

Designated Entity Pre-Qualification Materials

By

Exelon Corporation

On behalf of its affiliates

**Baltimore Gas and Electric Company, Commonwealth Edison Company, PECO Energy Company
and Exelon Transmission Company, LLC**

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4. **Technical and Engineering Qualifications**

Exelon and its affiliates are uniquely qualified in the engineering, development, construction, operation and maintenance of transmission facilities. Exelon, and its operating public utility companies, Baltimore Gas and Electric Company (“BGE”), Commonwealth Edison Company (“ComEd”), PECO Energy Company (“PECO”), and Exelon Transmission Company, LLC, and their public utilities subsidiaries and affiliates (collectively “Exelon”), have Supply, Transmission and Substation Engineering and Maintenance, Project Management, Environmental, Transmission Planning and Transmission Operation organizations dedicated to planning, constructing, maintaining and repairing transmission facilities. Exelon has in-house and contracting capability to support restoration, including during extreme events such as Hurricane Sandy where Exelon was able to use its geographically diverse workforce to assist its sister utilities in emergency restoration. Exelon has unique knowledge of the transmission systems in the service territories served by BGE, ComEd and PECO; familiarity with the communities served by its public utilities; experience in building, maintaining and siting transmission facilities in these communities; and access to funds to build and maintain new and existing transmission facilities. Exelon utilities are NERC registered Transmission Owners with Federally mandated reliability obligations. Exelon’s operating companies are public utilities in the following states:

BGE	Maryland
ComEd	Illinois
Commonwealth Edison Co. of IN	Indiana
PECO	Pennsylvania

Specific details are in the following:

Functions	BGE	ComEd	PECO
NERC Registered Transmission Owner	✓	✓	✓
Transmission Planning	✓	✓	✓
Transmission Operations	✓	✓	✓
- 24X7 Control Center	✓	✓	✓
- NERC Certified Operators	✓	✓	✓
Transmission & Substations	✓	✓	✓
Construction & Maintenance	✓	✓	✓
Emergency Response & Restoration	✓	✓	✓
Distribution Operations	✓	✓	✓
- 24X7 Control Center	✓	✓	✓
Project Management	✓	✓	✓
Real Estate Acquisition	✓	✓	✓
Spare Equipment Program	✓	✓	✓

5. Examples of Transmission Construction, Maintenance, and Operation Experience

Exelon has planned, constructed, maintained and operated transmission for decades. As of the end of 2012, Exelon owns

	<u>BGE</u>	<u>ComEd</u>	<u>PECO</u>
765kV Circuit	N/A	90 Miles	N/A
500kV Circuit	217 Miles	N/A	188 Miles
345kV Circuit	N/A	2,642 Miles	N/A
230kV Circuit	321 Miles	N/A	548 Miles
138kV Circuit	N/A	2,804 Miles	156 Miles
115kV circuit	749 Miles	N/A	N/A

A full list of transmission facilities is listed in the 2011 FERC Form No.1 (which is updated yearly) filings for BGE, ComEd, Commonwealth Edison Company of Indiana, Inc. and PECO. Copies of the FERC Form No.1 for each company can be found in Section 8. Below are a few more recent transmission projects.

- **Baltimore Gas and Electric Company**

- **Name of the Transmission Project:** High Ridge 230 kV Breaker and a Half Substation
- **Project Location (PJM / Outside PJM):** PJM

- **Description of the Project:** Rebuild an existing 230 kV switching substation into a breaker and a half gas-insulated substation. Connect seven 230KV existing lines and four existing 230/115kV transformers into the new station.
 - **Year in which the Project was planned:** 2007
 - **Year in which Right-of-Way Acquisition Completed:** ROW not required.
 - **Construction Period:** 2010 - 2012
 - **Targeted In-Service Date:** June 2012
 - **Actual In-Service Date:** June 2012
 - **Number of Years in Operation:** 1
- **Name of the Transmission Project:** Northwest II - Two 230 kV Ring Substations
- **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Construct two 230 kV ring substations and added two 500 MVA 230/115 kV transformers. Construct a new 115kV breaker and a half substation to accommodate the new transformers. Reconfigure several existing transmission circuits.
 - **Year in which the Project was planned:** 2007
 - **Year in which Right-of-Way Acquisition Completed:** ROW not required
 - **Construction Period:** 2010 - 2012
 - **Targeted In-Service Date:** June 2012
 - **Actual In-Service Date:** June 2012
 - **Number of Years in Operation:** 1
- **Name of the Transmission Project:** Conastone Transformer Replacement Project
- **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Replace both Conastone 500/230 kV transformer banks with larger transformers, and reconfigure both the 500kV and 230kV yards.
 - **Year in which the Project was planned:** 2005
 - **Year in which Right-of-Way Acquisition Completed:** ROW not required
 - **Construction Period:** 2007 - 2009
 - **Targeted In-Service Date:** June 2009
 - **Actual In-Service Date:** June 2009
 - **Number of Years in Operation:** 5
- **Name of the Transmission Project:** Waugh Chapel 500-230kV Phase 1
- **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Replace the Waugh Chapel 500/230 kV Transformer #1 with three single phase transformers and reconfigure the 500kV yard
 - **Year in which the Project was planned:** 2008
 - **Year in which Right-of-Way Acquisition Completed:** ROW not required
 - **Construction Period:** 2010 - 2012
 - **Targeted In-Service Date:** June 2012

- **Actual In-Service Date:** June 2012
- **Number of Years in Operation:** 1

- **Commonwealth Edison Company**

- **Name of the Transmission Project:** West Loop 345 kV
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Install a 345 kV, 4 Circuit Breaker GIS ring bus at West Loop substation with two 345 kV / 138 kV autotransformers, a 9.7 mile 345 kV transmission line from Crawford to West Loop, and a 3.0 mile 345 kV transmission line from Taylor to West Loop
 - **Year in which the Project was planned:** 2004
 - **Year in which Right-of-Way Acquisition Completed:** 2006
 - **Construction Period:** 2006 - 2008
 - **Targeted In-Service Date:** June 2008
 - **Actual In-Service Date:** April 2008
 - **Number of Years in Operation:** 5

- **Name of the Transmission Project:** West Loop Phase II (Fisk - Crawford)
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Install a 345 kV, 5 CB GIS ring bus at the Fisk Substation with two 345 kV / 138 kV autotransformers, a 4.7 mile 345 kV transmission line from the Crawford Substation to the Fisk substation, and a 2.0 mile 345 kV transmission line from the Taylor Substation to the Fisk Substation
 - **Year in which the Project was planned:** 2010
 - **Year in which Right-of-Way Acquisition Completed:** ROW not required
 - **Construction Period:** 2010 - 2011
 - **Targeted In-Service Date:** December 2011
 - **Actual In-Service Date:** November 2011
 - **Number of Years in Operation:** 2

- **Name of the Transmission Project:** Elmhurst Static Var Compensators
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Install two 300 MVAR SVCs at the Elmhurst Substation.
 - **Year in which the Project was planned:** 2008
 - **Year in which Right-of-Way Acquisition Completed:** N/A
 - **Construction Period:** 2009 - 2010
 - **Targeted In-Service Date:** June 2010
 - **Actual In-Service Date:** April 2010
 - **Number of Years in Operation:** 3

- **PECO Energy Company**

- **Name of the Transmission Project:** Center Point Substation
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Design and Construct a new 500/230kV substation that consists of a 500kV ring bus and a 230kV ring bus, a 500/230kV transformer and looping in a 500kV and a 230kV line into the new substation
 - **Year in which the Project was planned:** 2006
 - **Year in which Right-of-Way Acquisition Completed:** Existing Right-of-Way
 - **Construction Period:** 2008 - 2011
 - **Targeted In-Service Date:** June 2011
 - **Actual In-Service Date:** June 2011
 - **Number of Years in Operation:** 2

- **Name of the Transmission Project:** Whitpain – North Wales Reconductoring Project
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Replace the existing conductor of the 230kV Whitpain – North Wales (220-16) line with a conductor of a higher facility rating
 - **Year in which the Project was planned:** 2007
 - **Year in which Right-of-Way Acquisition Completed:** Existing Facility
 - **Construction Period:** 2009 - 2010
 - **Targeted In-Service Date:** June 2010
 - **Actual In-Service Date:** June 2010
 - **Number of Years in Operation:** 3

- **Name of the Transmission Project:** Heaton Transformer Project
 - **Project Location (PJM / Outside PJM):** PJM
 - **Description of the Project:** Installing a 2nd 230/138 transformer at the Heaton Substation
 - **Year in which the Project was planned:** 2009
 - **Year in which Right-of-Way Acquisition Completed:** Existing Substation
 - **Construction Period:** 2010 - 2011
 - **Targeted In-Service Date:** December 2011
 - **Actual In-Service Date:** October 2011
 - **Number of Years in Operation:** 2

6. 2013 Estimated Exelon Transmission and Distribution Construction Budgets

Exelon's commitment to the construction and maintenance of the transmission and distribution facilities within the PJM footprint is illustrated by the following construction budgets (for the fiscal year ended in December 31, 2012) in the Exelon 2012 Form 10-K annual report filed with the United States Securities and Exchange Commission.

- **BGE's Construction Budget**

"BGE's business is capital intensive and requires significant investments primarily in electric transmission and electric and natural gas distribution facilities to ensure the adequate capacity, reliability and efficiency of its system. BGE, as a transmission facilities owner, has various construction commitments under PJM's RTEP BGE's most recent estimate of capital expenditures for plant additions and improvements for 2013 is \$663 million, which includes capital expenditures related to the SGIP net of expected SGIG DOE reimbursements."

- **ComEd's Construction Budget**

"ComEd's business is capital intensive and requires significant investments primarily in energy transmission and distribution facilities, to ensure the adequate capacity, reliability and efficiency of its system. Based on PJM's RTEP, ComEd has various construction commitments ComEd's most recent estimate of capital expenditures for electric plant additions and improvements for 2013 is \$1,400 million, which includes RTEP projects and infrastructure modernization....."

- **PECO's Construction Budget**

"PECO's business is capital intensive and requires significant investments primarily in electric transmission and electric and natural gas distribution facilities to ensure the adequate capacity, reliability and efficiency of its system. PECO, as a transmission facilities owner, has various construction commitments under PJM's RTEP PECO's most recent estimate of capital expenditures for plant additions and improvements for 2013 is \$569 million, which includes RTEP projects and capital expenditures related to the smart meter and smart grid project net of expected SGIG DOE reimbursements."

7. Exelon Financial Qualifications

- **Financial Discipline**

Exelon is one of the best run companies in the electric industry. Exelon has the best low-cost, low-carbon generation fleet in the country, which Exelon operates with world-class efficiency. Exelon enjoys industry-leading scope and scale, a strong balance sheet and outstanding expertise in managing many risks. And Exelon adheres to the vision to be the best group of electric generation and electric and gas delivery companies in the United States.

- **Strong Balance Sheet / Credit Ratings**

Exelon has one of the largest, most diverse bank groups in the industry, providing the company with more than \$8 billion in liquidity.

Exelon protects value by ensuring investment grade credit ratings to help provide commercial business opportunities, manageable liquidity requirements, efficient capital markets access and business and financial flexibility.

- **Credit Rating of Exelon, BGE, ComEd and PECO**

Exelon	BBB/Baa2/BBB+ (S&P/Moody's/Fitch)
BGE	BBB+/Baa1/BBB
ComEd	BBB/Baa2/BBB-
PECO	BBB/A3/BBB+

- **Exelon 2012 Annual Report**

The report can be found at the Exelon Corporation website:

<http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9NDk4MDA5fENoaWxkSUQ9NTM3Mzc1fFR5cGU9MQ==&t=1>

- **Exelon 2012 Form 10-K Annual Report**

Exelon's 2012 Form 10-K annual report, for the fiscal year ended in December 31, 2012, that was filed with the United States Securities and Exchange Commission can be found at:

<http://services.corporate-ir.net/SEC/Document.Service?id=P3VybD1hSFwY0RvdkwYRndhUzUwWlc1cmQybDZZWEprTG1OdmJTOWtiM2R1Ykc5aFpDNXdhSEEvWVdOMGFxOXVQVkJFUmlacGNHRm5aVDA0TnpRMU1UQTfKbk4xWW5OcFpEMDFOdz09JnR5cGU9MiZmbj1FeGVsb25Db3Jwb3JhdGlvb18xMEtfMjAxMzAyMjIucGRm>

- Exelon Consolidated Statements of Operations and Comprehensive Income (2010 – 2012)

(In millions, except per share data)	For the Years Ended December 31,		
	2012	2011	2010
Exelon Corporation and Subsidiary Companies			
Consolidated Statements of Operations and Comprehensive Income			
Operating revenues	\$23,489	\$19,063	\$18,644
Operating expenses			
Purchased power and fuel	10,157	7,267	6,435
Operating and maintenance	7,961	5,184	4,600
Depreciation and amortization	1,881	1,347	2,075
Taxes other than income	1,019	785	808
Total operating expenses	<u>21,018</u>	<u>14,583</u>	<u>13,918</u>
Equity in losses of unconsolidated affiliates	(91)	(1)	—
Operating income	<u>2,380</u>	<u>4,479</u>	<u>4,726</u>
Other income and (deductions)			
Interest expense, net	(903)	(701)	(792)
Interest expense to affiliates, net	(25)	(25)	(25)
Other, net	346	203	312
Total other income and (deductions)	<u>(582)</u>	<u>(523)</u>	<u>(505)</u>
Income before income taxes	1,798	3,956	4,221
Income taxes	<u>627</u>	<u>1,457</u>	<u>1,658</u>
Net income	1,171	2,499	2,563
Net income attributable to noncontrolling interests, preferred security dividends and preference stock dividends	11	4	—
Net income on common stock	<u>1,160</u>	<u>2,495</u>	<u>2,563</u>
Other comprehensive loss			
Pension and non-pension postretirement benefit plans:			
Prior service benefit reclassified to periodic costs, net of taxes of \$1, \$(4) and \$(7), respectively	1	(5)	(11)
Actuarial loss reclassified to periodic cost, net of taxes of \$110, \$93 and \$79, respectively	168	136	114
Transition obligation reclassified to periodic cost, net of taxes of \$2, \$2 and \$2, respectively	2	4	3
Pension and non-pension postretirement benefit plan valuation adjustment, net of taxes of \$(237), \$(171) and \$(188), respectively	(371)	(250)	(288)
Change in unrealized gain (loss) on cash flow hedges, net of taxes of \$(68), \$39 and \$(107), respectively	(120)	88	(151)
Change in unrealized gain (loss) on marketable securities, net of taxes of \$(1), \$0 and \$0, respectively	2	—	(1)
Change in unrealized gain (loss) on equity investments, net of taxes of \$1, \$0 and \$0, respectively	1	—	—
Other comprehensive loss	<u>(317)</u>	<u>(27)</u>	<u>(334)</u>
Comprehensive income	<u>\$ 854</u>	<u>\$ 2,472</u>	<u>\$ 2,229</u>
Average shares of common stock outstanding:			
Basic	816	663	661
Diluted	819	665	663
Earnings per average common share:			
Basic	\$ 1.42	\$ 3.76	\$ 3.88
Diluted	\$ 1.42	\$ 3.75	\$ 3.87
Dividends per common share	<u>\$ 2.10</u>	<u>\$ 2.10</u>	<u>\$ 2.10</u>

See the Combined Notes to Consolidated Financial Statements

- Exelon Consolidated Statements of Cash Flows (2010 – 2012)

Exelon Corporation and Subsidiary Companies			
Consolidated Statements of Cash Flows			
(In millions)	For the Years Ended		
	December 31,		
	2012	2011	2010
Cash flows from operating activities			
Net income	\$ 1,171	\$ 2,499	\$ 2,563
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	4,079	2,316	2,943
Loss on sale of three Maryland generating stations	272	—	—
Deferred income taxes and amortization of investment tax credits	615	1,457	981
Net fair value changes related to derivatives	(604)	291	(88)
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	(157)	14	(105)
Other non-cash operating activities	1,383	770	609
Changes in assets and liabilities:			
Accounts receivable	243	57	(232)
Inventories	26	(58)	(62)
Accounts payable, accrued expenses and other current liabilities	(632)	(254)	472
Option premiums paid, net	(114)	(3)	(124)
Counterparty collateral received (posted), net	135	(344)	(155)
Income taxes	544	492	(543)
Pension and non-pension postretirement benefit contributions	(462)	(2,360)	(959)
Other assets and liabilities	(368)	(24)	(56)
Net cash flows provided by operating activities	6,131	4,853	5,244
Cash flows from investing activities			
Capital expenditures	(5,789)	(4,042)	(3,326)
Proceeds from nuclear decommissioning trust fund sales	7,265	6,139	3,764
Investment in nuclear decommissioning trust funds	(7,483)	(6,332)	(3,907)
Cash and restricted cash acquired from Constellation	964	—	—
Acquisitions of long lived assets	(21)	(387)	(893)
Proceeds from sale of three Maryland generating stations	371	—	—
Proceeds from sales of investments	28	6	28
Purchases of investments	(13)	(4)	(22)
Change in restricted cash	(34)	(3)	423
Other investing activities	136	20	39
Net cash flows used in investing activities	(4,576)	(4,603)	(3,894)
Cash flows from financing activities			
Payment of accounts receivable agreement	(15)	—	—
Changes in short-term debt	(197)	161	(155)
Issuance of long-term debt	2,027	1,199	1,398
Retirement of long-term debt	(1,145)	(789)	(828)
Retirement of long-term debt of variable interest entity	—	—	(806)
Dividends paid on common stock	(1,716)	(1,393)	(1,389)
Proceeds from employee stock plans	72	38	48
Other financing activities	(111)	(62)	(16)
Net cash flows used in financing activities	(1,085)	(846)	(1,748)
Increase (decrease) in cash and cash equivalents	470	(596)	(398)
Cash and cash equivalents at beginning of period	1,016	1,612	2,010
Cash and cash equivalents at end of period	\$ 1,486	\$ 1,016	\$ 1,612

See the Combined Notes to Consolidated Financial Statements

- Exelon Consolidated Balance Sheets (2010 – 2012)

Exelon Corporation and Subsidiary Companies Consolidated Balance Sheets		
(In millions)	December 31,	
	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,411	\$ 1,016
Cash and cash equivalents of variable interest entities	75	—
Restricted cash and investments	86	40
Restricted cash and investments of variable interest entities	47	—
Accounts receivable, net		
Customer (\$289 and \$346 gross accounts receivables pledged as collateral as of December 31, 2012 and December 31, 2011, respectively)	2,787	1,613
Other	1,147	1,000
Accounts receivable, net, of variable interest entities	292	—
Mark-to-market derivative assets	938	432
Unamortized energy contract assets	886	16
Inventories, net		
Fossil fuel	246	208
Materials and supplies	768	656
Deferred income taxes	131	—
Regulatory assets	759	390
Other	560	342
Total current assets	<u>10,133</u>	<u>5,713</u>
Property, plant and equipment, net	45,186	32,570
Deferred debits and other assets		
Regulatory assets	6,497	4,518
Nuclear decommissioning trust funds	7,248	6,507
Investments	1,184	751
Investments in affiliates	22	15
Investment in CENG	1,849	—
Goodwill	2,625	2,625
Mark-to-market derivative assets	937	650
Unamortized energy contract assets	1,073	424
Pledged assets for Zion Station decommissioning	614	734
Deferred income taxes	58	—
Other	1,128	488
Total deferred debits and other assets	<u>23,235</u>	<u>16,712</u>
Total assets	<u>\$78,554</u>	<u>\$54,995</u>

See the Combined Notes to Consolidated Financial Statements

8. FERC Form No. 1 Filings of Baltimore Gas and Electric, Commonwealth Edison and PECO Energy Companies

- 2011 Baltimore Gas and Electric FERC Form No.1 Filing



Q4 2011 BGE FERC
Form 1.pdf

- **2011 Commonwealth Edison FERC Form No.1 Filing**



2011 FERC Form 1
as filed on 4.17.12.zip

- **2011 Commonwealth Edison co. of Indiana FERC Form No.1 Filing**



2011 FERC Form 1
as filed on 4.6.12.pdf

- **2011 PECO Energy FERC Form No.1 Filing**



2011 FERC Form 1 -
Clarity 3-20-2013.zip

9. Consolidated Transmission Owners' Agreement

BGE, ComEd and PECO each have executed the Consolidated Transmission Owners' Agreement. Any utility subsidiaries of Exelon Transmission Company will execute the Consolidated Transmission Owners' Agreement if they become a Designated Entity.