



Federal Energy Regulatory Commission
FACT SHEET
January 17, 2008
Commonwealth Edison
Docket No. EL07-41-001 & ER07-583-003

The Federal Energy Regulatory Commission (FERC) today accepted in part Commonwealth Edison Company's (ComEd) request for transmission rate incentives for proposed transmission projects in Illinois.

Background and Order

Today's order addresses requests for clarification and rehearing of a June 5, 2007, order in which FERC denied ComEd's petition for incentive rate treatment. Under FERC's Order No. 679, jurisdictional electric utilities may request incentive rate treatment for proposed transmission projects if certain conditions are met.

In today's order, FERC allows for a 150 basis point (1.5 percent) adder to Commonwealth's return on equity (ROE) for Phase II of the West Loop Project in Chicago. The adder results in an overall 13 percent ROE for this project and allows construction-work-in-progress (CWIP) in the rate base. FERC said it was authorizing CWIP in rate base since ComEd's creditworthiness was downgraded before the June 5 order. CWIP in rate base for ComEd "will enhance its cash flow, reduce interest expense, assist ComEd with financing, and improve ComEd's coverage ratios used by rating agencies," FERC said.

FERC denied incentives for two other completed projects and rejected ComEd's request for blanket CWIP treatment. The completed projects are Phase I of the West Loop Chicago project and the Greshaw Project. In denying the incentives, FERC said that Order No. 679 is designed to benefit utility customers by providing incentives to encourage new infrastructure, not increasing rates for projects that are not related to encouraging new investment.

The Phase II project, expected to go into service in June 2008, involves construction of a switchyard, two new 345 kilovolt (kV) lines and two 138 kV lines.