

**ICC Docket No. 11-0721**

**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 1, 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.

**RESPONSE:**

The liabilities for Accrued Vacation and Accrued Incentive Pay are current liabilities, and the impacts of both are considered in the calculation of cash working capital.

The reserves for Employee Litigation and Workers' Compensation are included as components of Operating Reserves, which is a deduction in determining rate base. These reserves are applied to the jurisdictional rate base using the Wages and Salaries Allocator, which is 89.22% in 2010. The reserves are shown on ComEd Ex. 4.1, Appendix 5, line 21.

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 ComEd Ex. 4.1, 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 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.

**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 5, 2012**

**REQUEST NO. AG 5.07:**

Referring to the Corrected Response to AG Data Request 2.06, please describe what the Reserve for Employee Litigation represents. The response should describe the nature of the expense and should explain how the expense accrual is determined, the account to which the expense is charged, and when payments are made in relation to when the expense is accrued.

**RESPONSE:**

The Accumulated Deferred Income Tax balance called Reserve for Employee Litigation shown in Schedule B-9 and referenced in ComEd's Corrected Response to AG 2.06 is mislabeled. As stated in ComEd's Corrected Response to AG 2.06, this ADIT balance is related to the current liability sub-account for Other Accrued Expenses. The sub-account is designated for costs incurred but which will not be invoiced or otherwise settled within the normal accounts payable cycle. Several years ago a major component of the Other Accrued Expenses sub-account was an accrued liability for a specific employee litigation case, but that liability has since been settled. ComEd's deferred income tax software will be updated to properly label the sub-account.

In 2010 there were two (2) items recorded through Other Accrued Expenses on a monthly basis. One item was Renewable Energy Credits that are settled once a quarter but recorded monthly. Renewable Energy Credits are charged to Purchased Power expense.

The other item recorded monthly was the estimated cost of a new benefit in 2010 for a profit-sharing contribution to employee 401K plans. The cost of the benefit is distributed to capital and to various O&M accounts based on payroll allocations. The liability was settled in February 2011 after the final amount of the profit-sharing benefit was determined.

**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 1.15:**

**Ref: ComEd Ex. 4.9, pages 3 and 19-20 (LTI Restricted Stock Awards).**

Please provide, for calendar year 2010, the following information regarding LTI Restricted Stock program expenses:

- a. Identify each of the Key Managers within each Exelon business unit for whom ComEd recorded expenses in 2010 associated with the LTI Restricted Stock Award Program.
- b. Provide the amounts of restricted stock grants, in shares and dollar value, awarded to each of the individuals named in your response to part (a).
- c. Explain in detail each of the performance criteria that were employed to determine the stock grant amounts for each individual identified in your response to part (a).
- d. Provide the monthly accruals to expense and other accounts, by FERC Account, associated with ComEd's charges associated with the Exelon LTI Restricted Stock Plan.
- e. Explain why the portion of total 2010 accrued expense for LTI Restricted Stock that is included in the Company's asserted revenue requirement, at page 3, is believed to be reasonable, indicating the basis for such recovery in light of statutory criteria.

**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 would constitute an invasion of the privacy of the individuals involved. Subject to and without waiving this objection, the amounts provided on page 3 of ComEd Ex. 4.9 represent Restricted Stock awarded to 137 ComEd Key Managers and Directors.
- b. A total of 53,670 shares were awarded to the Key Managers and Directors discussed in part a with a grant price of \$46.09/share.
- 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 would constitute an invasion of the privacy of the individuals involved. Subject to and without waiving this objection, ComEd notes that while individual performance may apply in the determination of the amount of specific awards, the primary objective of the program is to attract and retain key employees.
- d. Please see ComEd's Response to Staff Data Request TEE 1.08 and its attachment labeled as TEE 1.08\_Attach 1 for the monthly LTI Restricted Stock Plan accruals to expense.

- e. Key manager compensation is a combination of base salary, AIP subject to achievement of operational metrics, and Restricted Stock awards. The restricted stock program is designed to attract and retain talented employees to contribute to the continued reliable delivery of electricity. To assure that compensation is set at market rates, the annual incentive compensation levels, including the use of restricted stock as a form of compensation, are also reviewed on a periodic basis by Towers Watson.

**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	<u>53,234,335</u>
True-Up	<u>129,507</u>

- 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.

<b>ComEd 2010 Funding KPIs</b>	<b>Goal Weight</b>	<b>KPI Performance Payout %</b>	<b>Funding KPI Payout %</b> (Goal Weight x Payout %)
<b>ComEd O&amp;M Expense</b>	25%	117.2%	29.3%
<b>ComEd Capital Expenditures</b>	25%	110.3%	27.6%
<b>ComEd Operational KPIs</b>			
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%
<b>Total ComEd Funding KPI Performance - before adjustments</b>	<b>100%</b>		<b>110.3%</b>
<b>ComEd Funding KPI Performance - after application of the CEO Discretionary Feature</b>			<b>112.1%</b> [1]
<b>Operating Net Income Limiter</b>			112.9% [2]
<b>Total ComEd 2010 Payout Percentage - after application of the Net Income Limiter</b>			<b>112.1%</b>

[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)	Plan	Distinguished	Actual through 12/31/2010	Performance	% Result
	25% Payout Level	50% Payout Level	200% Payout Level			
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	
	= Plan/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.



# 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

## 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															
<p>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).</p> <p style="text-align: center;"><b>2011 Target Incentive Opportunity</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #c00000; color: white;">Grade Level</th> <th style="background-color: #c00000; color: white;">Target % (of Employee's Salary)</th> </tr> </thead> <tbody> <tr><td>E06</td><td>30%</td></tr> <tr><td>E05</td><td>25%</td></tr> <tr><td>E04</td><td>20%</td></tr> <tr><td>E03</td><td>15%</td></tr> <tr><td>E02</td><td>10%</td></tr> <tr><td>E01</td><td>7%</td></tr> <tr><td>Salaried Non-Exempt</td><td>7%</td></tr> </tbody> </table> <p><i>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).</i></p>	Grade Level	Target % (of Employee's Salary)	E06	30%	E05	25%	E04	20%	E03	15%	E02	10%	E01	7%	Salaried Non-Exempt	7%			<p>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.</p> <p><i>(See breakout boxes for more information about the ComEd Funding and functional area Allocation KPIs)</i></p>		<p>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.</p> <p><i>*Certain employees designated by a business unit (e.g., bargaining unit) do not have an IPM.</i></p> <p><i>**The IPM range for Corporate and Senior Subsidiary Officers is 50 percent to 110 percent.</i></p>		
Grade Level	Target % (of Employee's Salary)																						
E06	30%																						
E05	25%																						
E04	20%																						
E03	15%																						
E02	10%																						
E01	7%																						
Salaried Non-Exempt	7%																						

## 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.

Position <sup>(1)</sup>	Example	Corporate (Exelon)	Operating Company and Business Unit KPIs		
		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

<sup>(1)</sup> 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 <sup>1</sup>

	Threshold	Target	Distinguished	Goal Weight
	50%	100%	200%	
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 <sup>2</sup>	1.09	0.94	0.90	10%
CAIDI 2.5 Beta Method Outage Duration <sup>2</sup>	95	89	85	10%
Focused Initiatives & Environmental Index	90%	100%	110%	15%
Customer Satisfaction Index	79	81	83	5%

<sup>1</sup> 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.

<sup>2</sup> 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	Operating Net Income			After Net Income Limiter Applied	
Composite Payout of ComEd Funding KPIs	Actual Performance	Performance %	Net Income Payout Limit %	Composite Payout of ComEd Funding KPIs	
< 100% (Below Target)	Not Applicable			Actual Composite Payout %	NI Limiter does not apply because composite payout % is $\leq$ 100%
100%	\$ 390.0 M	100%	120%	100%	NI Limiter does not apply because actual composite payout $\leq$ 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 $\leq$ 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 $\leq$ 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 <sup>(1)</sup> 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. <sup>(2)</sup>

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

<sup>(2)</sup> 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.

## What Happens if Your Status Changes During 2011

Status change	Impact on your award
New participant	A prorated award <sup>(1)</sup> 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 <sup>(1)</sup> for any unpaid leave. <sup>(2)</sup>
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 <sup>(3)</sup> and/or unpaid leave, or death	A prorated award <sup>(1), (4)</sup> 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 <sup>(1), (4)</sup> , 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

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):				
<b>Step 1A - Calculate the performance of ComEd Funding KPIs</b>  25% Funding on ComEd O&M Expense KPI 25% Funding on ComEd Capital Spend KPI  50% Funding on ComEd Operational KPIs	<b>ComEd Funding KPIs</b>	<b>Goal Weight</b>	<b>KPI Performance / Payout %</b>	<b>Preliminary Weighted Payout % (Goal Weight x Payout %)</b>
	ComEd O&M Expense	25%	100.0%	25.0%
	ComEd Capital Expenditures	25%	100.0%	25.0%
	<b>ComEd Operational KPIs</b>			
	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%
	<b>Total ComEd Funding KPI Performance</b>	<b>100%</b>		<b>115.0%</b>
<b>Step 1B - Apply Significant Event Curtailment, if applicable, to the Total Funding KPI Payout. In this case, no curtailment has occurred.</b>				
Company Performance Multiplier (CPM)	Company Performance Multiplier			115.0%
<b>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%.</b>				
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%	
<b>Step 2: Calculate the base award:</b>				
Step 2 - Multiply the target incentive opportunity of \$10,500 by the Final CPM	Preliminary AIP Award	Target Incentive Opportunity	CPM	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.	\$12,075	\$10,500	115.0%	\$12,075
<b>Step 3: Apply the individual performance multiplier (IPM) to the base award to determine the final AIP award:</b>				
Step 3 - Multiply the base award by the IPM. The IPM can range between 50% and 120%.				
IPM Example 1 - Final AIP Award	IPM Example 1 - the employee's IPM is 90%	Preliminary AIP Award	IPM	Final AIP Award
		\$12,075	90%	\$10,868
IPM Example 2 - Final AIP Award	IPM Example 2 - the employee's IPM is 100%	Preliminary AIP Award	IPM	Final AIP Award
		\$12,075	100%	\$12,075
IPM Example 3 - Final AIP Award	IPM Example 3 - the employee's IPM is 110%	Preliminary AIP Award	IPM	Final AIP Award
		\$12,075	110%	\$13,283

**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 1.14:**

**Ref: ComEd Ex. 4.9, pages 2 and 19-20 (LTIP Plan 2010 Milestones).**

Please provide, for calendar year 2010, the following information regarding LTIP expenses:

- a. Complete and detailed calculations of the Company's actual performance, relative to each of the 2010 Milestones identified on page 19.
- b. Using the information in your response to part (a), explain how 2010 performance translated into overall LTIP award amounts payable for the year.
- c. Explain how the "Three-Year Payout Schedule" on page 19 was applied to determine the total LTIP amount associated with calendar 2010.
- d. Provide the monthly accruals to expense associated with ComEd's LTIP Plan liability and information required to reconcile accruals in calendar 2010 to the amounts actually payable under the plan for 2010 and in later years.
- e. Explain why the portion of total 2010 accrued expense for LTIP that is included in the Company's asserted revenue requirement, at page 2, is believed to be reasonable, indicating the basis for such recovery in light of statutory criteria.

**RESPONSE:**

- a. In the attachment labeled as AG 1.14\_Attach 1 is ComEd's performance relative to each of the 2010 Milestones, however, no LTIP was awarded for 2010. As described in ComEd's Data Request Response to AG 1.13, 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 Long-Term Incentive Program for leadership should be applied to AIP payouts to all ComEd employees. Because there was not an Executive LTIP award in 2010 no calculations were performed.
- b. As stated in ComEd's response to subpart (a), there was no 2010 Executive LTIP awarded and therefore no amount payable for 2010 performance.
- c. As stated in ComEd's response to subpart (a) there was no Executive 2010 LTIP awarded. The accrual and payments for 2008 and 2009 LTIP work are described in detail in part d below.
- d. Please see ComEd's Response to Staff Data Request TEE 1.08 and its attachment labeled as TEE 1.08\_Attach 1 for the monthly LTIP accruals to expense. ComEd Ex. 4.9, Page 2 shows amounts accrued in 2010 under ComEd's Executive LTIP Plan. Using the accrual method of accounting, Executive LTIP amounts accrued in calendar year 2010 relate to the plans in effect for the 2008, 2009, and 2010 plan periods.

<b>Plan Year</b>	<b>Amount Accrued in 2010</b>	<b>Amount Paid February 2011</b>
2008	\$ 951	\$ 2,370
2009	\$ 839	\$1,900
2010	\$ 0	\$ 0
<b>Total</b>	<b>\$ 1,790</b>	<b>\$ 4,270</b>

Amounts are accrued based on employee vesting and expected timing of eligibility for retirement. For example, if an employee is retiree eligible in the first year of a plan period, their full award is accrued in that year though payments still follow the three-year payout schedule. If an employee is not retiree eligible until after the plan period, their award is accrued on a straight line basis for thirty six months while also following the three-year payout schedule. As the full amount of each plan's award is established at the beginning of the plan, ComEd's accrual at the end of each calendar year will be reflective of the amount earned and ultimately paid out per the three-year payout schedule.

- e. Amounts accrued in 2010 for 2008 and 2009 were adjusted to remove amounts related to the Net Income goal (*See* ComEd Ex. 4.9, page 2, lines 10-12.). This conforms with both the Final Order in ICC Docket No. 10-0467 and criteria outlined in Section 16-108.5(c)(4)(a) of the legislation.

Long-Term Incentive Program Goals	Weight	Performance Cycle Target	Year 1 Milestones	2010 Actual	2010 Actual versus Plan
ComEd Total Cost (O&M and Capital)	25.0%	ComEd will manage its costs such that controllable Total Costs remain relatively flat year over year out to 2013.	ComEd Total Cost <sup>1</sup> at \$1,331.8M (Threshold: \$1,398.4 / Distinguished: \$1,198.7)	\$1,275.3	Above Plan / Below Distinguished
ComEd SAIFI, CAIDI, and OSHA Recordable	25.0%	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.	ComEd SAIFI 2.5 Beta Method <sup>2</sup> - 0.97 (Threshold: 1.09 / Distinguished: 0.90) ComEd CAIDI 2.5 Beta Method <sup>2</sup> - 86 (Threshold: 95 / Distinguished: 83) OSHA Recordable - 1.04 (Threshold: 1.25 / Distinguished: 0.99)	0.94 90 1.30	Above Plan / Below Distinguished Below Plan / Above Threshold Below Threshold
Operational Performance Index	15.0%	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.	Complete IT Project work and begin assessment of current performance metrics		On Plan
Employee Engagement Index / Employee Communication Index	10.0%	Increase Employee Engagement 2% each year / Develop Employee Communication Index, establish baseline and stretch goals each year.	<ul style="list-style-type: none"> <li>Employee Engagement Index - 68%</li> <li>Employee Communication Index - Establish a Baseline Index and Targets</li> </ul>	Refer to Performance Summary for OPI, Employee Engagement and Environmental Milestones	Below Plan / Above Threshold
Meet ComEd Goals related to Exelon 2020	25.0%	By 2013, ComEd will meet or exceed each of its annual commitments to support Exelon 2020.	<ul style="list-style-type: none"> <li>Achieve GHG Net Emissions of 56,550 metric tons 2010</li> <li>Achieve ISO 14001 Certification in 2010</li> <li>Smart Grid Goal: Complete implementation of smart meter pilot in our service territories. Assess results and customer satisfaction levels. Evaluate</li> </ul>		Above Plan / Below Distinguished

<sup>1</sup> As defined in the AIP plan

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

**Second Set of Data Requests  
January 31, 2012**

**ComEd →CUB 2.01** In order to be consistent with your view of prior Commission practice, should ComEd's AIP always be recovered in rates at a level of 100% of target? If your answer is anything other than an unqualified "yes," please explain in detail why a rate other than 100% of target is appropriate and consistent with the other positions taken in your testimony.

**RESPONSE**

No. Any AIP increases that are based on net income or on discretionary management decisions to provide additional amounts of AIP beyond the amounts specified in the written plan formulas should be disallowed. Additionally, the maximum amount of AIP allowed for ratemaking purposes should be capped at 100 percent, no amount above 100 percent of non-income based targets should be allowed.

**Second Set of Data Requests  
January 31, 2012**

**ComEd →CUB 2.02** In order to be consistent with your view of prior Commission practice, and to be consistent across incentive compensation programs, should ComEd's 2010 Executive LTIP performance be adjusted to reflect a normal level of achievement? If your answer is anything other than an unqualified "yes," please explain in detail why use of unadjusted performance is appropriate and consistent with other positions taken in your testimony.

**RESPONSE**

CUB objects to this question as vague, since it does not define what other "incentive compensation programs" the Company is referring to. Without waiving the objection, the following response is provided: No. Any Executive LTIP amounts that are based on net income or on discretionary management decisions to provide additional amounts of rewards beyond the amounts specified in the written plan formulas should be disallowed. The maximum amount of incentive compensation allowed for ratemaking purposes should be capped at 100 percent; regardless of performance, no amount above 100 percent of non-income based incentive compensation targets should be allowed. Mr. Smith believes that incentive compensation for certain executives has traditionally been removed in ComEd rate cases; the formula rate plan should not result in traditionally removed executive compensation now being charged to ratepayers.

**Second Set of Data Requests  
January 31, 2012**

**ComEd →CUB 2.03** In order to be consistent with your view of prior Commission practice, and to be consistent across incentive compensation programs, should ComEd's Executive LTIP also always be recovered in rates at a level of 100% of target? If your answer is anything other than an unqualified "yes," please explain in detail why a rate other than 100% of target is appropriate and consistent with the other positions taken in your testimony.

**RESPONSE**

CUB objects to this question as vague, since it does not define what other "incentive compensation programs" the Company is referring to. Without waiving the objection, the following response is provided: No, see the responses to ComEd →CUB 2.01 and 2.02 for explanations.