**
OSHA Recordable Rate	1.25	1.04	0.99	**1.30**	Below Threshold	**0.0%**
Focused Initiatives & Environmental Index	90%	100%	110%	**113%**	Distinguished	**200.0%**
Customer Satisfaction Index	78	80	82	**81.5**	Plan/Distinguished	**162.5%**

Performance Achievement Legend:

= **Threshold or Below** = **Threshold/Plan** = **Plan**

= **Plan/Distinguished** = **Distinguished**

ComEd Net Income (NI) Limiter

Performance Measure	Performance Scale / Payout Limit				2010 Actual Performance	% Result
	50% Payout Limit	100% Payout Limit	150% Payout Limit	200% Payout Limit		
ComEd Operating Net Income ($M)	$429	$450	$472	$496	**$451.3**	**102.9%**

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 4.01 – 4.26
Date Received: December 8, 2011
Date Served: December 19, 2011

REQUEST NO. AG 4.10:

Ref: ComEd Response to AG 1.13 (AIP CEO Discretionary Feature). According to the response, "Additionally, in accordance with the incentive plan's CEO Discretionary Feature, ComEd leadership recommended that funds that otherwise would have been paid out to leadership under Executive Long-Term Incentive for leadership should be applied to AIP payouts to all ComEd employees." Please provide the following additional information:

a. Provide the dollar amount that was shifted from the Executive Long-Term Incentive toward AIP pursuant to the Discretionary Feature.
b. If the amount provided in your response to part (a) had been retained and used to fund payouts to leadership under the Executive LTIP program, explain and quantify whether the payouts would have been in cash or stock or some other form.
c. Explain each of the considerations and calculations employed and provide documentation supportive of the Company's utilization of the CEO Discretionary Feature, as described in the response.
d. Is it the Company's opinion that total revenue requirements for the 2010 test year were not impacted by the exercise of the CEO Discretionary Feature?
e. What is the intended purpose of the Net Income Limiter, as applied within the AIP plan?
f. How were the Net Income Limiter amounts for 2010, as set forth in Attach 2, established? Provide an explanation and calculations supportive of the amounts shown.
g. What are the applicable KPIs and Net Income Limiter values that are effective for calendar 2011 (comparable to Attach 2)?
h. How were the amounts in your response to part (g) established? Provide an explanation and calculations supportive of the amounts shown in your response to part (g).

RESPONSE:

a. $818,868 was shifted from ComEd's LTIP and placed towards ComEd's AIP.

b. The payout under ComEd's LTIP would have been in cash.

c. The CEO Discretionary Feature is at the management's sole discretion, based on business conditions and subject to approval by the board. ComEd's 2010 AIP document, ComEd Ex. 4.9, page 12 under Important Information notes the feature. The attachment to ComEd's Data Request Response to AG 1.13 labeled as AG 1.13_Attach 1 shows the effects of the CEO Discretionary Feature.

d. No.

e. The purpose of the Net Income Limiter is to ensure that the payouts above target are aligned with ComEd's financial performance, which has the effect of capping overall AIP payouts, which protects both shareholders and rate payers.

f. The Net Income Limiter amounts were set using ComEd's 2010 Budget Operating Net Income. The performance scale started equal to the 2010 Budget at the 50% payout limit level and, with management direction, a scale of roughly 5% increases were set for each subsequent tier of payout limits.

g. ComEd objects to this request as irrelevant and not reasonably calculated to lead to the discovery of admissible evidence because 2011 costs are not at issue in this proceeding. ComEd further objects on the basis that to calculate, provide, and explain such information would be unduly burdensome, particularly in light of the irrelevance of the information requested. Subject to the foregoing objection and ComEd's General Objections, ComEd provides, as AG 4.10_Attach 1, the 2011 Annual Incentive Program brochure.

h. See ComEd's response to subpart (g), above.

ComEd®
An Exelon Company

2011 Annual Incentive Program

An informational guide to understanding ComEd's Annual Incentive Program (AIP) for ComEd employees and BSC employees who are "dedicated to" or "embedded in" ComEd and who are not covered by a collective bargaining agreement

April 2011

Overview

The ComEd Annual Incentive Program ("AIP") provides an opportunity for you to be rewarded for your contribution to the success of Commonwealth Edison Company (the "Company"). It serves as an important part of your overall compensation package by linking individual and Company performance. The final amount of your award will be based on how well you, the group that shares your key performance indicators and the Company as a whole perform against goals set for the year. The ComEd AIP covers all eligible ComEd employees and BSC employees who are embedded in or dedicated to ComEd.

This program is designed to reasonably insure that customers receive the benefits of reduced expenses and greater efficiencies in operations by putting a portion of employees' compensation at risk. It also ensures that employees are properly recognized when their efforts result in superior performance for customers.

Who is Eligible?

To participate in the 2011 AIP, you must meet each of the following requirements:

- You must be classified as a salaried exempt or salaried non-exempt regular employee (not temporary or other classification, such as an intern, co-op or contractor) on the Company's payroll for at least 31 calendar days in 2011 (and not be covered by an incentive plan provided in lieu of the AIP); and
- In most cases, you must be actively employed through the Company's last business day of 2011. *

This informational guide does not apply to individuals who are covered by a collective bargaining agreement.

* Please refer to page 7 "What Happens if Your Status Changes During 2011" for additional information.

How Does the AIP Work?

Generally, 2011 AIP awards will be determined based on the following calculation:

Employee's Incentive-Eligible Salary X Target Incentive Opportunity Percentage	X	Company Performance Multiplier (CPM)	X	Individual Performance Multiplier (IPM)*	=	AIP Award Amount
Each employee has a target percentage that is determined based on his or her grade level. The following chart applies to most employees (grade level E06 and below).		The company performance multiplier (CPM) is based on the achievement of ComEd cost and operational Funding Key Performance Indicators (KPIs), and financial performance under the Net Income Limiter for 2011.		Eligible employees will have an IPM (between 50 and 120 percent**) that is applied to the base award (incentive-eligible salary x target incentive opportunity percentage x CPM) to calculate the final award.		

2011
Target Incentive Opportunity

Grade Level	Target % (of Employee's Salary)
E06	30%
E05	25%
E04	20%
E03	15%
E02	10%
E01	7%
Salaried Non-Exempt	7%

For exempt employees, your annual base salary in effect on December 31, 2011 generally applies for incentive award calculations. For employees who were non-exempt and/or part-time during any part of 2011, your incentive-eligible salary is based on your incentive-eligible earnings paid while working in each category during 2011 (e.g., includes eligible overtime and shift premium while non-exempt).

(See breakout boxes for more information about the ComEd Funding and functional area Allocation KPIs)

**Certain employees designated by a business unit (e.g., bargaining unit) do not have an IPM.*

***The IPM range for Corporate and Senior Subsidiary Officers is 50 percent to 110 percent.*

What is new for ComEd in 2011

Following are highlights of the key changes for 2011. Review this brochure for additional information.

- The performance scale returns to the pre-2010 range and associated payout levels as follows:
  - "Threshold" performance is restored to the 50 percent payout level and is the minimum performance required before any payout may occur.
  - The familiar "Target" performance level, replaces the "Plan" benchmark that had been created for 2010. Target performance leads to a 100 percent payout.
  - "Distinguished" performance continues to be the highest performance level and leads to a 200 percent payout.
- The Net Income (NI) Limiter is refined to better align rewards with operational excellence and cost management. Payout above "target" will be limited based on ComEd Operating Net Income performance, such that if KPI performance yields a payout that is greater than 100 percent, the payout will be limited to no more than 20 percentage points above Net Income performance.
  - For example, if the ComEd AIP KPI results payout is above 100 percent and Net Income performance is at 105 percent, then the ComEd KPI results payout would be limited to no more than 125 percent. This is an advantage over the 2010 plan year, for which ComEd KPI results performance above the 50 percent payout level could not exceed actual Net Income performance.

How ComEd Performance is Measured

ComEd key performance indicators are an important component of your overall AIP award. The Company uses cost and operational KPIs to measure its relative performance. These KPIs are called *Funding KPIs*, because they fund the AIP and establish the potential AIP payout available.

Funding KPIs

- Funding KPIs are made up of ComEd cost and operational KPIs. The AIP for all ComEd employees is equally weighted between cost and operational measures.
- Cost performance is measured through two KPIs: Operating & Maintenance (O&M) Expense and Capital Expenditures
- There are five operational KPIs: OSHA Recordable Rate, measuring ComEd employee safety, SAIFI, which measures the average frequency of customer outages, CAIDI, measuring the average duration of customer outages, Focused Initiatives & Environmental Index, measuring productivity and environmental commitment, and the Customer Satisfaction Index, measuring overall customer satisfaction.

CFRC 0007174

		Corporate (Exelon)	Operating Company and Business Unit KPIs		
Position [(1)]	Example	Earnings Per Share	Operating Company Financial Measure	Cost Measure	Business Unit Operational/Financial Measures
ComEd	All Employees	-	ComEd Operating Net Income Limiter	25% ComEd O&M 25% ComEd Capital	10% ComEd OSHA Recordable Rate 10% ComEd SAIFI 10% ComEd CAIDI 15% Focused Initiatives & Environmental Index 5% Customer Satisfaction Index

[(1)] ComEd Annual Incentive Program subject to review and approval by ComEd Board of Directors

K:\AIP\2011 AIP\[2011 KPI Goal Weights.xls]ComEd

Funding KPI Performance Levels

There are three levels of performance associated with each AIP Funding KPI. These levels are:

- **Threshold**: The minimum acceptable level of performance that must be achieved for employees to receive any payout (i.e., 50 percent payout) on a Funding KPI. No payout will occur on a KPI that does not achieve a threshold level of performance.
- **Target:** The required performance level in order to achieve 100 percent payout on a Funding KPI.
- **Distinguished:** The required performance level in order to achieve 200 percent payout (i.e., two times your target incentive opportunity) and the highest payout level available under the AIP.

Funding KPIs [1]	Threshold 50%	Target 100%	Distinguished 200%	Goal Weight
Total O&M Expense ($M)	$715.3	$681.2	$613.1	25%
Total Capital Expenditures ($M)	$884.3	$842.2	$758.0	25%
OSHA Recordable Rate	1.54	1.04	0.99	10%
SAIFI 2.5 Beta Method Outage Frequency [2]	1.09	0.94	0.90	10%
CAIDI 2.5 Beta Method Outage Duration [2]	95	89	85	10%
Focused Initiatives & Environmental Index	90%	100%	110%	15%
Customer Satisfaction Index	79	81	83	5%

[1] KPI performance scale is rounded for illustrative purposes. Performance goals and actual achievement may be carried out to additional decimal places to determine final AIP award payout.

[2] Threshold, Target and Distinguished levels weather normalized.

K:\AIP\2011 AIP\Communications\2011 Excel Communications Documents\[2011 ComEd KPIs for Communications.xls]Example AFI Revised

Net Income Limiter

- The AIP includes a feature called the Net Income Limiter that may limit payout on the AIP based on ComEd's operating net income performance. This feature ensures that any payout above target is aligned with the company's financial performance.

- To the extent that performance on ComEd's funding KPIs yield a payout percentage greater than 100 percent, the overall KPI payout cannot exceed by more than 20 percentage points a Net Income Limiter based on the Operating Net Income of ComEd for 2011, as follows:

Operating Net Income ($M)	Net Income Performance %	Net Income Limiter %
$390.0	100%	120%
$406.6	150%	170%
$423.2	200%	200% (maximum)

- For operating net income amounts between payout percentages, the payout percentage will be determined by the relative distance between the two points based on operating net income.

See Examples of how the Net Income Limiter works in the chart below:

Payout Percentage					Impact of Net Income Limiter
Before Net Income Limiter Applied				After Net Income Limiter Applied	
Composite Payout of ComEd Funding KPIs	Operating Net Income			Composite Payout of ComEd Funding KPIs	
	Actual Performance	Performance %	Net Income Payout Limit %		
< 100% (Below Target)	Not Applicable			Actual Composite Payout %	NI Limiter does not apply because composite payout % is ≤ 100%
100%	$ 390.0 M	100%	120%	100%	NI Limiter does not apply because actual composite payout ≤ NI Payout Limit
125%	$ 390.0 M	100%	120%	120%	Payout Limited by Net Income Performance
150%	$406.6 M	150%	170%	150%	NI Limiter does not apply because actual composite payout ≤ NI Payout Limit
175%	$406.6 M	150%	170%	170%	Payout Limited by Net Income Performance
200%	$ 423.2 M	200%	200% (maximum)	200%	NI Limiter does not apply because actual composite payout ≤ NI Payout Limit

Significant Event Curtailment

To ensure continued focus on critical business issues, your AIP payout may be subject to reduction if a significant adverse business event occurs. If ComEd has a Significant Event in 2011, payout on your AIP KPIs will be reviewed in light of the event and paid at zero percent to 150 percent.

A significant event is defined as a single high profile outage caused by a failure of ComEd owned or managed equipment and determined ultimately to have been caused by a human performance error or poor management attention to maintenance or upkeep of the system. An event in this category will result in negative customer and media impact, as well as significant adverse government and/or regulatory intervention or have a material adverse impact on earnings. The Significant Event gate determination will be made by the ComEd President in concert with the ComEd Chief Executive Officer, by recommendation to the ComEd Board of Directors.

Goal Weighting

- Generally, your Company Performance Multiplier (CPM) is calculated based on the financial, cost and operational KPI performance of the Operating Company/Business Unit in which you are employed on December 31, 2011.

Individual Performance Multiplier and Award Range

Once ComEd performance is determined, the amount of your individual award is determined based on your target incentive opportunity and your individual performance multiplier.

- The annual performance review process determines your individual performance multiplier (IPM) based on your individual performance and personal contribution to your team during the year. The IPM can range from 50 percent to 120 percent [(1)] or zero percent, relative to your annual performance rating on a five-point rating scale (A, B+, B, B-, C).
- Your total AIP award, after application of ComEd Funding KPIs, individual multipliers and all other adjustments, can range from zero to 200 percent of your individual target incentive opportunity.
- You will not receive an award if your year-end performance rating is “does not meet expectations” (or its equivalent), or you are placed on but do not successfully complete a performance improvement plan by year end.
- The aggregate payment of individual awards cannot exceed the total funding for all participants’ awards, as generated by Corporate and Operating Company/Business Unit performance. [(2)]

(1) The IPM range for Exelon officers and certain senior subsidiary officers is 50% to 110%.

(2) This provision does not apply to Exelon officers and certain senior subsidiary officers, since the Compensation Committee of the Board of Directors approves their awards.

When You Will Receive Your Award

You will receive your AIP award, less applicable federal, state and local tax withholding, no later than March 15, 2012.

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What Happens if Your Status Changes During 2011

Status change	Impact on your award
New participant	A prorated award (1) will be calculated subject to your eligible classification on the Company's payroll for at least 31 days.
Promotion, voluntary demotion, and involuntary performance-related demotion	Your award is calculated based on the level you are in as of December 31, 2011.
Involuntary demotion that is not performance-related (e.g., organizational restructuring)	Your current year AIP award is calculated based on the level you were in prior to the demotion. Your AIP target opportunity reverts to that of your new level the following year.
Approved Leave of Absence (e.g., Family Medical Leave, qualifying military leave, paid leave of absence, or short-term disability)	Your award will not be prorated for any period of approved leave of absence while you are receiving pay on the Company's payroll, but will be prorated (1) for any unpaid leave. (2)
Retirement (age 50 or older with 10 or more years of pension service) with no severance plan eligibility, commencement of benefits under a long-term disability plan (3) and/or unpaid leave, or death	A prorated award (1), (4) will be calculated subject to your eligible classification on the Company's payroll for at least 31 days.
Change in department or Business Unit or Operating Company	Your award is calculated based on the department or Operating Company/Business Unit you are in on December 31, 2011. In the case of a Company and/or pay cycle change that occurs during the final pay period of the year, your award will be calculated based on the department and Operating Company/Business Unit you were in prior to the change.
Termination for cause or resignation	You will not be eligible for any award.
Transfer or change to/from a non-exempt and/or part-time position in the organization	Your award will be calculated using your incentive-eligible earnings in each position for the period you were in that position (e.g., eligible overtime and shift premium) for 2011.
Involuntary separation or qualifying voluntary separation pursuant to a severance plan including retirement eligible employees	Eligibility and amount of award determined under applicable severance plan. Exelon Corp. Severance Benefit Plan generally provides prorated award (1), (4), subject to elimination if employee is rated "off track" or "does not meet expectations" or has been placed on but has not successfully completed a performance improvement plan (PIP).

(1) In the case of exempt full-time positions, prorated awards are calculated using the number of days you are an active employee on the payroll, divided by 365. For non-exempt and/or part-time positions, a prorated award is calculated using your incentive-eligible earnings (e.g., base pay, and eligible overtime and shift premium) for the period that you are eligible during the year.

(2) In the case of a military leave during which an employee is eligible to receive a base pay differential, the employee is deemed to be on a paid leave and his or her eligible earnings will be calculated based on his/her rate of pay in effect immediately preceding the qualifying military leave and prorated accordingly.

(3) Does not include receipt of partial benefits under a long-term disability plan while continuing to work on a reduced schedule and receive pay as an active employee.

(4) Prorated award is based on a 100 percent IPM, if applicable.

Glossary of Terms

CAIDI (IEEE - 2.5 BETA METHOD) - Customer Average Interruption Duration Index (CAIDI) represents the average time in minutes required to restore service to those customers who experience a sustained outage interruption. A sustained interruption is defined as an outage greater than five minutes. This metric includes secondary and service interruptions while excluding major events, interruptions lasting 5 minutes or less in duration, and planned interruptions. Major events are defined as any day where the SAIDI, which is the product of SAIFI and CAIDI, is greater than or equal to a threshold value. The threshold value is computed using 2.5 standard deviations (beta) above the mean (alpha), based on 5 years of historic SAIDI per day data.

CUSTOMER SATISFACTION INDEX - The customer satisfaction goal will be based on ComEd's performance on the following three equally-weighted customer satisfaction metrics: ACSI Proxy, Contact Center Satisfaction and New Business Satisfaction. The ACSI Proxy is a combined measure of residential, small business and large business customer satisfaction. The residential component of the ACSI Proxy is the ACSI produced by ACSI LLC. The small business and large business components are based on telephone and web-administered surveys conducted by ComEd's research supplier. The score for each customer segment is based on the results from three survey questions: overall satisfaction, meeting expectations, and closeness to the ideal energy utility company. The score for ComEd and for each customer segment represents an index on a 0-100 scale; it is not a percentage. This metric is reported quarterly. Under the 2011 AIP, ACSI Proxy scores will be computed quarterly and based on the results of surveys conducted during the twelve-month period ending December 31, 2011.

Contact Center Satisfaction is the percent of customers satisfied with the service received during a call to the ComEd Customer Care Centers. The score is based on the results of telephone-administered surveys of randomly-selected residential and small business customers who recently phoned the company. It is measured as the percent of survey respondents who are "satisfied" (% 6-10 ratings) on a 0-10 scale, where 0 is "extremely dissatisfied" and 10 is "extremely satisfied." The surveys include all types of transactions (e.g., billing, credit, outage, turn on/off) handled by the Voice Response Unit or a Customer Service Representative. The score for each quarter is the average of the residential and small business scores, weighted by each segment's percent of total calls during the quarter. This metric is reported quarterly. Under the 2011 AIP, Contact Center Satisfaction scores will be computed quarterly and based on the results of surveys for the twelve-month period ending December 31, 2011.

New Business Satisfaction is the percent of customers satisfied overall with ComEd’s performance on projects completed by New Business. The score is based on the results of a mail-administered survey. It is measured as the percent of survey respondents who are “somewhat satisfied” and “very satisfied” using a 5-point scale, ranging from “very dissatisfied” to “very satisfied." This metric is reported monthly. Under the 2011 AIP, New Business Satisfaction scores will be computed every three months and based on the results of surveys for the twelve-month period beginning December 1, 2010 and ending November 30, 2011.

DEDICATED EMPLOYEE – Practice area employee on the BSC payroll who has been identified as primarily supporting one of the Operating Companies or Business Units.

EMBEDDED EMPLOYEE – Practice area employee on an Operating Company’s payroll who has been identified as primarily supporting that Operating Company or one of its Business Units.

FOCUSED INITIATIVES & ENVIRONMENTAL INDEX - These are the collection of specific work plan objectives that are either key to maintaining or improving reliability, are key to improving customer operations or support our environmental commitments. The Focused Initiatives and Environmental Index includes: 2011 Summer Critical Program, Top Priority Circuit Program, Underground (URD) Cable Program, Distribution Automation, Substation Transformer Maintenance Template Program, Substation Breaker Overhauls, Vegetation Management for Distribution and Transmission Program, Field and Meter Services Work Plan Execution, Meter Read Rate, Customer Service Technology Improvements, GHG Net Emissions, and Dollars/KWh (EEPS).

A productivity measure will be calculated for each operations initiative to compare the percentage of work completed and dollars expended versus 100% of the work planned and the dollars budgeted. In addition, a threshold completion level of 90% of planned work for each unit-based initiative separately will be imposed before incentives apply to ensure that requisite levels of work are completed during the year on these initiatives. Budgeted and actual spend will be based on the Direct costs attributable to each initiative. Direct costs exclude allocated overhead costs that are attributable to each initiative {i.e. General & Administrative (WFR), Capitalized Overheads (A&G), Department Overhead (DOV), etc.}.

For the customer operations and environmental initiatives a performance measure will be calculated to compare actual results to Threshold, Target and Distinguished goals.

Achievement of the Focused Initiatives and Environmental Index is measured as a simple average of the productivity/performance measures for each initiative.

OPERATING NET INCOME - Generally Accepted Accounting Principles (GAAP) Net Income, excluding other exclusions determined by Exelon Corporate Finance.

OSHA RECORDABLE RATE - The criteria for measurement is recordable incidents, including every occupational death and every non-fatal occupational injury which involves one or more of the following: loss of consciousness, restriction of

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work or motion, transfer to another job, or medical treatment (not first aid). This metric is calculated based on the exposure of 100 full-time workers, using 200,000 hours as the equivalent. (Total of OSHA cases X 200,000 / Total Hours Worked).

SAIFI (IEEE 2.5 BETA METHOD) - System Average Interruption Frequency Index (SAIFI) indicates how often the average customer experiences a sustained interruption over a predefined period of time. A sustained interruption is defined as an outage greater than five minutes. This metric includes secondary and service interruptions while excluding major events, interruptions lasting 5 minutes or less in duration, and planned interruptions. Major events are defined as any day where the SAIDI, which is the product of SAIFI and CAIDI, is greater than or equal to a threshold value. The threshold value is computed using 2.5 standard deviation (beta) above the mean (alpha), based on 5 years of historic SAIDI per day data.

TOTAL CAPITAL EXPENDITURES - Capital expenditures, as defined in the capitalization policy. This metric includes functional group costs for embedded functions and BSC transactional costs, but excludes BSC corporate allocation costs (i.e. Supply), Information Technology Council (ITC) Reserves allocations, pensions, other post-retirement employee benefits (OPEB), fringe employee benefits (including incentive payments and severance), and incremental weather-related restoration costs incurred for major storms as defined by Procedure AM-CE-9065 wherein 10% or more of the System-wide customers are affected, and costs incurred for smart meter and grid deployment requirements and other legislative mandates. The exclusion for storm costs may be denied by recommendation of the ComEd CEO to the Exelon CEO within 30 days of completion of the storm if the restoration response is deemed to be inadequate.

This metric will also exclude costs within Capital that are cash-flow neutral to ComEd, including but not limited to: AFUDC, etc.

ComEd has the option to appeal any excess unplanned transmission costs related to the retirement of any generation plants. Appeal adjustment is subject to the approval of the AIP Panel.

TOTAL OPERATING AND MAINTENANCE (O&M) EXPENSE - Operating and Maintenance (O&M) Expenses for departments. This metric includes functional group costs for embedded functions and BSC transactional costs, but excludes BSC corporate allocation costs (i.e. Executive Services), Information Technology Council (ITC) Reserves allocations, pensions, other post-retirement employee benefits (OPEB), fringe employee benefits (including incentive payments and severance), bad debt expenses, incremental weather-related restoration expenses incurred for major storms as defined by Procedure AM-CE-9065 wherein 10% or more of the System-wide customers are affected, costs incurred for smart meter and grid deployment requirements and other legislative mandates, and other exclusions from GAAP Net Income that originated in O&M, as determined by Exelon Corporate Finance. The exclusion for storm costs may be denied by recommendation of the ComEd CEO to the Exelon CEO within 30 days of completion of the storm if the restoration response is deemed to be inadequate.

This metric will also exclude costs within O&M that are offset elsewhere within net income for ComEd, including but not limited to: Energy Efficiency and Demand Response Adjustment Rider (Rider EDA), Supply Administration Charge Rider (Rider SAC-PE), Temporary Services, IPP Interconnection studies, mutual assistance provided to another company for storm restoration, consulting fees related to tax and legal settlements.

Important Information:

- This informational guide is intended to provide an overview of the 2011 ComEd Annual Incentive Program. In the event of any inconsistency between this guide and the formal program document, the formal document will control.
- The ComEd CEO and Board of Directors, in the exercise of their sole discretion, reserve the right to adjust the amount of awards payable or make modifications to the program, if business circumstances warrant an adjustment. In addition, the program may be amended at any time by action of the CEO or the Board of Directors and may be terminated at any time by action of the Board of Directors.
- No portion of an award shall be considered earned prior to the last day of the year.

Questions?

Contact your Human Resources Generalist.

Award Calculation – For Illustrative Purposes Only

Refer to the following page for an example of an AIP calculation for an exempt employee who has an incentive-eligible salary of $70,000 and a target incentive opportunity of 15 percent. The target incentive opportunity amount is $10,500 ($70,000 x 15 percent). The example assumes that the Significant Event Curtailment does not apply. This sample provides three examples of the Individual Performance Multiplier (IPM) application, under Step 3 of the calculation.

Sample 2011 Award Calculation

Step 1: Determine the company performance multiplier (CPM):

Step 1A - Calculate the performance of ComEd Funding KPIs

	ComEd Funding KPIs	Goal Weight	x	KPI Performance / Payout %	=	Preliminary Weighted Payout % (Goal Weight x Payout %)
25% Funding on ComEd O&M Expense KPI	ComEd O&M Expense	25%		100.0%		25.0%
25% Funding on ComEd Capital Spend KPI	ComEd Capital Expenditures	25%		100.0%		25.0%
50% Funding on ComEd Operational KPIs	ComEd Operational KPIs					
	ComEd OSHA Recordable Rate	10%		105.0%		10.5%
	ComEd SAIFI (outages per customer)	10%		110.0%		11.0%
	ComEd CAIDI (minutes)	10%		110.0%		11.0%
	Focused Initiatives & Environmental Index	15%		175.0%		26.3%
	Customer Satisfaction Index	5%		125.0%		6.3%
	Total ComEd Funding KPI Performance	100%				115.0%

Step 1B - Apply Significant Event Curtailment, if applicable, to the Total Funding KPI Payout. In this case, no curtailment has occurred.

Company Performance Multiplier (CPM)	Company Performance Multiplier	115.0%

Step 1C - Apply Net Income (NI) Limiter. In this example, the ComEd Funding KPI performance is greater than the 100% payout level and Operating Net Income is $390.0M, limiting the payout to 120%.

Apply NI Limiter	Net Income Payout Limit	ComEd Funding KPI Payout % before NI Limiter	=	ComEd Funding KPI Payout % After Application of NI Limiter
In this example, the NI Limiter does not impact the payout because the actual composite payout % is ≤ the NI Payout Limit	120.0%	115.0%	→	115.0%

Step 2: Calculate the base award:

Step 2 - Multiply the target incentive opportunity of $10,500 by the Final CPM

		Target Incentive Opportunity	x	CPM	=	Preliminary AIP Award
Preliminary AIP Award	Example: Employee's AIP eligible earnings is $70,000 with a 15% target incentive opportunity. The target incentive opportunity amount is $70,000 x 15% = $10,500.	$10,500		115.0%		$12,075

Step 3: Apply the individual performance multiplier (IPM) to the base award to determine the final AIP award:

Step 3 - Multiply the base award by the IPM. The IPM can range between 50% and 120%.

		Preliminary AIP Award	x	IPM	=	Final AIP Award
IPM Example 1 - Final AIP Award	IPM Example 1 - the employee's IPM is 90%	$12,075		90%		$10,868
IPM Example 2 - Final AIP Award	IPM Example 2 - the employee's IPM is 100%	$12,075		100%		$12,075
IPM Example 3 - Final AIP Award	IPM Example 3 - the employee's IPM is 110%	$12,075		110%		$13,283

2/18/2011 13:24   K:\AIP\2011 AIP\Communications\2011 Excel Communications Documents\[2011 AIP Calculation Examples.xls]Main Brochure

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 6.01 – 6.08
Date Received: December 23, 2011
Date Served: January 6, 2012

REQUEST NO. AG 6.08:

Ref: ComEd Responses to AG 1.13 Attachments 1 and 2 (AIP Plan Funding KPIs).

Please provide the following additional information regarding each of the listed KPI elements for 2010:

a. Confirm that Attachment 2 correctly specifies the goals (dollars, statistical values, etc.) that was established for 2010 for each of the following items and explain ach reason why the indicated performance level(s) for that goal in 2010 was deemed reasonable, providing copies of all studies, reports, analyses, projections, workpapers and other documents relied upon by the Company to establish the goals:

    i. O&M Expense
    ii. Capital Expenditures
    iii. SAIFI
    iv. CAIDI
    v. OSHA recordable rates
    vi. Focused Initiatives & Environmental Index (list and describe each)

b. Provide calculations and documentation used to quantify actual performance and translate such performance into the "KPI Performance Payout %" amount stated in Attachment 1.

c. Explain why overall AIP payouts in excess of 100% of target (for example 112.1% used in 2010) are thought to be reasonable and normal for ratemaking purposes.

d. Provide for Exelon's PECO subsidiary a detailed statement of KPI goal and performance data for 2010 for each active incentive compensation plan and explain the reasons for any differences in the types and levels of performance goals established for PECO versus ComEd.

e. Provide for Exelon's BSC subsidiary a detailed statement of KPI goal and performance data for 2010 for each active incentive compensation plan and explain the reasons for any differences in the types and levels of performance goals established for BSC versus ComEd.

f. What amounts of incentive compensation costs (if any) were included in ComEd's 2010 operating expenses as a result of affiliate charges from PECO?

g. What amounts of incentive compensation costs (if any) were included in ComEd's 2010 operating expenses as a result of affiliate charges from BSC?

RESPONSE:

a. The attachment to ComEd's Data Request Response to AG 1.13 labeled as AG 1.13_Attach 2 correctly specifies the goals that were established for 2010 for the items listed. The performance levels for each goal were deemed reasonable based upon ComEd's business planning process for 2010 and as such, each metric's goals were reviewed with, and approved by, ComEd senior management. Copies of documents relied upon to establish the goals have been provided for each of the listed metrics.

   i. O&M Expense - See the attachment labeled as AG 6.08_Attach 1
   ii. Capital Expenditures - See the attachment labeled as AG 6.08_Attach 1
   iii. SAIFI - See the attachment labeled as AG 6.08_Attach 2
   iv. CAIDI - See the attachment labeled as AG 6.08_Attach 3
   v. OSHA recordable rates - See the attachment labeled as AG 6.08_Attach 4
   vi. Focused Initiatives & Environmental Index (list and describe each) - See the attachment labeled as AG 6.08_Attach 5

b. Once the final performance is known, the KPI performance percentage is interpolated, using the performance scale amounts established for each KPI (threshold, plan, target, distinguished). See the attachment labeled as AG 6.08_Attach 6 for calculations.

c. ComEd uses operational KPIs that are designed to benefit the customer. Customers benefit from performance over 100% as it reflects improvements beyond expectations in a particular year. Employees are incented to perform at the highest level possible and achieve higher results via the opportunity for awards above 100%. ComEd has not taken the position that performance above target is normal. Performance in any given year may be either at, above or below target and the formula rate will be updated each year to reflect the actual performance for that year. Payouts above 100% of target are no different in principle from payouts of less than 100% of target when that is warranted.

d. ComEd objects to this subpart on the grounds that it requests information that is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence to the extent it requests information regarding affiliates of ComEd. Subject to this objection and ComEd's General Objections, ComEd states that page 361 of Exelon's 2010 10K, labeled as AG 6.08_Attach 7, provides an overview of PECO's AIP plan. Moreover, the performance levels are the same as those established in PECO's business plan, based on industry benchmarking, desired improvement, and historical levels of performance at PECO. Since the KPIs are set by each Operating Company based on these factors, they will differ from ComEd to PECO. The PECO financial planning group and their Operations counterparts establish the levels for the business plan and AIP.

e. ComEd objects to this subpart on the grounds that it requests information that is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence to the extent it requests information regarding affiliates of ComEd.

Subject to this objection and ComEd's General Objections, ComEd states that page 361 of Exelon's 2010 10K, labeled as AG 6.08_Attach 7, provides an overview of BSC's AIP plan. Moreover, the performance levels are the same as those established in BSC's business plan, based on industry benchmarking, desired improvement, and historical levels of performance at BSC. For BSC, 75% of the AIP is tied to the EPS goal and 25% is tied to meeting the BSC total cost goal, which is established based on business planning guidance for the year. The BSC financial planning group and their Operations counterparts establish the levels for the business plan and AIP.

f. ComEd objects to this subpart on the grounds that it requests information that is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence. Affiliate charges from PECO included in ComEd's jurisdictional operating expense are REDACTED for AIP expense.

g. ComEd objects to this subpart on the grounds that it requests information that is irrelevant to this proceeding and not reasonably calculated to lead to the discovery of admissible evidence. BSC AIP amounts are incorporated into a wide variety of direct and indirect billing rates and cannot be precisely identified. For purposes of this request an estimate was prepared. The estimated amounts of AIP included in affiliate charges from BSC included in ComEd's jurisdictional operational expense are as follows:

Direct Billed Services BSC	
Indirect Charges BSC *	REDACTED
Total BSC AIP	

* This amount is net of AIP amounts removed in line 20 of ComEd Ex. 4.2, APP 7.

2010 AIP O&M and Capital Goal Calculations
Millions of $

O&M Budget	$	**1,100.3**
O&M Exclusions		
AIP Allocation		(13.7)
Fringe Allocation		(60.9)
Pension & Post Retirement Allocation		(144.0)
		(218.6)
Bad Debt		(20.3)
Allocated BSC		(74.0)
Stock Comp		(8.0)
Revenue Protection		(6.4)
AMI (Recoverable)		(9.6)
SAC-PE Rider Costs		(4.6)
EDA Rider Costs		(111.4)
Subtotal		**(452.9)**
Total O&M AIP	**$**	**647.4**

O&M Plan Goal	647.4
O&M Threshold Goal	679.8
O&M Distinguished Goal	582.7

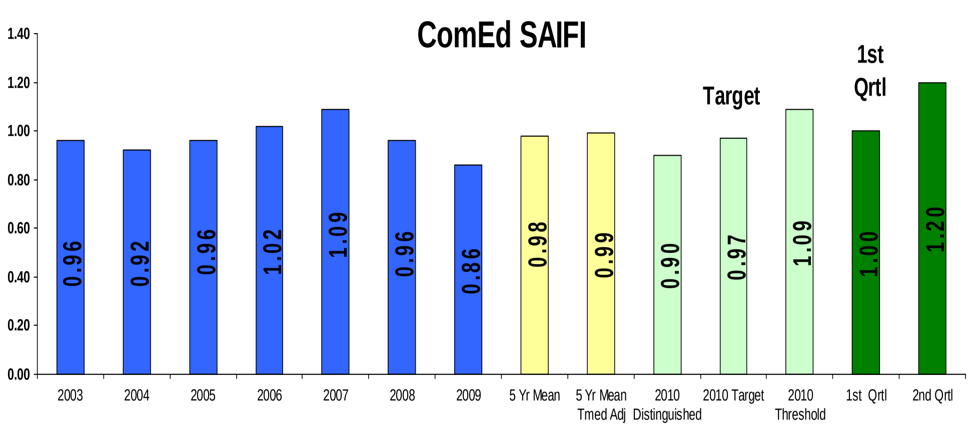
Capital Budget	$	**850.0**
Capital Exclusions		
AIP Allocation		(9.9)
Fringe Allocation		(44.2)
Pension & Post Retirement Allocation		(104.3)
		(158.4)
Allocated BSC		(2.2)
Stock Comp		(1.9)
AFUDC		(2.7)
Revenue Protection		(0.3)
Subtotal		**(165.6)**
Total Capital AIP	**$**	**684.4**

Capital Plan Goal	684.4
Capital Threshold Goal	718.6
Capital Distinguished Goal	616.0

2010 SAIFI Goals - 2.5 Beta

2010 Work Plan

2009 Year End Actual	**0.863**	
Estimate System Degradation (Includes Tree Growth)	0.057	
Distribution Automation - Includes ALRS Installation	(0.015)	Impact from Reliability Programs : 0.069 Reduction
Worst Performing Circuit Program	(0.003)	
Lightning Protection	(0.002)	
Vegetation Reliability Programs	(0.019)	
Corrective Maintenance	(0.019)	
Mainline Cable Testing and Replacement Programs	(0.006)	
Regional Reliability Programs	(0.001)	
T&S Programs - Fewer Bus Lockouts	(0.002)	
Customer Satisfation Programs (URD & Device Frequency)	(0.002)	
Weather Normalization	0.118	
2010 Year End Projection	**0.969**	



2010 Work Plan:

- ✓ The SAIFI impact from the 2010 work plan has a SAIFI reduction of 0.069

Original 2010 Goal was 1.02 in the 2009-2013 Business Plan

Overall SAIFI Goal:

- ✓ Distinguished 0.90 is **1st quartile** (7% favorable to target and a 7% probability based on ten years)
- ✓ Target of 0.97 is **1st quartile** (57% probability based on ten years)
- ✓ Threshold 1.09 is **2nd quartile** (12% unfavorable to target and 88% probability based on ten years)

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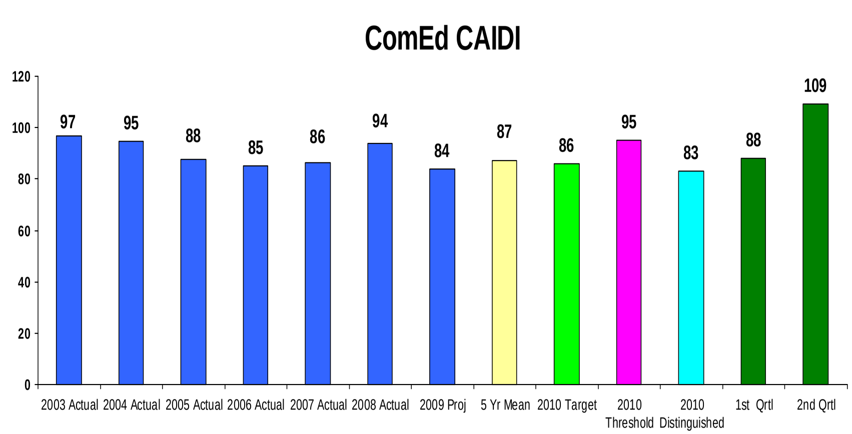
2010 CAIDI Goals (2.5 Beta)

2009 Year End CAIDI Projection	**84**
Storm Normalization	2.9
2009 Normalized CAIDI Projection	**87**
Mobile Dispatch	(1.6)
2010 Year End CAIDI Target	**86**
Non-Storm CAIDI	**80**
Storm CAIDI	**137**



2010 CAIDI Goals:

- ✓The 2009 Year End Normalized CAIDI Projection is based on Storm Normalization (fewer than expected Storm Customer Interruptions resulted in lower overall CAIDI)
- ✓The 2010 CAIDI Target is 1 minute less than the 2009 Normalized CAIDI Projection
- ✓The 2010 CAIDI Target is 1 minute less than the 5 year mean
- ✓Distinguished is 4% lower than Target
- ✓Threshold is 10% higher than Target

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2010 Safety Goals – OSHA Recordable Rate

- ✓ 2008 Industry Benchmarking (latest available)
  - Top Quartile – 1.66
  - Top Decile – 1.15
  - Best in Class – 0.43
  - Note: 2008 Benchmark data included two unidentified utilities in the EEI blind survey which are reported to be two small utilities
- ✓ EEI's Best-in-Class benchmark shows widespread variation from year-to-year
  - 2004=1.23; 2005=0.55; 2006=0.93; 2007=0.97; 2008=0.43
- ✓ 2009 ComEd OSHA Recordable Injury Rate Goals
  - *Target – 1.13*
  - *Threshold – 1.30*
  - *Distinguished – 1.08*
- ✓ Projected 2009 Year-end Rate as of 10+2 LE = 1.05
- ✓ Recommendation for 2010 ComEd OSHA Recordable Injury Rate Goals
  - ***Plan - 1.04***
  - ***Threshold - 1.25***
  - ***Distinguished - 0.99***

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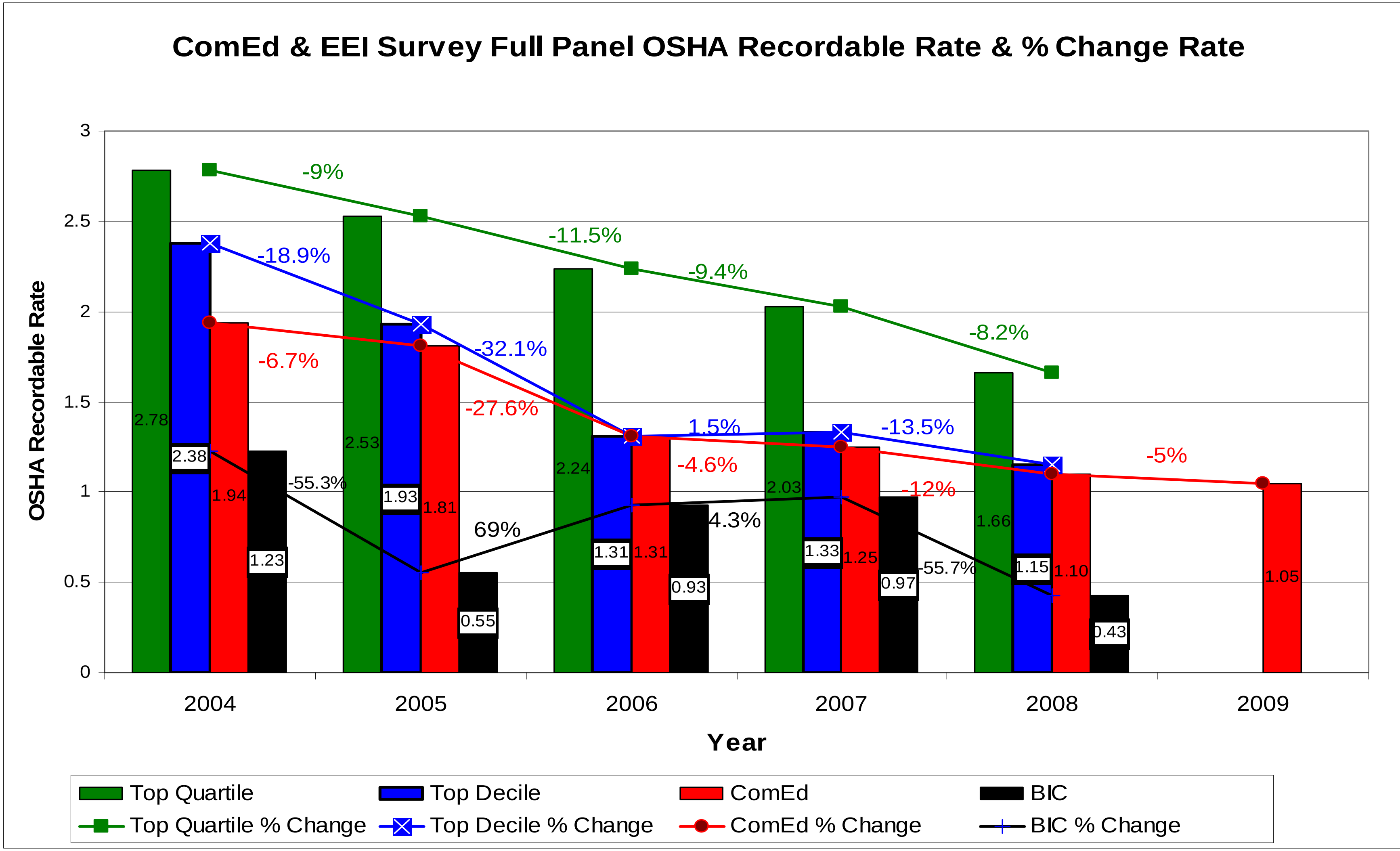
OSHA Recordable Rate of Change & 2009 Projection



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COMED 2010 FOCUSED INITIATIVES AND ENVIRONMENTAL INDEX

		Work Plan		Budget ($M)	
Operations Initiatives (Unit Based)	Gate	Units	Number	Source	Amount
Summer Critical Program	90% of Work Scope must be achieved	Summer Critical PDs	38	Multiple ITNs	$17.6
1% Circuit Program	90% of Work Scope must be achieved	1% - Circuits	127	ITN 11161	$4.9
URD Proactive Cable Replacement & Injection Program	90% of Work Scope must be achieved	Cable Replacement/ Inject URD Miles	145	ITN 4920	$20.8
12kV Distribution Automation Program	90% of Work Scope must be achieved	12KV - MCR and Tie Installations	180	ITN 40100	$6.9
Substation Transformer Maintenance Template Program	90% of Work Scope must be achieved	Transformer Template Work Orders	697	ITNs 4891 & 29184	$0.374
Vegetation Management - Distribution Circuits Completed	90% of Work Scope must be achieved	Circuits	1145	ITN 38459, 38461, 38462, 38464, 38465, 38466, 38468, 38471, 38472, 38473, 39416	$45.5
Vegetation Management - Transmission Lines Completed	90% of Work Scope must be achieved	Lines	44	ITN 38474, 38477, 38481, 38482	$3.5

		Work Plan		Budget ($M)	
Customer Initiatives (Unit Based)	Gate	Units	Number	Source	Amount
Revenue Protection	90% of Work Scope must be achieved	Complete the Revenue Protection plan - field orders	85,000	N/A	$11.7M Revenue

COMED 2010 FOCUSED INITIATIVES AND ENVIRONMENTAL INDEX

Customer Ops Initiatives	Gate	Description	Threshold	Target	Distinguished
Smart Meter Customer Satisfaction	N/A	Smart Meter Installation Satisfaction is the percent of customers satisfied with the smart meter installation process. The score is based on the results of telephone-administered surveys of randomly-selected residential and business customers who recently had their meter exchanged for a new smart meter. It is measured as the percent of survey respondents who are "satisfied" (% 6-10 ratings) on a 0-10 scale, where 0 is "extremely dissatisfied" and 10 is "extremely satisfied." Smart Meter Installation Satisfaction = Number of Survey Respondents Satisfied ÷ Total Number of Survey Respondents	88%	92%	96%
Customer Service Technology Improvements	2 of 3 Sub-goals must be met: ·achieve 25,000 mobile enabled transactions by end of 2010 ·increase Ebill enrollment by 25% from 2009 levels ·increase home banking enrollment by 25% from 2009 levels	Web enhancements - The target audience of ComEd.com are the ComEd residential and small commercial delivery services customers. Focusing on these customers, the website will provide tools so they can transact business on line and provide information about ComEd programs and services, with the aim of increasing customer satisfaction. More efficient business operations will be an additional benefit. Gates have been established to ensure specific types of transactions are increasing.	Increase in transactions of 2.0% over 2009	Increase in transactions of 3.5% over 2009	Increase in transactions of 5.0% over 2009

Environmental Initiatives	Gate	Description	Threshold	Target	Distinguished
GHG Net Emissions	N/A	The ComEd GHG program consists of tracking emissions and offsets. Emissions are associated with building energy usage, vehicle and emergency generators fuel usage, and SF6 emissions. Offsets are associated with industrial and office recycling, ComEd CARE, and prairie grass management. The ComEd GHG net emissions are determined by tracking emissions and subtracting off the offsets. GHG data is reported as a month lag.	65,033	56,550	53,723
Net MWhs Saved (EEPS Metric)	N/A	Net MWhs Saved (EEPS) - Is calculated on a monthly basis by determining the number of energy efficiency measures installed through the various programs and measuring the project MWHs savings. Installation Rates and Net-To-Gross Ratios will be applied based on the previous year's evaluation reports. This number will be ex-ante results.	312,339	312,339	312,339
Dollars/KWh (EEPS Metric)	N/A	Dollars/KWh (EEPS) - Is calculated by dividing the total ComEd expenditures of the portfolio by the Net MWHs saved.	0.19	0.17	0.16

KPI PERFORMANCE PAYOUT CALCULATIONS
2010 AIP YEAR-END RESULTS

Funding Goals	"Good" Direction	2010 Year-end Results*	Plan	On/Off Track	Performance (%)
ComEd Net Income Limiter	Higher	$451.3			102.9%
ComEd O&M Expense	Lower	$618.4	$647.4	ON Track	117.2%
ComEd Capital Expenditures	Lower	$656.9	$684.4	ON Track	110.3%
ComEd CAIDI	Lower	90	86	OFF Track	38.9%
ComEd SAIFI	Lower	0.94	0.97	ON Track	114.3%
ComEd OSHA	Lower	1.30	1.04	OFF Track	0.0%
ComEd Customer Satisfaction Index	Higher	81.5	80	ON Track	162.5%
Focused Initiatives and Environmental Index	Higher	113%	100%	ON Track	200.0%

PAYOUT FUNDING ASSUMPTIONS:

Threshold 25%	Plan 50%	Distinguished 200%
679.8	647.4	582.7
718.6	684.4	616.0
95	86	83
1.09	0.97	0.90
1.25	1.04	0.99
78	80	82
90%	100%	110%

NET INC LIMITER ASSUMPTIONS:

50%	100%	150%	200%
429	450	472	496

* Primary source for actual results is the performance indicator database. AIP results for O&M, Capital and the Focused Initiatives and Environmental Index are calculated on separate worksheets.

2010 Actual Year-end AIP O&M and Capital Calculation
(in millions of $)

Total O&M Costs	**1,069.2**
O&M Exclusions	
AIP Allocation	(30.0)
Fringe Allocation	(59.9)
Pension & Post Retirement Allocation	(125.5)
	(215.5)
Bad Debt	(34.5)
Allocated BSC	(84.4)
Stock Comp	(4.7)
Severance	(2.1)
Temp Services	(0.4)
PJM Studies	(0.5)
Revenue Protection	(5.0)
Tax Settlement offset in TOTI	(0.7)
Wireless Construction	(0.1)
AMI (Recoverable)	(6.2)
Storms	(19.3)
ARO	10.4
SAC-PE Rider Costs	(3.1)
EDA Rider Costs	(84.6)
Subtotal	**(450.7)**
2010 AIP O&M	**618.4**
Total Capital Costs	**942.5**
Capital Exclusions	
AIP Allocation	(22.9)
Fringe Allocation	(44.9)
Pension & Post Retirement Allocation	(91.6)
	(159.4)
Allocated BSC	(2.7)
Stock Comp	(1.2)
AFUDC	(5.5)
Revenue Protection	(0.1)
Storms	(8.5)
CSBD (West Loop II)	(21.8)
Acctg Change for Prepaid	(3.3)
ITC Approved Capital	(1.4)
Transmission System Investment	(81.6)
Subtotal	**(285.6)**
2010 AIP Capital	**656.9**

COMED ACTUAL YE 2010 AIP FOCUSED INITIATIVES and ENVIRONMENTAL INDEX

	Threshold	Plan	Distinguished
PM	0.90	1.00	1.10
PM %	90%	100%	110%
2010 Payout	25%	50%	200%

Performance Legend

(red)	< Threshold
(yellow)	>= Threshold, < Plan
(light green)	>= Plan, < Distinguished
(dark green)	> Distinguished

AIP Focused Initiative Ops - Unit and Cost Based	Gate	% Work Completed	% Budget Expended	PM	Executive Owner	Gate Met?
2010 Summer Critical	90% of Work Scope must be achieved	100%	73%	1.37	Donnelly	Yes
1% Circuit Program (SAIFI/CAIFI & CAIDI)	90% of Work Scope must be achieved	100%	71%	1.41	Donnelly	Yes
URD Proactive Cable Replacement / Injection	90% of Work Scope must be achieved	110%	103%	1.07	Donnelly	Yes
12 kV Distribution Automation	90% of Work Scope must be achieved	100%	99%	1.01	Donnelly	Yes
Substation Transformer Maintenance Templates	90% of Work Scope must be achieved	107%	106%	1.01	Donnelly	Yes
Veg. Management - Distribution Circuits Completed	90% of Work Scope must be achieved	100%	85%	1.18	Donnelly	Yes
Veg. Management - Transmission Lines Completed	90% of Work Scope must be achieved	107%	94%	1.14	Donnelly	Yes

AIP Focused Initiative - Unit and Cost Based	Gate	% Revenue Billed	% Work Completed	PM	Executive Owner	Gate Met?
Revenue Protection	90% of Work Scope must be achieved	140%	108%	1.30	Marquez	Yes

COMED ACTUAL YE 2010 AIP FOCUSED INITIATIVES and ENVIRONMENTAL INDEX

	Threshold	Plan	Distinguished
PM	0.90	1.00	1.10
PM %	90%	100%	110%
2010 Payout	25%	50%	200%

Performance Legend

Red	< Threshold
Yellow	>= Threshold, < Plan
Light green	>= Plan, < Distinguished
Dark green	> Distinguished

AIP Focused Initiative - Customer Ops	Gate	90% Threshold	100% Plan	110% Distinguished	Actual YE Performance	PM	Executive Owner	Gate Met?
Smart Meter Customer Satisfaction	N/A	88%	92%	96%	89.4%	93.5%	Marquez	N/A
Customer Service Technology Improvements	2 of 3 Sub-goals must be met: ·achieve 25,000 mobile enabled transactions by end of 2010 ·increase Ebill enrollment by 25% from 2009 levels ·increase home banking enrollment by 25% from 2009 levels	Increase in transactions of 2.0% over 2009 102%	Increase in transactions of 3.5% over 2009 103.5%	Increase in transactions of 5.0% over 2009 105%	128.2%	110%	Marquez	Yes

AIP Environmental Index	Gate	90% Threshold	100% Plan	110% Distinguished	Actual YE Performance	PM	Executive Owner	Gate Met?
GHG Net Emissions	N/A	65,033	56,550	53,723	(16,230)	110%	Donnelly	N/A
Net MWhs Saved (EEPS Metric)	N/A	312,339	312,339	312,339	387,654	100%	Pramaggiore / Jensen	N/A
Dollars/KWh (EEPS Metric)	N/A	0.19	0.17	0.16	0.134	110%	Pramaggiore / Jensen	N/A

Combined Performance Calculation

Sum of 8 Individual PM Scores				9.48
Sum of 2 Individual Customer PM Scores				2.04
Sum of 3 Individual Environmental PM Scores				3.20
Divided by: Number of Initiatives				13
Combined Performance Score (Sum of PMs/ 13)		N/A	N/A	**1.13**

The following table describes the performance scale and result for the 2010 goals:

Exelon, Generation, and PECO

2010 Goals	Threshold	Plan	Distinguished	2010 Results	Payout as a Percentage of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 3.35	$ 3.70	$ 4.30	$ 4.11	152.5%
Adjusted Generation Net Income ($M)	$ 1,623	$ 1,803	$ 2,092	$1,960.4	131.7%
Adjusted PECO Net Income ($M)	$ 261.9	$ 290.9	$ 334.9	$ 352.5	200.0%
Exelon Nuclear Fleet-Wide Capacity Factor	91.5%	93.5%	94.7%	93.9%	104.1%
Adjusted PECO Total Cost ($M)	$ 991.4	$ 944.2	$ 849.8	$ 871.8	165.1%
Adjusted BSC Total Cost ($M)	$ 631.5	$ 601.4	$ 541.3	$ 577.6	109.4%
PECO Reliability Measure—Customer Average Interruption Duration Index (CAIDI) (minutes per outage)	95	88	84	95	25.0%
PECO Reliability Measure—System Average Interruption Frequency Index (SAIFI) (outages per customer)	0.99	0.84	0.75	0.83	66.7%
PECO Reliability Measure—Reduction in Gas Facility Service Record Inaccuracy	50,000	55,000	60,000	60,147	200.0%
PECO Safety Measure—Occupational Safety and Health Administration (OSHA) Recordable Rate	1.68	1.04	0.99	0.87	200.0%
PECO Customer Satisfaction (weighted combined score of residential, small business and large business customers)	79.0	81.2	83.0	82.1	126.5%
PECO Focused Initiatives & Environmental Index	90%	100%	110%	147.5%	200.0%
Adjusted Nuclear, Power, Power Team & Generation Corporate Operating Expense	$ 1,869	$ 1,780	$ 1,602	$1,766.4	61.4%

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
Citizens Utility Board ("CUB") Data Requests
CUB 2.01 – 2.08
Date Received: December 15, 2011
Date Served: December 21, 2011

REQUEST NO. CUB 2.07:

Refer to Schedule C-19. Please confirm that actual property taxes for 2010 is $19.323 million for Total Company and $15.153 million for Jurisdictional. Provide all workpapers and calculations to support these amounts. If any of these numbers is not the actual 2010 amount, provide the actual amount.

RESPONSE:

ComEd's property taxes reflected on Schedule C-19 are broken down and calculated as follows:

Total Company Property Taxes 2010 (1)	$ 22,519,000
Total Company Property Taxes 2009 and Prior Years (1)	(3,196,000)
Sub Total - Total Property Taxes Expensed on ComEd's books in 2010	$ 19,323,000
Net Plant Allocator (2)	78.42%
Jurisdictional Property Taxes	$ 15,153,000

(1) ComEd 2010 FERC Form 1, page 263.1, column (i), lines 34 and 35
(2) Net Plant Allocator - WPA-5, page 2, column (E), line 3.

ICC Docket No. 11-0721

Commonwealth Edison Company's Response to
Citizens Utility Board ("CUB") Data Requests
CUB 3.01 – 3.04
Date Received: December 29, 2011
Date Served: January 12, 2012

REQUEST NO. CUB 3.01:

Property tax expense allocation. Refer to ComEd Testimony ComEd Ex 2.0 Page 30, Lines 615 to 618, and to the Company's response to CUB 2.07.

a. ComEd confirmed that by using Net Plant Allocator, the Company property taxes for 2010 is $19.323 million for total company and $15.153 million for jurisdictional, using a 78.42% allocation factor based on net plant.
b. Please show in detail the jurisdictional allocation that would result from applying the same methodology used in ComEd's rate case, Docket No. 10-0467, Schedule C-19, where ComEd showed Total Company real estate taxes of $19.840 million and Jurisdictional real estate taxes of $12.124 million, indicating a composite jurisdictional allocation of 61.11%.
c. Please show the calculation in detail what the change to the Company's proposed property taxes for total company and jurisdictional would be if the previously used allocators were applied to the $19.323 million of total Company property taxes for 2010. Include supporting workpapers.

RESPONSE:

a. Yes. The amounts are correct.

b. ComEd has not completed the study for 2010 nor have the allocators been updated. Assuming the same allocation of 61.11%, the real estate taxes assigned to delivery service would be $11.81 million.

In millions
$19.323
x 61.11%
$11.808

c. Using the same calculation of 2010 real estate taxes as shown in subpart (b), the difference in 2010 jurisdictional real estate taxes would be a decrease of $3.34 million if the methodology used in ICC Docket No. 10-0467 had been used in ICC Docket No. 11-0721. Note that as described in ComEd's response to part b, the study has not been performed for 2010 nor have the allocators been updated.

In millions
$15.153
$11.808
$3.345

ICC Docket No. 11-0721

**Commonwealth Edison Company's Response to
Citizens Utility Board ("CUB") Data Requests
CUB 3.01 – 3.04
Date Received: December 29, 2011
Date Served: January 12, 2012**

REQUEST NO. CUB 3.02:

Explain fully and in detail why the jurisdictional allocation of real estate taxes for the formula rate should not be required to be consistent with the allocation of real estate taxes in Com Ed's rate case, Docket 10-0467.

RESPONSE:

As described in the direct testimony of Kathryn Houtsma, ComEd Ex. 2.0 at 30: 615 - 618 this method is consistent with the method used in ComEd's transmission formula rate and results in full cost recovery. Applying two different allocation methodologies would result in either an under or over recovery of costs.

The real estate tax allocation method applied in Docket 10-0467 did not necessarily produce a more accurate jurisdictional allocation than what ComEd has proposed in this instant proceeding. In Docket 10-0467 the property taxes on Rights of Way and Substation property, which represented 72% of the 2009 real estate taxes, were allocated to Transmission and Delivery Service using an allocator based on a study of General Communication Equipment (Account 397) locations. The study resulted in an allocation of Communications Equipment of 44.6% to Transmission and 55.4% to Delivery service. This study was valid for the functional allocation of the costs of communication equipment. The overall Transmission and Distribution net plant allocator is a reasonable measure for allocating real estate taxes as it portrays the overall relationship between the overall investments made in transmission and distribution.