

Commonwealth Edison Company's

Infrastructure Investment Plan

Attachment 1: 2012 Plan Review

April 1, 2013

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Executive Summary

Overview

On November 8, 2011, Commonwealth Edison Company (“ComEd”) filed its proposed performance-based formula rate, Rate DSPP – Delivery Service Pricing and Performance (“Rate DSPP”), with the Illinois Commerce Commission (“Commission”) pursuant to Section 16-108.5 of the Public Utilities Act (“Act”). The Commission commenced Docket No. 11-0721 to review that filing. In making that filing, ComEd confirmed that it elected to become a “participating utility”, and committed to undertake the investments described in Section 16-108.5(b) of the Act. Section 16-108.5(b) also called on ComEd, within 60 days of such filing, to submit a plan for satisfying its infrastructure investment program commitments, which must include information regarding scope, schedule and staffing. ComEd submitted its Infrastructure Investment Plan (“Plan”) to the Commission on January 6, 2012. Section 16-108.5(b) further requires ComEd, no later than April 1 of each subsequent year, to submit to the Commission a report that includes any updates to the Plan, a schedule for the next calendar year, the expenditures made for the prior calendar year and cumulatively, and the number of full-time equivalent jobs created for the prior calendar year and cumulatively.

Accordingly, ComEd submits to the Commission together with its 2013 Annual Update to the Plan (“2013 Annual Update”), this 2012 Plan Review, for informational purposes, as prescribed by the Act. Consistent with ComEd’s Plan, this 2012 Plan Review organizes individual projects under two broad categories of investment:

Reliability-Related Investments: Investments in electric system upgrades, modernization projects, and training facilities; and

Smart Grid-Related Investments: Investments in Smart Grid electric system upgrades and transmission and distribution infrastructure upgrades and modernization.

The results reflected in this 2012 Plan Review are consistent with, and subject to, the planning process and constraints described on pages 14-17 of the 2013 Annual Update.

During 2012 - the first year of the Plan - ComEd gained many insights in the implementation of specific programs, which now inform the estimates reflected in the 2013 Annual Update. Specifically, these insights have resulted in a current estimated net favorability of \$59 million over the ten-year course of the programs as compared to the initial cost estimates set forth in the Plan, while maintaining or actually increasing scope on certain programs. This favorability has resulted from, among other things, the benefit of bidding long-term contracts for definable scopes of work, refinement in unit rate defect estimates, and the alignment of communications infrastructure investments within the Smart Grid-related investments scope of work. In sum, these results provide helpful indicators that ComEd's Plan is on track, and further provide ComEd with the flexibility to respond to unforeseen challenges that may arise over the remaining nine years of Plan implementation.

Separately, certain scopes of work have been deferred or delayed as a result of the uncertainty in the regulatory process encountered during 2012, which is still

unresolved, and its continued impacts on the ability to recover the costs of investments under the Plan (“2012 Deferral”).

2012 Expenditure Summary

Overall, capital expenditures associated with Plan investments in 2012 were approximately \$68 million favorable to budget. Table A.1 presents, for each program area, actual 2012 and cumulative capital expenditures versus budgeted expenditures presented in ComEd’s original Plan, with corresponding explanations of differences. Note that, since 2012 was ComEd’s first year of Plan implementation, 2012 and cumulative values are the same. For sake of avoiding redundancy, these values are presented only once in Table A.1.

2012 Units of Work Summary

Table A.2 presents, for each program area, actual 2012 and cumulative units of work completed versus planned units of work presented in ComEd’s original Plan, with corresponding explanations of differences. Note that, since 2012 was ComEd’s first year of Plan implementation, 2012 and cumulative values are the same. For sake of avoiding redundancy, these values are presented only once in Table A.2.

Table A.1: 2012 and Cumulative Capital Expenditures vs. Budget

Program	Budgeted Capital (\$M)	Actual Capital (\$M)	Difference (\$M)	Comments
URD Injection and Replacement Program	\$59.1	\$58.8	-\$0.3	Investments proceeded as planned in 2012.
Mainline Cable System Refurbishment and Replacement Program	\$43.7	\$27.6	-\$16.1	The difference is due primarily to fewer manholes than planned requiring replacement.
Ridgeland 69kV Cable Program	\$8.0	\$6.5	-\$1.6	The difference is due to good existing duct conditions, minimal environmental and adjacent circuit issues, and minimal substation modifications.
Training Facilities Program	\$2.7	\$2.7	\$0.0	The Rockford Training Center was completed in 2012.
Wood Pole Program	\$6.2	\$6.8	\$0.6	The difference reflects a higher degree of complex installations of urban and suburban pole replacements than was originally planned and budgeted.
Storm Hardening Program	\$19.6	\$20.8	\$1.2	The difference is due primarily to overhead-to-underground projects pulled forward from 2013, and acceleration of engineering for 2013 projects.
Total Reliability-Related Investments	\$139.4	\$123.1	-\$16.3	
Distribution Automation (“DA”) Program	\$32.5	\$34.8	\$2.4	The difference reflects more complex DA device installations in 2012.
Substation Micro-Processor Relay Upgrade Program	\$9.3	\$6.7	-\$2.6	Program scope has not changed, but the timing of specific stations and the engineering to support have been adjusted which causes some variation year over year
Smart Meter Program	\$52.2	\$0.8	-\$51.4	ComEd anticipates that Smart Meter installations will not begin until 2015 due to the 2012 Deferral.
Total Smart Grid Related Investments	\$94.0	\$42.4	-\$51.6	
Total Plan Investments	\$233.4	\$165.5	-\$67.9	

Table A.2: 2012 and Cumulative Completed Units of Work vs. Plan

Program	Units of Work	Planned Units	Completed Units	Difference	Comments
URD Injection and Replacement Program	Miles of URD cable Injected	97	97	0	Work proceeded as planned in 2012
	Miles of URD cable Replaced	364	373	0	373 miles of URD were bored and installed in 2012. Of that, 299 miles were livened in 2012. As of April 1, 359 miles of URD installed in 2012 have been livened, with the remainder pending resolution of unique issues.
Mainline Cable System Refurbishment and Replacement Program	Number of manholes Assessed	4,420	8,008	3,588	More manholes were assessed than planned in order to develop an appropriate pool of work and also to develop process capability. Based on this experience in 2012, future year assessments are reduced in order to manage the age of resulting work orders.
	Miles of mainline cable Replaced	44	46	2	Work proceeded as planned in 2012
	Number of mainline sections Tested	117	120	3	Work proceeded as planned in 2012
Ridgeland 69kV Cable Program	Miles of 69kV Cable Replaced	3.2	3.2	0	Work proceeded as planned in 2012
Wood Pole Program	Number of wood poles Inspected	133,400	137,152	3,752	ComEd was able to complete more wood pole inspections than planned within the same budget as a result of favorable per unit pricing.
	Number of wood poles Replaced / Reinforced	2,500	2,738	238	ComEd replaced/reinforced more poles than originally planned in order to reduce the pre-2012 replacement backlog and eliminate the pre-2012 reinforcement backlog.
Distribution Automation Program	DA devices Installed	470	472	2	This minor difference is due to field conditions
Smart Meter Program	Smart Meters Installed	131,191	0	131,191	ComEd anticipates that Smart Meter installations will not begin until 2015 due to the 2012 Deferral.