EXELON CORP
Form U-1
December 22, 2003
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As filed with the Securities and Exchange Commission on December 22, 2003 File No. 70-_____

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM U-1

APPLICATION-DECLARATION

UNDER

THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

Exelon Corporation

Commonwealth Edison Company

10 South Dearborn Street, 37th Floor

Chicago, Illinois 60603

PECO Energy Company

2301 Market Street

Philadelphia, Pennsylvania 19101

Adwin Equipment Company; ECP Telecommunications

Exelon Generation Company, LLC

300 Exelon Way

Kennett Square, Pennsylvania 19348

Exelon New Trust Company; Exelon Services, Inc.;

Holdings, LLC; EEI Telecommunications Holding, LLC; Energy Trading Company; Exelon Business Services Company; Exelon Capital Partners, Inc.; Exelon Communications Company, LLC; Exelon Communications Holdings, LLC; Exelon Energy Company; Exelon Energy Delivery Company, LLC; Exelon Enterprises Company, LLC; Exelon Enterprises Investments, Inc.; Exelon Enterprises Management, Inc.; Exelon Thermal Development, Inc.; Exelon Thermal Holding, Inc.; Exelon Thermal Technologies, Inc.; Exelon Ventures Company, LLC; F&M Holdings Company, LLC; Unicom Power Holdings, LLC; and Unicom Power Marketing, Inc.

c/o Exelon Corporation

10 South Dearborn Street

37th Floor

Chicago, Illinois 60603

(Name of companies filing this statement and address of principal executive offices)

Exelon Corporation

(Name of top holding company parent of each applicant or declarant)

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Item 1. Description of Proposed Transaction

A. Introduction

In this Application-Declaration (this Application), Exelon Corporation (Exelon), a registered holding company under the Public Utility Holding Company Act of 1935, as amended (the Act), the Utility Subsidiaries (as hereinafter defined) and the additional companies listed on the signature page of this Application (collectively, the Applicants) seek approval pursuant to Sections 6(a), 7, 9, 10 and 12 of the Act and Rules 42, 43, 44, 45, 46, 52, 53 and 54 thereunder to engage in the various transactions set forth herein.

B. Background

Exelon and its Subsidiaries[1] received approval from the Securities and Exchange Commission (the Commission) in Docket No. 70-9693 (as amended through Amendment No. 5, the Prior Financing U-1) to engage in certain financing transactions pursuant to orders dated November 2, 2000 (Holding Co. Act Release No. 27266, the November 2 Order) and December 8, 2000 (Holding Co. Act Release No. 27296, the December 8 Order and together with the November 2 Order, the Prior Orders).

In the November 2 Order, the Commission reserved jurisdiction over several requests including the request that Exelon be permitted to have an aggregate investment in exempt wholesale generators (EWGs) and foreign utility companies (FUCOs) of $5.5 billion. The November 2 Order approved an aggregate investment of up to $2 billion in EWGs and FUCOs and reserved jurisdiction over the balance of the request. Exelon has previously requested that the Commission release jurisdiction over the request for an additional $2 billion in aggregate investment in EWGs and FUCOs and by the December 8 Order the Commission approved such request so that the aggregate investment in EWGs and FUCOs now authorized is $4 billion. In other respects the November 2 Order remains unchanged.

Furthermore, the November 2 Order approved financing authority in the amount of $4 billion and reserved jurisdiction over the request for an additional $4 billion outstanding at any time through March 31, 2004, representing financing authorizations relating to equity securities, preferred securities and debt.[2]

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1 Each of the directly and indirectly owned subsidiaries of Exelon is referred to in this Application individually as a Subsidiary and collectively as Subsidiaries.

2 Exelon filed Amendment No. 5 on August 15, 2001 requesting that the Commission further release jurisdiction over the remaining requests and seeking other relief. Exelon hereby withdraws those requests.

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A summary of the existing limitations on financing for the Exelon system is as follows:

Type	Amount
Exelon common stock, preferred securities, long-term debt, short-term debt	$ 4 billion
Exelon short-term debt sub-limit	$ 3 billion
Utility Subsidiaries short-term debt	$ 2.7 billion
Genco membership interests, preferred securities, long-term debt[3]	$ 5.5 billion
Exelon and Genco guaranties	$ 4.5 billion
Aggregate Investment in EWGs and FUCOs	$ 4 billion

The Prior Orders, in summary, approved the following:

i. (a) external issuances by Exelon of common stock, preferred stock and preferred stock equivalent securities (collectively preferred securities), long-term debt, short-term debt, and other securities, (b) guarantees of obligations of affiliated or unaffiliated persons in favor of other unaffiliated persons, and (c) the entering into by Exelon of transactions to manage interest rate risk (hedging transactions[4]);

ii. issuances of securities, guarantees and the entering into of hedging transactions by the Utility Subsidiaries to the extent not exempt pursuant to Rule 52;

iii. issuances by Non-Utility Subsidiaries[5] of securities and authority to enter into hedging transactions which are not exempt pursuant to Rule 52;

iv. the establishment of a utility money pool (the Utility Money Pool) and a non-utility money pool (the Non-Utility Money Pool) and the issuance of intra-system guarantees by Exelon and the Non-Utility Subsidiaries on behalf of the Subsidiaries;

v. the continuation of existing intra-system debt and guarantees;

vi. the ability of 50% or more owned Subsidiaries to alter their capital stock in order to engage in financing transactions with their parent company;[6]

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3 The limitation on short-term debt for Exelon Generation Company, LLC (Genco) was aggregated with the Utility Subsidiary limitation on short-term debt of $2.7 billion. Further, the overall limitation on Genco financing is aggregated with the Exelon limitation of $4 billion, and thereby effectively limiting Genco s financing authority to $4 billion.

4 Hedging transactions include only those transactions related to financing activities. Engaging in futures and other commodity related risk management by Exelon and its subsidiaries constitute part of their normal business activities and as such do not require Commission approval. See Southern Energy, Inc., Holding Co. Act Release No. 27020 (May 13, 1999); Entergy Corp., Holding Co. Act Release No. 26812 (Jan. 6, 1998); New Century Energies, Holding Co. Act Release No. 26748 (Aug. 1, 1997); National Fuel Gas Co., Holding Co. Act Release No. 2666 (Feb. 12, 1997).

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Non-Utility Subsidiaries are defined as all Subsidiaries of Exelon other than the Utility Subsidiaries and also includes all other direct and indirect subsidiaries that Exelon may hereinafter form or acquire in accordance with a Commission order or otherwise in accordance with the Act or a rule promulgated thereunder.

[6] The Commission approved this request with respect to wholly-owned Subsidiaries and reserved jurisdiction with respect to less than wholly-owned Subsidiaries.

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vii. the formation of financing entities and the issuance by such entities of securities otherwise authorized to be issued and sold pursuant to the Prior Orders or pursuant to applicable exemptions under the Act, including intra-system guarantees of such securities and the retention of existing financing entities;

viii. the payment by Non-Utility Subsidiaries of dividends out of capital and unearned surplus;

ix. the use of up to $4 billion of the proceeds of financings for investments in EWGs and FUCOs;[7]

x. issuance of debt or equity securities by Exelon Energy Delivery Company, LLC (Delivery), Exelon Ventures Company, LLC (Ventures) and Genco for the purpose of acting as a conduit for additional financing to their respective Subsidiaries; and

xi. the payment by Exelon and ComEd of dividends out of capital up to an amount of $500 million.

The approvals summarized in items (i) through (x) above are referred to as the Financing Activities. Authorization for Financing Activities under the Prior Orders expires March 31, 2004. Item (xi) is not subject to this expiration date.

C. Description of the Parties to the Transaction

Exelon has three principal operating public utility company subsidiaries (the Utility Subsidiaries[8]:)

PECO Energy Company (PECO), a public utility company engaged (i) in the purchase, transmission, distribution and sale of electricity and (ii) in the purchase, distribution and sale of natural gas in Pennsylvania;

Commonwealth Edison Company (ComEd), a public utility company engaged in the purchase, transmission, distribution and sale of electricity in Illinois; and

Genco, a public utility company and a registered holding company[9] engaged in the purchase, generation and sale of electricity in Pennsylvania, Illinois and elsewhere.

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7 As indicated above, the Prior Orders approved the use of up to $4 billion of financings for investments in EWGs and FUCOs and reserved jurisdiction over the remainder of the $5.5 billion sought by Exelon.

8 For purposes of this filing, Utility Subsidiaries also includes Commonwealth Edison Company of Indiana, PECO Energy Power Company, Susquehanna Power Company and Susquehanna Electric Company.

9 Genco filed a Form U5A Notification of Registration on January 23, 2001.

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In addition, Exelon has the following other principal Subsidiaries:

Delivery, the intermediate registered holding company for ComEd and PECO;[10]

Exelon Business Services Company (Exelon Business Services), the service company for the Exelon System;

Ventures, a registered holding company and a first tier Subsidiary of Exelon which has as wholly-owned subsidiaries, Genco and Exelon Enterprises Company, LLC (Enterprises[11]); and

Enterprises, the principal Subsidiary through which Exelon conducts its non-utility businesses.

Effective as of January 1, 2001, Exelon effectuated the corporate restructuring (the Restructuring) contemplated in the Commission s order approving the merger (the Merger) that created Exelon (Holding Co. Act Release No. 27256, October 19, 2000) (the Merger Order[12]). In summary, the Restructuring consisted of the transfer of electric generating assets of ComEd and PECO to Genco and the transfer of non-utility subsidiaries of PECO and Unicom Enterprises, Inc. to be indirect subsidiaries of Ventures.

D. Overview of the Requests

The Applicants hereby request authorization to engage in the financing transactions set forth herein during the period from the effective date of the order in this proceeding through April 15, 2007 (the Authorization Period).

The authority sought herein will replace and substitute for all the authority granted by the Prior Orders with respect to Financing Activities.

The approval by the Commission of this Application will give the Applicants the flexibility that will allow them to respond quickly and efficiently to their financing needs and to changes in market conditions, allowing them to efficiently and effectively carry on business activities designed to provide benefits to customers and shareholders. Approval of this Application is consistent with the Prior Orders and existing Commission precedent.[13]

The authorizations for financing transactions and other approvals requested herein relate to:

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10 Delivery filed a Form U5A Notification of Registration on June 4, 2001.

11 Ventures filed a Form U5A Notification of Registration on January 23, 2001. See Docket No. 70-10107 regarding a proposed reorganization involving Ventures.

12 Certain elements of the Restructuring were completed later in 2001.

13 See e.g., FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003); SCANA Corporation Holding Co. Act Release No. 27649 (February 12, 2003); E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002); First Energy Corporation, Holding Co. Act Release No. 27459 (Oct. 29 2001); Exelon Corporation, Holding Co. Act Release No. 27266 (Nov. 2, 2000); New Century Energies, Holding Co. Act Release No. 27212 (Aug. 16, 2000); Dominion Resources, Inc., Holding Co. Act Release No. 27112 (Dec. 15, 1999)), Conectiv, Inc., Holding Co. Act Release No. 26833 (Feb. 26, 1998), and Ameren Corporation, Holding Co. Act Release No. 26809 (Dec. 30, 1997).

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i. external issuances by Exelon of common stock, preferred stock, Preferred Securities (as defined below), Equity Linked Securities (as defined below), membership interests, long-term debt and short-term debt to increase Exelon s capitalization by up to $8.0 billion over existing capitalization at the time of the order in this matter;

ii. external issuances by Exelon of common stock, preferred stock, Preferred Securities, Equity Linked Securities, long-term debt and short-term debt to refund or replace existing securities without increasing capitalization;

iii. external issuances of up to 21 million shares of Exelon common stock under Exelon s dividend reinvestment plan, certain incentive compensation plans and certain other employee benefit plans;

iv. the entering into by Exelon of hedging transactions;

v. external issuances by Genco of membership interests, preferred equity interests, Preferred Securities, Equity Linked Securities, long-term debt and short term debt to increase its capitalization, subject to the $8 billion limitation applicable to Exelon, or to refund or replace existing securities without increasing capitalization or to assume certain pollution control obligations currently outstanding for ComEd or PECO;

vi. the formation of financing entities and the issuance by such entities of securities otherwise authorized to be issued and sold pursuant to this Application or pursuant to applicable exemptions under the Act, including intra-system guarantees of such securities and the retention of existing financing entities;

vii. the issuance of intra-system advances and guarantees, to the extent not exempt pursuant to Rules 45(b) and 52, by Exelon to or on behalf of its Subsidiaries and others, by the Non-Utility Subsidiaries to or on behalf of other Non-Utility Subsidiaries and others and by the Utility Subsidiaries to or on behalf of such Utility Subsidiary s direct or indirect subsidiaries and others;

viii. issuances of short-term debt securities (including commercial paper) in an amount not to exceed $2.7 billion issued and outstanding at any time and the entering into of hedging transactions by the Utility Subsidiaries and external issuances by the Utility Subsidiaries of long-term debt or short-term debt to refund or replace existing securities without increasing capitalization, to the extent not exempt pursuant to Rule 52;

ix. continuation of authorization for the Utility Money Pool and the Non-Utility Money Pool (subject to modifications described herein);

x. conduit financings through Ventures, Genco and Delivery;

xi. the payment of dividends out of capital or unearned surplus by the Non-Utility Subsidiaries;

xii. revision to the existing authority regarding payment of dividends out of capital up to $500 million by Exelon and ComEd to accommodate a change in accounting method for goodwill recognized in the Merger;

xiii. the use of up to $7.0 billion of financings for investments in EWGs and FUCOs;

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xiv. the payment of dividends out of capital by Commonwealth Edison Company of Indiana, Inc. (ComEd of Indiana); and

xv. authorization for Genco to become obligated for certain pollution control obligations of PECO and ComEd.

E. Financing Authorization

1. Parameters for Financing Authorization

Authorization is requested herein to engage in certain financing transactions during the Authorization Period for which the specific terms and conditions are not at this time known, and which may not be covered by Rule 52, without further prior approval by the Commission. The following general terms will be applicable where appropriate to the financing transactions requested to be authorized hereby:

(a) Effective Cost of Money on Financings. The effective cost of money on long-term debt of any series will not exceed at the time of issuance the greater of (i) 700 basis points over the yield to maturity of a U.S. Treasury Security having a remaining term approximately equal to the term of such series of long-term debt or (ii) a gross spread over a U.S. Treasury Security that is consistent with similar securities of comparable credit quality and maturities issued by other companies. The dividend or distribution rate on any series of preferred stock and other forms of Preferred Securities or Equity Linked Securities will not exceed at the time of issuance the greater of (i) 800 basis points over the yield to maturity of a U.S. Treasury Security having a remaining term equal to the term of such series or (ii) a rate that is consistent with similar securities of comparable credit quality and maturities (or perpetual preferred stock) issued by other companies. The effective cost of money on short-term debt will not exceed the greater of (i) 500 basis points over the comparable term London Interbank Offered Rate (LIBOR) or (ii) a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies.[14]

(b) Maturity. The maturity of indebtedness will not exceed 50 years. Preferred stock, Preferred Securities and Equity Linked Securities (other than perpetual preferred stock) will be redeemed no later than 50 years after the issuance thereof, unless converted into common stock.

(c) Issuance Expenses. The underwriting fees, commissions or other similar remuneration paid in connection with the non-competitive issue, sale or distribution of securities pursuant to this Application will not exceed 7% of the principal or total amount of the securities being issued.[15]

(d) Use of Proceeds. The proceeds from the sale of securities in external financing transactions will be used for general corporate purposes including (i) the financing, in part, of the capital expenditures of the Exelon system, (ii) the financing of working capital requirements of the Exelon system, (iii) the acquisition, retirement or redemption pursuant to Rule 42 of

[14] See CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003), FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003), Entergy Corporation, Holding Co. Act Release No. 27626 (Dec. 20, 2002). Calculation of the cost of money does not consider issuance expenses including underwriting commissions. See CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003).

[15] See SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003).

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securities previously issued by Exelon or its Subsidiaries or as otherwise authorized by Commission, and (iv) direct or indirect investment in companies authorized under the Act or by Commission Rule (including EWGs or FUCOs) or in a separate proceeding and (v) other lawful purposes.

The Applicants represent that no such financing proceeds will be used to acquire a new subsidiary unless such financing is consummated in accordance with an order of the Commission or an available exemption under the Act. The aggregate amount of proceeds of financings and guaranties used to fund investments in EWGs and FUCOs will not, when added to Exelon s aggregate investment in these entities at any point in time, as defined in Rule 53, exceed $7.0 billion.

(e) Common Equity Ratio. At all times during the Authorization Period, Exelon, ComEd and Peco will each maintain common equity (as reflected in the most recent Form 10-K or Form 10-Q filed with the Commission adjusted to reflect changes in capitalization since the balance sheet date therein) of at least 30% of its consolidated capitalization (common equity, minority interests, preferred stock, short-term debt and long-term debt, excluding securitization debt, referred to herein as Consolidated Capitalization); provided that Exelon will in any event be authorized to issue common stock (including pursuant to a dividend reinvestment or employee benefit plans) to the extent authorized herein.[16]

Although PECO has common equity of greater than 30% of Consolidated Capitalization as used herein, PECO notes that the Commission in the Prior Orders found that PECO would work to continue to improve its equity ratio as securitization bonds are paid down. PECO continues to expect that its common equity ratio will improve as the securitization bonds are paid down and as Exelon settles the Receivable Contribution (defined below) and that PECO will reach a level of common equity of at least 30% of capitalization by December 31, 2010 (at which time all securitization bonds are expected to be retired and therefore will not be a consideration in the calculation).[17]

Exelon proposes that Consolidated Capitalization exclude the impact of securitization bonds outstanding for the benefit of ComEd and PECO in determining compliance with the Commission s 30% test applicable to Exelon, ComEd and Peco. All such securitization bonds are rated AAA and have dedicated revenue streams approved by the applicable state commission ensuring that they will be timely paid. Consequently, as shown by their rating, they have a very low risk of default and excluding those securities from the calculation does not adversely impact the purpose of the capitalization test for the Commission s purposes. The structure of these financings, the orders of the respective State commissions and the statutory provisions of each State ensure that there will be sufficient cash flow from a dedicated portion of payments made by utility customers to at all times provide for principal and interest on the securitization bonds. The rates paid by customers are subject to adjustment in accordance with procedures of the respective states to ensure that amounts collected are sufficient to meet debt service and other requirements under the securitization financings.[18]

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[16] Accordingly, the consequence of failing to maintain common equity of at least 30% of Consolidated Capitalization when required is that Exelon (or if such failure were only by ComEd, such company) would not be authorized to issue securities in a transaction subject to Commission approval except for securities which would result in an increase in such common equity percentage. See FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003).

[17] Reliant Energy, Inc., Holding Co. Act Release No. 27548 (July 5, 2002).

[18] See Utility Stranded Costs: Rating the Securitization of Transition Tariffs, Special Report, FitchIBCA (September 24, 1998) (available at www.FitchIBCA.com). Furthermore, the Commission has recognized that it is appropriate to consider the effects of securitization debt to determine compliance with its traditional test of a minimum equity component of capitalization of 30%. See West Penn Power Co., Holding Co. Act Release No. 35 27091 (Oct. 19, 1999) (exemption from 30% equity standard granted where utility s equity ratio was 15% because of transition bonds and other factors; excluding transition bonds, utility would satisfy 30% test). See also, the Prior Orders. This approach is consistent with the rating agencies analysis of the impact of securitization on a utility s capital structure. In its September 23, 1999 rating review of PECO, Moody s noted: The major advantages of securitization from a credit perspective are the lower financing costs of higher rated securities and the greater certainty of recovery of stranded costs. As we analyze PECO post-securitization, Moody s will treat the securitized debt as fully non-recourse to the company. Moody s has grown comfortable with this analytical approach despite the

fact that the Securities and Exchange Commission s guidelines require the debt to appear on the company s balance sheet. Under this approach, we will adjust cash flow downward to account for the setting aside of cash flows derived from collection of reimbursable transition charges to serve the fixed charges associated with the securitization bonds. This approach, we believe, better reflects the cash flow streams available for protection of PECO s traditional fixed income investors.

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Applicants request that the Commission reserve jurisdiction over the issuance of securities in those circumstances where Exelon, ComEd or PECO does not comply with the common equity criteria of 30% of Consolidated Capitalization pending completion of the record upon filing of a post-effective amendment.

(f) Investment Grade Ratings. Exelon, ComEd and PECO further represent that apart from (a) securities issued for the purpose of funding money pool operations and (b) issuances or draw-downs under existing[19] credit facilities with banks or institutional lenders, no guarantees or other securities, other than common stock, may be issued in reliance upon the authorization granted by the Commission pursuant to this Application, unless (i) the security to be issued, if rated, is rated investment grade and (ii) all outstanding senior unsecured securities of the issuer that are rated are rated investment grade.

For purposes of this provision, a security will be deemed to be rated investment grade if it is rated investment grade by at least one nationally recognized statistical rating organization. The ratings test will not apply to any issuances of membership interests or to issuances of indebtedness by Genco.

Applicants request that the Commission reserve jurisdiction over the issuance of any such securities that are rated below investment grade or issuance of securities when other outstanding senior unsecured securities of the issuer are not investment grade.

(g) Authorization Period. No security will be issued pursuant to the authority sought herein after the last day of the Authorization Period (which is April 15, 2007).

[19] If a credit facility was entered into at a time when the issuer of securities satisfied the ratings tests of this paragraph, the issuer may continue to borrow under that credit facility even after the ratings tests are no longer satisfied.

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2. Financial Condition

Exelon is a financially sound company with investment grade ratings from major rating agencies.[20] The Exelon system s ratings as of September, 2003 from Standard & Poor s, Moody s and Fitch are as follows:

Company and type of rating	S&P	Moody s	Fitch
Exelon			
Corporate	A-	N/A	N/A
Unsecured	BBB+	Baa2	BBB+
Commercial Paper	A-2	P-2	F2
ComEd			
Secured	A-	A3	A-
Unsecured	BBB+	Baa1	BBB+
Preferred Stock and Trust Securities	BBB	baa3	BBB
Commercial Paper	A-2	P-2	F2
Transitional Trust Notes	AAA	Aaa	AAA
PECO			
Secured	A	A2	A
Unsecured	BBB+	A3	A-
Preferred Stock	BBB	baa2	BBB+
Trust Securities	BBB	baa1	BBB+
Commercial Paper	A-2	P-1	F1
Transitional Trust Notes	AAA	Aaa	AAA

[20] Of the Utility Subsidiaries, only ComEd and PECO have retail customers such that they are subject to State regulation of rates and other matters. Genco is not subject to any State utility regulation. Genco is also sound financially, has publicly issued, rated securities and a solid capital structure. The other Utility Subsidiaries (Commonwealth Edison Company of Indiana, PECO Energy Power Company, Susquehanna Power Company and Susquehanna Electric Company) were created for various historical reasons and do not currently have any publicly issued securities or securities ratings.

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Exelon also has a sound capital structure. At September 30, 2003, Exelon s consolidated common equity as a percentage of Consolidated Capitalization (as defined above) was 45.94%.[21] Details regarding Exelon s Consolidated Capitalization are shown in the following table:

CONDENSED CONSOLIDATED CAPITAL STRUCTURE

(Dollars in Millions)

As of September 30, 2003

	Consolidated Capitalization		Including Securitization Bonds	
	Amount	Capital Structure Percentage	Amount	Capital Structure Percentage
Common Equity (includes Retained Earnings of $2,210)	$ 8,327	45.94%	$ 8,327	34.87%
Preferred and Preference Stock	87	0.48%	87	0.36%
Company Obligated Mandatorily Redeemable Preferred Securities	422	2.33%	422	1.77%
Minority Interest of Consolidated Subsidiary	1	0.01%	1	0.00%
Long-Term Debt				
Securitization Bonds			5,758	24.11%
Other	7,445	41.07%	7,445	31.17%
Current Maturities of LTD	1,435	7.92%	1,435	6.01%
Total Long-Term Debt	8,880	48.99%	14,638	61.29%
Short-Term Debt	408	2.25%	408	1.71%
Total Capital Structure	$ 18,125	100.00%	$ 23,883	100.00%

[21] As stated above, Consolidated Capitalization excludes securitization bonds. If securitization bonds were included in the calculation, Exelon s equity component of consolidated capitalization would be 34.87% at September 30, 2003.

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Likewise the Utility Subsidiaries have strong capital structures. Details regarding PECO s and ComEd s Consolidated Capitalization are shown in the following table:

COM ED CAPITAL STRUCTURE

(Dollars in Millions)

As of September 30, 2003

	Consolidated Capitalization		Including Securitization Bonds	
	Amount	Capital Structure Percentage	Amount	Capital Structure Percentage
Common Equity (includes Retained Earnings of $836)	$ 5,942	54.90%	$ 5,942	47.28%
Preferred and Preference Stock	7	0.06%	7	0.06%
Company Obligated Mandatorily Redeemable Preferred Securities	344	3.18%	344	2.74%
Minority Interest of Consolidated Subsidiary				
Long-Term Debt				
Securitization Bonds			1,744	13.88%
Other	4,351	40.20%	4,351	34.62%
Current Maturities of LTD	179	1.65%	179	1.62%
Total Long-Term Debt	4,530	41.86%	6,274	49.92%
Short-Term Debt				
Total Capital Structure	$ 10,823	100.00%	$ 22,567	100.00%

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PECO CAPITAL STRUCTURE

(Dollars in Millions)

As of September 30, 2003

	Consolidated Capitalization		Including Securitization Bonds	
	Amount	Capital Structure Percentage	Amount	Capital Structure Percentage
Common Equity (includes Retained Earnings of $517)	$ 857	34.25%	$ 857	13.15%
Preferred and Preference Stock	87	3.48%	87	1.34%
Company Obligated Mandatorily Redeemable Preferred Securities	78	3.12%	78	1.20%
Minority Interest of Consolidated Subsidiary				
Long-Term Debt				
Securitization Bonds			4,014	61.60%
Other	1,468	58.67%	1,468	22.53%
Current Maturities of LTD				
Total Long-Term Debt	1,468	58.67%	5,482	84.13%
Short-Term Debt	12	0.48%	12	0.18%
Total Capital Structure	$ 2,502	100.00%	$ 6,516	100.00%

PECO s common equity is 34.25% of Consolidated Capitalization. Concurrent with the Restructuring, effective January 1, 2001, Exelon transferred assets out of PECO as a reduction of Common Stock (i.e., paid in capital) and contributed to PECO a $2.0 billion receivable, payable by Exelon, for the purpose of funding future tax payments resulting from collection of competitive transition charges (the Receivable Contribution [22]). The Receivable Contribution was reflected as an increase to Common Stock on the PECO balance sheets. However, instead of the offsetting entry being an asset, in accordance with the Commission s Staff Accounting Bulletin 4.G., the Receivable Contribution was recorded as a negative adjustment to Shareholders Equity identified as Receivable from Parent in the PECO balance sheets. The amount of the increase in Common Stock was equal to the amount of the reduction in shareholder s equity attributed to the Receivable from Parent. The combined effects of the three entries (reduction of Common Stock for transfer of assets, increase in Common Stock for the Receivable Contribution and decrease in Common Stock for the Receivable Contribution) is to reduce PECO s common equity, as a percentage of total capitalization calculated in accordance with generally accepted accounting principles. The effect of the Receivable Contribution is included, however, in the 34.25% ratio (see below).

[22] Among other things, the Restructuring resulted in a mismatch between PECO s potential future income (because of the transfer of PECO s generating facilities) and certain of PECO s expected liabilities including obligations for income taxes on competitive transition charge collections, all of which collections are dedicated to repayment of PECO s securitization bonds. To address the cash flow mismatch between revenues and income tax obligations and to enhance PECO s common equity position, Exelon management determined it was appropriate to make the Receivable Contribution. For additional information, including a discussion of a similar receivable at ComEd, see the Exelon Form 10-Q for the quarter ended September 30, 2001 including Note 12 of Combined Notes To Condensed Consolidated Financial Statements.

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The Receivable Contribution at September 30, 2003 of $1,661 million is non-interest bearing.[23] As Exelon makes future contributions to PECO in respect of the Receivable Contribution through 2010 in conjunction with the payment of the taxes resulting from the collection of competitive transition charges, and assuming that PECO achieves its projected levels of earnings and pays the projected level of dividends, the reduction in Stockholders Equity will reverse, resulting in increases in overall Stockholders Equity and increases in the proportion of common stock in total capitalization of PECO.[24]

Excluding the effect of the Receivable Contribution and excluding securitization debt from PECO s capitalization, the equity component of PECO capitalization (calculated in the same manner as Consolidated Capitalization) at September 30, 2003 would be 60.49%. Excluding the effect of the Receivable Contribution and including securitization debt in capitalization, the equity component of PECO capitalization at September 30, 2003 would be 30.79%.

PECO notes that the Commission in the Prior Orders found that PECO would work to continue to improve its equity ratio as securitization bonds are paid down. PECO continues to expect that its common equity ratio calculated according to generally accepted accounting principles will improve as the securitization bonds are paid down and as Exelon settles the Receivable Contribution and that PECO will reach a level of common equity of at least 30% of capitalization (calculated in the same manner as Consolidated Capitalization) by December 31, 2010 (at which time all securitization bonds are expected to be retired and therefore will not be a consideration in the calculation).[25] Information regarding current projected capitalization is included in Exhibit J-1 filed herewith. PECO has made progress in this goal from 2001 through 2003 as shown in the following table:

PECO COMMON EQUITY COMPONENT

(%)

Period	As Reported Including Securitization and Receivable Commitment	Excluding Securitization Including Receivable Commitment	Excluding Securitization and Receivable Commitment
March 31, 2001	2.1%	6.5%	49.7%
June 30, 2001	3.6%	11.8%	55.1%
September 30, 2001	5.1%	16.6%	57.8%
December 31, 2001	4.8%	15.3%	55.1%
March 31, 2002	5.4%	16.1%	54.3%
June 30, 2002	5.8%	17.4%	54.7%
September 30, 2002	7.5%	20.1%	53.2%
December 31, 2002	9.3%	25.2%	56.2%
March 31, 2003	10.4%	26.9%	56.1%
June 30, 2003	11.3%	29.6%	56.7%
September 30, 2003	13.15%	34.25%	60.49%

[23] The Receivable Contribution is not a loan to Exelon from PECO.

[24] Through September 30, 2003, Exelon contributed $322 million to PECO in settlement of the Receivable Contribution. Scheduled contributions in the future are as follows:

(Dollars in Millions)

Year	Amount	Year	Amount	Year	Amount
2003	$ 12(4th Q)	2006	$ 211	2009	$ 300
2004	$ 141	2007	$ 238	2010	$ 337
2005	$ 155	2008	$ 267		

[25] Reliant Energy, Inc., Holding Co. Act Release No. 27548 (July 5, 2002).

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3. Description of Specific Types of Financing

(a) Exelon External Financing

Exelon requests authorization to obtain funds externally through sales of common stock, preferred stock, Preferred Securities, Equity Linked Securities, long-term debt and short-term debt securities. With respect to common stock, Exelon also requests authority to issue common stock to third parties in consideration for the acquisition by Exelon or a Non-Utility Subsidiary of equity or debt securities of a company being acquired pursuant to an exemption under the Act (e.g., Sections 32, 33 or 34) or pursuant to Commission rule (e.g., Rule 58) or specific authorization by another Commission order. In addition, Exelon seeks the flexibility to enter into certain hedging transactions to manage interest rate risk.

i. Common Stock

The aggregate amount of financing obtained by Exelon during the Authorization Period from issuance and sale of common stock, no par value (other than for employee benefit plans or stock purchase and dividend reinvestment plans), when combined with issuances of preferred stock, Preferred Securities, Equity Linked Securities, long-term debt and short-term debt, as described in this section, and other than for refunding or replacement of securities where capitalization is not increased as a result thereof from that in place at September 30, 2003 (i.e, $23.883 billion), shall not exceed $8 billion for the uses set forth in Item 1.E.1. (d) above. Any refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003 will be through the issuance of securities of the type authorized in this Application.

Exelon s authority will be aggregated with that for Genco as more fully described below in Item 1. E. 3. (b)(ii).

This represents no change from the authority requested for the authorization period expiring March 31, 2004 but an increase of $4 billion over the amount approved in the Prior Orders for such period.

a. General

Exelon may sell common stock covered by this Application in any one of the following ways: (i) through underwriters or dealers; (ii) through agents; (iii) directly to a limited number of purchasers or a single purchaser; or (iv) directly to employees (or to trusts established for their benefit), shareholders and others. Issuances of common stock under Exelon s employee benefit plans and stock purchase and dividend reinvestment plans will not count towards the limitations proposed in this section; approval to issue common stock for such plans is being sought under

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Item 1. E. 4. below. If underwriters are used in the sale of the securities, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The securities may be offered to the public either through underwriting syndicates (which may be represented by a managing underwriter or underwriters designated by Exelon) or directly by one or more underwriters acting alone. The securities may be sold directly by Exelon or through agents designated by Exelon from time to time. If dealers are utilized in the sale of any of the securities, Exelon will sell such securities to the dealers as principals. Any dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. If common stock is being sold in an underwritten offering, Exelon may grant the underwriters thereof a green shoe option permitting the purchase from Exelon at the same price of additional shares then being offered solely for the purpose of covering over-allotments.

Public distributions may be pursuant to private negotiation with underwriters, dealers or agents as discussed above or effected through competitive bidding among underwriters. In addition, sales may be made through private placements or other non-public offerings to one or more persons. All such common stock sales will be with terms and conditions, at rates or prices and under conditions negotiated or based upon, or otherwise determined by, competitive capital markets.

b. Acquisitions

Under the terms of the Act and orders of the Commission, including the Merger Order, Exelon is authorized to acquire securities of companies engaged in energy-related businesses as described in Rule 58, exempt telecommunications companies (ETCs), EWGs and FUCOs. Historically, similar acquisitions have occasionally involved the exchange of parent company stock for securities of the company being acquired in order to provide the seller with certain tax advantages. These transactions are individually negotiated. The Exelon common stock to be exchanged may be purchased on the open market pursuant to Rule 42, or may be original issue. Original issue stock may be registered under the Securities Act of 1933, as amended (the 1933 Act), but at present it is expected that the common stock would not be registered and the common stock acquired by the third parties would be subject to resale restrictions pursuant to Rule 144 under the 1933 Act.

The ability to offer stock as consideration may make a transaction more economical for Exelon as well as for the seller of the business. The Exelon common stock would be valued at market value based upon the closing price on the day prior to the date of issuance (or, if appropriate, the date of a binding contract providing for the issuance of the common stock) or based upon average high and low prices for a period as negotiated by the parties. From the perspective of the Commission, the use of stock as consideration valued at market value should be no different than a sale of common stock on the open market and use of the proceeds to acquire securities, the acquisition of which is otherwise authorized.

ii. Preferred Stock, Preferred Securities and Equity Linked Securities

Exelon requests Commission authorization during the Authorization Period to issue preferred stock and to issue directly or indirectly through one or more Financing Subsidiaries (as defined below) preferred securities, including, specifically, trust preferred securities or

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monthly income preferred securities (Preferred Securities) and to issue equity linked securities, including units consisting of a combination of incorporated options, warrants and/or forward equity purchase contracts with debt, preferred stock or Preferred Securities (Equity Linked Securities). Equity Linked Securities will be exercisable or exchangeable for or convertible, either mandatorily or at the option of the holder, into common stock or indebtedness or allow the holder to utilize one security to satisfy its obligation to another security. Any convertible or Equity Linked Securities will be convertible into or linked to only securities that Exelon and its Subsidiaries are otherwise authorized to issue pursuant to rule or Commission order.

The aggregate amount of financing obtained by Exelon during the Authorization Period from issuance and sale of preferred stock, Preferred Securities and Equity Linked Securities, when combined with issuances of common stock (other than for employee benefit plans or stock purchase and dividend reinvestment plans), long-term debt and short-term debt, as described in this section and other than for refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003 (i.e, $23.883 billion), shall not exceed $8 billion for the uses set forth in Item 1. E. 1 (d) above. Any refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003 will be through the issuance of securities of the type authorized in this Application.

There are many different variations of equity-linked products offered in the marketplace. Typically, these products combine a security with a fixed obligation (e.g., preferred stock, Preferred Securities or debt) with a conversion feature that is exercisable (often mandatorily) within a relatively short period (e.g., three to six years after issuance). These instruments may also be tax advantaged. From the issuer s standpoint, an equity-linked security may offer a means to raise capital at a lower overall economic or after-tax cost than other types of long-term securities, in that the fixed obligation component may have a lower after-tax cost than straight preferred stock and all or a portion of the interest or dividends paid may be tax deductible or lock in prices at which investors are obligated to purchase common stock or other securities at a future date.. From an economic standpoint, these types of securities also generally carry a lower cost than common equity. Preferred Securities may be issued in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating each such series. Dividends or distributions on Preferred Securities will be made periodically and to the extent funds are legally available for such purpose, but may be made subject to terms that allow the issuer to defer dividend payments or distributions for specified periods. Preferred Securities may be convertible or exchangeable into shares of common stock or other indebtedness and may be issued in the form of shares or units.

Preferred stock, Preferred Securities and Equity Linked Securities may be sold directly or indirectly through underwriters or dealers or in connection with an acquisition similar to that described for common stock in Item 1. F.3.(a)(i) above.

The Commission has approved the issuance of such securities on several occasions.[26]

[26] CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003); FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003); Ameren Corporation, Holding Co. Act Release No. 27449 (Oct. 5, 2001); The Southern Company, Holding Co. Act Release No. 27134 (Feb. 9, 2000). See NiSource, Inc., Holding Co. Act Release No. 27567 (Sept. 12, 20002) describing equity linked securities issued by that company.

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iii. Long-Term Debt

Exelon requests Commission authorization during the Authorization Period to issue unsecured, long-term debt securities in an aggregate principal amount outstanding at any time, when combined with issuances of common stock (other than for benefit plans or stock purchase and dividend reinvestment plans) preferred stock, Preferred Securities, Equity Linked Securities and short-term debt as described in this section, and other than for refunding or replacement of securities where capitalization is not increased as a result thereof from that in place at September 30, 2003 (i.e, $23.883 billion) not to exceed $8 billion for the uses set forth in Item 1.E. 1.(d) above. At September 30, 2003 Exelon had $15.147 billion of consolidated long-term debt obligations outstanding. Any refunding or replacement of securities where capitalization is not increased will be through the issuance of securities of the type authorized in this Application.

Long-term debt securities may be comprised of bonds, notes, medium-term notes or debentures under one or more indentures (the Exelon Indenture) or long-term indebtedness under agreements with banks or other institutional lenders. Any long-term debt security would have such designation, aggregate principal amount, maturity, interest rate(s) or methods of determining the same, terms of payment of interest and other terms and conditions as Exelon may determine at the time of issuance. Any long-term debt (a) may be convertible into any other securities of Exelon, (b) will have maturities ranging from one to 50 years, (c) may be subject to optional and/or mandatory redemption, in whole or in part, at par or at various premiums above the principal amount thereof, (d) may be entitled to mandatory or optional sinking fund provisions, (e) may provide for reset of the coupon pursuant to a remarketing arrangement, (f) may be subject to tender to the issuer for repurchase or be subject to the obligation of the issuer to repurchase at the election of the holder or upon the occurrence of a specified event, (g) may be called from existing investors by a third party and (f) may be entitled to the benefit of positive or negative financial or other covenants. The maturity dates, interest rates, redemption and sinking fund provisions, tender or repurchase and conversion features, if any, with respect to the long-term securities of a particular series, as well as any associated placement, underwriting or selling agent fees, commissions and discounts, if any, will be established by negotiation or competitive bidding.

Borrowings from banks and other financial institutions will be pari passu with debt securities issued under the Exelon Indenture and the short-term credit facilities (as described below).

Specific terms of any borrowings will continue to be determined by Exelon at the time of issuance and will comply in all regards with the parameters on financing authorization set forth in Item 1. E.1 above.

The request for authorization for Exelon to issue long-term debt securities is consistent with the current authority under the Prior Orders and authorization that the Commission has granted to other combination gas and electric holding companies.[27]

[27] See e.g., CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003), FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003), SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003), E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002); Allegheny Energy, Inc., Holding Co. Act Release No. 27486 (Dec. 31, 2001); Exelon Corporation, Holding Co. Act Release No. 27266 (Nov. 2, 2000); New Century Energies, Holding Co. Act Release No. 27212 (Aug. 16, 2000).

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iv. Short-Term Debt

Exelon requests Commission authorization during the Authorization Period to issue and have outstanding at any one time during the Authorization Period unsecured, short-term debt securities[28] in an aggregate principal amount outstanding at any time, when combined with issuances of common stock (other than for benefit plans or stock purchase and dividend reinvestment plans and other than for refunding or replacement of securities where capitalization is not increased as a result thereof from that in place September 30, 2003 (i.e, $23.883 billion)) under this Application and when combined with issuances of preferred stock, Preferred Securities and Equity Linked Securities and long-term debt, as described in this section not to exceed $8 billion for the uses set forth in Item 1. E. 1. (d) above.

Short-term debt may include institutional borrowings, commercial paper or bid notes (all as described below) and short-term debt issued under the Exelon Indenture or otherwise. This request represents an increase over the authority previously granted in the Prior Orders as a result of eliminating the short-term debt sub-limit. However, the authorization for short-term debt is aggregated with, and not in addition to, the $8 billion requested for common stock, preferred stock and Preferred Securities, Equity Linked Securities and long-term debt as described in Item 1.F.3. (a)(i), (ii) and (iii) above.

In the Prior Orders, the Commission imposed a requirement that Exelon limit the amount of short-term indebtedness issued under the authority of the Prior Orders to $3 billion. Exelon recognizes that high levels of short-term debt can produce risks to the company in the event of a rapid increase in interest rates or when other conditions make refinancing of such short-term debt at maturity expensive or otherwise difficult. However, to allow Exelon financial flexibility to fund its capital needs, including potential acquisitions of major assets including EWGs or FUCOs, Exelon proposes in this filing that the short-term limitation be eliminated. Exelon believes that the most cost effective and efficient manner in which to finance a significant investment is through an initial issuance of short-term indebtedness with a term sufficient to allow it to arrange for permanent financing on the most attractive terms. Banks and other lenders are often more willing to provide favorable terms for such interim financing if it has a final term of less than one year. Consequently, the most likely means of financing such significant activity by Exelon would be through an initial short-term borrowing. Exelon will closely monitor its capital structure and would not undertake short-term financing of a significant amount unless it was confident that it had a viable strategy for permanent financing which could, in appropriate cases, include new equity as well as long-term debt to retire the short-term, interim acquisition financing.

Exelon believes that the significant levels of financial strength evidenced by its A-2/P-2 level short-term commercial paper credit ratings (see chart in Item 1. E. 2. above) justifies its ability to use short-term debt as described above. The Commission has approved general omnibus financing authority, such as that sought herein, without imposing a sub-limit on short-term debt.[29]

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[28] The maturity of any short-term debt issued will not exceed 364 days or, if the notional maturity is greater than 364 days, the debt security will include put options at appropriate points in time or other features to cause the security to be accounted for as a current liability under generally accepted accounting principles.

[29] See, e.g., E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002); Allegheny Energy, Inc., Holding Co. Act Release No. 27521 (April 17, 2002); KeySpan Corp., Holding Co. Act Release No. 27272 (Nov. 8, 2000); Scottish Power plc, Holding Co. Act Release No. 27290 (Dec. 6. 2000).

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Exelon may sell commercial paper, from time to time, in established domestic commercial paper markets. Such commercial paper would be sold to dealers at the discount rate or the coupon rate per annum prevailing at the date of issuance for commercial paper of comparable quality and maturities sold to commercial paper dealers generally. It is expected that the dealers acquiring commercial paper from Exelon will re-offer such paper at a discount to corporate and institutional investors. Institutional investors are expected to include commercial banks, insurance companies, pension funds, investment trusts, foundations, colleges and universities and finance companies.

Exelon may, without counting against the limit set forth above, maintain back-up lines of credit in connection with a commercial paper program in an aggregate amount not to exceed the amount of authorized commercial paper.

Credit lines may be set up for use by Exelon for general corporate purposes in addition to credit lines to support commercial paper as described in this subsection. Exelon will borrow and repay under such lines of credit, from time to time, as it is deemed appropriate or necessary. If Exelon enters into a credit line at a time when it meets the ratings requirements of Item 1. E. 1. (f) above, it will remain authorized to borrow or draw under such credit line during the Authorization Period notwithstanding any subsequent non-compliance with such rating requirements.

v. Financing Risk Management Devices

a. Interest Rate Risk. Exelon requests authority to enter into, perform, purchase and sell financial instruments intended to reduce or manage the volatility of interest rates, including but not limited to interest rate swaps, caps, floors, collars and forward agreements. Hedges may also include issuance of structured notes (i.e., a debt instrument in which the principal and/or interest payments are indirectly linked to the value of an underlying asset or index), or transactions involving the purchase or sale, including short sales, of U.S. Treasury or U.S. governmental agency (e.g., Fannie Mae) obligations or LIBOR based swap instruments (collectively referred to as Hedge Instruments). The transactions would be for fixed periods and stated notional amounts. Exelon would employ interest rate derivatives as a means of prudently managing the risk associated with any of its outstanding debt issued pursuant to this authorization or an applicable exemption by, in effect, synthetically (i) converting variable rate debt to fixed rate debt, (ii) converting fixed rate debt to variable rate debt and (iii) limiting the impact of changes in interest rates resulting from variable rate debt. In no case will the notional principal amount of any interest rate swap exceed the face value of the underlying debt instrument and related interest rate exposure. Transactions will be entered into for a fixed or determinable period. Thus, Exelon will not engage in speculative transactions. Exelon will only enter into agreements with counterparties (Approved Counterparties) whose senior debt ratings, as published by a national recognized rating agency, are greater than or equal to BBB, or an equivalent rating.

b. Anticipatory Hedges. In addition, Exelon requests authorization to enter into interest rate hedging transactions with respect to anticipated debt offerings (the Anticipatory Hedges), subject to certain limitations and restrictions. Such Anticipatory Hedges would only be entered into with Approved Counterparties, and would be utilized to fix and/or limit the interest rate risk associated with any new issuance through (i) a forward sale of exchange-traded Hedge Instruments (a Forward Sale), (ii) the purchase of put options on Hedge Instruments

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(a Put Options Purchase), (iii) a Put Options Purchase in combination with the sale of call options Hedge Instruments (a Zero Cost Collar), (iv) transactions involving the purchase or sale, including short sales, of Hedge Instruments, or (v) some combination of a Forward Sale, Put Options Purchase, Zero Cost Collar and/or other derivative or cash transactions, including, but not limited to, structured notes, caps and collars, appropriate for the Anticipatory Hedges. Anticipatory Hedges may be executed on-exchange (On-Exchange Trades) with brokers through the opening of futures and/or options positions traded on the Chicago Board of Trade (CBOT), the opening of over-the-counter positions with one or more counterparties (Off-Exchange Trades), or a combination of On-Exchange Trades and Off-Exchange Trades. Exelon or the appropriate Subsidiary will determine the optimal structure of each Anticipatory Hedge transaction at the time of execution. Exelon or the appropriate Subsidiary may decide to lock in interest rates and/or limit its exposure to interest rate increases.

c. Accounting Standards. Exelon will comply with Statement of Financial Accounting Standards (SFAS) 133 (Accounting for Derivative Instruments and Hedging Activities), SFAS 138 (Accounting for Certain Derivative Instruments and Certain Hedging Activities) or such other standards relating to accounting for derivative transactions as are adopted and implemented by the FASB. The Hedge Instruments and Anticipatory Hedges approved hereunder will qualify for hedge accounting treatment under the current FASB standards in effect and as determined at the date such Hedge Instruments or Anticipatory Hedges are entered into.

(b) Financing Subsidiaries

Exelon and the Subsidiaries request authority to acquire, directly or indirectly, the equity securities of one or more corporations, trusts, partnerships or other entities (Financing Subsidiaries) created specifically for the purpose of facilitating the financing of the authorized and exempt activities (including exempt and authorized acquisitions) of Exelon and the Subsidiaries through the issuance of long-term debt, Preferred Securities or Equity Linked Securities, to third parties and the transfer of the proceeds of such financings to Exelon or such Subsidiaries.[30] Exelon or a Subsidiary may, if required, guarantee or enter into support or expense agreements in respect of the obligations of any such Financing Subsidiaries. Such Financing Subsidiaries may pledge revenues or other assets or grant security interests solely to accommodate the conduit structure of such financings approved herein; provided such security will not consist of the assets (other than an income stream in support of such financing) or stock of any operating subsidiary of Exelon. Subsidiaries may also provide guarantees and enter into support or expense agreements, if required, on behalf of such entities pursuant to Rules 45(b)(7) and 52, as applicable.

Exelon and the Subsidiaries also request authority to issue and sell to any Financing Subsidiary, at any time or from time to time in one or more series, unsecured debentures, unsecured promissory notes or other unsecured debt instruments (individually, a Note and, collectively, the Notes) and the Financing Subsidiary will apply the proceeds of any external financing by such Financing Subsidiary plus the amount of any equity contribution made to it from time to time and other available funds to purchase Notes. The terms (e.g., interest rate, maturity, amortization, prepayment terms, default provisions, etc.) of any such Notes would generally be designed to parallel the terms of the securities issued by the Financing Subsidiary to which the Notes relate.

[30] The special purpose subsidiaries already in existence may be used for these purposes as well.

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Each of the Subsidiaries also requests authorization to enter into an expense agreement with its respective financing entity, pursuant to which it would agree to pay all expenses of such entity. Any amounts issued by such financing entities to third parties pursuant to this authorization will be included in the overall external financing limitation authorized herein for the immediate parent of such financing entity. However, the underlying intra-system mirror debt (including Notes) and parent guarantee shall not be so included so as to avoid double counting.[31]

(c) Utility Subsidiary Financing

i. ComEd and PECO Short-Term Debt

Authority is requested for ComEd and PECO to each issue short-term debt, including commercial paper and borrowings under credit lines, in the aggregate amount of $2.7 billion to be outstanding at any one time during the Authorization Period. This requests represents no change over the authorization granted in the Prior Orders with respect to ComEd and PECO short-term debt.[32]

ComEd and PECO request authority to sell commercial paper, from time to time, in established domestic commercial paper markets in a manner similar to Exelon as discussed above. ComEd and PECO may, without counting against the limit set forth above, further maintain back up lines of credit in an aggregate amount not to exceed the amount of authorized commercial paper. Credit lines may be set up for use by ComEd or PECO for general corporate purposes in addition to credit lines to support commercial paper as described in this subsection. ComEd and PECO will borrow and repay under such lines of credit, from time to time, as it is deemed appropriate or necessary. Subject to the limitations described herein, ComEd and PECO may each engage in other types of short-term financings as it may deem appropriate in light of its needs and market conditions at the time of issuance. The short-term financings, if any, will be unsecured.

If ComEd or PECO enter into a credit line at a time when the ratings requirements of Item 1. E. 1. (f) above are satisfied, it will remain authorized to borrow or draw under such credit line during the Authorization Period notwithstanding any subsequent non-compliance with such rating requirements.

The amounts issued under this authority will not count against any other financing limits provided for herein and are in addition to any other authorizations.

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[31] The authorization sought herein with respect to financing entities is substantially the same as that given to FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003); CenterPoint Energy Inc., Holding Co. Act Release No. 27692 (June 30, 2003); SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003); Ameren Corporation, Holding Co. Act Release No. 27645 (January 29, 2003); Exelon Corporation, Holding Co. Act Release No. 27266 (November 2, 2000); Dominion Resources, Inc., Holding Co. Act Release No. 27112 (Dec. 15, 1999).

[32] Under the Prior Orders, the limitation on short-term debt for Genco was aggregated with short-term debt issued by ComEd and PECO. Because Exelon is proposing that Genco s other financing authority be aggregated with the Exelon limits, Exelon believes it is more appropriate to exclude Genco from the Utility Subsidiary short-term debt limitations.

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ii. Genco Securities

Although Genco is an electric utility company under the Act, it is not subject to the jurisdiction of any State commission in connection with the issuance of securities.[33] Accordingly, all securities issuances for Genco will require approval of the Commission.

The aggregate amount of financing obtained by Genco during the Authorization Period, from issuance and sale of equity interests, preferred equity interests, Preferred Securities, Equity Linked Securities, long-term debt and short-term debt, as described in this section, and other than for refunding or replacement of securities where capitalization is not increased as a result thereof from that in place at September 30, 2003 (i.e., $5.790 billion), shall not exceed $8 billion for the uses set forth in Item 1. E. 1. (d) above. Any refunding or replacement of securities where capitalization is not increased from that in place at September 30, 2003 will be through the issuance of securities of the type authorized in this Application.

Any issuance of securities by Genco to unrelated third parties under this authorization will reduce, dollar for dollar, the remaining financing authority available to Exelon; provided that issuances to Genco s parent companies reflecting conduit transactions shall not reduce the authority available to Exelon except to the extent Exelon has issued securities to fund such transactions. Likewise, issuances by Genco related solely to conduit transactions with its Subsidiaries will not count against Genco s limits to the extent subject to and counted against another financing limit of this authorization. The manner of sale and other terms for issuances by Genco as authorized herein will be the same as the applicable terms for equivalent securities of Exelon as described in Item 1.E. 3.(a) above. Specific terms of any securities will be determined by Genco at the time of issuance and will comply in all regards with the parameters on financing authorization set forth in Item 1. E. 1. above.

Preferred equity interests, Preferred Securities and Equity Linked Securities may be issued in one or more series with such rights, preferences, and priorities as may be designated in the instrument creating each such series, as determined in accordance with Genco s governing documents.

Long-term debt securities would be comprised of unsecured bonds, notes, medium-term notes or debentures under one or more indentures (each a Genco Indenture) or unsecured long-term indebtedness under agreements with banks or other institutional lenders.

Borrowings from the banks and other financial institutions will be unsecured and rank pari passu with debt securities issued under the Genco Indenture and the short-term credit facilities (as described below).

Authority is requested for Genco to issue commercial paper and establish credit lines. Genco requests authority to sell commercial paper, from time to time, in established domestic commercial paper markets in a manner similar to Exelon as discussed above. Genco may, without counting against the limits set forth above, maintain back up lines of credit in connection with a commercial paper program in an aggregate amount not to exceed the amount of authorized commercial paper.

[33] By virtue of Section 318 of the Federal Power Act, Genco will not be subject to the jurisdiction of FERC in connection with the issuance of securities because it will be subject to the Commission s jurisdiction in that regard.

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Credit lines may be set up for use by Genco for general corporate purposes in addition to credit lines to support commercial paper as described in this subsection. Genco will borrow and repay under such lines of credit, from time to time, as it is deemed appropriate or necessary. Subject to the limitations described herein, Genco may engage in other types of short-term financings as it may deem appropriate in light of its needs and market conditions at the time of issuance.

Authority is sought for Genco to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support with respect to the obligations of its Subsidiaries and non-affiliated third parties (Genco Guarantees) as set forth below in Item 1.E.3.(d).

iii. Financing Risk Management Devices

To the extent not exempt under Rule 52, ComEd, PECO and Genco also request authority to enter into interest rate risk management transactions (hedge instruments) and Anticipatory Hedges of the same type and under the same conditions as are requested in Item 1. E. 3. (a)(v) above by Exelon.

(d) Guarantees and Intra-system Advances

Exelon requests continued authorization to enter into guarantees, obtain letters of credit, enter into expense agreements or otherwise provide credit support with respect to the obligations of its Subsidiaries as may be appropriate or necessary to enable such Subsidiaries to carry on in the ordinary course of their respective businesses and to enter into guarantees of the obligations of non-affiliated third parties in the ordinary course of Exelon s business (Exelon Guarantees) in an amount, together with Genco Guarantees, the Non-Exempt Non-Utility Guarantees and the Non-Exempt Utility Guarantees (each as defined below), in an aggregate principal amount not to exceed $6.0 billion outstanding at any one time (not taking into account obligations exempt pursuant to Rules 45 and 52) (collectively, the Guarantee Limit). This represents an increase of $1.5 billion over the amount in the Prior Order reflecting increased business activity and need for guarantees. Included in this amount are guarantees and other credit support mechanisms by Exelon, Genco or other Subsidiaries that were previously issued and were outstanding at September 30, 2003 in the amount of $1.913 billion as described in the following table:

Amount	Guarantor	Type of Guarantee
$1,326 million	Exelon Corporation	Long-term debt: $41M on Letters of credit: $28M Performance: $11M Surety: $555M Energy Marketing: $172M Nuclear insurance: $459M Leases: $10 Letters of credit: $50

$21 million	ComEd	Surety bonds: $21M
$224 million	PECO	Surety bonds: $46M Preferred securities: $178M
$342 million	Genco	Nuclear insurance: $151M Performance: $101 Energy marketing: $36M Subsidiary equity: $38M Letters of credit: $16

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Rule 45 (b)(1) exempts [a] loan or extension of credit involving an acquisition of securities . . . exempt from Section 9(a) of the Act . . . by any rule in this part. Rule 58(a) exempts from Section 9(a) the acquisition of the securities of an energy-related company, to the extent of the aggregate investment limit stated therein. Thus, guarantees of securities issued to acquire an energy-related company are clearly obligations exempt pursuant to Rule 45, and thus not included within the Guarantee Limit. As is the case with the acquisition of securities of energy-related companies, the acquisition of securities of exempt wholesale generators and foreign utility companies are exempt from Section 9(a). This exemption is not by any rule in this part, but pursuant to statute, i.e., Sections 32(g) and 33(b) of the Act. However, the same principle that applies to exclude from the Guarantee Limit guaranties of securities issued to acquire an energy-related company should also apply to exclude from the Guarantee Limit guaranties of securities issued to acquire EWGs and FUCOs. In both cases, the guaranty relates to securities the acquisition of which is exempt from Section 9(a) of the Act. Thus, Exelon requests that guaranties of securities issued to acquire EWGs and FUCOs shall not be included within the Guarantee Limit. Such securities shall be included in Exelon s aggregate investment in EWGs and FUCOs. The purpose of this request is to prevent a double count of both the investment and the guaranty.

Exelon or Genco, as the case may be, may charge each Subsidiary a fee for each guarantee provided on its behalf that is not greater than the cost, if any, of obtaining the liquidity necessary to perform the guarantee for the period of time the guarantee remains outstanding.[34]

Any guarantees or other credit support arrangements outstanding at the end of the Authorization Period will continue until expiration or termination in accordance with their terms.

Exelon and Genco request that this guarantee authority include the ability to guarantee debt. The debt guaranteed will comply with the parameters for financing authorization set forth in Item 1. E. 1. above or be exempt. To the extent that a guaranty issued pursuant to the authority granted herein is of a security issued pursuant to the authority granted herein such that both the guaranty and the underlying obligation are subject to limitation amounts, such issuance will count only against the applicable limitation related to the underlying obligation to avoid a double count. To provide otherwise would be to in effect count the obligation twice since the system is obligated to the obligee only with respect to the principal amount of the underlying obligation.[35]

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[34] CenterPoint Energy Inc., Holding Co. Act Release No. 27692 (June 30, 2003); Pepco Holdings Inc., Holding Co. Act Release No. 27557 (July 31, 2002).

[35] See E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002); National Grid, Holding Co. Act Release No. 27490 (Jan. 16, 2002); Ameren Corporation, Holding Co. Act Release No. 27449 (Oct. 5, 2001); Kansas City Power & Light Co., Holding Co. Act Release No. 27436 (Sept. 7, 2001); Dominion Resources, Holing Co. Act Release No. 27406 (May 24, 2001).

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In addition to the current authority by Exelon and Genco, Applicants request authorization for the Non-Utility Subsidiaries to enter into guarantees, obtain letters of credit, enter into expense agreements and otherwise provide credit support with respect to other Non-Utility Subsidiaries and non-affiliated third parties in the ordinary course of their business (Non-Exempt Non-Utility Guarantees), in addition to guarantees that are exempt under Rules 45(b) and 52. Non-Exempt Non-Utility Guarantees will count against the aggregate Guarantee Limit. The Non-Utility Subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above.[36]

Furthermore, Applicants request authorization for the Utility Subsidiaries to enter into guarantees, obtain letters of credit, enter into expense agreements and otherwise provide credit support with respect to their direct and indirect Subsidiaries or Exelon Non-Utility Subsidiaries and non-affiliated third parties (Non-Exempt Utility Guarantees), in addition to guarantees that are exempt under Rules 45(b) and 52. Non-Exempt Utility Guarantees will count against the aggregate Guarantee Limit. The Utility Subsidiary providing any such credit support may charge its associate company a fee for each guarantee provided on its behalf determined in the same manner as specified above.[37]

Certain of the guarantees referred to above may be in support of the obligations which are not capable of exact quantification. In such cases, Applicants will determine the exposure under such guarantee for purposes of measuring compliance with the applicable limitation by appropriate means including estimation of exposure based on loss experience or projected potential payment amounts. If appropriate, such estimates will be made in accordance with GAAP. Such estimation will be reevaluated periodically.[38]

4. Dividend Reinvestment Plan and Employee Plans

Exelon proposes, from time to time during the Authorization Period, to issue and/or acquire in open market transactions, or by some other method which complies with applicable law and Commission interpretations then in effect, up to 21 million shares of Exelon common stock under Exelon s dividend reinvestment plan, employee stock ownership plan, certain incentive compensation plans and certain other employee benefit plans described below (collectively, the Plans). Under the Prior Orders Exelon had authority to issue 21 million shares with respect to Plans through March 31, 2004. Through September 30, 2003, Exelon issued 7.986 million shares under this authority.

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36 See SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003).

37 See SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003).

38 See CenterPoint Energy Inc., Holding Co. Act Release No. 27692 (June 30, 2003), SCANA Corporation, Holding Co. Act Release No. 27649 (February 12, 2003).

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(a) Exelon Corporation Dividend Reinvestment and Employee Stock Purchase Plan

Exelon maintains the Exelon Corporation Dividend Reinvestment and Stock Purchase Plan, the (Reinvestment Plan). The following summary of certain features of the Reinvestment Plan is qualified by reference to such plan. (See Exhibit G-1).

The purpose of the Reinvestment Plan is to give holders of Exelon common stock a convenient method of purchasing additional common shares through the reinvestment of dividends and direct cash investments and to offer a variety of flexible services to aid owners in managing their common share holdings. A participant in the Reinvestment Plan may receive cash dividends on all shares, including those held in the Reinvestment Plan, automatically reinvest cash dividends on some or all common shares registered in the participant s name and continue to receive cash dividends on any remaining shares, purchase additional common shares by making voluntary cash payments of at least $25 per payment up to a total of $60,000 per calendar year, make automatic monthly purchases of common shares by electronic funds transfer for deposit shares into book-entry form for safekeeping purposes.

(b) Exelon Corporation Employee Stock Purchase Plan

Exelon currently maintains the Exelon Employee Stock Purchase Plan (Purchase Plan). (See Exhibit G-2 hereto). The purpose of the Purchase Plan is to provide employees of Exelon and its subsidiaries added incentive to remain employed by such companies and to encourage increased efforts to promote the best interests of such companies by permitting eligible employees to purchase shares of common stock at below-market prices. The Plan is intended to qualify as an employee stock purchase plan under section 423 of the Internal Revenue Code of 1986, as amended. Participation in the Plan is limited to each employee who satisfies all of the following conditions): (i) such employee s customary employment is for 20 or more hours per week; and (ii) such employee has been continuously employed by the Participating Companies for at least 3 consecutive calendar months.

(c) Exelon Corporation Long-Term Incentive Plan

The purpose of the Exelon Corporation Long-Term Incentive Plan (the Incentive Plan) is to encourage designated key employees of Exelon and its subsidiaries to contribute materially to the growth of the Company, thereby benefiting Exelon s shareholders. Approximately 650 persons are eligible to participate in the Incentive Plan. The Incentive Plan authorizes the following types of grants singly, in combination or in tandem: Stock Options, Stock Appreciation Rights, Restricted Stock, Performance Shares and Performance Units, Phantom Stock, and Dividend Equivalents.

(d) PECO Energy Company 1998 Stock Option Plan

The PECO Energy Company 1998 Stock Option Plan (the 1998 Plan) was originally established by PECO and is now sponsored by Exelon. The purpose of the Plan is to encourage eligible employees of PECO and its subsidiaries to contribute materially to the growth of PECO. (See Exhibit G-4).

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(e) Exelon Corporation Employee Savings Plan

The Exelon Corporation Employee Savings Plan (Savings Plan) is a merger of the Commonwealth Edison Employee Savings and Investment Plan and the PECO Energy Company Employee Savings Plan. The Savings Plan, or certain funds thereof, is designated as a profit sharing plan, an ERISA section 404(c) Plan and an employee stock ownership plan. (See Exhibit G-5).

(f) Unicom Corporation Amended and Restated Long Term Incentive Plan

The purposes of the Unicom Corporation Long-Term Incentive Plan (the Unicom Plan) are (i) to align the interests of stockholders and recipients of awards under the Unicom Plan by increasing the proprietary interest of such recipients in the company s growth and success and (ii) to attract and retain well-qualified persons by providing such persons with performance-related incentives. (See Exhibit G-6-1).

(g) Unicom Corporation 1996 Director s Fee Plan

The Unicom Corporation 1996 Fee Plan provides deferred equity compensation to certain former directors of Unicom. (See Exhibit G-6-2).

(h) Unicom Corporation Retirement Plan for Directors

The Unicom Corporation Retirement Plan for Directors provides retirement compensation to certain retired directors of Unicom. (See Exhibit G-6-3).

(i) Commonwealth Edison Company Retirement Plan for Directors

The Commonwealth Edison Company Retirement Plan for Directors provides retirement compensation to certain retired directors of ComEd. (See Exhibit G-6-4).

(j) Exelon Corporation Stock Deferral Plan

The Exelon Corporation Stock Deferral Plan (the Deferral Plan) provides certain key employees of the Exelon and participating affiliates the opportunity to defer the receipt of all or any portion of any incentive or other awards payable in Exelon common stock granted under the Exelon Corporation Long Term Incentive Plan (the LTIP), or of any similar award payable under any other incentive program. (See Exhibit G-7).

F. Authorization and Operation of the Money Pools

Exelon and the Utility Subsidiaries hereby request authorization to conduct the Utility Money Pool as approved in the Prior Orders, and the Utility Subsidiaries, to the extent not exempted by Rule 52, and Exelon Business Services also request authorization to make, from time to time, unsecured short-term borrowings from the Utility Money Pool and to contribute surplus funds to the Utility Money Pool and to lend and extend credit to (and, if applicable, acquire promissory notes from) one another through the Utility Money Pool.[39]

[39] The Utility Money Pool was approved in the Prior Orders. Subsidiaries eligible to be borrowers or lenders from the Utility Money Pool are Exelon Business Services Company; ComEd, PECO, Genco, ComEd of Indiana, PECO Energy Power Company, Susquehanna Power Company and Susquehanna Electric Company.

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Exelon requests authority for Unicom Investments, Inc (UII) to participate in the Utility Money Pool as a lender to the Utility Money Pool, but not as a borrower from the Utility Money Pool. UII was established to invest the proceeds and facilitate a like-kind exchange in connection with ComEd s 1999 sale of several fossil-generation plants. In its Order dated August 3, 1999 in Docket Nos. 99-0273 and 99-0282, the Illinois Commerce Commission approved that transaction, including UII s role therein. To enable UII to transfer, for use in furthering the business interests of the Exelon Utility Subsidiaries, idle cash that might otherwise be trapped at UII, Exelon requests that UII be authorized to participate in Exelon s Utility Money Pool. Like Exelon, UII s participation would be limited to contributing surplus funds to the Utility Money Pool. Thus, UII would participate only as a lender to and not as a borrower from the Utility Money Pool. Accordingly, for purposes of this Item 1. F. only, Utility Subsidiaries will include UII.

In addition, Exelon and the Non-Utility Subsidiaries [40], hereby request authorization to conduct the Non-Utility Money Pool. The Non-Utility Money Pool activities of all of the Non-Utility Subsidiaries are exempt from the prior approval requirements of the Act under Rule 52. Funds made available by Exelon for loans through the money pools are made available first for loans through the Utility Money Pool and thereafter for loans through the Non-Utility Money Pool.

Exelon is requesting authorization to contribute surplus funds and to lend and extend credit to (a) the Utility Subsidiaries through the Utility Money Pool and (b) the Non-Utility Subsidiaries through the Non-Utility Money Pool. Exelon will not be a borrower from either the Utility Money Pool or the Non-Utility Money Pool.

The Applicants believe that the cost of the proposed borrowings through the two Money Pools will generally be more favorable to the borrowing participants than the comparable cost of external short-term borrowings, and the yield to the participants contributing available funds to the two Money Pools will generally be higher than the typical yield on short-term investments.

1. Utility Money Pool

Under the terms of the Utility Money Pool, short-term funds are made available from the following sources for short-term loans to the Utility Subsidiaries from time to time: (1) surplus funds in the treasuries of Utility Money Pool participants other than Exelon, (2) surplus funds in the treasury of Exelon, and (3) proceeds from bank borrowings or the sale of commercial paper by Exelon or the Utility Subsidiaries for loan to the Utility Money Pool (External Funds[41]).

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40 See the list of participating Non-Utility Subsidiaries in Item 1. F. 2. below.

41 Under the parameters for financing, the investment grade conditions described in Item 1.E.(1)(f) provide that securities may be issued for the purpose of funding money pool operations without compliance with the investment grade requirements. Accordingly, Exelon or other Money Pool participants otherwise authorized to borrow may engage in commercial paper issuances or borrowings from banks to fund Money Pool operations even if the ratings requirements are not satisfied.

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Funds would be made available from such sources in such order as Exelon Business Services, as administrator of the Utility Money Pool, determines to result in a lower cost of borrowing, consistent with the individual borrowing needs and financial standing of the companies providing funds to the pool. The determination of whether a Utility Money Pool participant at any time has surplus funds to lend to the Utility Money Pool or shall lend funds to the Utility Money Pool will be made by such participant s chief financial officer or treasurer, or by a designee thereof, on the basis of cash flow projections and other relevant factors, in such participant s sole discretion. See Exhibit I-1 for a copy of the revised Form of Utility Money Pool Agreement.

Utility Money Pool participants borrow pro rata from each company that lends, in the proportion that the total amount loaned by each such lending company bears to the total amount then loaned through the Utility Money Pool. On any day when more than one fund source (e.g., surplus treasury funds of Exelon and other Utility Money Pool participants (Internal Funds) and External Funds), with different rates of interest, is used to fund loans through the Utility Money Pool, each borrower borrows pro rata from each such fund source in the Utility Money Pool in the same proportion that the amount of funds provided by that fund source bears to the total amount of short-term funds available to the Utility Money Pool.

Borrowings from the Utility Money Pool require authorization by the borrower s chief financial officer or treasurer, or by a designee thereof. No party is required to effect a borrowing through the Utility Money Pool if it is determined that it could (and has authority to) effect a borrowing at lower cost directly from banks or through the sale of its own commercial paper. No loans through the Utility Money Pool are made to, and no borrowings through the Utility Money Pool are made by, Exelon.

The cost of compensating balances, if any, and fees paid to banks to maintain credit lines and accounts by Utility Money Pool participants lending External Funds to the Utility Money Pool are paid by the participant maintaining such line. A portion of such costs or all of such costs in the event a Utility Money Pool participant establishes a line of credit solely for purposes of lending any External Funds obtained thereby into the Utility Money Pool is retroactively allocated every month to the companies borrowing such External Funds through the Utility Money Pool in proportion to their respective daily outstanding borrowings of such External Funds.

If only Internal Funds make up the funds available in the Utility Money Pool, the interest rate applicable and payable to or by Subsidiaries for all loans of such Internal Funds is the higher of the rate for high-grade unsecured 30-day commercial paper sold through dealers by major corporations as quoted in The Wall Street Journal or the rate then available to the lending company from an eligible investment in readily marketable money market funds or the existing short-term investment accounts maintained by the lender during the period in question. Providing for such alternative ensures that the lending company does not forego any investment return that it could have obtained by investing in such money market funds or other permitted short-term investments instead of the Money Pool. In the event neither rate is one that is permissible for a transaction because of constraints imposed by the state regulatory commission having jurisdiction over the utility participating in such transaction, then the rate shall be a rate that is permissible for such transaction determined pursuant to the requirements of that state regulatory commission.

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If only External Funds comprise the funds available in the Utility Money Pool, the interest rate applicable to loans of such External Funds will be equal to the lending company s cost for such External Funds (or, if more than one Utility Money Pool participant makes available External Funds on such day, the applicable interest rate will be a composite rate equal to the weighted average of the cost incurred by the respective Utility Money Pool participants for such External Funds).

In cases where both Internal Funds and External Funds are concurrently borrowed through the Utility Money Pool, the rate applicable to all loans comprised of such blended funds is the composite rate equal to the weighted average of (a) the cost of all Internal Funds contributed by Utility Money Pool participants (as determined pursuant to the second-preceding paragraph above) and (b) the cost of all such External Funds (as determined pursuant to the immediately preceding paragraph above). In circumstances where Internal Funds and External Funds are available for loans through the Utility Money Pool, loans may be made exclusively from Internal Funds or External Funds, rather than from a blend of such funds, to the extent it is expected that such loans would result in a lower cost of borrowings.

Funds not required by the Utility Money Pool to make loans (with the exception of funds required to satisfy the Utility Money Pool s liquidity requirements) are ordinarily invested in one or more short-term investments, including: (i) interest-bearing accounts with banks; (ii) obligations issued or guaranteed by the U.S. government and/or its agencies and instrumentalities, including obligations under repurchase agreements; (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated not less than A by a nationally recognized rating agency; (iv) commercial paper rated not less than A-1 or P-1 or their equivalent by a nationally recognized rating agency; (v) money market funds; (vi) bank certificates of deposit, (vii) Eurodollar funds; and (viii) short-term debt securities rated AA or above by Standard & Poor s, Aa or above by Moody s Investors Service, or AA or above by Fitch Ratings; (ix) short-term debt securities issued or guaranteed by an entity rated AA or above by Standard & Poor s, Aa or above by Moody s Investors Service, or AA or above by Fitch Ratings; and (x) such other investments as are permitted by Section 9(c) of the Act and Rule 40 thereunder.

The interest income and investment income earned on loans and investments of surplus funds would be allocated among the participants in the Utility Money Pool in accordance with the proportion each participant s contribution of funds bears to the total amount of funds in the Utility Money Pool and the cost of funds provided to the Utility Money Pool by such participant.

Each Applicant receiving a loan through the Utility Money Pool would be required to repay the principal amount of such loan, together with all interest accrued thereon, on demand and in any event not later than one year after the date of such loan. All loans made through the Utility Money Pool may be prepaid by the borrower without premium or penalty.

The Utility Subsidiaries will remain authorized to borrow from the Utility Money Pool, and Exelon and the Utility Subsidiaries will be authorized to issue commercial paper or draw on lines of credit for the purpose of funding the Utility Money Pool and other purposes during the Authorization Period notwithstanding any subsequent non-compliance with rating requirements of Item 1. E. 1. (f) above.[42]

[42] This result is consistent with the fact that if either ComEd or PECO enter into a credit line at a time when the ratings requirements of Item 1. E. 1. (f) above are satisfied, it will remain authorized to borrow or draw under such credit line during the Authorization Period notwithstanding any subsequent non-compliance with such rating requirements. See Item 1.E.3(c)(i) above.

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2. Non-Utility Money Pool

A separate Non-Utility Money Pool among Exelon and certain Non-Utility Subsidiary companies of Exelon was approved in the Prior Orders. Each of the Non-Utility Subsidiaries that is an applicant hereto requests authorization to participate in the Non-Utility Money Pool as shown in the following table:

Current Name of Non-Utility Subsidiary	**Source of Authority to Retain or Form Non-Utility Subsidiary (and former name, if applicable)**
Adwin Equipment Company	Merger Order, Appendix A, IV. 7.1
ECP Telecommunications Holdings, LLC	Exempt Telecommunications Company
EEI Telecommunications Holdings, LLC	Exempt Telecommunications Company
Energy Trading Company	Merger Order, Appendix A, VI. 5.3
Exelon Business Services Company	Merger Order
Exelon Capital Partners, Inc.	Merger Order, Appendix A, IV. 5.6
Exelon Communications Company, LLC	Exempt Telecommunications Company
Exelon Communications Holdings, LLC	Exempt Telecommunications Company
Exelon Energy Company	Merger Order, Appendix A, I. 4.2 (formerly, Unicom Energy Inc.)
Exelon Enterprises Company, LLC	Merger Order
Exelon Enterprises Investments, Inc.	Intermediate Subsidiary
Exelon Enterprises Management, Inc.	Merger Order, Appendix A, IV. 5.3 (formerly, Exelon Ventures Corp.)
Exelon New Trust Company	Approval Pending (Docket No. 70-10107)
Exelon Services, Inc.	Merger Order, Appendix A, I. 2.1 (formerly, Unicom Mechanical Services, Inc.)
Exelon Thermal Development, Inc.	Rule 58
Exelon Thermal Holding, Inc	Rule 58
Exelon Thermal Technologies, Inc.	Merger Order, Section II. D (formerly, Unicom Thermal Technologies)
Exelon Ventures Company, LLC	Merger Order, Section I. D
F&M Holdings Company, LLC	Rule 58
Unicom Power Holdings, LLC.	Merger Order, Appendix A, I. 6.1
Unicom Power Marketing, Inc.	Merger Order, Appendix A, I. 4.4

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The Non-Utility Money Pool is operated on the same terms and conditions as set forth for the Utility Money Pool, except that Exelon funds made available to the Money Pools will be made available to the Utility Money Pool first (to the extent it is operated) and thereafter to the Non-Utility Money Pool. No loans through the Non-Utility Money Pool are made to, and no borrowings through the Non-Utility Money Pool are made by, Exelon. See Exhibit I-2 for a copy of the revised Form of Non-Utility Money Pool Agreement.

Non-Utility Money Pool participants will remain authorized to borrow from the Non-Utility Money Pool, and Exelon and the Non-Utility Subsidiaries will be authorized to issue commercial paper or draw on lines of credit for the purpose of funding the Non-Utility Money Pool or other purposes during the Authorization Period notwithstanding any subsequent non-compliance with rating requirements of Item 1. E. 1. (f) above.[43]

3. Other Contributions to Money Pool

Exelon and the Utility Subsidiaries may contribute funds from the issuance of short-term debt as authorized above to the Utility Money Pool. Exelon and the Non-Utility Subsidiaries may contribute funds from the issuance of short-term debt to the Non-Utility Money Pool.

4. Operation of the Money Pools and Administrative Matters

Exelon Business Services under the authority of the appropriate officers of the participating companies will continue to handle the operation of the Utility and Non-Utility Money Pools, including record keeping and coordination of loans. Exelon Business Services administers the Utility and Non-Utility Money Pools on an at cost basis and maintains separate records for each money pool. Surplus funds of the Utility Money Pool and the Non-Utility Money Pool may be combined in common short-term investments, but separate records of such funds are maintained by Exelon Business Services as administrator of the pools, and interest thereon is separately allocated, on a daily basis, to each money pool in accordance with the proportion that the amount of each money pool s surplus funds bears to the total amount of surplus funds available for investment from both money pools.

5. Use of Proceeds

Proceeds of borrowings from the money pools may be used for the purposes set forth in Item 1. E.1. above. Borrowings under the Utility Money Pool count towards the respective financing limits for which authority is sought by ComEd, PECO and Genco under Item 1. E.3.(b), except to the extent that this would result in the double counting of financing under any such financing limits.

[43] Borrowings or securities issuances by Non-Utility Subsidiaries that are exempt under Rule 52 are not subject to the limitation of Item 1. E. 1. (f).

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G. Borrowings by Ventures and Delivery

Ventures and Delivery seek authority to issue debt or equity securities to Exelon for the purpose of facilitating Exelon s additional investment in Genco and Enterprises and PECO and ComEd, respectively. These intra-company conduit transactions shall not count against the aggregate financing limitations applicable to Exelon or Genco, but rather the equivalent external financing that is the source of the funds provided through the conduit will count against the appropriate limit. Exelon obtained this same approval in the Prior Orders.

H. Payment of Dividends out of Capital by Exelon and ComEd

1. Existing Authorization

In connection with the Merger that resulted in Exelon becoming a registered holding company, the Commission authorized each of Exelon and ComEd in the November 2 Order to pay dividends out of additional paid-in capital up to the amount of $500 million.[44]

2. Change in Accounting Principles

Subsequent to the Merger, Statement of Financial Accounting Standards (SFAS) 141, Business Combinations and SFAS 142, Goodwill and Other Intangible Assets, were issued in 2001. SFAS 142 eliminated the amortization of goodwill as was required previously and provides for an annual assessment to determine if goodwill amounts are impaired. Exelon and its Subsidiaries adopted these standards effective January 1, 2002, which resulted in a net write down of goodwill and a charge to income of $230 million net of taxes.

3. Request for Authority

Exelon and ComEd request authorization, notwithstanding the above stated accounting changes, as approved in the Prior Orders, to continue to pay dividends out of additional paid-in capital up to the amount of $500 million, and with respect to current earnings before any deductions resulting from any impairment of either goodwill or other intangibles recognized as a result of the Merger. As of September 30, 2003, neither Exelon nor ComEd has paid any dividends out of additional paid-in capital. If all of the goodwill associated with the Merger were found to be impaired, the pro forma common equity ratio of Exelon and ComEd would be 26.12% and 31.98%, respectively. Exelon and ComEd believe that based on anticipated earnings and dividend levels, as well as estimated financings, that neither Exelon nor ComEd will have common equity ratios below 30%. The Commission has granted similar relief in several instances.[45]

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[44] As more specifically described in Item 1. F. of Exelon s application in Amendment No. 2 (File No 70 9693, November 2, 2000), extraordinary reasons related to the adoption of utility restructuring legislation in Illinois and Pennsylvania and the accounting of the Merger under generally accepted accounting principles, caused unusual reductions in retained earnings of Exelon and the elimination of retained earnings of ComEd that prompted the request for authority for each of Exelon and ComEd to pay dividends out of additional paid-in capital up to the amount of $500 million.

[45] See Ameren Corporation, Holding Co. Act Release No. 27645 (Jan. 29, 2003); E.ON AG, Holding Co. Act Release No. 27539 (June 14, 2002).

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I. Payment of Dividends out of Capital or Unearned Surplus by Non-Utility Subsidiaries

Exelon seeks authority, on behalf of every direct or indirect Non-Utility Subsidiary, that such companies be permitted to pay dividends with respect to the securities of such companies and/or acquire, retire or redeem any securities of such companies that are held by an associated company or affiliate, from time to time, through the Authorization Period, out of capital or unearned surplus, to the extent permitted under applicable corporate law.[46] The approval sought by this paragraph I will not expire at the end of the Authorization Period.[47]

J. Payment of Dividends out of Capital by ComEd of Indiana

ComEd of Indiana is a public utility company, the sole business of which is owning transmission assets in Indiana and transporting electricity to ComEd from a generation plant owned by an unrelated entity (which plant was previously owned by ComEd of Indiana). ComEd of Indiana has no retail customers and historically, there has been little change in its earnings and operations throughout the years. As a result of push down accounting in the Unicom/PECO merger, $11 million of the retained earnings of ComEd of Indiana were reclassified as paid in capital.

Section 12 (c) of the Act, and Rule 46(a) thereunder, prohibit ComEd of Indiana from paying dividends out of its capital or unearned surplus except pursuant to Commission order. As a non-operating company, ComEd of Indiana has excess funds, including funds classified as paid in capital, and has lent funds to the Utility Money Pool so that such amounts might be used by the Utility Subsidiaries of Exelon rather than being trapped as idle cash at ComEd of Indiana. Exelon now requests authority for ComEd of Indiana to pay dividends to its parent ComEd, from time to time through the Authorization Period, out of capital and unearned surplus (including revaluation reserve) to the extent permitted under state law. Such authorization would allow the unneeded funds at ComEd of Indiana to be permanently applied to ComEd s needs. The approval sought by this paragraph I will not expire at the end of the Authorization Period.

46 See CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003). Progress Energy, Inc., Holding Co. Act Release No. 27728 (September 29, 2003).

47 This was clearly the case in Progress Energy, Inc., Holding Co. Act Release No. 27728 (September 29, 2003).

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The following table has information regarding the assets, liabilities and capital of ComEd of Indiana.

(Dollars In Millions)	Prior to October 2000	September 30, 2003
Assets		
Cash	$ 28	$ 10
Money Pool	-0-	21
Other Assets	4	3
Total Assets	$ 32	$ 34
Liabilities and Equity		
Payables and Deferred	$ -0-	$ -0-
Common Stock	21	21
Paid in Capital	-0-	11
Retained Earnings	11	2
Total Liabilities and Equity	$ 32	$ 34

The Commission has approved the payment of dividends out of capital or unearned surplus by utility subsidiaries in appropriate circumstances.[48]

K. Changes of Capital Stock of Majority Owned Subsidiaries

The portion of an individual Subsidiary s aggregate financing to be effected through the sale of stock to Exelon or other immediate parent company during the Authorization Period pursuant to Rule 52 and/or pursuant to an order issued pursuant to this filing cannot be ascertained at this time. It may happen that the proposed sale of capital securities (i.e., common stock or preferred stock) may in some cases exceed the then authorized capital stock of such Subsidiary. In addition, the Subsidiary may choose to use capital stock with no par value. As needed to accommodate such proposed transactions and to provide for future issues, request is made for authority to change the terms of any 50% or more owned Subsidiary s authorized capital stock capitalization or other equity interests by an amount deemed appropriate by Exelon or other intermediate parent company; provided that the consents of all other shareholders, if any, as required by law, have been obtained for the proposed change. This request for authorization is limited to Exelon s 50% or more owned Subsidiaries and will not affect the aggregate limits or other conditions contained herein. A Subsidiary would be able to change the par value, or change between par value and no-par stock, or change the form of such equity from common stock to limited partnership or limited liability company interests or similar instruments, or from such instruments to common stock, without additional Commission approval. Any such action by a Utility Subsidiary would be subject to and would only be taken upon the receipt of any necessary approvals by the state commission in the state or states where the Utility Subsidiary is incorporated and doing business. Exelon will be subject to all applicable laws regarding the fiduciary duty of fairness of a majority shareholder to minority shareholders in any such 50% or more owned Subsidiary and will undertake to ensure that any change implemented under this paragraph comports with such legal requirements.[49] The approval sought by this paragraph I will not expire at the end of the Authorization Period.

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48 Exelon Corporation, Holding Co. Act Release No. 27266 (Nov. 2, 2000); Conectiv, Holding Co. Act Release No. 27079 (Sept. 27, 1999).

49 See CenterPoint Energy, Inc., Holding Co. Act Release No. 27692 (June 30, 2003), FirstEnergy Corp., Holding Co. Act Release No. 27694 (June 30, 2003).

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L. Refinancing and/or Assumption of Pollution Control Obligations

In the Prior Financing U-1 and the Prior Orders, Exelon proposed, and the Commission approved, the assumption by Genco of up to $369 million of pollution control obligations incurred by PECO in connection with generation facilities that would be transferred to Genco. The generation assets were transferred to Genco effective January 1, 2001. Through September 30, 2003, $363 million of the originally approved $369 million has been assumed by Genco.[50]

[50] Genco has or may assume these obligations in various ways. In certain cases, the terms of outstanding bonds could be amended in connection with the rate setting and/or tender mechanism to allow Genco to become the primary or sole obligor. In other cases, Genco may issue new refunding bonds and transfer the proceeds to or for the benefit of PECO to be used to retire the existing bonds. In some cases, the final maturity of a given series of bonds may be extended. The interest rates and other provisions applicable to any new bonds or remarketed bonds may vary based on market conditions at the time of issue.

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Exelon now wishes to obtain approval for Genco to assume all remaining outstanding pollution control obligations of PECO and ComEd. At September 30, 2003, PECO had a total of $311 million of outstanding pollution control obligations and ComEd had $589 million, for a total of $900 million. The outstanding obligations are as follows:[51]

PECO ENERGY COMPANY

Variable and Adjustable Rate Bonds

Amount Outstanding ($millions)	Coupon	Issuer	Maturity Date	Current Mode
50.000	Variable	Delaware Co Industrial Dev Auth	12/1/12	Auction
50.000	Variable	Delaware Co Industrial Dev Auth	12/1/12	Auction
50.000	Variable	Delaware Co Industrial Dev Auth	12/1/12	Auction
4.200	Variable	Salem Co Industrial PC Fin Auth	12/1/12	Auction
50.765	5.200	Delaware Co Industrial Dev Auth	4/1/21	NC-5
13.880	5.300	Montgomery Co Indust Dev Auth	10/1/34	NC-5
91.775	5.200	Montgomery Co Indust Dev Auth	10/1/30	NC-5
310.620				

COMMONWEALTH EDISON

Fixed Rate Bonds

Amount Outstanding ($millions)	Coupon	Issuer	Maturity Date	First Call Date
20.000	5.8500	Illinois Development Fin Auth	1/15/14	No Call
91.000	6.7500	Illinois Development Fin Auth	3/1/15	3/1/05
26.000	5.300	Illinois Development Fin Auth	1/15/04	No Call
20.000	5.700	Illinois Development Fin Auth	1/15/09	No Call
199.400	4.4000	Illinois Development Fin Auth	12/1/06	No Call
356.400				

Variable Rate Bonds

Amount Outstanding ($millions)	Coupon	Issuer	Maturity Date	Current Mode
40.000	Variable	Illinois Development Fin Auth	5/15/17	Auction
100.000	Variable	Illinois Development Fin Auth	4/15/13	Auction
50.000	Variable	Illinois Development Fin Auth	3/1/09	Weekly
42.200	Variable	Illinois Development Fin Auth	11/1/19	Auction
232.200				

[51] All the obligations were outstanding prior to the Merger.

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Genco currently contemplates that only the remaining $6 million of the PECO obligations (of the originally approved $369 million) and none of the ComEd obligations will be transferred to or assumed by Genco. To maintain flexibility however, Exelon, PECO, ComEd and Genco seek authority for Genco to assume any, all or none of the obligations listed above. In any case where Genco legally assumes these obligations PECO or ComEd, as the case may be, will be released from liability. Whether or not the utility is released, any such transfer to or assumption by Genco will have no impact on Exelon s consolidated capitalization. Any such assumption and release will, however, have the effect of decreasing the portion of long-term debt in the capital structure of the transferring utility and will commensurately improve the common equity ratio of ComEd or PECO, as the case may be. In appropriate circumstances the transfer of additional pollution control obligations from PECO will enhance the equity component of its capitalization which will help offset the effects of the Receivable Contribution discussed above in Item 1.E.2.

M. Filing of Certificates of Notification

It is proposed that, with respect to Exelon, the reporting systems of the Securities Exchange Act of 1934, as amended (the 1934 Act) and the 1933 Act be integrated with the reporting system under the Act consistent with the authority granted in the Prior Orders. This will continue to eliminate duplication of filings with the Commission that cover essentially the same subject matters, resulting in a reduction of expense for both the Commission and Exelon. The portion of the 1933 Act and 1934 Act reports containing or reflecting disclosures of transactions occurring pursuant to the authorizations granted in this proceeding will be incorporated by reference into this proceeding through Rule 24 certificates of notification. The certificates will also contain all other information required by Rule 24, including the certification that each transaction being reported on had been carried out in accordance with the terms and conditions of and for the purposes represented in this Application. Such certificates of notification will be filed within 60 days after the end of each of the first three calendar quarters and within 90 days after the end of the fourth calendar quarter, in which transactions occur.

Applicants will continue to file Rule 24 certificates containing the same information required by the Prior Orders:

1. A computation in accordance with rule 53(a) setting forth Exelon s aggregate investment in all EWGs and FUCOs, its consolidated retained earnings and a calculation of the amount remaining under the EWG/FUCO authority;

2. A breakdown showing Exelon s aggregate investment in each EWG or FUCO counting against the EWG/FUCO authority;

3. Consolidated Capitalization ratio of Exelon, with consolidated debt to include all short-term debt and nonrecourse debt of all EWGs and FUCOs;

4. The market-to-book ratio of Exelon s common stock;

5. Identification of any new EWG or FUCO counting against the EWG/FUCO authority in which Exelon has invested or committed to invest during the preceding quarter;

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6. Analysis of the growth in consolidated retained earnings that segregates total earnings growth of EWGs and FUCOs from that attributable to other subsidiaries of Exelon;

7. A statement of revenues and net income for each EWG and FUCO for the twelve months ending as of the end of that quarter;

8. The sales of any common stock, Preferred Securities or Equity Linked Securities by Exelon and the purchase price per share and the market price per share at the date of the agreement of sale;

9. The total number of shares of Exelon common stock issued or issuable under the options granted during the quarter under employee benefit plans and dividend reinvestment plans including any employee benefit plans or dividend reinvestment plans later adopted;

10. If Exelon common stock has been transferred to a seller of securities of a company being acquired, the number of shares so issued, the value per share and whether the shares are restricted in the hands of the acquirer;

11. If a guaranty is issued during the quarter, the name of the guarantor, the name of the beneficiary of the guarantee and the amount, terms and purpose of the guaranty;

12. The amount and terms of any Exelon indebtedness issued during the quarter;

13. The amount and terms of any short-term debt issued by any Utility Subsidiary during the quarter;

14. The amount and terms of any financings consummated by any Nonutility Subsidiary that is not exempt under rule 52;

15. The notional amount and principal terms of any Hedge Instruments or Anticipatory Hedges entered into during the quarter and the identity of the other parties to the transaction;

16. The name, parent company and amount invested in any intermediate subsidiary or financing subsidiary during the quarter and the amount and terms of any securities issued by those subsidiaries during the quarter;

17. Consolidated balance sheets as of the end of the quarter and separate balance sheets as of the end of the quarter for each company, including Exelon, that has engaged in jurisdictional financing transactions during the quarter;

18. A table showing, as of the end of the quarter, the dollar and percentage components of the capital structure of Exelon on a consolidated basis and of each Utility Subsidiary;

19. A retained earnings analysis of Exelon on a consolidated basis and of each Utility Subsidiary detailing gross earnings, goodwill amortization, dividends paid out of each capital account and the resulting capital account balances at the end of the quarter; and

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20. Future registration statements filed under the Securities Act of 1933 with respect to securities that are subject of the instant application-declaration will be filed or incorporated by reference as exhibits to the next certificate filed under rule 24.

Item 2. Fees, Commissions And Expenses.

The fees, commissions and expenses paid or incurred or to be incurred in connection with this Application are estimated at $75,000.

Item 3. Applicable Statutory Provisions.

A. Applicable Provisions

Sections 6(a), 7, 9, 10 and 12 of the Act and Rules 42, 43, 44, 45, 46, 52, 53, and 54 thereunder are considered applicable to the proposed transactions.

To the extent that the proposed transactions are considered by the Commission to require authorizations, exemption or approval under any section of the Act or the rules and regulations thereunder other than those set forth above, request for such authorization, exemption or approval is hereby made.

B. Rule 53 and 54 Analysis.

Exelon proposes that it may use the proceeds of the financings approved herein for investments in EWGs and FUCOs and requests that the Commission approve an aggregate investment in EWGs and FUCOs by Exelon of up to $7.0 billion. In support of this request, Exelon presents the following.

1. Background.

Under Rule 53(a), the Commission shall not make certain specified findings under Sections 7 and 12 in connection with a proposal by a holding company to issue securities for the purpose of acquiring the securities of or other interest in an EWG, or to guarantee the securities of an EWG, if each of the conditions in paragraphs (a)(1) through (a)(4) thereof are met, provided that none of the conditions specified in paragraphs (b)(1) through (b)(3) of Rule 53 exists. Exelon currently does not meet all of the conditions of Rule 53(a).

At September 30, 2003, the consolidated amount of Exelon s aggregate investment in EWGs and FUCOs as that term is defined in Rule 53 was $2.762 billion. At September 30, 2003, the average consolidated retained earnings (calculated as required by Rule 53) of Exelon was $2.450

billion. The resulting permitted aggregate investment under Rule 53 currently allowed (i.e., $4 billion minus $2.762 billion equals $1.238 billion) is insufficient to meet Exelon s current investment level and business plans. Exelon has commitments of $377 million in connection with an additional EWG investment for AmerGen, which commitment was made on October 3, 2003. Accordingly, Exelon requests that it be allowed to invest up to $7.0 billion in EWGs and FUCOs. Exelon will continue to satisfy all of the conditions of Rule 53(a) except for clause (1) thereof, which requires that the aggregate at risk investment of the registered holding company in EWGs and FUCOs not exceed 50% of the holding company system s consolidated retained earnings.[52]

[52] The other requirements of Rule 53(a) provide (1) that the holding company keep certain books and records relating to EWGs and FUCOs in accordance with generally accepted accounting principles, (2) limitations on the number of employees of a domestic public utility company in the holding company system who may provide services for the EWGs and FUCOs and (3) for the holding company to make certain filings. Exelon undertakes to comply with the forgoing requirements. However, as authorized in the Merger Order, Genco, a domestic public utility obtained authority to provide certain services to EWGs and FUCOs. An aggregate investment of $7.0 billion is 312% of Exelon s actual retained earnings average for the four quarters ended September 30, 2003 of $2,245 million.

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Exelon satisfies all of the other conditions of paragraphs (a) and (b) of Rule 53. With reference to Rule 53(a)(2), Exelon maintains books and records in conformity with, and otherwise adheres to, the requirements thereof. With reference to Rule 53(a)(3), no more than 2% of the employees of Exelon s domestic public utility companies render services, at any one time, directly or indirectly, to EWGs or FUCOs in which Exelon directly or indirectly holds an interest. With reference to Rule 53(a)(4), Exelon will continue to provide a copy of each application and certificate relating to EWGs and FUCOs and relevant portions of its Form U5S to each regulator referred to therein, and will otherwise comply with the requirements thereof concerning the furnishing of information. With reference to Rule 53(b), none of the circumstances enumerated in subparagraphs (1), (2) and (3) thereunder have occurred.

Exelon represents that it will remain in compliance with the requirements of rule 53(a), other than rule 53(a)(1), at all times through the Authorization Period. Exelon will file a post-effective amendment in to this Application/Declaration in the event that one of the circumstances described in rule 53(b) should occur during the period through the end of the Authorization Period. If a rule 53(b) event should occur, the approvals granted pursuant to this Application would cease to be effective to the extent that they authorize Exelon to use the proceeds of financings approved herein to make any further investments in EWGs and FUCOs (other than previously committed investments) in amounts in excess of 50% of consolidated retained earnings without obtaining a supplemental order.

2. EWG Earnings and Losses

With the exception of Exelon s investments in the Sithe Energies, Inc. companies, the investments in EWGs have had a positive impact on earnings. For earnings attributable to AmerGen Energy Company, LLC, Southeast Chicago Energy Project, LLC, and ExTex LaPorte Limited Partnership, see Exhibit K-1.

Exelon acquired a 49.9% interest in Sithe Energies, Inc in 2000. In the first quarter of 2003, Exelon recorded an impairment charge of $200 million ($120 million net of income taxes) associated with a decline in the Sithe investment value (See Exelon s March 31, 2003 Form 10 Q). In the third quarter of 2003, Exelon recorded an additional impairment charge of $55 million ($36 million net of income taxes) to reflect an additional decline in the fair value of its investment in Sithe (See Exelon s September 30, 2003 Form 10-Q). Both impairment charges were recorded in other income and deductions within the income statement.

In 2002, Exelon acquired Sithe New England Holdings, LLC (name changed to Exelon New England Holdings, LLC) from Sithe Energies, Inc. In connection with a decision in late July 2003 to transition out of the ownership of Exelon Boston Generating, LLC (EBG)

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(a wholly-owned subsidiary of Exelon New England Holdings, LLC) Exelon recorded an impairment charge of $945 million ($573 million net of income taxes) in operating expenses within the income statement during the third quarter of 2003 (See Exelon s September 30, 2003 Form 10-Q). See Exhibit K-1 for the net effect on Exelon s earnings from its investments in EWGs.[53]

Exelon expects its EWG investments to contribute positively to earnings in future periods.

3. Risk Analysis and Mitigation

Exelon has a comprehensive risk analysis and mitigation process in place. This process was described in detail in Amendment No. 4 to Prior Financing U-1 filed December 4, 2000. Exelon is aware of proposed Rule 55, which would codify the Commission s practice of requiring holding companies to institute a risk management process.[54] Exelon will comply with the requirements of Rule 55 if it is adopted.

4. Financial Ratios

Growth in Retained Earnings. Exelon s net income increased $141 million, or 23%, in 2000 over 1999 and $850 million, or 151%, in 2001 over 2000 and $12 million, or 1%, in 2002 over 2001. Exelon s retained earnings have grown significantly since the Merger as shown in the following table:

Date	Retained Earnings at Period End ($ in millions)	Percent Increase (Decrease) over Prior Period	Percent Increase over June 30, 2000
June 30, 2000[55]	89	NA	NA
December 31, 2000	332	273	273
March 31, 2001	570	72	540
June 30, 2001	755	32	748

53 Exelon has no FUCOs. Its principal EWGs are AmerGen Energy Company LLC (AmerGen), Sithe Energies, Inc., Exelon New England Holdings Company, ExTex LaPorte LLC and Southeast Chicago Energy Project, LLC. In the event Exelon in the future failed to comply with Rule 53(b), the consequence would be that Applicants could not issue securities approved hereunder for the purpose of making additional investments in EWGs or FUCOs, other than investments for which commitments have been entered into prior to such failure. Securities issuances for other purposes would not be affected.

54 Holding Co. Act Release No. 27342 (Feb. 7, 2001).

55 Pro forma amount assuming completion of the Merger. This retained earnings amount was the relevant figure when the Commission made its initial decision regarding Exelon financing matters and thus serves as an appropriate baseline for comparison of improvement. All other figures are actual historical reported amounts.

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Date	Retained Earnings at Period End ($ in millions)	Percent Increase (Decrease) over Prior Period	Percent Increase over June 30, 2000
September 30, 2001	995	32	1,018
December 31, 2001	1,169	17	1,213
March 31, 2002[56]	1,073	(8)	1,106
June 30, 2002	1,421	32	1,497
September 30, 2002	1,830	29	1,956
December 31, 2002	2,042	12	2,194
March 31, 2003	2,254	10	2,433
June 30, 2003	2,475	10	2,681
September 30, 2003[57]	2,475	(11)	2,383

Financial Ratios. Exelon s proposed $7.0 billion aggregate investment in EWGs would represent a conservative and reasonable commitment of Exelon capital for a company the size of Exelon, based on various financial ratios at September 30, 2003. For example, investments of this amount would be equal to only approximately:

29.3% of Exelon s total Consolidated Capitalization ($23.9 billion),[58]

39.9% of consolidated utility plant and equipment ($17.55 billion),

17.9% of total consolidated assets ($39.14 billion), and

33.7% of the pro forma market value of Exelon s outstanding common stock ($20.77 billion).[59]

56 Retained earnings declined in the first quarter of 2002 because of the adoption of Financial Accounting Standard Board accounting standards No. 141, Business Combinations , and SFAS No. 142, Goodwill and Other Intangible Assets , which established new accounting and reporting standards for goodwill and intangible assets. Exelon and its system companies adopted these standards effective January 1, 2002, which resulted in a net writedown of goodwill and a charge to income of $230 million net of taxes.

57 Retained earnings declined in the third quarter of 2003 in connection with the decision in late July 2003 to transition out of the ownership of EBG. Genco recorded an impairment charge of its long-lived assets pursuant to SFAS No. 144 of $945 million ($573 million net of income taxes) during the third quarter of 2003. See Exelon s September 30, 2003 Form 10-Q, filed October 29, 2003.

58 This calculation of capitalization includes securitization debt.

59 The market value of Exelon common stock is calculated based on its stock price of $63.50 at September 30, 2003.

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The table below illustrates that Exelon s exposure to EWG/FUCO investments will be comparable to the following companies that received approval to exceed the safe harbor investment amount.[60] In every category, the percentage applicable to Exelon is well below the highest percentage found reasonable by the Commission in prior cases.[61]

Investments in EWGs and FUCOs as a percentage of:

Company	Consolidated Capitalization	Consolidated Net Utility Plant	Consolidated Total Assets	Market Value of Common Stock
CSW	23.0	23.0	14.0	31.0
GPU	24.9	34.2	19.4	49.8
AEP	16.0	13.8	9.8	18.5
Entergy Corp.	18.6	17.4	11.7	43.8
National Grid	46.6	N/A	33.0	7.8
Cinergy	24.3	24.6	16.5	47.9
Exelon 2000[62]	18.9	23.3	11.1	28.2
KeySpan	16.6	20.9	11.5	29.2
Cinergy 2001	49.1	50.5	27.3	60.1
Alliant	19.3	27.4	13.2	34.9
FirstEnergy	25.0	35.7	12.8	58.8
Allegheny	21.0	19.0	14.0	30.0
E.ON[63]	43.9	N/A	24.2	69.8
KeySpan 2002[64]	28.6	48.0	18.5	45.0
Average	**26.8**	**28.5**	**16.9**	**39.6**
Exelon Aggregate Investment ($7.0 billion) at 9/30/2003	29.3	39.9	17.9	33.7

Share Price to Earnings Ratio. Exelon s P/E ratio as of September 30, 2003 was 11.9, compared to an average of 12.8 for Exelon s selected group of peer energy companies, based on 2004 consensus earnings estimates.[65]

60 Data for other companies taken from public filings except that market value for National Grid estimated based on $38.125 per share at October 7, 1999 as reported from New York Stock Exchange data.

61 See Central and South West Corporation (CSW), Holding Co. Act Release No. 26653 (Jan. 24, 1997); GPU, Inc. (GPU), Holding Co. Act Release No. 26779 (Nov. 17, 1997); Cinergy, Inc. (Cinergy), Holding Co. Act Release No. 26848 (March 23, 1998); American Electric Power Company, Inc. (AEP), Holding Co. Act Release No. 26864 (April 27, 1998); Cinergy Corp., Holding Co. Act Release No. 27190 (June 23, 2000) (aggregate limit in EWGs and FUCOs of $1.58 billion consisting of its current investment of $580 million plus $1 billion additional); KeySpan Corporation, Holding Co. Act Release No. 27272 (Nov. 8, 2000); The National Grid Group plc, Holding Co. Act Release No. 27154 (March 15, 2000); Entergy Corporation, Holding Co. Act Release No. 27184 (June 13, 2000); Cinergy Corporation, Holding Co. Act Release No. 27400 (May 18, 2001); Alliant, Holding Company Act Release No. 27448 (Oct. 3, 2001); FirstEnergy, Holding Company Act Release No. 27459 (Oct. 29, 2001); Allegheny Energy, Inc. Holding Co. Act Release No. 27486 (Dec. 31, 2001).

62 Exelon s approval in the Prior Orders based on its pro forma consolidated figures at June 30, 2000.

63 Based on E.ON s additional investment of $25 billion. Based on E.ON s consolidated investments of $65 billion, E.ON s consolidated capitalization is 114%, total consolidated assets is 24.2%, and market value of outstanding common stock is 182%.

64 KeySpan Corp., Holding Co. Act Release No. 27612 (December 6, 2002).

65 Exelon s peer group consists of: Allegheny Energy, American Electric Power Co., Inc., CenterPoint Energy, Cinergy Corp., Constellation Energy, Dominion Resources, Inc., DTE Energy, Duke Energy, Edison International, Entergy, FirstEnergy, FPL Group, PPL Resources, Progress Energy, Public Service Enterprise Group, Inc., Southern Co., TXU Corp., and Xcel Energy.

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Market to Book Ratio. Exelon s market to book ratio is currently 2.50 based on a book value of $25.39 per share as of September 30, 2003 and a market price of $63.50 per share at that date. This ratio is above the industry average, which was 1.56 as of January 2002.[66]

Dividend Payout Ratio. Exelon s payout ratio for 2001 was 41% and for 2002 was 39%. Based on the anticipated dividend and estimates for 2003 earnings, Exelon s payout ratio will be approximately 35% to 40%. This range is consistent with the industry average of 42.9% reflecting Exelon s response to increasing competition and other challenges facing the industry.[67] A payout ratio at this level will enable Exelon to build its equity cushion to support future growth.

5. State Commissions

Applicants are in the process of requesting the Pennsylvania Commission and the Illinois Commission to each send letters to the Commission indicating that Exelon s proposed aggregate investment of up to $7.0 billion in EWGs and FUCOs would not adversely affect the respective commission s ability to continue to assure adequate protection of utility customers and ratepayers.

6. Rule 54

Certain of the proposed transactions may also be subject to Rule 54. Rule 54 provides that, in determining whether to approve the issue or sale of any securities for purposes other than the acquisition of any EWG or FUCO or other transactions unrelated to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of subsidiaries of a registered holding company that are EWGs or FUCOs if the requirements of Rule 53(a), (b) and (c) are satisfied. Exelon s compliance with, or requests for variance from, the Rule 53 requirements are outline above.

Item 4. Regulatory Approval**.**

The Pennsylvania Commission has jurisdiction over issuances of securities by PECO, other than securities payable within one year of the date of issuance or upon demand of the holder. The Illinois Commission has jurisdiction over issuances of securities by ComEd, other than securities payable within one year of the date of issuance or the renewal of short-term obligations for a two-year or shorter period.

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66 Price to Book Ratio by Sector, Elect. Util. (Central), Leonard N. Stern School of Business, New York University, January 2002, available at http://www.stern.nyu.edu/~adamodar/New_Home_Page/datafile/ pbvdata.html.

67 Dividend Fundamentals by Sector, Elect. Util (Central), Leonard N. Stern School of Business, New York University, January 2002, available at http://www.stern.nyu.edu/~adamodar/New_Home_Page/datafile/divfund.htm. Utility dividend payout ratios have dropped significantly in recent months. The ratio from the same source with data as of January 2001 was 66.02%.

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Securities issued by the Utility Subsidiaries that are subject to approval by the Commission are not subject to approval by the FERC under the Federal Power Act because of Section 318 of the Federal Power Act.

Except as stated above, no state or federal regulatory agency other than the Commission under the Act has jurisdiction over the proposed transactions.

Item 5. Procedure**.**

The Commission is respectfully requested to publish the requisite notice under Rule 23 with respect to this Application as soon as possible, such notice to specify a date by which comments must be entered and such date being the date when an order of the Commission granting and permitting this Application to become effective may be entered by the Commission. The Applicants request that the Commission s order be issued as soon as the rules allow, and that there should not be a 30-day waiting period between issuance of the Commission s order and the date on which the order is to become effective. The Applicants hereby waive a recommended decision by a hearing officer or any other responsible officer of the Commission and consent that the Division of Investment Management may assist in the preparation of the Commission s decision and/or order, unless the Division opposes the matters proposed herein.

Item 6. Exhibits And Financial Statements.

A. Exhibits.

A-1	Restated Articles of Incorporation of Exelon (incorporated by reference to S-4 Registration Statement, File No. 333-37082)
B-1	Exelon Indenture (incorporated by reference to Registration Statement No. 333-57540, Form S-3, Exhibit 4.1)
B-2	Genco Indenture (incorporated by reference to Registration Statement No. 333-85496, Form S-4, Exhibit 4.1)
F-1	Preliminary opinion of counsel to Exelon (to be filed by amendment)
F-2	Past-tense opinion of counsel to Exelon (to be filed by amendment)
G-1	Exelon Corporation Dividend Reinvestment and Employee Stock Purchase Plan (Incorporated by reference to Exelon s Registration Statement on Form S-3 filed March 18, 2002 (Reg. No. 333-84446)).
G-2	Exelon Corporation Employee Stock Purchase Plan (Incorporated by reference to Exhibit No. 4.2 of Exelon s Registration Statement on Form S-8 filed May 22, 2001 (Reg. No. 333-61390))
G-3	Exelon Corporation Long-Term Incentive Plan (Incorporated by reference to Appendix B to Schedule 14A filed by Exelon Corporation on March 13, 2002 (File No. 1-16169))

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G-4	PECO Energy Company 1998 Stock Option Plan (Incorporated by reference to Exhibit 4.3 of Exelon s Registration Statement on Form S-4 filed November 13, 2000 (Reg. No. 333-37082))
G-5	Exelon Corporation Employee Savings Plan (Incorporated by reference to Exhibit 10-9 of Exelon s Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-16169))
G-6-1	Unicom Corporation Amended and Restate Long Term Incentive Plan (Incorporated by reference to Exhibit A to Unicom Corporation s Proxy Statement dated April 7, 1999 (File No. 1-11375))
G-6-2	Unicom Corporation 1996 Director s Fee Plan (Incorporated by reference to Exhibit A to Unicom Corporation s Proxy Statement dated April 8, 1999 (File No. 1-11375))
G-6-3	Unicom Corporation Retirement Plan for Directors (Incorporated by reference to Exhibit 4.12 to Exelon s Registration Statement on Form S-8 filed November 13, 2000 (Reg. No. 333-49780))
G-6-4	Commonwealth Edison Company Retirement Plan for Directors (Incorporated by reference to Exhibit 4.13 to Exelon s Registration Statement on Form S-8 filed November 13, 2000 (Reg. No. 333-49780))
G-7	Exelon Corporation Stock Deferral Plan (Incorporated by reference to Exhibit 10-22 of Exelon s Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 1-16169))
H-1	Proposed Form of Notice (to be filed by amendment)
I-1	Form of Utility Money Pool Agreement (Incorporated by reference to Form U-1 in File No. 70-9693 filed June 12, 2000)
I-2	Form of Non-Utility Money Pool Agreement (Incorporated by reference to Form U-1 in File No. 70-9693 filed June 12, 2000)
J-1	Projected Capitalization (Filed confidentially pursuant to Rule 104)
K-1	EWGs Earnings and Losses (Filed confidentially pursuant to Rule 104).

B. Financial Statements.

FS-1	Consolidated Balance Sheet of Exelon as of December 31, 2002 (incorporated by reference to Exelon s Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-16169)
FS-2	Consolidated Statement of Income of Exelon for the year ended December 31, 2002 (incorporated by reference to Exelon s Annual Report on Form 10-K for the year ended December 31, 2002, File No. 1-16169)

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FS-3	Consolidated Balance Sheet of Exelon as of September 30, 2003 (incorporated by reference to Exelon s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 1-16169)
FS-4	Consolidated Statement of Income of Exelon for the quarter ended September 30, 2003 (incorporated by reference to Exelon s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, File No. 1-16169)

Item 7. Information as to Environmental Effects

The proposed transaction involves neither a major federal action nor significantly affects the quality of the human environment as those terms are used in Section 102(2)(C) of the National Environmental Policy Act, 42 U.S.C. Sec. 4321 et seq. No federal agency is preparing an environmental impact statement with respect to this matter.

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SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, each of the undersigned companies has duly caused this Application/Declaration to be signed on its behalf by the undersigned thereunto duly authorized.

Date: December 22, 2003

Exelon Corporation

By /s/ Robert S. Shapard

Executive Vice President and Chief Financial Officer

Commonwealth Edison Company
10 South Dearborn Street

37th Floor

Chicago, Illinois 60603
PECO Energy Company
2301 Market Street
Philadelphia, Pennsylvania 19101
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, Pennsylvania 19348

Adwin Equipment Company; ECP Telecommunications Holdings, LLC; EEI Telecommunications Holding, LLC; Energy Trading Company; Exelon Business Services Company; Exelon Capital Partners, Inc.; Exelon Communications Company, LLC; Exelon Communications Holdings, LLC; Exelon Energy Company; Exelon Energy Delivery Company, LLC; Exelon Enterprises Company, LLC; Exelon Enterprises Investments, Inc.; Exelon Enterprises Management, Inc.; Exelon New Trust Company; Exelon Services, Inc. (formerly, Unicom Mechanical Services, Inc.); Exelon Thermal Development, Inc.; Exelon Thermal Holding, Inc.; Exelon Thermal Technologies, Inc.; Exelon Ventures Company, LLC; F&M Holdings Company, LLC; Unicom Power Holdings, LLC; and Unicom Power Marketing, Inc.

c/o Exelon Corporation
10 South Dearborn Street, 37th Floor
Chicago, Illinois 60603

By Exelon Corporation

By /s/ Robert S. Shapard

Executive Vice President and Chief Financial Officer