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

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OFFICIAL FILE
I.C.C. DOCKET NO. 11-0721
CUB Exhibit No. 1.3
Witness Ralph Smith
Date 3/12/12 Reporter TO

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.

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.

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.

ICC Dkt. No. 11-0721
ST 1.01_Attach 1
2009 EPS Ledger

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

Exelon

Corporate Policy
Human Resources

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

Exelon

HR-AC-37

Corporate Policy
Human Resources

Page 1 of 5
Effective: 10/1/09

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 sole 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

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.