

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

**Commonwealth Edison Company** :  
: **02-0206**  
**Petition pursuant to Section 7-101 of the** :  
**Public Utilities Act for consent to enter** :  
**into a commercial paper dealer agreement** :  
**to which an affiliated interest is a party.** :

**ORDER**

By the Commission:

On March 18, 2002, Commonwealth Edison Company (“ComEd”) filed with the Illinois Commerce Commission (“Commission”) a Verified Petition pursuant to Section 7-101 of the Public Utilities Act (the “Act”) (220 ILCS 5/7-101), for consent to enter into a commercial paper dealer agreement to which an affiliated interest is a party.

Pursuant to notice given in accordance with the law and the rules and regulations of the Commission, this matter came on for hearing before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois on April 12, 2002. ComEd was represented by counsel and presented the testimony of Charles S. Walls, Director of Cash Management for Exelon Business Services Company. Michael G. McNally of the Financial Analysis Division appeared on behalf of the Commission Staff (“Staff”). No Petitions for Leave to Intervene were filed. At the conclusion of the hearing on April 12, 2002, the record was marked “Heard and Taken.”

**I. The Petition**

ComEd is a direct subsidiary of Exelon Energy Delivery, LLC (“EED”), a company organized and existing under the laws of the State of Delaware, and an indirect subsidiary of Exelon Corporation (“Exelon”), a corporation organized and existing under the laws of the State of Pennsylvania. Accordingly, EED and Exelon are affiliated interests of ComEd as that term is defined in Section 7-101 of the Act.

Banc One Capital Markets, Inc. (“BOCM”), a registered broker-dealer headquartered in Chicago, Illinois and organized and existing under the laws of the State of Delaware, is an affiliate of Bank One Corporation (“Bank One”), a multi-bank holding company headquartered in Chicago and organized and existing under the laws of the State of Delaware. A director of Exelon is also a director of Bank One.

Accordingly, BOCM is an “affiliated interest” of ComEd as that term is defined in Section 7-101.

ComEd from time to time issues and sells various short-term notes and other financial instruments commonly referred to as “commercial paper” in order to meet its financing needs. This is a common and accepted method of corporate financing. Commercial paper financing is advantageous to ComEd as a means of raising funds for short-term needs and/or responding quickly to favorable market conditions. Corporations that issue commercial paper in the U.S. commercial paper market generally do so through the use of dealers, who act as a placement agent and/or a dealer for the company in connection with the issuance. The provision of services by commercial paper dealers is a highly competitive market and ComEd is able to obtain such services on competitive terms.

ComEd presently uses Lehman Brothers, Credit Suisse First Boston, Merrill Lynch and JP Morgan Securities as dealers in its commercial paper program. Although it intends to continue to use these dealers, ComEd desires to have an additional dealer available to handle the issuance of its commercial paper. ComEd has previously sought and received authority from the Commission to enter into a commercial paper dealer agreement with BOCM’s predecessor, First Chicago Capital Markets, Inc. ComEd anticipates issuing commercial paper in the future to assist in those issuances. ComEd seeks to enter into a new Commercial Paper Dealer Agreement (“Agreement”) with BOCM. A copy of the Agreement was submitted as an exhibit in this proceeding.

Under the terms of the Agreement, BOCM will have the option either to purchase or to arrange for the sale of ComEd notes issued. Prior to the issuance and delivery of the notes, ComEd and BOCM must agree on the terms of the purchase or sale of any note, including but not limited to, the date of issue, purchase price, principal amount, maturity and interest rate (in the case of interest-bearing notes) or discount thereof (in the case of notes issued on a discount basis). The notes shall be in a minimum denomination of \$250,000 or integral multiples of \$1,000 in excess thereof; will bear such interest rates, if interest bearing, or will be sold at such discount from their face amounts, as shall be agreed upon by BOCM and ComEd; shall have a maturity not exceeding 364 days from the date of issuance (exclusive of days of grace); and shall not contain any provision for extension, renewal or automatic “rollover.”

The affiliated relationship between ComEd and BOCM has had no effect on ComEd’s evaluation of whether to enter into the proposed agreement. ComEd will not be required to pay any fees to BOCM for entering into the agreement. However, ComEd will pay BOCM a fee equivalent to 5 basis points per trade, which is the standard fee paid to dealers in the commercial paper market if ComEd utilizes BOCM’s services. ComEd will obtain more than one quote before entering into any issuing and paying agreements with any of the dealers in its commercial paper program and will enter into an issuing and paying agreement only with the dealer who presents the lowest quote. Further, ComEd will file with the Commission copies of all commercial paper dealer agreements and issuing and paying agency agreements, if and when they are executed. ComEd also will preserve all documents related to its commercial paper

transactions in a manner consistent with the Commission's existing document retention policies that will allow the Commission to establish that ComEd's affiliation with BOCM will have no bearing on the compensation that BOCM receives.

Approval of the commercial paper dealer agreement under the circumstances set forth herein will assist ComEd in the redemption of its prior bond obligations, likely will result in an interest savings, and will ensure that ComEd can continue to conduct business and meet its obligations under the Act. Accordingly, the public would be inconvenienced by the granting of this Verified Petition.

ComEd requested expedited consideration of its Verified Petition and further requested that the hearing be waived.

## **II. Staff's Position**

At the hearing on April 12, 2002, Staff stated that it was not opposed to the Commission granting the Verified Petition.

## **III. Commission Analysis and Conclusion**

There are no contested issues of fact or law within the scope of the findings requested in this proceeding. Based on the evidence of record, the Commission concludes that ComEd's proposal is in the public interest and should be approved, pursuant to Section 7-101(3).

The Commission, having considered the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) Commonwealth Edison Company is a corporation organized and existing under the laws of the State of Illinois, is engaged in the business of providing electric service to customers in the State of Illinois and is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over Commonwealth Edison Company, a public utility as defined by Section 3-105 of the Act;
- (3) the recitals of fact and conclusions reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law;
- (4) the proposed transaction is in the public interest and the public will be inconvenienced thereby and ComEd's Verified Petition should, therefore, be approved.

IT IS THEREFORE ORDERED that the consent and approval of the Illinois Commerce Commission is granted to Commonwealth Edison Company to enter into the

commercial paper dealer agreement and to act in accordance with the terms and conditions of such agreement.

IT IS FURTHER ORDERED that approval is granted to Commonwealth Edison Company to do any and all other things not contrary to law that are necessary and appropriate for the performance of any and all acts authorized herein.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 8<sup>th</sup> Day of May, 2002.

(SIGNED) RICHARD L. MATHIAS

Chairman