

ICC Docket No. 11-0721 (ON REHEARING)

**Commonwealth Edison Company's Response to  
Citizens Utility Board ("CUB") Data Requests  
REHEARING CUB 6.01 – 6.02  
Date Received: July 30, 2012  
Date Served: August 2, 2012**

**REQUEST NO. REHEARING CUB 6.01:**

Refer to the attached page 29 from the August 2012 *Journal of Accountancy* which has an advertisement for Duke Energy Premier Notes® (CUB 6th Set Attachment 1) and to the description at <http://www.duke-energy.com/investors/individual-investors/premiernotes-investment.asp> for Duke Energy Premier Notes® (CUB 6th Set Attachment 2).

- a. Does ComEd or Exelon have a similar program in place? If not, explain fully why not. If so, provide a description of the program and the current rates.
- b. Has anyone at ComEd or Exelon investigated whether ComEd or Exelon could develop or implement a similar program for obtaining financing? If not, explain fully why not. If so, describe the status of the development of a similar financing program.
- c. Does ComEd agree that the Duke Energy Premier Notes® is an innovative way for a public utility to obtain relatively low-cost financing? If not, explain fully why not.
- d. How long would it take ComEd or Exelon to develop a similar financing program?
- e. How does the percentage interest rates being advertised by Duke compare to ComEd's short-term financing cost from each of the following potential sources: (1) short-term debt/commercial paper; (2) line of credit borrowings (including line of credit maintenance costs; (3) inter-corporate cash fund loans; (4) one to two-year bank loans/notes?
- f. What is ComEd's current cost of short-term financing cost from each of the following potential sources: (1) short-term debt/commercial paper; (2) line of credit borrowings (including line of credit maintenance costs; (3) inter-corporate cash fund loans; (4) one to two-year bank loans/notes?

 11-0721 CUB 6th Set Attachment 1.pdf    
  11-0721 CUB 6th Set Attachment 2.pdf

Date 8/2/12  
 Reporter [Signature]  
 Witness [Signature]  
 CUB 6th Set  
 EXHIBIT NO. [Signature]  
 I.C.C. DOCKET NO. 11-0721  
**OFFICIAL FILE**

**RESPONSE:**

Consistent with Paragraph 8 of ComEd's General Objections, ComEd objects to this request to the extent it seeks information relating to its parent company, Exelon, which is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence in this docket. Subject to this objection and ComEd's General Objections, ComEd responds as follows:

- a. No, ComEd does not have a similar program in place. First, Duke Energy is paying significantly more for short-term borrowing costs than ComEd pays its' lenders. Compared to ComEd's rates for commercial paper, this program costs approximately 100 basis points more than what ComEd currently pays. This program would not fit in with one of our core

financing strategies, which is to achieve a lower cost of capital on behalf of our ratepayers. Additionally, commercial paper offers flexibility in that ComEd does not have to borrow money when it has sufficient cash on hand. Under this program, Duke Energy is borrowing money when it doesn't necessarily need capital. This makes capital permanent, which increase costs.

- b. ComEd routinely explores a variety of short-term and long-term alternatives to access the markets. Our focus is on utilizing lower cost financing vehicles, so this would not fit that strategy.
- c. ComEd would not classify this as low-cost relative to its current short-term financing plan. Please see a more comprehensive cost analysis in the response to subpart (e), below.
- d. ComEd would have to assess the cost and availability of internal and external resources during an assessment and analysis phase before opining on how long it would take to develop a similar financing program.
- e. Please see the attachment labeled as REHEARING CUB 6.01\_Attach 1
- f. Please see the attachment labeled as REHEARING CUB 6.01\_Attach 1.

Short-term Borrowing Option	ComEd Rates*		Duke Energy Premier Notes	ComEd Rate compared to Duke Premier Notes
	Term	Rate		
Commercial Paper Issuance	Overnight	.40%	1.50%	-1.10%
	2 weeks	.45%		-1.05%
	1 month	.50%		-1.00%
	2 months	.55%		-0.95%
Line of credit borrowings (including line of credit maintenance fees)	Base borrowing rate = L+150 bps L = term of borrowing		1.50%	
	1 week	1.69%		.19%
	1 month	1.75%		.25%
	2 month	1.84%		.34%
	3 month	1.94%		.44%
Inter-corporate cash fund loans	N/A		1.50%	N/A
One to two-year bank loans/notes	FMB (L= 3m libor)		1.50%	
	1 yr L + 15-20 bps	.50% - .64%		-0.86%
	2 yr L + 25 bps	.69%		-0.81%
	Unsecured (L=3m libor)			
	1 yr L + 30-35 bps	.74% - .79%		-0.71%
	2 yr L + 40 bps	.84%		-0.66%

\* Libor rates used as of 7/30/12

- 1 week = .19%
- 1 month = .25%
- 2 month = .34%
- 3 month = .44%