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PUBLIC

December 19, 2017

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street N.W., Suite 800
Washington, DC 20005

Re: CAM-2017-01

Dear Ms. Westbrook-Sedgwick:

Pursuant to Rules 3904.1 and 3904.3 of the Public Service Commission of the District of Columbia's Rules, 15 D.C.M.R. § 3904.1 and 3904.3, enclosed please find an original and thirteen (13) copies of the Public Version of the clean and redlined versions of Potomac Electric Power Company's ("Pepco") Cost Allocation Manual ("CAM") 2017. The revisions made in this filing are to the CAM, the Pepco Holdings ("PHI") Service Agreement, the listing of Exelon directors and officers, and the Exelon corporate organization chart.¹ Please note that the updated Exelon corporation corporate organization chart is being provided as Confidential Exhibit 4 to the CAM and is being submitted under separate cover.

The revisions provided in the attached documents are as a result of the conversion of the PHI accounting system to the Exelon accounting system, and these changes will take place in January 2018. The revised CAM includes process changes to the PHI cost accounting process as a result of system conversion. As part of this conversion, the Service Agreement is being amended to include changes to the practice area classification designations and a change in some of the allocation factors used by PHI Service Company ("PHISCO") to allocate certain costs. The changes in the practice area designations are generally as a result of certain PHISCO corporate shared service being transferred to Exelon Business Services Company ("EBSC"), removing certain classifications from the PHISCO Service Agreement and including them in the General Services Agreement between Exelon and Pepco. Certain other designation changes are to reclassify services into practice areas that align with EBSC

¹ The changes to the corporate organizational chart and the listing of Exelon directors and officers is a routine update provided in the annual CAM update and not related to the systems conversion.

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practice areas. In addition, historically, PHISCO charges for support services have been allocated to the PHI affiliates, including Pepco, based on several different allocation methodologies, including the Two-Factor Ratio ("TFR"). Beginning in January 2018, with the exception of certain support services, such as mail and reprographics, most remaining indirect charges for these support services will be allocated using the TFR methodology, which allows a more efficient allocation process and provides for a consistent allocation methodology for these types of broad support services.

For convenience, Pepco is providing red-lined versions of the PHI CAM and PHI Service Agreement to show the specific revisions being made.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Jamouneau', with a stylized flourish at the end.

Dennis P. Jamouneau

Enclosures

cc: All Parties of Record

CLEAN

Pepco Holdings LLC

Cost Allocation Manual 2017

(as revised December 2017, effective January 2018)

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PHI COST ALLOCATION MANUAL

PURPOSE

Pepco Holdings LLC's (PHI or Company) business is subject to affiliate regulation in the jurisdictions in which PHI affiliates provide utility service. In addition, PHI is subject to regulatory oversight at the federal level. These regulations provide pricing rules to protect against cross-subsidization between utility and non-utility affiliates. In several of the jurisdictions where PHI utility companies provide service, the Public Service Commissions, as part of their affiliate regulations, require public utilities to file a Cost Allocation Manual (CAM) to document the process by which costs of providing services that are shared between the utility and its affiliates are allocated and assigned.

The purpose of the PHI CAM is to comply with these affiliate regulations and to provide documentation of the cost accounting principles and processes used to allocate and assign costs between the PHI utility companies and their affiliates.

SECTION 1– ORGANIZATION AND REGULATORY OVERSIGHT

CORPORATE ORGANIZATIONAL STRUCTURE

On March 23, 2016, PHI completed its merger with Exelon Corporation (Exelon). Effective March 24, 2016, certain corporate services previously provided by PHI Service Company are now being provided by Exelon Business Services Company (EBSC), a shared service company which is also a subsidiary of Exelon.

PHI and Exelon are public utility holding companies under the Public Utility Holding Company Act of 2005 (PUHCA 2005), subject to the regulatory oversight of the Federal Energy Regulatory Commission (FERC). Under PUHCA 2005, FERC has authority to review the allocation of costs for non-power goods or administrative or management services, such as those provided by PHI Service Company and EBSC.

PHI, through its regulated utility subsidiaries, is engaged primarily in the transmission, distribution and default supply of electricity and, to a lesser extent, the distribution and supply of natural gas.

The following is a brief description of the business of each of PHI's subsidiaries:

Potomac Electric Power Company (Pepco)

Pepco is engaged in the transmission, distribution, and default supply of electricity in the District of Columbia, as well as major portions of Prince George's County and Montgomery County in Maryland.

Delmarva Power & Light Company (DPL)

DPL is engaged in the transmission, distribution, and default supply of electricity in Delaware and portions of Maryland. In northern Delaware, DPL also supplies and distributes natural gas to retail customers and provides transportation-only services to retail customers that purchase natural gas from another supplier.

Atlantic City Electric Company and its subsidiary (ACE)

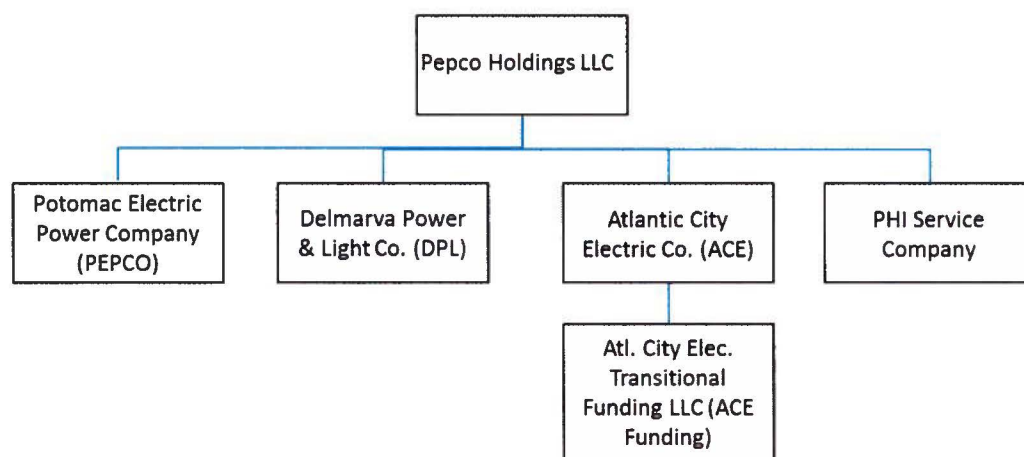
ACE is engaged in the transmission, distribution, and default supply of electricity in southern New Jersey.

In addition to its regulated utility subsidiaries, PHI has non-utility, or non-regulated, subsidiaries. The following is a brief description of the business of each of PHI's principal non-regulated subsidiaries:

PHI Service Company

PHI Service Company is a centralized service company of PHI. PHI Service Company provides a variety of services, including legal, accounting, purchasing, engineering, distribution and transmission planning, asset management, system operations, power procurement and energy planning to the three regulated public utility subsidiaries of PHI. These services are provided pursuant to service agreements among PHI and its affiliates described in additional detail in Exhibit 1.

The following chart shows, in simplified form, the corporate structure of PHI and its subsidiaries:



The following is a brief description of the business of other Exelon subsidiaries which may provide services to PHI:

Exelon Business Services Company (EBSC)

EBSC is a centralized service company of Exelon. EBSC provides a variety of support services, including finance, human resources, information technology, and legal services to all Exelon subsidiaries. These services are provided pursuant to a General Service Agreement between EBSC and various Exelon entities, which includes PHI, described in additional detail in Exhibit 2 and 3.

Exelon Generation Company, LLC (EXGEN)

EXGEN consists of owned and contracted electric generating facilities and investments in generation ventures that are marketed through leading customer-facing activities. These customer-facing activities include wholesale energy, marketing operations, and the competitive retail customer supply of electric and natural gas products and services, including renewable energy, products, risk management services, and natural gas exploration and production activities.

Pepco Energy Services, Inc. and its subsidiaries, which became subsidiaries of EXGEN as a result of the merger between PHI and Exelon, provide energy savings performance contracting services, underground transmission and distribution construction and maintenance services, and steam and chilled water under long term contracts.

Commonwealth Edison (ComEd)

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO Energy Company (PECO)

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

Baltimore Gas and Electric Company (BGE)

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and

regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Reference Exhibit 4 (confidential) for a chart which shows the corporate structure of Exelon and its subsidiaries.

Reference Exhibit 5 for a list of corporate entities, officers, locations and business purpose of each entity.

REGULATORY OVERSIGHT

The operations of PHI's utility subsidiaries, including the rates they are permitted to charge customers for the distribution and transmission of electricity and, in the case of DPL, the distribution and transportation of natural gas, are subject to regulation by governmental agencies in the jurisdictions in which the subsidiaries provide utility service as follows:

- * Pepco's electricity distribution operations are regulated in Maryland by the Maryland Public Service Commission (MPSC) and in the District of Columbia by the District of Columbia Public Service Commission (DCPSC).
- * DPL's electricity distribution operations are regulated in Maryland by the MPSC and in Delaware by the Delaware Public Service Commission (DPSC).
- * DPL's natural gas distribution and intrastate transportation operations in Delaware are regulated by the DPSC.
- * ACE's electricity distribution operations are regulated by the New Jersey Board of Public Utilities (NJBPU).
- * Each utility subsidiary's transmission is regulated by the FERC.
- * DPL's wholesale transactions of natural gas are regulated by the FERC.

Reference Exhibit 6 for the cost and pricing rules governing affiliate transactions for each regulatory jurisdiction in which the PHI utilities provide service.

SECTION 2 - COST ACCOUNTING PRINCIPLES

COST ACCOUNTING PRINCIPLE

The underlying principle of both PHI and Exelon's costing approach is the use of a fully distributed cost alignment methodology (full costing). The full costing philosophy is based on the premise that both direct and indirect costs are identified and charged for goods and services. The costs of goods and services include direct costs such as labor and materials, and indirect costs such as benefits and other related expenses. Full costing aids in ensuring indirect costs follow the same accounting path as direct costs when billed to affiliates.

THREE-TIERED APPROACH FOR COST ASSIGNMENT

The principle for assigning both direct and indirect costs to an affiliate is based on a three-tiered approach as described and prioritized below:

(1) **Direct Assignment** - Costs which benefit a specific affiliate will be directly assigned to their accounting records whenever practical. Since one affiliate is identifiable as benefiting from these costs, no inter-affiliated cost movements are required. This assignment represents the majority of costs which are recorded on a PHI affiliate's books and records. For example, DPL overhead linemen and associated materials and contractors are directly assigned to the books and records of DPL. DPL is the affiliate specifically benefiting from this lineman's services. Therefore, their expenses can be assigned as salary and material costs directly on the accounting records of this affiliate.

(2) **Direct Charging** - Labor services and common support services (such as information technology (IT), payroll and facilities are directly charged to affiliates, whenever practical, using a fully costed rate. Direct Charging enables costs which have been directly assigned to be distributed between affiliates based on the fully costed rate multiplied by the number of units (hours, users, etc.) assigned to the affiliate.

(3) **Allocation** - Costs which cannot be directly assigned or directly charged are allocated using one of the allocation ratios included in PHI's or EBSC's service agreements.

SECTION 3 – PHI COST ACCOUNTING PROCESS

DIRECT CHARGING OF COSTS

Direct charging of costs to an affiliate can occur through several types of procedures. With regard to labor costs, the direct charging of costs is predominantly accomplished through the use of the time recording system which records individual hours. Whenever any employee performs activities on behalf of another affiliate, the amount of time and work effort required must be charged to a project that is flagged for intercompany billing.

In direct charging material and other non-labor costs received from third parties to a business segment, the invoice associated with those items should be coded for payment with a project that is flagged for intercompany billing if an affiliate gave rise to the necessity to procure those items. If more than one entity is responsible for the procurement of the items, the invoice balance should be allocated among project numbers which will facilitate intercompany billing of the appropriate affiliates. With regard to direct charging material and other non-labor costs provided through internal Company resources to an affiliate, the related costs should be accurately identified and processed against a project that is flagged for intercompany billing.

Key elements of the process of direct charging of costs are timely communication and consistent processes. For processes around PHISCO direct charging see the PHI Service Agreement in Exhibit 1. For direct charging related to other affiliates, the area making the charge should inform the business segment receiving the charge of the service being provided and the relative magnitude of the charge forthcoming. The area making charges to one of the aforementioned entities should provide sufficient documentation of charges (e.g. vouchers, invoices, etc.) if requested.

ALLOCATION OF COSTS

For certain business activities, it may be impractical to direct charge labor, materials, or other costs because of the associated administrative burden of implementing such an approach. In those situations, the costs related to a business activity may also be accumulated and allocated on the basis of a cost-causation related allocation formula. In choosing a measure for use as an allocation factor, it should be representative of the relative degree of utilization of the business activity by the respective businesses. The measure should vary in proportion to the level of services provided to the respective businesses. Examples could be employee headcount, vehicle costs, customer counts and purchasing spend on materials or services. The ultimate objective is to achieve a proper sharing of costs whereby costs assigned are commensurate with associated benefits.

OVERHEAD

There are two primary components that make up the burden rate that is applied when a PHI affiliate charges labor to another affiliate, department overhead and payroll overhead.

Department overhead charges consist of costs associated with the general administration of a department, which are not directly assignable to the department's business activities or projects. They would usually consist of a departments' administrative costs including limited aspects of supervision, management, and clerical support. They would also include common asset costs such as vehicle and occupancy costs. Department overhead charges should be identified, captured, and distributed to the various business activities or projects performed by a department for the regulated utility and affiliated unregulated businesses. Ideally, department overhead should represent a relatively minor element of a department's costs, assuming appropriate direct charging and indirect attribution of costs occurs. Department overhead should be distributed to a department's business activities or projects as a function of its direct labor cost charged to those business activities or projects.

Payroll overhead consists of fringe benefits, incentives and paid time off. Fringe benefits include components for medical, disability, dental, life insurance coverage, pension plan, employee savings plan participation, payroll taxes, and other compensation. Incentives include primarily the cost of the annual incentive plan. Paid time off includes primarily the cost of employee vacation and holiday time. Fringe benefits, incentives and paid time off are considered additions to the cost of company labor, which must be applied so that the full cost of labor is properly attributed to business activities, projects, and lines of business. The rates for fringe benefits, incentives and paid time off are based upon the budgets for these costs in relation to budgeted company labor costs and if necessary, are adjusted periodically through the year to reflect actual fringe benefits, incentives paid time off and labor incurred.

PHI SERVICE COMPANY COSTS

PHI Service Company provides non-power goods and services at cost to PHI affiliates under a formalized service agreement. The service agreement provides a list of services that are provided by PHI Service Company and the methods of allocation used to charge affiliates for the cost of services that are not directly charged.

The PHI cost accounting principles and processes previously described in this CAM are applied to the accumulation and distribution of PHI Service Company costs. Further information regarding the process to accumulate and distribute PHI Service Company costs is provided in the service agreement included in Exhibit 1.

EXELON BUSINESS SERVICES COMPANY, LLC COSTS

Services provided by EBSC are governed by the General Services Agreement, which is included herein as Exhibit 2. EBSC direct charges its costs wherever practical when a direct relationship can be attributed between the service provided and the party receiving the service. When the service provided benefits more than one customer, the costs are charged out using a cost causative allocation method related to the service. EBSC costs for corporate governance services are allocated based on a mathematical formula that provides equal weight to each affiliates' revenues, total assets, and direct labor (the MMF formula). As the Exelon and Pepco holding companies receive services from EBSC, they are also included in the MMF calculation and as such also absorb a share of EBSC costs distributed using the MMF. For services provided by Exelon Utilities (EU) within EBSC that are neither direct charged nor charged using a cost causative methodology based on the service, BGE, PECO Energy Company (PECO), Commonwealth Edison Company (ComEd), Potomac Electric Power Company (Pepco), Atlantic City Electric (ACE), Delmarva Power & Light Company (Delmarva), and PHI Service Company (PHISCO) are allocated costs based on a variation of the MMF that is an average of each entity's revenues, total assets and direct labor to the totals of all entities.

SECTION 4 – OTHER CROSS COMPANY CHARGES BETWEEN AFFILIATES

There are limited cross-company charges where costs must be direct charged, allocated, or assigned by a legal entity other than the PHI Service Company or EBSC. For these limited instances, costs will be direct charged out of the provider affiliate into the receiving affiliate, directly assigned into the receiving affiliate, or allocated based on the affiliates usage, and an intercompany receivable and payable will be generated on each affiliate's books. Examples of these types of transactions include: labor related services, occupancy costs, issuance of materials from store rooms, use of vehicles, and payment of invoices.

1. Labor Related Services

On a limited basis, an employee of an affiliate may perform services on behalf of another affiliate. The amount of time worked for the affiliate is direct charged to the receiving affiliate. Labor costs are captured separately through the time recording system. Fringe benefits, corporate overheads, and department overheads are added to labor costs directly charged to an affiliate.

2. Materials

Pepco, DPL, and ACE, on a limited basis, may provide and charge materials to other affiliates. Direct charges for materials issued from inventory, used on behalf of an affiliate, are charged to the affiliate based on a weighted average cost of the inventory unit. In addition to charging material costs, a stores stock overhead is also applied and charged to the affiliate. The overhead represents the cost of labor, contractors and other costs associated with the procurement of the materials.

3. Vehicles

Vehicles in the Pepco, DPL, and ACE fleet departments may be used by another affiliate. Direct charges for vehicle usage are charged to the affiliate based on the vehicle rate for the particular class of vehicle used. The rate includes the estimated cost of depreciation and vehicles leases, fuel, fees and licenses, contractor costs, associated labor and other costs of the Vehicle department.

4. Occupancy Costs

Occupancy costs are allocated from building owner or lessee to each affiliate based on the proportion of occupied space utilized by the affiliate. Occupancy costs may include operations and maintenance expenses, depreciation, lease expense, general building support, property taxes, security, and utilities.

5. Payment of Invoices

Invoices for the procurement of goods and services for more than one PHI affiliate are normally paid through PHI Service Company as a convenience payment. In the event that an affiliate pays an invoice that includes items for the procurement of goods and services for other affiliates, the cost is directly assigned and charged to the appropriate department in the other affiliate. An intercompany posting is generated to recognize a receivable on the general ledger of the affiliate paying the invoice, and a corresponding payable on the general ledger of the affiliate for which payment was made.

6. Mutual Assistance

PHI utilities may be provided or provide mutual assistance to/from PECO, ComEd, or BGE pursuant to existing American Gas Association (AGA) and Edison Electric Institute (EEI) mutual assistance agreements.

7. Other Regulated Energy Related Agreements

EXGEN may be one of the wholesale suppliers to PHI's utilities. In addition, other regulated energy-related transactions may occur between affiliated utilities. The related cost is priced at market or other regulatory approved price.

Additionally, Pepco Holdings Utilities have agreements as joint owners of transmission system assets. The joint owners each receive their proportionate share of costs and investment returns.

Exhibit 1

AMENDMENT TO THE SERVICE AGREEMENT

This Amendment to the Service Agreement (this “Amendment”) is effective the 1st day of January, 2018 and will amend the Service Agreement effective January 1, 2006 (as extended and modified by the Service Agreement Extension and Modification effective January 1, 2011 and the 2nd Service Agreement Extension and Modification effective the 1st day of January, 2016, herein referred to as the “Service Agreement”), by and between PHI Service Company, a Delaware corporation and a mutual service company (“PHISCO”) and the associate companies (the “Client Companies”), which are current parties to the Service Agreement and are comprised of Pepco Holdings LLC (formerly known as Pepco Holdings, Inc. and herein referred to as “PHI”), a utility holding company, and certain of its subsidiaries.

WHEREAS, effective March 23, 2016, PHI was acquired through merger transactions (the “Merger”) by Exelon Corporation (“Exelon”), and in the period between the Merger and this Amendment, numerous transition activities have occurred, including the reorganization of a number of former PHI subsidiaries under other Exelon entities, and the transition of provision of certain services to Exelon Business Services Company (“EBSC”), the Exelon holding company system’s shared services company;

WHEREAS, pursuant to the reorganization activities referenced above, certain companies that were originally parties to the Service Agreement are no longer receiving services from PHISCO and, therefore, are no longer parties to the Service Agreement;

WHEREAS, as a result of this post-Merger transition, the remaining current parties to the Service Agreement wish to amend the Service Agreement to be more closely aligned with EBSC’s allocation and charging methodologies and to reset the term of the Service Agreement to five years from the effective date of this Amendment; and

NOW, THEREFORE, the remaining current parties to the Service Agreement agree to amend the Service Agreement as follows:

1. Article III., Section 3.1 of the Service Agreement is hereby replaced in its entirety with the following:

ARTICLE III - TERM

Section 3.1. This Service Agreement shall become effective as of the day above written, and shall continue in force until January 1, 2023, or until terminated by either party upon no less than ninety (90) days’ prior written notice to the other party. As of January 1, 2023, or upon each five (5) year anniversary of this agreement thereafter, the parties may extend this agreement, with or without modifications, for an additional five (5) years by mutual written agreement to such modification and/or extension. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance

under this Service Agreement may conflict with any rule, regulation or order of the FERC or any other regulatory body with jurisdiction over the Service Company or the Client Company adopted before or after the date of this Service Agreement.

2. Appendix A and Appendix B to the Service Agreement are hereby replaced in their entirety by Appendix A and Appendix B attached to this Amendment. The changes made in Appendix A and Appendix B to the Service Agreement may be summarized as follows; provided, however, that the summary herein is not intended to supersede the content of the attached Appendix A and Appendix B and, in the event of any conflict created by this summary, the content of the attached appendices will govern.
 - A. A number of the Practice Area Classification designations are being changed. Because certain PHISCO corporate shared services are in the process of being transferred to EBSC and are included under the General Service Agreement between Exelon and the PHI subsidiaries, those shared services have been removed from Appendix A to the Service Agreement. The other designation changes are for reclassifications of services into practice areas that align with the EBSC practice areas.
 - B. PHISCO provides a number of non-company specific services to its three affiliated regulated utility companies. Historically, depending upon the nature of the service being provided, such indirect charges have been allocated to those companies based upon several different allocation methodologies. Included in the historical methodologies is the Two Factor Ratio ("TFR"). The TFR allocation methodology utilizes the average of (1) Operations and Maintenance expense, and (2) Gross Property, Plant and Equipment ratio percentages for PHISCO's affiliated regulated utility companies. The ratios in Appendix B to the Service Agreement will be modified such that, with the exception of costs related to certain Support Services (such as mail and reprographics, which are to be allocated on a square footage basis), all remaining indirect service charges will be allocated using the TFR methodology on a going-forward basis. This change allows for a more efficient allocation process and provides for a consistent allocation methodology for these types of broad support services.
3. All of the terms of the Service Agreement that are not expressly modified hereby will continue in full force and effect. The Service Agreement, as hereby amended, will apply to any Client Companies that may in the future execute the Service Agreement.
4. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes hereof, an electronic copy of this Amendment (including a facsimile or .pdf), including the signature pages hereto, will be deemed to be an original.

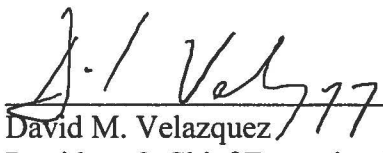
IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

PHI SERVICE COMPANY

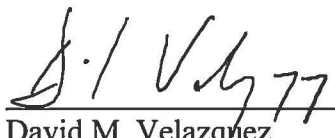
By: Donna J. Kinzel
Donna J. Kinzel
Senior Vice President & Chief Financial Officer

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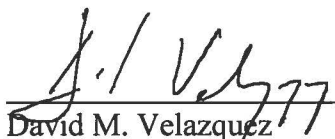
PEPCO HOLDINGS LLC

By: 
David M. Velazquez
President & Chief Executive Officer

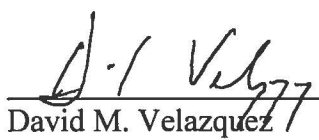
DELMARVA POWER & LIGHT COMPANY

By: 
David M. Velazquez
President & Chief Executive Officer

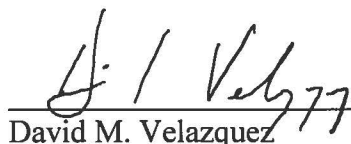
ATLANTIC CITY ELECTRIC COMPANY

By: 
David M. Velazquez
President & Chief Executive Officer

POTOMAC ELECTRIC POWER COMPANY

By: 
David M. Velazquez
President & Chief Executive Officer

**ATLANTIC CITY ELECTRIC TRANSITION
FUNDING, LLC**

By: 
David M. Velazquez
Chairman, President &
Chief Executive Officer

This appendix describes (i) the Policies and Procedures (see pages 7-11) to be used to accumulate costs of Service Company services and (ii) the methodologies used to assign or allocate such costs to Client Companies. Definitions of the ratios are provided in Appendix B. The Service Company may provide to associate Client Companies the following services, which may be used by the Client Company:

I. Executive Management

- a. The Executive Management function includes office of the President and CEO of Pepco Holdings, Inc., supporting staff, and other members of the senior management team as deemed appropriate, as well as other expenses, including interest, taxes and general fees not covered in one of the functions below.
- b. To the extent possible, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be allocated based on the Two Factor Ratio.

II. Support Services

- a. The Support Services function provides vehicle resource management; building services, including facilities management and building maintenance, occupancy charges, mail and reprographic services; claims administration services and other services such as security, real estate, environmental, training and safety.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios:
 - 1. vehicle resource management - Vehicle \$ Ratio
 - 2. building services - Square Footage Ratio
 - 3. Claims administration services – Historical Claims Ratio
 - 4. Other Services – Two Factor Ratio

III. Financial Services

- a. The Financial Services function includes services such as planning, budgeting and financial accounting.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated on the Two Factor Ratio.

IV. Human Resources

- a. The Human Resources function provides benefit services such as personnel, employment and staffing, diversity, performance improvement and organizational development.
- b. Human Resources Services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A.

Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated on the Employee Ratio.

V. Legal Services

- b. The Legal Services function provides legal counsel related to PHI specific issues.
- c. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the Two Factor Ratio.

VI. Customer Services

- a. The Customer Services function includes customer service centers, billing, credit and collections, cash remittance processing, quality assurance, training, customer energy efficiency programs, the Special Billing group and other customer related activities.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the Customer Ratio.

VII. Information Technology

- a. The Information Technology function includes costs for infrastructure and applications associated with shared PHI systems.
- b. To the extent practicable, service costs will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be allocated to Client Companies based on the approved ratio for the associated function supported.

VIII. Governmental Affairs

- a. The Governmental Affairs function includes customer research resolution; commercial account management; corporate contributions; and other governmental affairs which involve developing and maintaining relationships with federal and state government institutions and community officials, including lobbying and other activities.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios.
 - 1. Customer research and account management services – Customer Ratio
 - 2. Other government affairs services – Two Factor Ratio

IX. Communication Services

- a. The Corporate Communications function includes employee communications, general corporate branding and utility customer communications, such as informational and instructional advertising.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the Two Factor Ratio.

X. Regulatory Services

- a. The Regulatory Services function includes regulatory strategy, policy, and other regulatory affairs services, as well customer energy related services such as balance and settlement, power procurement, and market settlements.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the following ratios:
 - 1. Customer energy – Kwh Output Ratio
 - 2. Other regulatory services - Two Factor Ratio

XI. Regulated Electric and Gas Operation Services

- a. The Regulated Electric and Gas Services function includes the following electric and gas delivery services: system operations services; meter maintenance and testing; and other delivery services, including delivery senior management, asset management engineering standards, interconnection planning and arrangements, distributions and transmission planning, value added services, engineering services for distribution, substation and transmission, system protection, drafting and construction management, electric maintenance, administrative support, forestry, process improvement, training, performance analysis, and benchmarking.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the following ratios:
 - 1. system operations services - Kwh Output Ratio
 - 2. meter maintenance and testing services - Kwh Output Ratio
 - 3. other delivery services - Two Factor Ratio

XII. Supply Services

- a. The Supply Services function includes utility storeroom procurement and materials management services, as well as other general procurement costs.

- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios:
 - 1. Utility Storeroom services – Materials Stock Issuance Ratio
 - 2. Other Supply Services – Two Factor Ratio

Policies and Procedures

General

Service Company will provide services to Client Companies in accordance with the terms of the Service Agreement.

Service Level Standards

Annually, as part of the budgeting process, a budget will be prepared for the services that will be provided to the Client Companies by each of the shared service providers during the next calendar year. The budgets will include assumptions around direct charging for services. Budgeted costs not directly charged will be allocated on a monthly basis in the budget in accordance with the approved costing methodologies utilized on an actual basis. The budget information is processed in the management information system and is available for review by employees of the Client Companies. The budget targets are set by senior management and the final budget is approved by the Board of Directors. The budget process provides each Client Company with service level standards and sets expectations which can be used during the following year to compare actual Service Company performance against these expectations.

Cost Management

Service Company will maintain a cost management information system that allows it to accumulate costs in the following manner: Business Unit, Projects and Departments. This system supports the philosophy of separating costs by business group and legal entity on a fully costed basis. Service Company will use this system to maintain an accounting system to record all costs of operations.

The cost of work performed by the Service Company will be collected in Projects and Departments. Costs will be charged as work is performed and costs are incurred. Time records and expense statements will be used to track resource consumption. Labor related costs are expected to be the most significant costs for the Service Company. To the extent practicable, the Service Company employees shall be required to direct-charge their time through the time reporting system.

As products or services are provided by the Service Company, the services are directly charged. Any costs that cannot be practicably direct billed will be allocated to Client Companies on an appropriate basis, as defined in the Service Agreement. The amount billed to the Client Company is charged to Client Company Projects and departments created to collect the costs of the services provided to that company.

The Service Company uses cost allocation methods designed to fully distribute costs. The Service Company will have a tiered approach to billing Client Companies comprised of the following steps:

- A. Direct Assignment:
Non-labor costs which benefit specific Client Companies will be directly assigned to the specific Client Companies whenever feasible. Costs which are directly assigned to a Client

Company are not costs of the Service Company and therefore are not included in the amounts billed.

B. Direct Charges:

Labor related services specifically for a Client Company will be directly charged to that business unit at a rate per unit of labor. The rate includes direct costs such as labor and indirect expenses such as overhead costs for benefits, incentives and payroll taxes, vehicle costs, occupancy costs, and IT user services necessary for the employee to provide the service.

Certain Service Company costs, such as Human Resources and Special Billing will be directly charged at a standard rate per unit of services. These rates are based upon anticipated costs and units of service, including expected employees (HR) and bills (Special Billings).

C. Indirect Charges:

1. Allocations: Costs accumulated that apply to all Client Companies or to a group of Client Companies, which have not been directly assigned or directly charged as described in A or B, above, will be allocated based on the allocation ratios defined in Appendix B. Allocation ratios will be recalculated by the Service Company at least annually.

2. Service Company Cross Charges:

Certain Service Company overhead costs, such as the cost of benefits, payroll taxes, and incentives and other indirect costs, such as vehicles, IT user services, and building services are charged to Service Company functions that utilize these services and are included in their billing to Client Companies. These costs are charged based upon anticipated expenses and units of service, e.g. expected salaries (benefits), square footage, etc.

In addition, support for other Services Company functions caused by, labor strikes, storm contingency coverage, rate case support, and other special projects, may be cross charged to another Service Company function. These charges are included in the amounts that these functions bill to Client Companies and will be allocated based on the approved allocation ratios defined in Appendix B.

Dispute Resolution

If there is a dispute between a Client Company and the Service Company concerning the appropriateness of an amount billed to a Client Company, the Controller's Department will meet with the appropriate representatives for the Client Company department and the Service Company to resolve the dispute. If the dispute cannot be resolved by the Controller's Department, the issue will be referred to the Chief Financial Officer of Pepco Holdings, Inc. for disposition.

Internal Audit

The Internal Audit Department shall perform an audit of the Service Company billing process every two years. Computer systems, billings, and source documents will be examined to ensure on a test basis that the services provided are authorized, documented, and accurately recorded in the accounting records. The audits will include an examination of the Service Company allocation methods and the allocation factors used to ensure that they are in compliance with the methodologies described in the Service Agreement. Also, the audits will evaluate the adequacy of the system of internal controls over the billing process and the reasonableness of each allocation methodology used to distribute costs to the Client Companies.

Definition of Service Company Allocation Methods

<u>Ratio Title</u>	<u>Ratio Description</u>
Customer Ratio	A ratio the numerator of which is the number of customers served by a Client Company, the denominator of which is the total number of customers for all the Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Customers designated as both electric and gas, within the same company, will be assigned 50% to gas and 50% to electric for the purposes of this ratio calculation.
Employee Ratio	A ratio the numerator of which is the number of employees of a Client Company, the denominator of which is the total number of employees for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Historical Claims Ratio	A ratio the numerator of which is the total claims expense of a Client Company, the denominator of which is the total claims expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Kwh Output Ratio	A ratio the numerator of which is the number of kilowatt hours purchased and generated by a Client Company, the denominator of which is the total number of kilowatt hours purchased and generated by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Materials Stock Issued Ratio	A ratio the numerator of which is the materials stock issuance from a Client Company store room, the denominator of which is the total materials stock issuances from all Client Company store rooms (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
O&M Ratio	A ratio the numerator of which is the total operations and maintenance (O&M) expense of a Client Company for a twelve month period, the denominator of which is the total operations and maintenance expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Any affiliate whose total O&M expense is negative, the O&M of PHI Service Company, and O&M which is caused by consolidation adjustments will be excluded.

Square Footage Ratio

A ratio the numerator of which is the number of total square feet of space occupied by a Client Company, the denominator of which is the total number of square feet of space occupied by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Two Factor Ratio

A composite ratio which is comprised of an average of the O&M and Gross Property, Plant and Equipment ratio percentages (described above) for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Vehicle \$ Ratio

A ratio the numerator of which is the amount of vehicle rate charges in a specific Client Company, the denominator of which is the total amount of vehicle rate charges in all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Rate charges to PHI Service Company are excluded.

SERVICE AGREEMENT

(As Modified By The Service Agreement Extension and Modification Effective As Of January 1, 2011,
The 2nd Service Agreement Extension and Modification Effective As Of January 1, 2016, And
The Amendment to Service Agreement Effective As Of January 1, 2018)

This Service Agreement, effective as of the 1st day of _____, is made by and between PHI Service Company, a Delaware corporation and a mutual service company (the "Service Company"), and (Company Name) an associate company of the Pepco Holdings, Inc. system (the "Client Company" and collectively with other associate companies that have or may in the future execute this form of Service Agreement, the "Client Companies").

WITNESSETH

WHEREAS, the Service Company and the Client Companies have entered into this Service Agreement whereby the Service Company agrees to provide and the Client Companies agree to accept and pay for various services as provided herein, and as a result of which the Service Company fairly and equitably allocates costs among all associate companies to which it renders services; and

WHEREAS, economies and efficiencies benefiting the Client Companies will result from the performance by the Service Company of the services as herein provided:

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

ARTICLE I - SERVICES

Section 1.1. The Service Company shall furnish to the Client Company, as requested by the Client Company, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto (as such may be amended from time to time) at such times, for such periods and in such manner as the Client Company may from time to time request and which the Service Company concludes it is equipped to perform. The Service Company shall also provide the Client Company with such special services, in addition to those services described in Appendix A hereto, as may be requested by the Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisors and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 1.2. The Client Company shall take from the Service Company such of the services described in Section 1.1 and such additional general or special services, whether or not now contemplated, as are requested from time to time by the Client Company and which the Service Company concludes it is equipped to perform.

Section 1.3. The services described herein shall be directly assigned, directly charged or allocated by activity, project, program, work order or other appropriate basis. The Client

Company shall have the right from time to time to amend, alter or rescind any activity, project program or work order provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, project, program or work order shall include any additional expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, project, program, or work order, and (iii) no amendment, alteration or rescission of an activity, project, program, or work order shall release the Client Company from liability for all costs already incurred by the Service Company pursuant to the activity, project, program, or work order, regardless of whether the services associated with such costs have been completed.

ARTICLE II - COMPENSATION

Section 2.1. As compensation for the services to be rendered hereunder, the Client Company shall pay to the Service Company all costs which reasonably can be identified and related to particular services performed by the Service Company for or on the Client Company's behalf, such costs to be determined in accordance with the cost accounting manual for the Pepco Holdings, Inc. system and applicable rules and regulations, including the regulations of the Federal Energy Regulatory Commission ("FERC") regarding the Uniform System of Accounts for Centralized Service Companies. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, directly charged or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed.

Section 2.2. It is the intent of this Service Agreement that the payment for services rendered by the Service Company to the Client Companies under this Service Agreement shall cover all the costs of its doing business (less the cost of services provided to associated companies not a party to this Service Agreement and other non-associated companies), including but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee benefits, miscellaneous general expenses, rents (including property leased from Client Companies for use by the Service Company), maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital.

Section 2.3. The method of assignment, charge or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Company upon the express approval of the modification by each affected Client Company without the necessity of an amendment to this Service Agreement provided that in each instance, costs of all services rendered hereunder shall be fairly and equitably assigned, distributed or allocated, and notice of such change is provided to the Client Company.

Section 2.4. The Service Company shall make available a monthly statement to the Client Company that shall reflect the billing information necessary to identify the costs charged for that month. By the end of the month following billing, the Client Company shall remit to the Service Company all charges billed to it. Monthly charges may be billed on an estimated basis,

but adjustments will be made within ninety (90) days to assure that billings are in accord with Sections 2.1 and 2.2 above.

ARTICLE III - TERM

Section 3.1. This Service Agreement shall become effective as of the day above written, and shall continue in force until January 1, 2021, or until terminated by either party upon no less than ninety (90) days' prior written notice to the other party. As of January 1, 2021, or upon each five (5) year anniversary of this agreement thereafter, the parties may extend this agreement, with or without modifications, for an additional five (5) years by mutual written agreement to such modification and/or extension. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with any rule, regulation or order of the FERC or any other regulatory body with jurisdiction over the Service Company or the Client Company adopted before or after the date of this Service Agreement.

ARTICLE IV - MISCELLANEOUS

Section 4.1. All accounts and records of the Service Company shall be kept in accordance with the Uniform System of Accounts for Centralized Service Companies promulgated by the FERC.

Section 4.2. Other existing subsidiaries and new direct or indirect subsidiaries of Pepco Holdings, Inc. that may come into existence after the effective date of this Service Agreement may become additional Client Companies (collectively, the "New Client Companies") subject to this Service Agreement by execution of this form of agreement, as it may be amended at that time. In addition, the parties hereto upon the express approval of each affected Client Company shall make such changes in the scope and character of the services to be rendered and the method of assigning, charging or allocating costs of such services among the Client Companies and the New Client Companies under this Service Agreement as may become necessary.

Section 4.3. The Service Company shall permit the Client Company access to its accounts and records, including the basis and computation of allocations.

Section 4.4. This Service Agreement and any amendments hereto shall not be effective until any necessary regulatory approvals have been obtained.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

PHI Service Company

By: _____

(Company Name)

By: _____
(President)
(title)

This appendix describes (i) the Policies and Procedures (see pages 7-11) to be used to accumulate costs of Service Company services and (ii) the methodologies used to assign or allocate such costs to Client Companies. Definitions of the ratios are provided in Appendix B. The Service Company may provide to associate Client Companies the following services, which may be used by the Client Company:

I. Executive Management

- a. The Executive Management function includes office of the President and CEO of Pepco Holdings, Inc., supporting staff, and other members of the senior management team as deemed appropriate, as well as other expenses, including interest, taxes and general fees not covered in one of the functions below.
- b. To the extent possible, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be allocated based on the Two Factor Ratio.

II. Support Services

- a. The Support Services function provides vehicle resource management; building services, including facilities management and building maintenance, occupancy charges, mail and reprographic services; claims administration services and other services such as security, real estate, environmental, training and safety.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios:
 - 1. vehicle resource management - Vehicle \$ Ratio
 - 2. building services - Square Footage Ratio
 - 3. Claims administration services – Historical Claims Ratio
 - 4. Other Services – Two Factor Ratio

III. Financial Services

- a. The Financial Services function includes services such as planning, budgeting and financial accounting.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated on the Two Factor Ratio.

IV. Human Resources

- a. The Human Resources function provides benefit services such as personnel, employment and staffing, diversity, performance improvement and organizational development.
- b. Human Resources Services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A.

Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated on the Employee Ratio.

V. Legal Services

- b. The Legal Services function provides legal counsel related to PHI specific issues.
- c. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the Two Factor Ratio.

VI. Customer Services

- a. The Customer Services function includes customer service centers, billing, credit and collections, cash remittance processing, quality assurance, training, customer energy efficiency programs, the Special Billing group and other customer related activities.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the Customer Ratio.

VII. Information Technology

- a. The Information Technology function includes costs for infrastructure and applications associated with shared PHI systems.
- b. To the extent practicable, service costs will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be allocated to Client Companies based on the approved ratio for the associated function supported.

VIII. Governmental Affairs

- a. The Governmental Affairs function includes customer research resolution; commercial account management; corporate contributions; and other governmental affairs which involve developing and maintaining relationships with federal and state government institutions and community officials, including lobbying and other activities.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios.
 - 1. Customer research and account management services – Customer Ratio
 - 2. Other government affairs services – Two Factor Ratio

IX. Communication Services

- a. The Corporate Communications function includes employee communications, general corporate branding and utility customer communications, such as informational and instructional advertising.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the Two Factor Ratio.

X. Regulatory Services

- a. The Regulatory Services function includes regulatory strategy, policy, and other regulatory affairs services, as well customer energy related services such as balance and settlement, power procurement, and market settlements.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the following ratios:
 - 1. Customer energy – Kwh Output Ratio
 - 2. Other regulatory services - Two Factor Ratio

XI. Regulated Electric and Gas Operation Services

- a. The Regulated Electric and Gas Services function includes the following electric and gas delivery services: system operations services; meter maintenance and testing; and other delivery services, including delivery senior management, asset management engineering standards, interconnection planning and arrangements, distributions and transmission planning, value added services, engineering services for distribution, substation and transmission, system protection, drafting and construction management, electric maintenance, administrative support, forestry, process improvement, training, performance analysis, and benchmarking.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the following ratios:
 - 1. system operations services - Kwh Output Ratio
 - 2. meter maintenance and testing services - Kwh Output Ratio
 - 3. other delivery services - Two Factor Ratio

XII. Supply Services

- a. The Supply Services function includes utility storeroom procurement and materials management services, as well as other general procurement costs.

- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios:
 - 1. Utility Storeroom services – Materials Stock Issuance Ratio
 - 2. Other Supply Services – Two Factor Ratio

Policies and Procedures

General

Service Company will provide services to Client Companies in accordance with the terms of the Service Agreement.

Service Level Standards

Annually, as part of the budgeting process, a budget will be prepared for the services that will be provided to the Client Companies by each of the shared service providers during the next calendar year. The budgets will include assumptions around direct charging for services. Budgeted costs not directly charged will be allocated on a monthly basis in the budget in accordance with the approved costing methodologies utilized on an actual basis. The budget information is processed in the management information system and is available for review by employees of the Client Companies. The budget targets are set by senior management and the final budget is approved by the Board of Directors. The budget process provides each Client Company with service level standards and sets expectations which can be used during the following year to compare actual Service Company performance against these expectations.

Cost Management

Service Company will maintain a cost management information system that allows it to accumulate costs in the following manner: Business Unit, Projects and Departments. This system supports the philosophy of separating costs by business group and legal entity on a fully costed basis. Service Company will use this system to maintain an accounting system to record all costs of operations.

The cost of work performed by the Service Company will be collected in Projects and Departments. Costs will be charged as work is performed and costs are incurred. Time records and expense statements will be used to track resource consumption. Labor related costs are expected to be the most significant costs for the Service Company. To the extent practicable, the Service Company employees shall be required to direct-charge their time through the time reporting system.

As products or services are provided by the Service Company, the services are directly charged. Any costs that cannot be practicably direct billed will be allocated to Client Companies on an appropriate basis, as defined in the Service Agreement. The amount billed to the Client Company is charged to Client Company Projects and departments created to collect the costs of the services provided to that company.

The Service Company uses cost allocation methods designed to fully distribute costs. The Service Company will have a tiered approach to billing Client Companies comprised of the following steps:

- A. Direct Assignment:
Non-labor costs which benefit specific Client Companies will be directly assigned to the specific Client Companies whenever feasible. Costs which are directly assigned to a Client

Company are not costs of the Service Company and therefore are not included in the amounts billed.

B. Direct Charges:

Labor related services specifically for a Client Company will be directly charged to that business unit at a rate per unit of labor. The rate includes direct costs such as labor and indirect expenses such as overhead costs for benefits, incentives and payroll taxes, vehicle costs, occupancy costs, and IT user services necessary for the employee to provide the service.

Certain Service Company costs, such as Human Resources and Special Billing will be directly charged at a standard rate per unit of services. These rates are based upon anticipated costs and units of service, including expected employees (HR) and bills (Special Billings).

C. Indirect Charges:

1. Allocations: Costs accumulated that apply to all Client Companies or to a group of Client Companies, which have not been directly assigned or directly charged as described in A or B, above, will be allocated based on the allocation ratios defined in Appendix B. Allocation ratios will be recalculated by the Service Company at least annually.

2. Service Company Cross Charges:

Certain Service Company overhead costs, such as the cost of benefits, payroll taxes, and incentives and other indirect costs, such as vehicles, IT user services, and building services are charged to Service Company functions that utilize these services and are included in their billing to Client Companies. These costs are charged based upon anticipated expenses and units of service, e.g. expected salaries (benefits), square footage, etc.

In addition, support for other Services Company functions caused by, labor strikes, storm contingency coverage, rate case support, and other special projects, may be cross charged to another Service Company function. These charges are included in the amounts that these functions bill to Client Companies and will be allocated based on the approved allocation ratios defined in Appendix B.

Dispute Resolution

If there is a dispute between a Client Company and the Service Company concerning the appropriateness of an amount billed to a Client Company, the Controller's Department will meet with the appropriate representatives for the Client Company department and the Service Company to resolve the dispute. If the dispute cannot be resolved by the Controller's Department, the issue will be referred to the Chief Financial Officer of Pepco Holdings, Inc. for disposition.

Internal Audit

The Internal Audit Department shall perform an audit of the Service Company billing process every two years. Computer systems, billings, and source documents will be examined to ensure on a test basis that the services provided are authorized, documented, and accurately recorded in the accounting records. The audits will include an examination of the Service Company allocation methods and the allocation factors used to ensure that they are in compliance with the methodologies described in the Service Agreement. Also, the audits will evaluate the adequacy of the system of internal controls over the billing process and the reasonableness of each allocation methodology used to distribute costs to the Client Companies.

Definition of Service Company Allocation Methods

<u>Ratio Title</u>	<u>Ratio Description</u>
Customer Ratio	A ratio the numerator of which is the number of customers served by a Client Company, the denominator of which is the total number of customers for all the Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Customers designated as both electric and gas, within the same company, will be assigned 50% to gas and 50% to electric for the purposes of this ratio calculation.
Employee Ratio	A ratio the numerator of which is the number of employees of a Client Company, the denominator of which is the total number of employees for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Historical Claims Ratio	A ratio the numerator of which is the total claims expense of a Client Company, the denominator of which is the total claims expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Kwh Output Ratio	A ratio the numerator of which is the number of kilowatt hours purchased and generated by a Client Company, the denominator of which is the total number of kilowatt hours purchased and generated by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
Materials Stock Issued Ratio	A ratio the numerator of which is the materials stock issuance from a Client Company store room, the denominator of which is the total materials stock issuances from all Client Company store rooms (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).
O&M Ratio	A ratio the numerator of which is the total operations and maintenance (O&M) expense of a Client Company for a twelve month period, the denominator of which is the total operations and maintenance expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Any affiliate whose total O&M expense is negative, the O&M of PHI Service Company, and O&M which is caused by consolidation adjustments will be excluded.

Square Footage Ratio

A ratio the numerator of which is the number of total square feet of space occupied by a Client Company, the denominator of which is the total number of square feet of space occupied by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Two Factor Ratio

A composite ratio which is comprised of an average of the O&M and Gross Property, Plant and Equipment ratio percentages (described above) for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Vehicle \$ Ratio

A ratio the numerator of which is the amount of vehicle rate charges in a specific Client Company, the denominator of which is the total amount of vehicle rate charges in all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Rate charges to PHI Service Company are excluded.

Exhibit 2

GENERAL SERVICES AGREEMENT

BETWEEN

EXELON BUSINESS SERVICES COMPANY

AND

EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC;
COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON
VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON
ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC.; AND THE
SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY.

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by
and between the following Parties: EXELON BUSINESS SERVICES COMPANY ("Services
Company"), EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC;
COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON
VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON
ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC; AND THE
SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY
(collectively, the "Client Companies");

WITNESSETH:

WHEREAS, Client Companies, including EXELON CORPORATION, which is
registered under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its
other subsidiaries, affiliates and associates desire to enter into this agreement providing for the

performance by Services Company for the Client Companies of certain services as more particularly set forth herein;

WHEREAS, Services Company is organized, staffed and equipped and has filed with the Securities and Exchange Commission ("the SEC") to be a subsidiary service company under Section 13 of the Act to render to EXELON CORPORATION, and other subsidiaries, affiliates and associates of EXELON CORPORATION, certain services as herein provided; and

WHEREAS, to maximize efficiency, and to achieve merger related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons employed or to be retained by Services Company, and to compensate Services Company appropriately for such services;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

Section 1. Agreement to Provide Services

Services Company agrees to provide to Client Companies, upon the terms and conditions set forth herein, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Companies may from time to time request. Except with respect to "Corporate Governance Services" as defined in Section 7 hereof, the Services Company shall perform only those services as are requested by the Client Companies. Services Company will keep itself and its personnel available and competent to provide to Client Companies such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies. In providing such services, Services Company may arrange, where it deems

appropriate, for the services of such experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 2. Services to be Provided

The services expected to be provided by Services Company hereunder may, upon request by a Client Company, include the services as set out in Schedule 2, attached hereto and made a part hereof. In addition to those identified in Schedule 2, Services Company shall provide such additional general or special services, whether or not now contemplated, as Client Companies may request from time to time and Services Company determines it is able to provide.

Notwithstanding the foregoing paragraph, no change in the organization of the Services Company, the type and character of the companies to be serviced, the factors for allocating costs to associate companies, or in the broad general categories of services to be rendered subject to Section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until the Services Company shall first have given the SEC written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the SEC shall notify the Services Company within the 60-day period that a question exists as to whether the proposed change is consistent with the provisions of Section 13 of the Act, or of any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until the Services Company shall have filed with the SEC an appropriate declaration regarding such proposed change and the SEC shall have permitted such declaration to become effective.

Section 3. Changes in Parties

New direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, which may come into existence after the effective date of this Services Agreement, may become additional Client Companies of Services Company and subject to this General Services Agreement. In addition, entities which are, as of the effective date of this General Services Agreement, direct or indirect subsidiaries, affiliates and associates of EXELON CORPORATION, may thereafter leave the holding company system, in which case they will no longer be subject to this General Services Agreement. The parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Services Company costs among associate companies taking into account both the new subsidiaries and the subsidiaries which have left the holding company system, subject to the provisions of Section 2 above.

Section 4. Compensation of Services Company

As compensation for the services to be rendered hereunder, Client Companies listed in Attachment A hereto, as revised from time to time, shall pay to Services Company all costs which reasonably can be identified and related to particular services provided by Services Company for or on Client Company's behalf (except as may otherwise be permitted by the SEC). All other Client Companies and their affiliates and associates (see Attachment B) shall pay to Services Company charges for services that are to be no less than cost (except as may otherwise be permitted by the SEC), insofar as costs can reasonably be identified and related by Services Company to its performance of particular services for or on behalf of Client Company.

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The factors for assigning or allocating Services Company costs to Client Company, as well as to other associate companies, are set forth in Schedules 1 and 2 attached hereto. Attachments A and B and Schedules 1 and 2 are each expressly incorporated herein and made a part hereof.

Any charges to the Client Companies on account of use of capital shall reflect a reasonable and efficient capital structure.

Section 5. Securities and Exchange Commission Rules

It is the intent of the Parties that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with, the rules and regulations of the SEC, as they now exist or hereafter may be modified by the Commission.

Section 6. Service Review

The parties shall review each service covered by this Agreement on an as needed basis, to assess the quality of the service and to determine the continued need therefor, and shall, subject to the provisions of Section 2 above, amend the scope of services, delete services entirely from this Agreement, and/or decline services which are not "Corporate Governance Services," as defined in Section 7 hereof, as they determine to be necessary or desirable.

Section 7. Corporate Governance Services.

Whether or not requested by the Client Companies, the Services Company may provide to all Client Companies, and Client Companies shall pay Services Company for, "Corporate Governance Services." Corporate governance consists of those activities and services reasonably determined to be necessary for the lawful and effective management of Exelon System businesses. Corporate Governance Services may be supplied from functions such as accounting, finance, executive, strategic planning, legal, human resources/benefits, audit, corporate communications and public affairs, environmental, health and safety, government affairs and policy, and investor relations. Corporate Governance Services may include, but are not limited to, the following: planning and project evaluation; finance and treasury; accounting and analysis; risk management; tax; shareholder and investor relations; merger and acquisition services; strategic planning; diversity; employee and labor relations; HR planning and development; compensation and benefits; legal services in the areas of securities, PUHCA, employment, regulatory, contract, litigation and intellectual property laws; legal and administrative support to the Board of Directors; environmental compliance activities; ethics and compliance programs; management services for compliance with Federal laws, regulations and other policy requirements, including relationship management with the U.S. Congress and Federal agencies; corporate communications; branding; corporate events; charitable support; community relations and communications to local organizations; and communications to employees.

Section 8. Payment

Payment shall be by making remittance of the amount billed or by making

appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 9. EXELON CORPORATION

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit EXELON CORPORATION, or any person employed by or acting for EXELON CORPORATION, to provide services for other Parties, or any companies associated with said Parties.

Section 10. Client Companies

Except as limited by law or order of the SEC, Client Companies, their subsidiaries, affiliates and associates may provide services described herein to other Client Companies, their subsidiaries, affiliates and associates on the same terms and conditions as set out for the Services Company.

Section 11. Effective Date and Termination

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall be deemed effective from the date that the merger between PECO ENERGY COMPANY and UNICOM CORPORATION was consummated, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 90 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement. This Agreement shall be terminated with respect to any Client Company immediately upon such Client Company ceasing to be a member of the Exelon holding company system.

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive such termination or expiration.

Section 12. Access to Records


Records will be maintained in accordance with 17 C.F.R. §257 and in any event no less than seven years following a transaction under this Agreement. The Client Company may request access to and inspect the accounts and records of the Services Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 13. Assignment

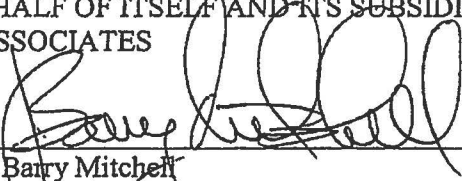
This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

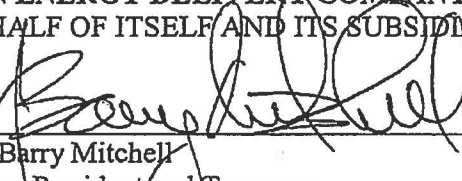
EXELON BUSINESS SERVICES COMPANY

By 
Ruth Ann M. Gillis
Title: President

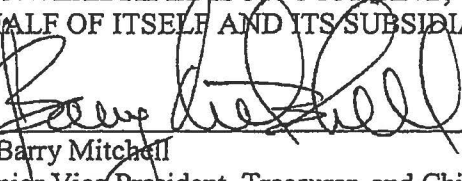
**EXELON CORPORATION,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, AFFILIATES
AND ASSOCIATES**

By 
J. Barry Mitchell
Title: Senior Vice President and Treasurer

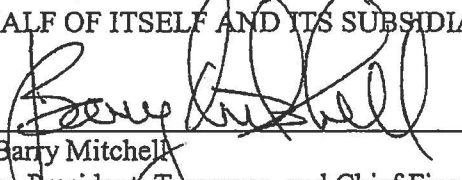
**EXELON ENERGY DELIVERY COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Vice President and Treasurer

**COMMONWEALTH EDISON COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

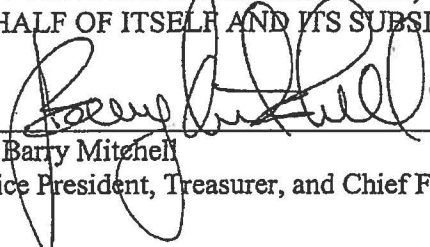
By 
J. Barry Mitchell
Title: Senior Vice President, Treasurer, and Chief Financial Officer

**PECO ENERGY COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

**EXELON VENTURES COMPANY LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

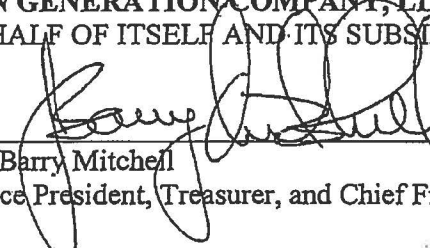
By


J. Barry Mitchell

Title: Vice President, Treasurer, and Chief Financial Officer

**EXELON GENERATION COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

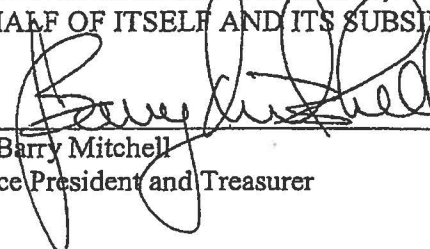
By


J. Barry Mitchell

Title: Vice President, Treasurer, and Chief Financial Officer

**EXELON ENTERPRISES COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

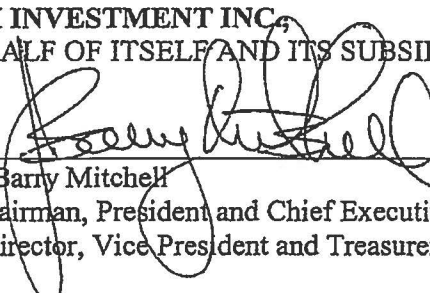
By


J. Barry Mitchell

Title: Vice President and Treasurer

**UNICOM INVESTMENT INC.,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

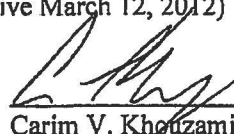
By


J. Barry Mitchell

Title: Chairman, President and Chief Executive Officer,
Director, Vice President and Treasurer

BALTIMORE GAS AND ELECTRIC COMPANY,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(effective March 12, 2012)

By



Carim V. Khoutzami

Title: Vice President, Chief Financial Officer and Treasurer

ATLANTIC CITY ELECTRIC COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

DELMARVA POWER & LIGHT COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

POTOMAC ELECTRIC POWER COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

PEPCO HOLDINGS LLC
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

PHI SERVICE COMPANY
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES
(Effective March 24, 2016)

By: Donna J. Kinzel

Name: Donna J. Kinzel

Its: Senior Vice President, Chief Financial Officer, and Treasurer

Attachment A

Commonwealth Edison Company

Commonwealth Edison of Indiana, Inc.

PECO Energy Company

Exelon Generation Company, LLC

Baltimore Gas and Electric Company (effective March 12, 2012)

Atlantic City Electric Company (effective March 24, 2016)

Delmarva Power & Light Company (effective March 24, 2016)

Potomac Electric Power Company (effective March 24, 2016)

PEPCO Holdings LLC (effective March 24, 2016)

PHI Service Company (effective March 24, 2016)

Any subsidiary involved in directly providing goods, construction or services to the foregoing companies.

Service Agreement Schedule 1

Allocation Ratios:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth below.

Revenue Related Ratios:

Revenues
Sales - Units sold and/or transported
Number of Customers

Expenditure Related Ratios:

Total Expenditures
Operations and Maintenance Expenditures
Capital Expenditures
Service Company Billings
Service Company SLA Billings (Non-governance)

Labor/Payroll Related Ratios:

Labor / Payroll
Number of Employees

Units Related Ratios:

Usage (for example: CPU's, square feet , number of vendor invoice payments)
Consumption (for example: tons of coal, gallons of oil, MMBTU's)
Capacity (for example: nameplate generating capacity, peak load, gas throughput)
Other units related

Assets Related Ratios:

Total Assets
Current Assets
Gross Plant

Composite Ratios:

Total Average Assets and 12 months ended Gross Payroll
Modified Massachusetts Formula
Other composite ratios

Service Agreement Schedule 2

Services Including But Not Limited To:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

Administrative & management services including but not limited to:

- accounting
 - bookkeeping
 - billing
 - accounts receivable
 - accounts payable
 - financial reporting
- audit
- claims
- communications
- customer operations
- customer services
- executive
- finance
- insurance
- information systems services
- investment advisory services
- legal
- library
- record keeping
- secretarial & other general office support
- real estate management
- security holder services
- tax
- treasury
- other administration & management services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Personnel services including but not limited to:

- recruiting
- training & evaluation services
- payroll processing
- employee benefits administration & processing
- labor negotiations & management
- other personnel services

Expected allocation ratios: Labor/Payroll Related, Units Related, Composite

Purchasing services including but not limited to:

- preparation & analysis of product specifications
- requests for proposals & similar solicitations
- vendor & vendor-product evaluations
- purchase order processing
- receipt, handling, warehousing and disbursement of purchased items contract negotiation & administration
- inventory management & disbursement
- other purchasing services

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Facilities management services including but not limited to:

- office space
- warehouse & storage space
- transportation facilities (including dock & port, rail sidings and truck facilities)
- repair facilities
- manufacturing & production facilities
- fixtures, office furniture & equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Computer services including but not limited to:

- computer equipment & networks
- peripheral devices
- storage media
- software

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Communications services including but not limited to:

- communications equipment
- audio & video equipment
- radio equipment
- telecommunications equipment & networks
- transmission & switching capability

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Machinery management services including but not limited to:

- equipment
- tools
- parts & supplies

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Vehicle management services including but not limited to:

- automobiles
- trucks
- vans
- trailers
- railcars
- marine vessels
- aircraft
- transport equipment
- material handling equipment
- construction equipment

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Operational services including but not limited to:

- drafting & technical specification, development & evaluation
- consulting
- engineering
- environmental
- safety
- nuclear
- construction

design
resource planning
economic & strategic analysis
research
testing
training
customer solicitation
support & other marketing related services
public & governmental relations
other operational services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related,
Units Related, Assets Related, Composite

Exhibit B

Service Level Arrangement

Arrangement between _____ Services Department and [Client Company]

Purpose

Governing Agreement

Term of Service

Scope of Services

Scope of Services

Service Responsibility Matrix

Services, Tasks		

Service Costing Schedule

Monthly Billing Table:

Service/Transaction	Estimated Monthly Billing

Performance Metrics & Performance Reporting

Signatures			
Manager Service Company		Name (Client)	
		Title	
_____ Signature		_____ Signature	
_____ Date		_____ Date	

Exhibit C

Project Charter

Mission:

Objective

-
-

Business Need / Expected Benefits

-

Project Approach

-
-
-

Measures of Success / Effectiveness

-
-

Project Team

- Sponsor -
- Responsible Director –
- Project Manager –
- Project Team –

High Level Schedule

Activity or Deliverable	Start Date	End Date

High Level Cost Estimate

Item	Cost

Major Risks and Issues

-

Assumptions and Constraints

-

Project Charter Authorizing Signatures

Name / Title	Signature	Date

Exhibit 3

2017 Exelon Business Services Company Service Areas & Cost Assignment Methods

Exelon Business Services Company, LLC (BSC) provides services to the Exelon system of companies. For discussion purposes, BSC is divided into three groups: 1) core shared services, 2) utility focused services, and 3) corporate governance. The following are descriptions of the service areas and the cost assignment methods applied when billing the services.

The discussion below summarizes the cost assignment methods which generally require direct billing of services to the extent possible, then allocation based on cost causative allocation methods of costs that cannot be directly assigned.

1) CORE SHARED SERVICES AREAS

The Core Shared Services Areas provide a variety of shared support and management services for the Exelon system of companies. These shared services include Information Technology, Supply, Legal Services, Human Resources, Transportation and Real Estate.

Information Technology

- Energy Delivery Solutions, GenCo Solutions, Projects & Enterprise Solutions. Provides application support to the business units and centrally manages enterprise-wide applications and business unit specific projects.

Cost Assignment:

- Costs for information technology applications which are specific to one Client Company are directly charged to the respective Client Company.
 - Costs for information technology applications which benefit all or more than one Client Company are allocated to the respective Client Companies based on an appropriate cost causative allocation methodology, which varies from project to project.
 - Cloud and Infrastructure Engineering and Operations. Manages the enterprise IT infrastructure, provides infrastructure services, and ensures a safe and stable operating environment.
- ##### ***Cost Assignment:***
- Service costs are directly charged to IT Application Portfolios on a unit price basis for services such as mainframe, email, voicemail, LAN, etc. IT Application Portfolio costs are directly charged to Client Companies when specific to one Client Company. IT Application Portfolio costs that

benefit more than one Client Company are allocated based on an appropriate cost causative allocation methodology.

- IT Governance. Comprises an IT Program Management Office and Business Office focused on establishing standard processes, procedures and methods and Enterprise Architecture and Planning responsible for comprehensive enterprise strategic planning and architecture standards and assurance.

Cost Assignment:

- Service costs are allocated to Client Companies based on an IT Service Billings ratio of each Client Company or an appropriate cost causative allocation methodology.

Security

Includes the costs of providing Corporate and Information Security services for the Client Companies (formerly part of IT Governance)

- Corporate Security and Analysis. Provides security policy development and alignment with policies and strategic initiatives; Intelligence gathering and analytical services across the corporation to include threat / risk assessments and recommendations.
- Information Security. Develop, maintain and enforce a security strategy, policy and standards framework that aligns Exelon business need, legislative and regulatory requirements, and industry standard practices.

Cost Assignment

- Costs for Corporate and Information Security services which are specific to one Client Company are directly charged to the respective Client Company.

- Service costs are allocated to Client Companies based on an IT Service Billings ratio of each Client Company or an appropriate cost causative allocation methodology which varies by service.

Supply

Includes the costs of providing services related to the supply function for the Client Companies. Does not include costs of the materials/services purchased under the Purchase Orders/Contracts established by BSC Supply Services group or the purchase or sale of power.

- Strategic Sourcing. Manages the sourcing of categories across Exelon, drives total cost of ownership, and manages supplier relationships.
- Supply Operations. Provides tactical support to business unit operations, including logistics and warehousing for Exelon Generation. Embedded Supply employees perform these services for the Utilities.
- Supply Support. Comprises e-business functions, supply projects, and diversity initiatives, as well as policies, programs, systems and decision support systems.

Cost Assignment:

- Whenever possible, service costs are directly charged to Client Companies.
- Remaining service costs are allocated to Client Companies based on various expenditure-spend methodologies (generally, the services and/or materials purchased by each Client Company).
- Accounts Payable. Processes invoices and administers the P-Card (purchasing-card) program.

Cost Assignment:

- Accounts payable service costs are directly charged to Client Companies on a unit price based on transactions processed for each Client Company.

Legal Services

- Corporate & Commercial. Provides legal support for commercial contract negotiations, acquisitions, intellectual property, strategy, securities, financial reporting, real estate, nuclear related issues, bankruptcy, credit and collections, environmental, general corporate, and other transactional matters.
- Environmental. Provides legal support for the defense of agency enforcement actions, compliance counseling, environmental matters relevant to permitting

and re-licensing of generation facilities, support for safety and OSHA compliance, EHS compliance audits and NRC investigations.

- **Labor & Employment.** Represents Exelon's Client Companies in a wide range of employment related matters before agencies, arbitrators, and state and federal courts; provides advice and counsel on all labor and employment related matters.
- **Litigation.** Provides legal support for all forms of disputes, including breach of contract, commercial disputes, personal injury, and property damage.
- **Regulatory.** Represents Exelon's Client Companies before various regulatory agencies, including the Illinois Commerce Commission, the Pennsylvania Public Utility Commission, Maryland Public Service Commission, New Jersey Board of Public Utilities, Delaware Public Service Commission, Public Service Commission of the District of Columbia and the Federal Energy Regulatory Commission.
- **Client Services.** Comprised of the business functions of the Legal Department, including financial management, client billing, business planning and analysis, human resources, systems management, and general administration.

Cost Assignment:

- Costs for lawyers and paralegals are directly charged to Client Companies when possible and the remaining services are allocated on the Modified Massachusetts Formula, an average of each Client Company's Gross Revenues, Total Assets and Direct Labor to the totals of all Client Companies.

Human Resources

Human Resources is divided into two groups – (i) General HR activities, including support functions such as diversity, planning and development, employee health and benefits, compensation planning, management and employee development; HR planning, technology and metrics for HR field units; worker's compensation administration; benefits administration services; payroll processing; myHR Service Center Support, HR/Payroll system maintenance and HR process improvement support and metric reporting; (ii) Labor Relations, including development and management of labor relations strategy in support of business units with represented employees.

Cost Assignment:

- Whenever possible, service costs are directly charged to Client Companies.
- Most general Human Resources Activities costs are directly charged to Client Companies on a unit price basis based on the total employee

headcount of each Client Company. Payroll processing costs are directly charged to Client Companies on a unit price based on paycheck counts of each Client Company.

- Labor Relations costs are directly charged to Client Companies on a unit price basis based on the headcount of represented employees of each Client Company or direct charged based on time and materials.

Transportation

- Transportation. Coordinates corporate aircraft services.

Cost Assignment:

- Service costs are directly charged to Client Companies on a unit price based on total occupied flight hours of each Client Company.

Real Estate

Includes real estate portfolio and asset management strategy, lease administration for facilities, land or infrastructure obligations, property management, mail services and other real estate consulting services, generally concentrating on non-utility and non-power plant operations.

Cost Assignment for the above mentioned area:

- Service costs are allocated to Client Companies based on occupied square footage.

2) EXELON UTILITIES AREA

Exelon Utilities is comprised of a small utility-focused corporate governance and oversight function that will facilitate collaboration among the utilities to achieve the highest standards of organizational effectiveness, operational excellence, financial discipline and efficiency, and customer and stakeholder satisfaction.

Utility Planning & Performance includes oversight and coordination of the business planning process, benchmarking and surveys, performance indicators, utility-wide performance and process improvement initiatives, financial reports, Exelon quarterly management meeting coordination, reporting for Utility Board of Directors and the Energy Delivery Oversight Committee of the Exelon Board of Directors, synergy tracking and reporting, regulatory policy and issues alignment, cost management initiatives, and SLA/ALA coordination.

Utility Oversight includes governance and oversight of a Peer Group structure that aligns across the client utilities to drive consistency, best practices and innovation in the core functions of the Management Model; tracks performance regarding key performance indicators, improvement initiatives and industry standards; analyzes opportunities and develops recommendations on issues pertinent to leadership; and provides oversight of Management Model documentation integration across the Utilities.

Cost Assignment for the above mentioned groups:

- Whenever possible, service costs are directly charged to specific utility companies.
- The remaining corporate governance costs that cannot be directly charged are allocated to the Utilities based on a utility variation of the Modified Massachusetts Formula, an average of each utility's Gross Revenues, Total Assets and Direct Labor to the totals of all utility companies.

Transmission Strategy & Compliance manages the Exelon Utilities' interface with the applicable regional transmission and reliability organizations, manages the NERC Reliability Standard Compliance program to ensure ongoing compliance with NERC Standards, represents utilities' interests and implements corporate strategy in both PJM Regional Transmission Organization and Regional Reliability Organization stakeholder proceedings, and also includes oversight of GAS DOT compliance.

Cost Assignment:

- Whenever possible, service costs are directly charged to specific utility companies.
- Remaining service costs that benefit participating utilities are allocated for transmission related activities based on transmission peak load allocation, or allocated based on total gas delivered for Gas DOT compliance activities.

3) CORPORATE GOVERNANCE AREAS

The Corporate Governance Areas house employees who provide corporate governance services for the Exelon system of companies. The Corporate Governance Areas in BSC include:

Finance. Includes Senior Executive Vice President and CFO Exelon, Finance, Treasury (cash management services, facility and commitment fees, letter of credit fees, and bank service fees), Controller, External Audit fees, Tax (consolidated Federal and state returns), Financial Planning and Analysis, Internal Audit and Financial Controls (Sarbanes-Oxley compliance), Risk Management, Investor Relations, Capital Markets, Insurance Services, and External Reporting.

Executives and General BSC Activities. Includes Exelon senior leadership positions including President and Chief Executive Officer and other Executive Committee members. Also includes general activities, such as income and other taxes, severance and interest, and Board of Directors costs and shareholder meetings.

Communications, Public Advocacy and Corporate Relations. Includes Exelon Corporation advertising/brand management, donations/contributions, sponsorships and annual report creation, shareholder/investor external communications, and other communication services; as well as Client Company public advocacy, advertising, coordination of donations/contribution approval, corporate/media relations, and corporate and external communications; public affairs activities; internal communications; and photography, videography and video production services.

Governmental and Regulatory Affairs and Public Policy. Includes executive oversight; management services for compliance with Federal laws, regulations and other policy requirements including relationship management with Congress, Administration and regulators; strategy development and lobbying and advocacy related to Federal legislative and regulatory initiatives; wholesale market development activities; competition initiative activities; PAC administration and operation; grassroots activities; and Federal public affairs activities.

Legal Governance. Includes General Counsel, Corporate Strategy, and the Corporate Governance group (including the corporation's compliance and ethics program and Corporate Secretary and shareholder services).

Corporate Development. Includes strategic expertise and governance in the evaluation and execution of merger and acquisition opportunities, evaluating company assets for divestiture opportunities, and providing financial and transactional support to restructuring projects.

Corporate Transmission Analysis & Development. Reports to Corporate Development and includes a transmission projects evaluation and development group. (Service costs are direct charged to the Exelon Transmission Company and related transmission projects).

Physical Security. Includes corporate security functions such as security investigations and assessments, crisis management response and security related training.

Investments. Includes determining the investment strategy and asset allocation of Exelon's pension funds, VEBA post retirement funds and nuclear decommissioning funds, managing relationships with investment managers, overseeing daily investment activities and maintaining a well-diversified investment menu for the Employee Savings Plans. (Certain Investments Area costs are reimbursable by and therefore billed directly to the applicable funds and plans).

Cost Assignment for the Corporate Governance Areas:

- Whenever possible, service costs are directly charged to Client Companies.
- The remaining corporate governance costs that cannot be directly charged are allocated to Client Companies based on the Modified Massachusetts Formula, an average of each Client Company's Gross Revenues, Total Assets and Direct Labor to the totals of all Client Companies.

Exhibit 4

Confidential Materials Removed

Exhibit 5

Atlantic City Electric Company**Location:** 500 N. Wakefield Drive, Mailstop 92DC42, Newark, DE 19702**Type of Business:** Electric Utility**Directors**

Velazquez, David M.	Director	<u>Effective</u> 03/23/2016
---------------------	----------	---------------------------------------

Officers

Velazquez, David M.	President	<u>Effective</u> 03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Anthony, J. Tyler	Chief Operating Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Anthony, J. Tyler	Senior Vice President	03/23/2016
Bonney, Paul R.	Senior Vice President, Legal and Regulatory Strategy	04/05/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Brummitt, Sandra	Vice President, Tax	03/23/2016
Fisher, Sandra	Vice President, Transmission and Substations	12/12/2016
Humphrey, Marissa	Vice President, Financial Planning and Analysis	03/23/2016
Maione, Vincent	Vice President	03/23/2016
Maxwell, Michael W.	Vice President, Support Services	05/05/2017
McGowan, Kevin M.	Vice President, Regulatory Policy and Strategy	03/23/2016
Ortega, Miguel	Vice President, Technical Services	11/18/2016
Poncia, Michael	Vice President, Customer Operations	03/23/2016
Stark, Wendy	Vice President	03/23/2016
Sullivan, William	Vice President, Electric & Gas Operations	05/05/2017
Vosvick II, David L.	Vice President, Human Resources	05/05/2017
Lyman, Jonathan	Assistant Vice President, Taxes	05/02/2017
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	05/02/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016
Smith, Katherine A.	Assistant Secretary	05/09/2017
Tookes, Ryan	Assistant Secretary	03/23/2016
Stark, Wendy	General Counsel	03/23/2016

Atlantic City Electric Transition Funding LLC**Location:** 500 N. Wakefield Drive, Mailstop 92DC42, Newark, DE 19702**Type of Business:** Special purpose securitization entity**Directors**

Velazquez, David M.	Chairman	<u>Effective</u> 03/23/2016
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Officers

Velazquez, David M.	President	<u>Effective</u> 03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016
Snyder, Jeffery E.	Assistant Secretary	03/23/2016
Lyman, Jonathan	Pending Election Consent	

Managers

Fioravanti, Albert	Manager	<u>Effective</u> 03/23/2016
Kinzel, Donna J.	Manager	03/23/2016
McGowan, Kevin M.	Manager	03/23/2016
Padula, Leonard J.	Manager	05/20/2016
Velazquez, David M.	Manager	03/23/2016

Baltimore Gas and Electric Company**Location:** 2 Center Plaza, 110 West Fayette Street Baltimore, MD 21201**Type of Business:** Combination electric and gas utility

<u>Directors</u>		<u>Effective</u>
Berzin, Ann C.	Director	12/01/2013
Butler, Jr., Calvin G.	Director	03/01/2014
Crane, Christopher M.	Director	03/13/2012
Cryor, Michael E.	Director	03/13/2012
Curtiss, James R	Director	03/13/2012
Haskins, Joseph L	Director	09/27/2008
O'Brien, Denis P.	Director	03/13/2012
Sullivan, Michael D	Director	09/27/2008
Tildon, Maria	Director	08/15/2016
<u>Officers</u>		<u>Effective</u>
Crane, Christopher M.	Chairman of the Board	05/10/2012
O'Brien, Denis P.	Vice Chairman	05/10/2012
Woerner, Stephen J	President	03/01/2014
Butler, Jr., Calvin G.	Chief Executive Officer	03/01/2014
Woerner, Stephen J	Chief Operating Officer	05/10/2012
Biagiotti, Robert	Chief Customer Officer	01/19/2015
Vahos, David	Chief Financial Officer	05/12/2014
Núñez, Alexander	Senior Vice President, Regulatory and External Affairs	04/04/2016
Vahos, David	Senior Vice President	03/24/2016
Bergman, William A.	Vice President, Health & Benefits	08/01/2015
Biagiotti, Robert	Vice President, Customer Operations	01/19/2015
Burton, Christopher A	Vice President, Electric Distribution Operations	05/19/2014
Case, Mark D	Vice President, Regulatory Policy and Strategy	06/22/2015
Dickens, Derrick	Vice President, Technical Services	02/22/2016
Dodson, Carol A.	Vice President, Support Services	01/19/2015
Gahagan, Daniel P.	Vice President	05/10/2012
Galambos, Lisa Denise	Vice President, Human Resources	05/30/2017
Holmes, Andrew	Vice President	03/24/2016
McClure, Valencia	Vice President, Governmental and External Affairs	04/04/2016
McMullen, Christie	Vice President, Gas	01/19/2015
Stokes, Darryl	Vice President, Electric Transmission & Substation	09/08/2014
Terry, Jr., Thomas D.	Vice President, Taxes	08/29/2012
Kavanagh, Peter J.	Assistant Vice President, HR Shared Services	08/01/2015
Brummitt, Sandra	Assistant Vice President, Taxes	08/29/2012
Whitehead, Donna	Assistant Vice President, Taxes	06/06/2013
Holmes, Andrew	Controller	03/24/2016
Vahos, David	Treasurer	05/12/2014
Wilson, Bruce G.	Secretary	05/10/2012
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	05/02/2016
Buck, Brian	Assistant Secretary	03/24/2016

Baltimore Gas and Electric Company – (Continued)**Officers**

		<u>Effective</u>
Gahagan, Daniel P.	Assistant Secretary	06/06/2013
Peters, Scott N.	Assistant Secretary	05/10/2012
Smith, Katherine A.	Assistant Secretary	05/30/2017

Commonwealth Edison Company**Location:** 440 South LaSalle Street Chicago, IL 60605**Type of Business:** Electric Utility**Directors**

		<u>Effective</u>
Compton, James W.	Director	09/18/2006
Crane, Christopher M.	Director	03/01/2012
Crown, A. Steven	Director	05/09/2011
DeBenedictis, Nicholas	Director	11/01/2013
Fazio, Jr., Peter V.	Director	10/29/2007
Moskow, Michael H.	Director	01/28/2008
O'Brien, Denis P.	Director	03/12/2012
Pramaggiore, Anne R.	Director	02/24/2012
Ruiz, Jesse H.	Director	10/16/2006

Officers

		<u>Effective</u>
Crane, Christopher M.	Chairman	03/01/2012
O'Brien, Denis P.	Vice Chairman	03/12/2012
Pramaggiore, Anne R.	President	05/11/2009
Pramaggiore, Anne R.	Chief Executive Officer	02/24/2012
Donnelly, Terence R.	Chief Operating Officer	02/24/2012
Trpik, Joseph R.	Chief Financial Officer	07/06/2009
Donnelly, Terence R.	Executive Vice President	02/24/2012
Blaise, Michelle M.	Senior Vice President, Technical Services	05/12/2014
Gómez, Verónica	Senior Vice President, Regulatory and Energy Policy	12/31/2016
Jensen, Val	Senior Vice President, Customer Operations	02/24/2012
Marquez, Fidel	Senior Vice President, Governmental and External Affairs	02/24/2012
McGuire, Timothy M.	Senior Vice President, Distribution Operations	06/06/2016
Trpik, Joseph R.	Senior Vice President	07/06/2009
Akridge, Isaac	Vice President, Distribution Operations, City	07/25/2016
Bergman, William A.	Vice President, Health & Benefits	08/01/2015
Borggren, Erica	Vice President, Communications	04/06/2015
Brinkman, Christine M.	Vice President, Customer Revenue Assurance	10/17/2016
Colleti, Valerie	Vice President, Distribution Operations	12/14/2015
Colvin, Marlow	Vice President, Governmental Affairs	06/26/2012
Conway, James M.	Vice President, Customer Field Operations	07/23/2012
Donovan, Ronald E.	Vice President, Customer Channels	08/12/2013
Falcone, Mark	Vice President, Support Services	10/17/2016
Kozel, Gerald	Vice President	03/01/2013
Maletich, Cheryl	Vice President, Distribution Systems Operations	08/12/2013
McMahan, Michael B.	Vice President, Advanced Metering Infrastructure (AMI) Implementation	08/12/2013
Morris, Tracie	Vice President, Human Resources	02/13/2012
Owens, Sheila A.	Vice President, Economic Development	02/24/2012
Park, Jane	Vice President, Regulatory Policy and Strategy	11/02/2015
Perez, David R.	Vice President, Transmission and Substations	06/06/2016
Svachula, Joseph E.	Vice President, Smart Grid & Technology	08/12/2013

<u>Officers</u>	Commonwealth Edison Company – (Continued)	<u>Effective</u>
Terry, Jr., Thomas D.	Vice President, Taxes	11/01/2003
Vogt, Scott A.	Vice President, Energy Acquisitions	05/19/2014
Washington , Melissa	Vice President, External Affairs and Large Customer Service	05/02/2016
Kavanagh, Peter J.	Assistant Vice President, HR Shared Services	08/01/2015
Brummitt, Sandra	Assistant Vice President, Taxes	09/14/2012
Kleczynski, Robert A.	Assistant Vice President, Taxes	11/01/2003
Williams, Feyisara	Assistant Vice President, Taxes	09/30/2015
Kozel, Gerald	Controller	03/01/2013
Trpik, Joseph R.	Treasurer	07/06/2009
Wilson, Bruce G.	Secretary	04/25/2012
Bobek, John	Accountant	07/25/2012
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	12/19/2016
Buck, Brian	Assistant Secretary	04/25/2016
Peters, Scott N.	Assistant Secretary	03/12/1998
Smith, Katherine A.	Assistant Secretary	07/26/2017
Gómez, Verónica	General Counsel	12/31/2016

Delmarva Power & Light Company**Location:** 500 N. Wakefield Drive, Mailstop 92DC42, Newark, DE 19702**Type of Business:** Combination gas and electric utility**Directors**

		<u>Effective</u>
O'Brien, Denis P.	Director	03/23/2016
O'Brien, Denis P.	Chairman	03/23/2016
Velazquez, David M.	Director	03/23/2016

Officers

		<u>Effective</u>
Velazquez, David M.	President	03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Anthony, J. Tyler	Chief Operating Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Anthony, J. Tyler	Senior Vice President	03/23/2016
Bonney, Paul R.	Senior Vice President, Legal and Regulatory Strategy	04/05/2016

Kinzel, Donna J.	Senior Vice President	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Brummitt, Sandra	Vice President, Tax	03/23/2016
Fisher, Sandra	Vice President, Transmission and Substations	12/12/2016
Humphrey, Marissa	Vice President, Financial Planning and Analysis	03/23/2016
Maxwell, Michael W.	Vice President, Support Services	05/05/2017
McGowan, Kevin M.	Vice President, Regulatory Policy and Strategy	03/23/2016
Ortega, Miguel	Vice President, Technical Services	11/18/2016
Poncia, Michael	Vice President, Customer Operations	03/23/2016
Stark, Wendy	Vice President	03/23/2016
Stockbridge, Gary R.	Vice President	03/23/2016
Sullivan, William	Vice President, Electric & Gas Operations	05/05/2017
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Vosvick II, David L.	Vice President, Human Resources	05/05/2017
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Lyman, Jonathan	Assistant Vice President, Taxes	05/02/2017
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	05/02/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016
Smith, Katherine A.	Assistant Secretary	05/09/2017
Snyder, Jeffery E.	Assistant Secretary	03/23/2016
Stark, Wendy	General Counsel	03/23/2016

Exelon Business Services Company, LLC**Type of Business:** 10 South Dearborn Street Chicago, IL 60680**Type of Business:** Public Utility Holding Company Service Company

<u>Officers</u>		<u>Effective</u>
Aliabadi, Paymon	Chief Enterprise Risk Officer	09/09/2013
Best, Amy E.	Chief Human Resources Officer	03/12/2012
Clewett, Thomas A.	Chief Technology Officer	03/12/2012
Crowley, Kyle B.	Chief Development Officer	12/03/2010
Gould, Christopher D.	Chief Innovation Sustainability Officer	04/04/2016
Hamilton, Amy	Chief of Staff	09/07/2015
Khouzami, Carim V	Chief Financial Officer, Exelon Utilities	03/23/2016
Koehler, Michael	Chief Digital Officer	03/28/2016
Koehler, Michael	Chief Information Officer	03/28/2016
O'Brien, David M.	Chief Supply Officer	06/06/2016
Wallace, Sue E.	Chief of Staff	01/01/2010
Aliabadi, Paymon	Executive Vice President	09/09/2013
Dominguez, Joseph	Executive Vice President, Governmental & Regulatory Affairs & Public Policy	03/09/2015
Reidy, M. Bridget	Executive Vice President, Corporate Operations	03/21/2016
Barron, Kathleen	Senior Vice President, Federal Regulatory Affairs and Wholesale Market Policy	03/12/2012
Best, Amy E.	Senior Vice President	03/12/2012
Chopra, Shravan	Senior Vice President, Finance	03/28/2016
Crowley, Kyle B.	Senior Vice President	12/03/2010
DesParte, Duane M.	Senior Vice President	03/01/2013
Eggers, Daniel	Senior Vice President, Investor Relations	03/29/2016
FitzPatrick, Maggie	Senior Vice President, Corporate Affairs, Philanthropy and Customer Engagement	08/29/2016
Gillen, John J.	Senior Vice President, Utility Strategy and Performance	04/02/2012
Gould, Christopher D.	Senior Vice President, Corporate Strategy	03/12/2012
Ivey, Susan O.	Senior Vice President, Transmission Strategy and Compliance	04/04/2016
Khouzami, Carim V	Senior Vice President	03/23/2016
Koehler, Michael	Senior Vice President	03/28/2016
Kormos, Michael	Senior Vice President, Wholesale Markets & Transmission Policy	06/13/2016
O'Brien, David M.	Senior Vice President	06/06/2016
Robinson, Kenneth B.	Senior Vice President, Audit & Controls	08/01/2016
Terry, Jr., Thomas D.	Senior Vice President	03/01/2013
Wilson, Bruce G.	Senior Vice President	08/01/2008
Abbott, Kathleen	Vice President, Business Operations & Technical Support	03/28/2016
Alden, Mark F.	Vice President, Utility Oversight	06/17/2013
Bartucci, Carol	Vice President, IT, ComEd & EU Digital	03/13/2017
Bateman, Sylvia L.	Vice President, Supply, Corporate Sourcing	03/12/2012
Berg, William	Vice President, Wholesale Market Development	07/01/2013
Bergman, William A.	Vice President, Health & Benefits	03/12/2012
Botticelli, Nick	Vice President, Investment Strategy	07/24/2017

<u>Officers</u>	Exelon Business Services Company – (Continued)	<u>Effective</u>
Boyd, Jennifer	Vice President, Talent Management & Organization Effectiveness	03/01/2016
Braun, Traci M.	Vice President, Litigation	03/20/2017
Brown, R. Scott	Vice President, Strategic Initiatives and Analysis	01/01/2017
Browning, Mark E.	Vice President, IT Exelon Utilities	02/09/2015
Buwalda, Lois K.	Vice President, IT Generation	06/26/2017
Calabrese, James L.	Vice President, IT PHI & EU Work/Asset Management	06/12/2017
Cavalcanto, Jay	Vice President, Cloud and IT Infrastructure Eng	07/13/2015
Clewett, Thomas A.	Vice President	03/12/2012
Culver, Carter C.	Vice President	08/01/2008
Dardis, David O.	Vice President	03/12/2012
Darin, Scott D.	Vice President, Transportation	06/12/2017
Derry, Mark	Vice President, Utility Planning and Performance	03/12/2012
Diaz, David	Vice President, Finance, Constellation	04/13/2015
Diaz, Jr., Romulo L.	Vice President	03/12/2012
Dickson, Andrew	Vice President, Cloud and IT Infrastructure Ops	07/13/2015
Duncan, Emily	Vice President, Federal Affairs and Public Policy	12/12/2016
Elebua, Sunny	Vice President, Corporate Strategy	06/15/2015
English III, Matthew E.	Vice President, HR Operations	03/12/2012
Fein, David I.	Vice President, State Government Affairs East	03/12/2012
Fewell, J. Bradley	Vice President	06/11/2012
Gahagan, Daniel P.	Vice President	03/12/2012
Galambos, Lisa Denise	Vice President, HR Operations, BGE	05/05/2017
Garrido, Kevin	Vice President, Investor Relations	12/12/2016
Gauch, Jr., Robert J.	Vice President, Credit Risk	03/12/2012
Gilbert, David M.	Vice President, Federal Government Affairs	03/12/2012
Goetz, Frank	Vice President, Chief Security Officer	07/29/2013
Gooder, Matthew A.	Vice President, Supply Operations and Sourcing	06/06/2016
Green, Shaina	Vice President, IT Commercial	09/05/2017
Greig, Karen L.	Vice President, HR Operation, Exelon Generation	03/12/2012
Hamilton, Amy	Vice President	09/07/2015
Hemmady, Neena	Vice President, Enterprise Risk Management - Operations	09/29/2014
Herwig, Jennifer	Vice President, HR Ops, Constellation	10/24/2016
Hurley, Michele	Vice President, Supply Integration	03/23/2016
Hurst, Brian	Vice President, Utility Analytics	01/23/2017
Jandacek, Edward	Vice President, Supply Operations & Sourcing, Utilities	03/12/2012
Jezic, Nina L.	Vice President, Deputy General Counsel, Retail	06/30/2014
Keys, Kristopher	Vice President	03/12/2012
Kleczyński, Robert A.	Vice President, Tax	04/07/2014
Kuo, Deborah M.	Vice President, Real Estate and Facilities	03/12/2012
Ludford, Mary E.	Vice President, Corporate Operations	06/06/2016
Lyman, Kelly	Vice President, IT, PECO & EU Real Time	09/05/2017
Martinez, Annette	Vice President, Communications, ComEd	08/07/2017

<u>Officers</u>	Exelon Business Services Company – (Continued)	<u>Effective</u>
Medina, Jean	Vice President, Corporate Communications	01/30/2017
Menendez, Michael	Vice President, IT, BGE & EU Customer	03/13/2017
Montgomery, Brian M.	Vice President, Employee and Labor Relations	03/12/2012
Murray, Janese F.	Vice President, Diversity and Inclusion	03/12/2012
Myers, Douglas	Vice President, IT Pepco Holdings	03/23/2016
Naumann, Steven T.	Vice President, Transmission and NERC Policy	03/12/2012
O'Brien, Anastasia M.	Vice President	04/19/2010
Pechin, Michael	Vice President, Wholesale Operations Exelon	03/12/2012
Peery, Karen J.	Vice President, Special Projects	06/26/2017
Perkins, Kevin	Vice President, Corporate & Information Security Services	09/26/2016
Poggensee, Robert R.	Vice President, Enterprise Solutions	07/29/2013
Prescott, Gary	Vice President, Corporate Compensation	03/12/2012
Reese, Hallie	Vice President, Utility Oversight	04/18/2016
Renne, Garth	Vice President, Enterprise Risk Management - Analytics	09/29/2014
Rider, Susan H.	Vice President	03/12/2012
Scott, William A.	Vice President, State Government Affairs West and South	03/12/2012
Solomon, Steven J.	Vice President, Corporate Relations	03/12/2012
Stark, Wendy	Vice President	03/23/2016
Villa, David J.	Vice President, Integration	03/12/2012
Wallace, Sue E.	Vice President	01/01/2010
Wallace, Andre	Vice President, Office of the CIO	03/27/2017
Williams, Jeffrey R.	Vice President, Corporate Finance, Planning & Analysis	03/28/2016
Kavanagh, Peter J.	Assistant Vice President, HR Shared Services	08/01/2015
Eischen, Denis M.	Assistant Vice President, Taxes	05/20/2010
DesParte, Duane M.	Corporate Controller, Exelon	03/01/2013
Chopra, Shravan	Treasurer	04/21/2017
Wilson, Bruce G.	Secretary	06/30/2009
Coulby, Harold (Barry)	Assistant Treasurer	09/12/2016
Graham, Elisabeth J.	Assistant Treasurer	05/16/2016
Buck, Brian	Assistant Secretary	05/16/2016
Peters, Scott N.	Assistant Secretary	12/01/2007
Smith, Katherine A.	Assistant Secretary	05/05/2017
Zack, Ronald L.	Assistant Secretary	12/01/2007
Terry, Jr., Thomas D.	General Tax Officer	03/01/2013

Exelon Corporation**Location:** 10 South Dearborn Street – P.O. Box 805379 – Chicago, IL 60680**Type of Business:** Public Utility Holding Company**Directors****Effective**

Anderson, Anthony K.	Director	02/01/2013
Berzin, Ann C.	Director	03/12/2012
Crane, Christopher M.	Director	03/12/2012
de Balmann, Yves C.	Director	03/12/2012
DeBenedictis, Nicholas	Director	04/23/2002
Gioia, Nancy Lee	Director	02/01/2016
Jojo, Linda P.	Director	09/01/2015
Joskow, Paul	Director	07/23/2007
Lawless, Robert J.	Director	03/12/2012
Mies, Richard W.	Director	02/02/2009
Rogers, John W.	Director	10/20/2000
Shattuck, Mayo A III	Director	03/12/2012
Shattuck, Mayo A III	Chairman of the Board	03/12/2012
Steinour, Stephen D.	Director	05/08/2007

Officers**Effective**

Crane, Christopher M.	President	09/23/2008
Crane, Christopher M.	Chief Executive Officer	03/12/2012
Cornew, Kenneth W.	Senior Executive Vice President	05/28/2013
O'Brien, Denis P.	Senior Executive Vice President	03/12/2012
Thayer, Jonathan W. "Jack"	Senior Executive Vice President	07/01/2014
VonHoene, William A.	Senior Executive Vice President	03/12/2012
O'Brien, Denis P.	Chief Executive Officer, Exelon Utilities	03/12/2012
VonHoene, William A.	Chief Strategy Officer	03/12/2012
Aliabadi, Paymon	Chief Enterprise Risk Officer	09/09/2013
Best, Amy E.	Chief Human Resources Officer	03/12/2012
Brown, Douglas J.	Chief Investment Officer	11/16/2009
Cornew, Kenneth W.	Chief Commercial Officer	03/12/2012
Crowley, Kyle B.	Chief Development Officer	10/26/2009
Gould, Christopher D.	Chief Innovation Sustainability Officer	04/04/2016
Koehler, Michael	Chief Digital Officer	03/28/2016
Koehler, Michael	Chief Information Officer	03/28/2016
Thayer, Jonathan W. "Jack"	Chief Financial Officer	03/12/2012
Aliabadi, Paymon	Executive Vice President	09/09/2013
Dominguez, Joseph	Executive Vice President, Governmental and Regulatory Affairs and Public Policy	03/09/2015
Nigro, Joseph	Executive Vice President	05/28/2013
Reidy, M. Bridget	Executive Vice President, Corporate Operations	03/21/2016
Barron, Kathleen	Senior Vice President, Federal Regulatory Affairs and Wholesale Market Policy	03/12/2012
Best, Amy E.	Senior Vice President	03/12/2012
Brown, Douglas J.	Senior Vice President	11/16/2009

<u>Officers</u>	Exelon Corporation – (Continued)	<u>Effective</u>
Brown, David C.	Senior Vice President, Federal Government Affairs & Public Policy	04/05/2010
Chopra, Shravan	Senior Vice President, Finance	04/21/2017
Crowley, Kyle B.	Senior Vice President	12/03/2010
Dardis, David O.	Senior Vice President	04/05/2016
DesParte, Duane M.	Senior Vice President	03/01/2013
FitzPatrick, Maggie	Senior Vice President, Corporate Affairs, Philanthropy and Customer Engagement	08/29/2016
Gould, Christopher D.	Senior Vice President, Corporate Strategy	03/12/2012
Koehler, Michael	Senior Vice President	03/28/2016
Kormos, Michael	Senior Vice President, Wholesale Markets & Transmission Policy	06/13/2016
O'Neill, Thomas S.	Senior Vice President	12/31/2016
Robinson, Kenneth B.	Senior Vice President, Audit & Controls	08/01/2016
Terry, Jr., Thomas D.	Senior Vice President	03/01/2013
Wilson, Bruce G.	Senior Vice President	08/01/2008
Eischen, Denis M.	Assistant Vice President, Taxes	05/20/2010
Kleczynski, Robert A.	Assistant Vice President, Taxes	05/20/2010
Chopra, Shravan	Treasurer	04/21/2017
Wilson, Bruce G.	Corporate Secretary	06/30/2009
DesParte, Duane M.	Corporate Controller	02/10/2008
Brown, Douglas J.	Assistant Treasurer	11/16/2009
Coulby, Harold (Barry)	Assistant Treasurer	09/12/2016
Graham, Elisabeth J.	Assistant Treasurer	12/19/2016
Buck, Brian	Assistant Secretary	04/25/2016
Peters, Scott N.	Assistant Secretary	10/20/2000
Smith, Katherine A.	Assistant Secretary	04/24/2017
Zack, Ronald L.	Assistant Secretary	08/08/2005
O'Neill, Thomas S.	General Counsel	12/31/2016
Terry, Jr., Thomas D.	General Tax Officer	04/30/2001
Dardis, David O.	Deputy General Counsel	04/05/2016
Wilson, Bruce G.	Deputy General Counsel	08/01/2008

Exelon Generation Company, LLC**Location:** 300 Exelon Way – Kennett Square, PA 19348**Type of Business:** Owns Exelon's generating assets; Coordinates dispatch and sale of generation**Officers****Effective**

Cornew, Kenneth W.	President	05/28/2013
DeGregorio, Ronald	President, Exelon Power	03/05/2012
Hanson, Bryan C.	President, Exelon Nuclear	01/05/2015
Huston, Mark P.	President, Retail, Constellation	05/28/2013
Cornew, Kenneth W.	Chief Executive Officer	05/28/2013
Nigro, Joseph	Chief Executive Officer, Constellation	05/28/2013
Aliabadi, Paymon	Chief Enterprise Risk Officer	09/09/2013
Barnes, John F.	Chief Operating Officer, Exelon Power	03/12/2012
Hanson, Bryan C.	Chief Nuclear Officer	01/05/2015
Pacilio, Michael J.	Chief Operating Officer	01/05/2015
Rhoades, David P.	Chief Operating Officer, Fleet Operations EN	06/29/2015
Williamson, Olufunmilayo (Funmi)	Chief Commercial Risk Officer	07/03/2017
Wright, Bryan P.	Chief Financial Officer	01/09/2013
Aliabadi, Paymon	Executive Vice President	09/09/2013
Dominguez, Joseph	Executive Vice President, Governmental and Regulatory Affairs	03/09/2015
Pacilio, Michael J.	Executive Vice President	01/05/2015
Barnes, John F.	Senior Vice President, Exelon Generation	03/12/2012
DeGregorio, Ronald	Senior Vice President, Exelon Generation	03/05/2012
Dougherty, Thomas J.	Senior Vice President, Mid-Atlantic Operations	05/18/2015
Enright, Daniel J.	Senior Vice President, Midwest Operations	07/08/2013
Fewell, J. Bradley	Senior Vice President, Regulatory Affairs	01/12/2015
FitzPatrick, Maggie	Senior Vice President, State Government Affairs	08/29/2016
Fromer, Gary	Senior Vice President, Load Response	08/22/2012
Ganti, Ravi S.	Senior Vice President, Portfolio Management & Strategy	06/09/2017
Greenlee, Scot A.	Senior Vice President, Engineering & Technical Services	07/15/2013
Hanley, Timothy K.	Senior Vice President, Nuclear Projects	11/02/2015
Hanson, Bryan C.	Senior Vice President	07/08/2013
Hessen, Corey	Senior Vice President, Proprietary Trading and Fuels	01/01/2017
Landahl, Susan R.	Senior Vice President, Organizational Effectiveness and Integrated Performance Assessment	06/01/2015
McHugh, James	Senior Vice President, Wholesale Trading	06/09/2017
Mudrick, Christopher H.	Senior Vice President, Northeast Operations	05/18/2015
Peterson, Carol R.	Senior Vice President, Strategy & Planning	01/12/2015
Sikora, David	Senior Vice President, Engineering & Asset Management	09/02/2014
Williamson, Olufunmilayo (Funmi)	Senior Vice President	07/03/2017
Wright, Bryan P.	Senior Vice President, Exelon Generation	01/09/2013
Bauer, Matthew	Vice President	03/24/2016
Bergman, William A.	Vice President, Health & Benefits	08/01/2015

<u>Officers</u>	Exelon Generation Company, LLC – (Continued)	<u>Effective</u>
Carty, James J.	Vice President, Operations: Mid Atlantic & Northeast Region	09/04/2017
Chamria, Vivek	Vice President, Proprietary Trading	12/17/2012
Chung, David	Vice President, LNG	05/08/2014
Cloyd, Kathryn	Vice President, Commercial Credit Risk	09/18/2017
Coon, Russell G.	Vice President, Accreditation and Training Strategy	01/26/2015
Crowley, Kyle B.	Vice President	10/26/2009
Ellsworth, David C.	Vice President, Exelon Energy	02/15/2010
Flick, Elliott	Vice President, Nuclear Engineering	09/05/2016
Gallagher, Michael P.	Vice President, License Renewal and Decommissioning	04/27/2016
Gellrich, George	Vice President, Operations	04/07/2017
Gorny, Vladimir	Vice President, Risk Analytics and International	01/26/2015
Greig, Karen L.	Vice President, HR Operations, Exelon Generation	03/12/2012
Haught, Daniel L.	Vice President, Exelon Industrial Services	09/04/2017
Hochberg, David	Vice President, Natural Gas	03/03/2014
Jones, Jeanne M.	Vice President, Finance Nuclear	10/06/2014
Jury, Keith R.	Vice President, Licensing and Regulatory Affairs	03/30/2007
Korn, Susan	Vice President, Nuclear Projects and Asset Management	01/25/2016
Kray, Marilyn C.	Vice President, Nuclear Technology Strategy, ENP	03/03/2015
Lewis, David P.	Vice President, Nuclear Oversight	07/10/2017
Marik, Shane M.	Interim Vice President, Fleet Support	04/17/2017
Muntz, Joellen Burns	Vice President, Organizational Performance	02/22/2016
Newcomer, Mark	Vice President, Operations Support	07/10/2017
Pechin, Michael	Vice President, Wholesale Operations Exelon	09/14/2012
Petersen, Kenneth S.	Vice President, Nuclear Fuels	08/22/2012
Priolo, Philip	Vice President, Commercial Risk Management	09/18/2017
Rader, Judith	Vice President, Communications	01/01/2017
Randle, Gerome	Vice President, South Region	03/12/2012
Robinson, Glen E.	Vice President, Operations: Renewables	09/04/2017
Scobell, Daniel M.	Vice President, Market Fundamentals and Transmission	05/28/2013
Sickle, Julie	Vice President, Training	01/26/2015
Smith, Michael D.	Vice President, Innovation & Strategy Development	03/31/2016
Stathes, Garey L.	Vice President, Mid-Atlantic Operations	04/17/2017
Swahl, William	Vice President, Fleet Operations	09/04/2017
Terry, Jr., Thomas D.	Vice President, Taxes	10/23/2005
Ullrich, Harald	Vice President, Commercial Analytics	05/28/2013
Callan, Edward W.	Site Vice President, Three Mile Island	08/03/2015
Kanavos, Mark	Site Vice President, Byron Station	11/02/2015
Karaba, Peter	Site Vice President, Dresden Nuclear Power Station	02/01/2016
Libra, Richard	Site Vice President, Limerick Nuclear Power Station	06/22/2015
Marchionda-Palmer, Marri	Site Vice President, Braidwood Station	11/02/2015

<u>Officers</u>	Exelon Generation Company, LLC – (Continued)	<u>Effective</u>
Moore, Timothy	Site Vice President, Oyster Creek	04/17/2017
Navin, Patrick	Site Vice President, Peach Bottom Atomic Power Station	03/20/2017
Ohr, Kenneth	Site Vice President, Quad Cities Nuclear Power Station	06/13/2017
Pacher, Joseph	Site Vice President, FitzPatrick	03/27/2017
Stoner, Theodore R.	Site Vice President, Clinton Nuclear Power Station	11/02/2015
Trafton, William	Site Vice President, LaSalle Station	02/01/2016
Kavanagh, Peter J.	Assistant Vice President, HR Shared Services	08/01/2015
Eischen, Denis M.	Assistant Vice President, Taxes	09/14/2012
Kleczynski, Robert A.	Assistant Vice President, Taxes	05/20/2010
Bauer, Matthew	Controller	03/24/2016
Chopra, Shravan	Treasurer	04/21/2017
Wilson, Bruce G.	Secretary	07/05/2010
Coulby, Harold (Barry)	Assistant Treasurer	09/15/2016
Graham, Elisabeth J.	Assistant Treasurer	05/16/2016
Buck, Brian	Assistant Secretary	04/18/2016
Cutler, Todd D.	Assistant Secretary	10/23/2005
Dardis, David O.	Assistant Secretary	04/05/2016
Fewell, J. Bradley	Assistant Secretary	01/08/2009
Peters, Scott N.	Assistant Secretary	10/23/2005
Smith, Katherine A.	Assistant Secretary	05/05/2017
Stepanuk, Kevin D.	Assistant Secretary	01/08/2009
Trask, Noel H.	Assistant Secretary	12/16/2006
Zack, Ronald L.	Assistant Secretary	10/23/2005
Fewell, J. Bradley	General Counsel	01/12/2015

PECO Energy Company**Location:** P.O. Box 8699 2301 Market Street Philadelphia, PA 19101**Type of Business:** Combination electric and gas utility**Directors**

		<u>Effective</u>
Adams, Craig L.	Director	03/12/2012
Crane, Christopher M.	Director	03/12/2012
D'Alessio, M. Walter	Director	07/23/2007
DeBenedictis, Nicholas	Director	03/03/2014
Diaz, Nelson A.	Director	12/01/2015
Greco, Rosemarie B.	Director	07/23/2007
Lillie, Charisse R.	Director	01/01/2010
O'Brien, Denis P.	Director	10/23/2005
Rubin, Ronald	Director	07/23/2007

Officers

		<u>Effective</u>
Crane, Christopher M.	Chairman	03/12/2012
Adams, Craig L.	President	03/12/2012
O'Brien, Denis P.	Vice Chairman	03/12/2012
Adams, Craig L.	Chief Executive Officer	03/12/2012
Barnett, Phillip S.	Chief Financial Officer	09/03/2007
Innocenzo, Michael A.	Chief Operating Officer	04/22/2013
Barnett, Phillip S.	Senior Vice President	09/03/2007
Innocenzo, Michael A.	Senior Vice President	04/22/2013
Murphy, Elizabeth A.	Senior Vice President, Regulatory & External Affairs	04/04/2016
Bailey, Scott	Vice President	03/12/2012
Bergman, William A.	Vice President, Health & Benefits	08/01/2015
Bradley, Ronald A.	Vice President, Gas	11/09/2009
Cavanaugh, Ellen M.	Vice President, Support Services	11/09/2009
Crowe, Brian D.	Vice President, Transmission and Substations	04/04/2016
Diaz, Jr., Romulo L.	Vice President	03/12/2012
Gay, Anthony	Vice President, Government & External Affairs	04/04/2016
Helt, Eric G.	Vice President, Construction and Maintenance	05/05/2008
Jiruska, Frank J.	Vice President, Customer Operations	04/22/2013
Krick, Mary T.	Vice President, Human Resources	08/10/2009
Terry, Jr., Thomas D.	Vice President, Taxes	10/23/2005
Weaver, David W.	Vice President, Technical Services	06/13/2016
Webster, Richard G.	Vice President, Regulatory Policy and Strategy	03/12/2012
Kavanagh, Peter J.	Assistant Vice President, HR Shared Services	08/01/2015
Brummitt, Sandra	Assistant Vice President, Taxes	09/14/2012
Ciullo, Melissa	Assistant Vice President	02/09/2017
Kleczyński, Robert A.	Assistant Vice President, Taxes	10/23/2005
Whitehead, Donna	Assistant Vice President, Taxes	09/15/2015
Bailey, Scott	Controller	03/12/2012
Barnett, Phillip S.	Treasurer	03/12/2012
Wilson, Bruce G.	Secretary	04/30/2010
Graham, Elisabeth J.	Assistant Treasurer	12/19/2016

<u>Officers</u>	PECO Energy Company – (Continued)	<u>Effective</u>
Buck, Brian	Assistant Secretary	04/25/2016
Diaz, Jr., Romulo L.	Assistant Secretary	05/01/2013
Halderman, John C.	Assistant Secretary	04/01/2004
Peters, Scott N.	Assistant Secretary	10/23/2005
Zack, Ronald L.	Assistant Secretary	10/23/2005
Diaz, Jr., Romulo L.	General Counsel	03/12/2012
Chopra, Shravan	Pending Election Consent	05/07/2017
Smith, Katherine A.	Pending Election Consent	05/07/2017
Whitehead, Donna	Pending Resignation	

Pepco Holdings, LLC**Location:** 701 Ninth Street N.W. Washington, DC 20068**Type of Business:** Public Utility Holding Company**Directors****Effective**

Crane, Christopher M.	Director	03/23/2016
Crane, Christopher M.	Chairman	03/23/2016
Cropp, Linda	Director	03/23/2016
Cryor, Michael	Director	03/23/2016
Dianastasis, Ernest	Director	03/23/2016
DiLorenzo, Debra P.	Director	03/23/2016
O'Brien, Denis P.	Director	03/23/2016
O'Brien, Denis P.	Vice Chairman	03/23/2016
Velazquez, David M.	Director	03/23/2016

Officers**Effective**

Velazquez, David M.	President	03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Anthony, J. Tyler	Chief Operating Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Anthony, J. Tyler	Senior Vice President	03/23/2016
Bonney, Paul R.	Senior Vice President, Legal and Regulatory Strategy	04/05/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Parker, Kenneth J.	Senior Vice President, Government and External Affairs	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Cooper, Donna	Vice President, Pepco Regulatory President	03/23/2016
Godson, Gloria C.	Vice President, PJM Strategy	03/23/2016
Humphrey, Marissa	Vice President, Financial Planning and Analysis	03/23/2016
Lefkowitz, Karen	Vice President, Smart Grid & Technology	03/23/2016
Maione, Vincent	Vice President, Atlantic City Electric Regulatory President	03/23/2016
Maxwell, Michael W.	Vice President, Support Services	05/05/2017
McDonald, John E.	Vice President, Integration & Synergies	03/23/2016
McGowan, Kevin M.	Vice President, Regulatory Policy and Strategy	03/23/2016
Meier, Peter E.	Vice President, Legal Services	03/23/2016
Ortega, Miguel	Vice President, Technical Services	08/11/2016
Poncia, Michael	Vice President, Customer Operations	03/23/2016
Stark, Wendy	Vice President	03/23/2016
Stockbridge, Gary R.	Vice President, Delmarva Power Regulatory President	03/23/2016
Sullivan, William	Vice President, Electric & Gas Operations	05/05/2017
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Vosvick II, David L.	Vice President, Human Resources	05/05/2017
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Lyman, Jonathan	Assistant Vice President, Taxes	05/02/2017

<u>Officers</u>	Pepco Holdings, LLC – (Continued)	<u>Effective</u>
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	05/02/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016
Smith, Katherine A.	Assistant Secretary	05/09/2017
Snyder, Jeffery E.	Assistant Secretary	03/23/2016
Stark, Wendy	General Counsel	03/23/2016

PHI Service Company**Location:** 500 N. Wakefield Drive, Mailstop 92DC42, Newark, DE 19702**Type of Business:** Public Utility Holding Company Service Company**Directors****Effective**

Kinzel, Donna J.	Director	03/23/2016
Velazquez, David M.	Director	03/23/2016

Officers**Effective**

Velazquez, David M.	President	03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Anthony, J. Tyler	Chief Operating Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Anthony, J. Tyler	Senior Vice President	03/23/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Parker, Kenneth J.	Senior Vice President, Government & External Affairs	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Godson, Gloria C.	Vice President, PJM Strategy	03/23/2016
Lefkowitz, Karen	Vice President, Smart Grid & Technology	03/23/2016
Maxwell, Michael W.	Vice President, HR Operations	03/23/2016
McGowan, Kevin M.	Vice President, Regulatory Policy and Strategy	03/23/2016
Meier, Peter E.	Vice President, Legal Services	03/23/2016
Poncia, Michael	Vice President, Customer Operations	03/23/2016
Stark, Wendy	Vice President	03/23/2016
Strausman, Jack	Vice President, Support Services	03/23/2016
Sullivan, Michael J.	Vice President, Electric & Gas Operations	03/23/2016
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016
Stark, Wendy	General Counsel	03/23/2016
Lyman, Jonathan	Pending Election Consent	
Maxwell, Michael W.	Pending Election Consent	05/05/2017
Maxwell, Michael W.	Pending Resignation	05/05/2017
Ortega, Miguel	Pending Election Consent	
Strausman, Jack	Pending Resignation	05/05/2017
Sullivan, William	Pending Election Consent	05/05/2017
Sullivan, Michael J.	Pending Resignation	05/05/2017
Vosvick II, David L.	Pending Election Consent	05/05/2017

POM Holdings, Inc.**Location:** 701 Ninth St. N.W. Washington, DC 20068 c/o PHI**Type of Business:** Non-regulated investments (owned by Pepco)**Directors****Effective**

O'Brien, Denis P.	Director	03/23/2016
Velazquez, David M.	Director	03/23/2016

Officers**Effective**

Velazquez, David M.	President	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016

Potomac Electric Power Company**Location:** 701 Ninth St. N.W. Washington, DC 20068**Type of Business:** Electric Utility**Directors****Effective**

Anthony, J. Tyler	Director	03/23/2016
Crane, Christopher M.	Director	03/23/2016
Crane, Christopher M.	Chairman of the Board	03/23/2016
Kinzel, Donna J.	Director	03/23/2016
McGowan, Kevin M.	Director	03/23/2016
O'Brien, Denis P.	Director	03/23/2016
O'Brien, Denis P.	Vice Chairman	03/23/2016
Parker, Kenneth J.	Director	03/23/2016
Velazquez, David M.	Director	03/23/2016

Officers**Effective**

Velazquez, David M.	President	03/23/2016
Velazquez, David M.	Chief Executive Officer	03/23/2016
Anthony, J. Tyler	Chief Operating Officer	03/23/2016
Kinzel, Donna J.	Chief Financial Officer	03/23/2016
Anthony, J. Tyler	Senior Vice President	03/23/2016
Bonney, Paul R.	Senior Vice President, Legal and Regulatory Strategy	04/05/2016
Kinzel, Donna J.	Senior Vice President	03/23/2016
Aiken, Robert	Vice President	03/23/2016
Brummitt, Sandra	Vice President, Tax	03/23/2016
Cooper, Donna	Vice President	03/23/2016
Fisher, Sandra	Vice President, Transmission and Substations	12/12/2016
Humphrey, Marissa	Vice President, Financial Planning and Analysis	03/23/2016
Maxwell, Michael W.	Vice President, Support Services	05/05/2017
McGowan, Kevin M.	Vice President, Regulatory Policy and Strategy	03/23/2016
Ortega, Miguel	Vice President, Technical Services	11/18/2016
Poncia, Michael	Vice President, Customer Operations	03/23/2016
Stark, Wendy	Vice President	03/23/2016
Sullivan, William	Vice President, Electric & Gas Operations	05/05/2017
Terry, Jr., Thomas D.	Vice President, Tax	03/23/2016
Vosvick II, David L.	Vice President, Human Resources	05/05/2017
Eischen, Denis M.	Assistant Vice President, Taxes	03/23/2016
Kleczynski, Robert A.	Assistant Vice President, Taxes	03/23/2016
Lyman, Jonathan	Assistant Vice President, Taxes	05/02/2017
Aiken, Robert	Controller	03/23/2016
Kinzel, Donna J.	Treasurer	03/23/2016
Wilson, Bruce G.	Secretary	03/23/2016
Chopra, Shravan	Assistant Treasurer	04/21/2017
Graham, Elisabeth J.	Assistant Treasurer	05/02/2016
Snyder, Jeffery E.	Assistant Treasurer	03/23/2016
Buck, Brian	Assistant Secretary	03/23/2016
Peters, Scott N.	Assistant Secretary	03/23/2016

<u>Officers</u>	Potomac Electric Power Company – (Continued)	<u>Effective</u>
Smith, Katherine A.	Assistant Secretary	05/09/2017
Snyder, Jeffery E.	Assistant Secretary	03/23/2016
Stark, Wendy	General Counsel	03/23/2016

Exhibit 6

REGULATORY OVERSIGHT ON COST ALLOCATION AND PRICING BETWEEN REGULATED AND NON-REGULATED BUSINESSES

PHI's costing policy between affiliates is subject to oversight from the state regulatory commissions of Delaware, Maryland, and New Jersey, as well as the District of Columbia. PHI's costing policy between affiliates is also subject to oversight by the Federal Energy Regulatory Commission (FERC). With respect to transactions with affiliates, the applicable standards for the regulated utilities within PHI holding company system are summarized below.

DELAWARE

In Delaware, Delmarva Power & Light Company (DPL) is subject to a "Code of Conduct Governing Regulated Utility Activities and Competitive Activities," and the associated Settlement Agreement adopted by the Delaware Public Service Commission (DPSC) in Order No. 5469 in Docket No. 99-582, dated June 20, 2000 (DE Code of Conduct).

Transfers of Services

The DE Code of Conduct provides that transfers of services between DPL and Competitive Activities will be priced using asymmetrical pricing principles. For transfers from DPL to a Competitive Activity, the higher of fully allocated cost or market price; for transfers from a Competitive Activity to DPL, the lower of fully allocated cost or market prices shall apply; provided, however, that such asymmetrical pricing principles shall not apply to transfers of services between the shared services company (PHI Service Company) and DPL; and provided, further, that if the market price of such services is not reasonably ascertainable, fully allocated cost will be used.

"Competitive Activities" are defined to mean any business activities of DPL or its affiliates that are not Regulated Utility Activities; "Regulated Utility Activities" are defined to mean, at any given time, any of DPL's operations subject by law to regulation by, and the ratemaking authority of, any state utility commission or FERC.

Transfer, Lease or Rental of Utility Assets

The DE Code of Conduct provides that asymmetrical pricing principles will be applied to transfers of assets (i.e., transfers of assets from DPL to Competitive Activities should be recorded at the greater of book cost or market value, whereas transfers from Competitive Activities to DPL should be the lesser of book cost or market value).

MARYLAND

In Maryland, DPL and Potomac Electric Power Company (Pepco) are subject to regulations set forth in COMAR Section 20.40 Affiliate Regulations adopted by the Maryland Public Service Commission (Maryland Code).

Transfer of Utility Assets

The Maryland Code requires that, for any asset that has a book value of more than \$75,000 per item, or a total book value of \$1,000,000 (other than a transaction resulting from an open bidding process, including an auction or a request for proposal with an independent evaluator), asymmetric pricing principles will be applied to transfers of assets (i.e., transfers of assets from the utility to the affiliate should be recorded at the greater of book cost or market value, whereas transfers from the affiliate to the utility should be recorded at the lesser of book cost or market value). Asymmetric pricing does not apply to transactions between a utility and another utility, or any operating division of the same utility, which is regulated by the Maryland Public Service Commission or another state's utility regulatory body, regardless of the value of the transaction.

DISTRICT OF COLUMBIA

In the District of Columbia, on February 1, 2011, the Commission issued Order No. 16189, adopting the new Chapter 39 "Affiliate Transactions Code of Conduct." Pursuant to this Order, the Rules became effective upon the February 4, 2011 publication of the Affiliate Transactions Code of Conduct in the District of Columbia Register.

Transfer or Sale of Utility Assets

The DC code requires that transfers of assets from an energy utility to an affiliate must be recorded on the utility's books at the greater of net book cost or market value. Transfers of assets from an affiliate to the energy utility shall be at the lesser of net book cost or market value. Such asymmetric pricing shall not apply to any transaction resulting from a competitive bidding process.

NEW JERSEY

Atlantic City Electric Company (ACE) was traditionally subject to Title 14 (Public Utilities), Chapter 4 (Energy Competition Standards), Subchapter 5 (Affiliate Relations, Fair Competition and Accounting Standards and Related Reporting Requirements) of the New Jersey Administrative Code and amendments thereto (jointly, the Original Standards). The Original Standards, which were adopted by the New Jersey Board of Public Utilities (the Board) on

March 15, 2000, were readopted in 2002 and thereafter amended and supplemented. The Original Standards — which were codified at N.J.A.C. 14:4-5.1 through 14:4-5.9 — expired on July 8, 2006. In 2007, the Board adopted a new Subchapter 5 of Chapter 4, “Energy Licensing and Registration,” without readopting the Original Standards or any other Affiliate Relations standards in another Subchapter. On April 15, 2008 (effective May 19, 2008), however, the Board adopted Subchapter 3 of Chapter 4, “Affiliate Relations” (the 2008 Standards). Until the 2008 Standards were adopted and effective, ACE continued to adhere to the Original Standards.

Transfers of Services

Pursuant to N.J.A.C. 14:4-3.5(t), transfers of services not otherwise prohibited by the 2008 Standards are subject to the following pricing requirements: (1) transfers from ACE to a Retail Affiliate of services produced, purchased or developed for sale on the open market by ACE must be priced at no less than the fair market value; (2) transfers from a Retail Affiliate to ACE of services produced, purchased or developed for sale on the open market by the Retail Affiliate must be priced at no more than fair market value; (3) prices for services regulated by a state or federal agency will be deemed to be the fair market value; (4) services produced, purchased or developed for sale on the open market by ACE must be provided to Retail Affiliates and unaffiliated companies on a non-discriminatory basis, except as otherwise required or permitted by the 2008 Standards or other applicable law; (5) transfers from ACE to Retail Affiliates of services not produced, purchased or developed for sale on the open market by ACE must be priced at fully allocated cost; and (6) transfers from a Retail Affiliate to ACE of services not produced, purchased or developed for sale on the open market by the Retail Affiliate will be priced at the lower of fully allocated cost or fair market value.

Transfer, Lease or Rental of Utility Assets

N.J.A.C. 14:4-3.5(u)(1) and (2) set forth the following pricing requirements for transfers, leases, rentals, licenses, easements or other encumbrances of utility assets, consistent with other applicable Board rules: (1) transfers, leases, rentals, licenses, easements or other encumbrances of utility assets from ACE to a Retail Affiliate will be recorded at fair market value or book value; and (2) transfers, leases, rental, licenses, easements or other encumbrances of assets from a Retail Affiliate to ACE will be recorded at the lesser of book value or fair market value.

“Retail Affiliate” is defined to include the corporate entities containing related competitive business segments of PHI providing or offering competitive services to retail customers in New Jersey.

FERC

FERC requires asymmetric pricing principles for transfers of non-power goods or services between a franchised public utility that owns or provides transmission service (utility) and a market-regulated power sales affiliate (affiliate). *See* FERC Order No. 707. For purposes of these requirements, utilities include ACE, DPL and Pepco, and affiliates include Pepco Energy Services, Inc. (PESI) and its subsidiaries. Unless FERC grants a waiver of the requirement, if an affiliate transfers a non-power good or service to the utility, it must be priced no higher than the market price. Unless FERC grants a waiver of the requirement, if the utility transfers a non-power good or service to the affiliate, it must be priced at the higher of the cost or market price. FERC has granted a waiver to PHI to allow the continued use of cost-based pricing for three categories of transactions as follows: (1) non-power services provided by PHI's utilities to the PHI Service Company for the benefit of PHI's utilities; (2) non-power services in the form of general and administrative corporate services provided by PHI's utilities to the PHI Service Company; and (3) non-power services provided by PHI's utilities to certain affiliates. In addition, FERC granted waiver regarding future affiliate transactions that fall within these categories. *See Pepco Holdings, Inc.*, 141 FERC ¶ 61,034 (2012).

FERC permitted a centralized service company to continue its past practice of providing non-power goods and services to a utility at the SEC's "at cost" standard. FERC concluded in its Final Rule (FERC Order No. 667) with regard to the Repeal of PUHCA 1935 and Enactment of PUHCA 2005 that for holding companies that are currently using the SEC's "at-cost" standard for the provision of non-power goods or services by their traditional, centralized service companies, FERC will apply a presumption that the "at cost" pricing of the non-power goods and services that the traditional, centralized service company provides to utilities within their holding company system is reasonable, but parties may file complaints if they believe that use of "at cost" pricing results in costs that are above market price.

FERC requires that transfers of generating or transmission facilities between affiliates be priced at original cost undepreciated. FERC requires that transfers of jurisdictional contracts between affiliates be priced at total expected contract revenues. *See* FERC Order No. 669.

Unless FERC grants a waiver of the requirement, power sales transactions between a utility and an affiliate require prior and specific FERC authorization. PHI has obtained a waiver from FERC for this requirement. *See Delmarva Power & Light Company, et al.*, 94 FERC ¶ 61,068 (January 1, 2001) and *Potomac Electric Power Company, et al.*, 93 FERC ¶ 61,240 (December 12, 2000).

REDLINED

PHI COST ALLOCATION MANUAL

PURPOSE

Pepco Holdings LLC's (PHI or Company) business is subject to affiliate regulation in the jurisdictions in which PHI affiliates provide utility service. In addition, PHI is subject to regulatory oversight at the federal level. These regulations provide pricing rules to protect against cross-subsidization between utility and non-utility affiliates. In several of the jurisdictions where PHI utility companies provide service, the Public Service Commissions, as part of their affiliate regulations, require public utilities to file a Cost Allocation Manual (CAM) to document the process by which costs of providing services that are shared between the utility and its affiliates are allocated and assigned.

The purpose of the PHI CAM is to comply with these affiliate regulations and to provide documentation of the cost accounting principles and processes used to allocate and assign costs between the PHI utility companies and their affiliates.

SECTION 1– ORGANIZATION AND REGULATORY OVERSIGHT

CORPORATE ORGANIZATIONAL STRUCTURE

On March 23, 2016, PHI completed its merger with Exelon Corporation (Exelon). Effective March 24, 2016, certain corporate services previously provided by PHI Service Company are now being provided by Exelon Business Services Company (EBSC), a shared service company which is also a subsidiary of Exelon.

PHI and Exelon are public utility holding companies under the Public Utility Holding Company Act of 2005 (PUHCA 2005), subject to the regulatory oversight of the Federal Energy Regulatory Commission (FERC). Under PUHCA 2005, FERC has authority to review the allocation of costs for non-power goods or administrative or management services, such as those provided by PHI Service Company and EBSC.

PHI, through its regulated utility subsidiaries, is engaged primarily in the transmission, distribution and default supply of electricity and, to a lesser extent, the distribution and supply of natural gas.

The following is a brief description of the business of each of PHI's subsidiaries:

Potomac Electric Power Company (Pepco)

Pepco is engaged in the transmission, distribution, and default supply of electricity in the District of Columbia, as well as major portions of Prince George's County and Montgomery County in Maryland.

Delmarva Power & Light Company (DPL)

DPL is engaged in the transmission, distribution, and default supply of electricity in Delaware and portions of Maryland. In northern Delaware, DPL also supplies and distributes natural gas to retail customers and provides transportation-only services to retail customers that purchase natural gas from another supplier.

Atlantic City Electric Company and its subsidiary (ACE)

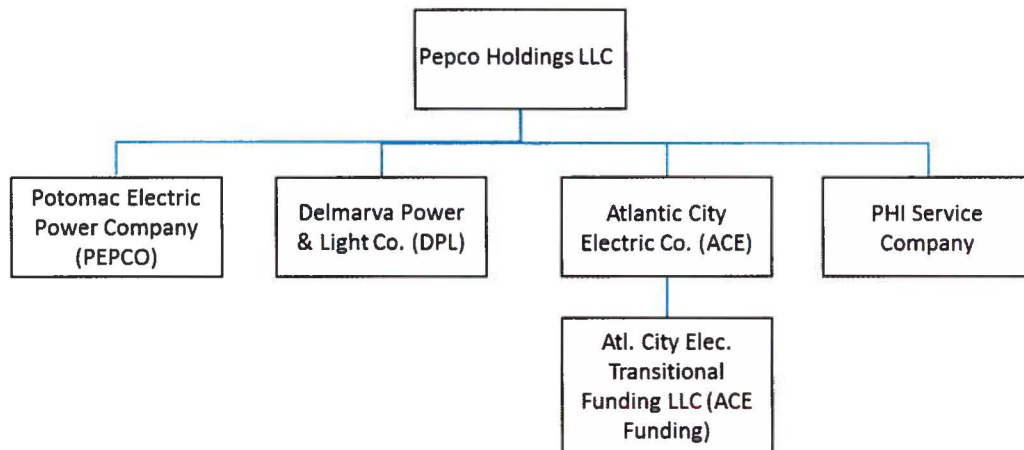
ACE is engaged in the transmission, distribution, and default supply of electricity in southern New Jersey.

In addition to its regulated utility subsidiaries, PHI has non-utility, or non-regulated, subsidiaries. The following is a brief description of the business of each of PHI's principal non-regulated subsidiaries:

PHI Service Company

PHI Service Company is a centralized service company of PHI. PHI Service Company provides a variety of services, including legal, accounting, purchasing, engineering, distribution and transmission planning, asset management, system operations, power procurement and energy planning to the three regulated public utility subsidiaries of PHI. These services are provided pursuant to service agreements among PHI and its affiliates described in additional detail in Exhibit 1.

The following chart shows, in simplified form, the corporate structure of PHI and its subsidiaries:



The following is a brief description of the business of other Exelon subsidiaries which may provide services to PHI:

Exelon Business Services Company (EBSC)

EBSC is a centralized service company of Exelon. EBSC provides a variety of support services, including finance, human resources, information technology, and legal services to all Exelon subsidiaries. These services are provided pursuant to a General Service Agreement between EBSC and various Exelon entities, which includes PHI, described in additional detail in Exhibit 2 and 3.

Exelon Generation Company, LLC (EXGEN)

EXGEN consists of owned and contracted electric generating facilities and investments in generation ventures that are marketed through leading customer-facing activities. These customer-facing activities include wholesale energy, marketing operations, and the competitive retail customer supply of electric and natural gas products and services, including renewable energy, products, risk management services, and natural gas exploration and production activities.

Pepco Energy Services, Inc. and its subsidiaries, which became subsidiaries of EXGEN as a result of the merger between PHI and Exelon, provide energy savings performance contracting services, underground transmission and distribution construction and maintenance services, and steam and chilled water under long term contracts.

Commonwealth Edison (ComEd)

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO Energy Company (PECO)

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

Baltimore Gas and Electric Company (BGE)

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and

regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Reference Exhibit 4 (confidential) for a chart which shows the corporate structure of Exelon and its subsidiaries.

Reference Exhibit 5 for a list of corporate entities, officers, locations and business purpose of each entity.

REGULATORY OVERSIGHT

The operations of PHI's utility subsidiaries, including the rates they are permitted to charge customers for the distribution and transmission of electricity and, in the case of DPL, the distribution and transportation of natural gas, are subject to regulation by governmental agencies in the jurisdictions in which the subsidiaries provide utility service as follows:

- * Pepco's electricity distribution operations are regulated in Maryland by the Maryland Public Service Commission (MPSC) and in the District of Columbia by the District of Columbia Public Service Commission (DCPSC).

- * DPL's electricity distribution operations are regulated in Maryland by the MPSC and in Delaware by the Delaware Public Service Commission (DPSC).

- * DPL's natural gas distribution and intrastate transportation operations in Delaware are regulated by the DPSC.

- * ACE's electricity distribution operations are regulated by the New Jersey Board of Public Utilities (NJBPU).

- * Each utility subsidiary's transmission is regulated by the FERC.

- * DPL's ~~interstate transportation and~~ wholesale sale transactions of natural gas are regulated by the FERC.

Reference Exhibit 6 for the cost and pricing rules governing affiliate transactions for each regulatory jurisdiction in which the PHI utilities provide service.

SECTION 2 - COST ACCOUNTING PRINCIPLES

COST ACCOUNTING PRINCIPLE

The underlying principle of both PHI and Exelon's costing approach is the use of a fully distributed cost alignment methodology (full costing). The full costing philosophy is based on the premise that both direct and indirect costs are identified and charged for goods and services. The costs of goods and services include direct costs such as labor and materials, and indirect costs such as benefits and other related expenses. Full costing aids in ensuring indirect costs follow the same accounting path as direct costs when billed to affiliates.

THREE-TIERED APPROACH FOR COST ASSIGNMENT

The principle for assigning both direct and indirect costs to an affiliate is based on a three-tiered approach as described and prioritized below:

(1) **Direct Assignment** - Costs which benefit a specific affiliate will be directly assigned to their accounting records whenever practical. Since one affiliate is identifiable as benefiting from these costs, no inter-affiliated cost movements are required. This assignment represents the majority of costs which are recorded on a PHI affiliate's books and records. For example, DPL overhead linemen and associated materials and contractors are directly assigned to the books and records of DPL. DPL is the affiliate specifically benefiting from this lineman's services. Therefore, their expenses can be assigned as salary and material costs directly on the accounting records of this affiliate.

(2) **Direct Charging** - Labor services and common support services (such as information technology (IT), payroll and facilities are directly charged to affiliates, whenever practical, using a fully costed rate. Direct Charging enables costs which have been directly assigned to be distributed between affiliates based on the fully costed rate multiplied by the number of units (hours, users, etc.) assigned to the affiliate.

(3) **Allocation** - Costs which cannot be directly assigned or directly charged ~~from a Service Company~~ are allocated using one of the allocation ratios included in PHI's or EBSC's service agreements.

SECTION 3 – PHI COST ACCOUNTING PROCESS

DIRECT CHARGING OF COSTS

Direct charging of costs to an affiliate can occur through several types of procedures. With regard to labor costs, the direct charging of costs is predominantly accomplished through the use of the time recording system which records individual hours. Whenever any employee performs activities on behalf of another affiliate, the amount of time and work effort required must be charged to a project that is flagged for intercompany billing.

In direct charging material and other non-labor costs received from third parties to a business segment, the invoice associated with those items should be coded for payment with a project that is flagged for intercompany billing if an affiliate gave rise to the necessity to procure those items. If more than one entity is responsible for the procurement of the items, the invoice balance should be allocated among project numbers which will facilitate intercompany billing of the appropriate affiliates. With regard to direct charging material and other non-labor costs provided through internal Company resources to an affiliate, the related costs should be accurately identified and processed against a project that is flagged for intercompany billing.

Key elements of the process of direct charging of costs are timely communication and consistent processes. For processes around PHISCO direct charging see the PHI Service Agreement in Exhibit 1. For direct charging related to other affiliates, the area making the charge should inform the business segment receiving the charge of the service being provided and the relative magnitude of the charge forthcoming. The area making charges to one of the aforementioned entities should provide sufficient documentation of charges (e.g. vouchers, invoices, etc.) if requested.

ALLOCATION OF COSTS

For certain business activities, it may be impractical to direct charge labor, materials, or other costs because of the associated administrative burden of implementing such an approach. In those situations, the costs related to a business activity may also be accumulated and allocated on the basis of a cost-causation related allocation formula. In choosing a measure for use as an allocation factor, it should be representative of the relative degree of utilization of the business activity by the respective businesses. The measure should vary in proportion to the level of services provided to the respective businesses. Examples could be employee headcount, vehicle costs, customer counts and purchasing spend on materials or services. The ultimate objective is to achieve a proper sharing of costs whereby costs assigned are commensurate with associated benefits.

OVERHEAD

There are two primary components that make up the burden rate that is applied when a PHI affiliate charges labor to another affiliate, department overhead and payroll overhead.

Department overhead charges consist of costs associated with the general administration of a department, which are not directly assignable to the department's business activities or projects. They would usually consist of a departments' administrative costs including limited aspects of supervision, management, and clerical support. They would also include common asset costs such as vehicle and occupancy costs. Department overhead charges should be identified, captured, and distributed to the various business activities or projects performed by a department for the regulated utility and affiliated unregulated businesses. Ideally, department overhead should represent a relatively minor element of a department's costs, assuming appropriate direct charging and indirect attribution of costs occurs. Department overhead should be distributed to a department's business activities or projects as a function of its direct labor cost charged to those business activities or projects.

Payroll overhead consists of fringe benefits, incentives and paid time off. Fringe benefits include components for medical, disability, dental, life insurance coverage, pension plan, employee savings plan participation, payroll taxes, and other compensation. Incentives include primarily the cost of the annual incentive plan. Paid time off includes primarily the cost of employee vacation and holiday time. Fringe benefits, incentives and paid time off are considered additions to the cost of company labor, which must be applied so that the full cost of labor is properly attributed to business activities, projects, and lines of business. The rates for fringe benefits, incentives and paid time off are based upon the budgets for these costs in relation to budgeted company labor costs and if necessary, are adjusted periodically through the year to reflect actual fringe benefits, incentives paid time off and labor incurred.

PHI SEVICE COMPANY COSTS

PHI Service Company provides non-power goods and services at cost to PHI affiliates under a formalized service agreement. See Exhibit 1 for copies of the PHI service agreement.—The service agreement provides a list of services that are provided by PHI Service Company and the methods of allocation used to charge affiliates for the cost of services that are not directly charged.

The PHI cost accounting principles and processes previously described in this CAM are applied to the accumulation and distribution of PHI Service Company costs. Further information regarding the process to accumulate and distribute PHI Service Company costs is provided below in the service agreement included in Exhibit 1.

EXELON BUSINESS SERVICES COMPANY, LLC COSTS

Services provided by EBSC are governed by the General Services Agreement, which is included herein as Exhibit 2. EBSC direct charges its costs wherever practical when a direct relationship can be attributed between the service provided and the party receiving the service. When the service provided benefits more than one customer, the costs are charged out using a cost causative allocation method related to the service. EBSC costs for corporate governance services are allocated based on a mathematical formula that provides equal weight to each affiliates' revenues, total assets, and direct labor (the MMF formula). As the Exelon and Pepco holding companies receive services from EBSC, they are also included in the MMF calculation and as such also absorb a share of EBSC costs distributed using the MMF. For services provided by Exelon Utilities (EU) within EBSC that are neither direct charged nor charged using a cost causative methodology based on the service, BGE, PECO Energy Company (PECO), Commonwealth Edison Company (ComEd), Potomac Electric Power Company (Pepco), Atlantic City Electric (ACE), Delmarva Power & Light Company (Delmarva), and PHI Service Company (PHISCO) are allocated costs based on a variation of the MMF that is an average of each entity's revenues, total assets and direct labor to the totals of all entities.

ACCOUNTING SYSTEMS

~~———SAP is the enterprise resource planning system used to accumulate and track costs of the PHI affiliates. Within SAP there are separate modules utilized for different aspects of the accounting and reporting process: financial (FI), cost accounting (CO), FERC, and time reporting (CATS).~~

SAP Modules

~~———The FI module includes a general ledger that accumulates costs by company and account. Each PHI company is assigned a unique four digit code number in the accounting system for identifying each affiliate's costs. Each company has separate accounts that identify total costs incurred for a particular cost category (e.g., salaries and wages, depreciation, taxes, materials and supplies, and contractors).~~

~~The CO module is the primary tool used to accumulate and distribute costs. Cost objects such as cost centers, orders, and projects are utilized as a work order system to pool costs together. Cost distribution processes such as activity type prices, overheads, and allocations are then used to distribute costs between these cost objects.~~

~~The FERC module functionalizes the Company's revenues and expenses in accordance with the accounting requirements of the Uniform System of Accounts prescribed by FERC. Functionalized results are accumulated in general ledger accounts in the FI module.~~

The CATS module is used by employees to record and track their time. The CATS module records the direct time charging of an employee to cost objects established in the CO module.

Power Plant

Power Plant is the system used to track the cost of the Company's property plant and equipment and calculate the related depreciation. These amounts are interfaced with SAP's accounting modules.

COST ACCUMULATION

Several types of cost objects, as listed below, are utilized to collect costs within the CO module. The use of cost objects assists in the determination of specific types of services or products that are provided to PHI affiliates. Cost objects can also be utilized to assist in the distribution of costs to specific affiliates that receive the services, as well as to functionalize expenses for regulatory purposes.

Resource Cost Center

A resource cost center contains the costs of the people, resources, and assets (i.e., facilities and vehicles) needed to perform work. The key cost concept of resource cost centers is to capture these costs as "provider" cost centers that reflect the cost of the basic resources available to perform work. Costs included in resource cost centers are direct costs, such as labor and materials and supplies needed to support employees, as well as indirect and overhead costs, such as benefit, IT, vehicle, and occupancy costs. Employees in resource cost centers charge other non-resource cost objects for services provided.

B-Cost Center

Each resource cost center has a corresponding cost center designated for non-resource expenses and expenses not included in the fully costed rate used to direct charge time. These cost centers are referred to as "B" cost centers. For example, contractor expenses, training, and corporate membership costs would be included in the B Cost Center.

Billing Cost Center

Billing cost centers are used to accumulate costs where the product or service differs from that of the resource cost center, or where the receiver of the specific service is more than one affiliate. For example, an employee may spend a portion of their day supporting lobbying activities in the state of Maryland. Both Pepco and DPL operate in the state of Maryland. This time would be directly charged to a billing cost center and allocated to cost objects in Pepco and DPL, which would then account for the expenses "below the line."

Product Cost Center

Product cost centers are utilized to collect costs relating to a specific product. These products are separately distinguished to facilitate the appropriate cost accounting treatment. For example, costs associated with the SAP system are collected in a specific product cost center and are directly charged to the users of that system.

Receiver Cost Center

Receiver cost centers are utilized to accumulate direct charges and allocations received from affiliates. These cost centers assist in the functionalization of expenses by the regulated utility affiliates. For example, in the billing cost center example noted above for lobbying activities, lobbying costs charged to DPL would be accumulated in a unique receiver cost center that functionalizes the expense as a below the line cost on DPL's books.

Projects

~~Projects are work order type cost collection tools within the accounting system that accumulate costs associated with a capital project.~~

Orders

~~Orders are also work order type cost collection tools within the accounting system. An order will either settle to a cost center, if expensed, or to a balance sheet account. Order settlement involves the process of posting the costs collected in an order, at a summarized level, to the associated cost center or balance sheet account. Orders are typically utilized to track costs for a specific task or project. For example, a cost center for a building owned by DPL may include an order to capture snow removal costs associated with the building.~~

ACTIVITY TYPE PRICES

~~Fully costed direct charging rates are calculated for each PHI cost center which serves as a resource cost center (i.e., a cost center where employee costs are initially recorded). The rate, referred to as an activity type price (ATP), is the estimated hourly cost of an employee. Within each resource cost center, there may be one or multiple activity type prices developed depending on differences in the type of work performed by each employee. Each employee is assigned only one activity type price (i.e., an employee cannot have multiple activity type prices), but several employees in a resource cost center can use the same activity type price. A labor activity type price includes: (1) direct costs, such as wages, materials, and supplies; and (2) indirect and overhead costs such as employee benefits, payroll taxes, pension, post employment benefits, vehicle costs, occupancy costs (i.e., facilities/building), IT services, and employee service.~~

~~ATP rates are also used to distribute the vehicle, occupancy, IT services, and employee service indirect costs, described in the next section, based on an estimated unit cost.~~

~~ATP rates are updated at least annually, but may change more frequently due to changes in assumptions used to calculate the rate.~~

OVERHEAD AND INDIRECT COSTS

~~Overhead and indirect costs are distributed to cost objects based on the consumption of the resource that causes the item (e.g., employee benefit costs are distributed based on wages and facilities costs are distributed based on occupied square footage). The rates are updated at least annually, but may change more frequently due to changes in assumptions used to calculate the rate. Due to the use of fully costed activity type prices for labor charges to affiliates, no additional overheads are applied to labor charges billed to affiliates. Overhead costs are built into the activity type price charged to the affiliates.~~

1. Employee Benefits and Payroll Taxes

Employee benefits, pension benefits, other postretirement employee benefits (OPEB) and payroll taxes are charged using overhead rates to the PHI resource cost center that includes wage expense (i.e. employees performing the work).

The overhead rate for employee benefits is based on estimated annual data, and is derived by dividing *Total Estimated Employee Benefit Cost per Legal Entity* by *Total Estimated Base Wage Expense per Legal Entity*. The overhead rate reflects the estimated cost of health and dental care, life and accident insurance, workers compensation, and other miscellaneous benefits.

The overhead rate for payroll taxes is based on estimated annual data, and is derived by dividing *Total Estimated Payroll Taxes Cost per Legal Entity* by *Total Estimated Overtime and Base Wage Expense per Legal Entity*. The overhead rate reflects the cost of Federal Insurance Contributions Act taxes, Medicare, State and Federal Unemployment taxes, and other employee-related taxes.

The overhead rate for pension benefits is based on estimated annual data, and is derived by dividing *Total Estimated Pension Expense per Legal Entity* by *Total Estimated Base Wage Expense per Legal Entity*.

The overhead rate for OPEB benefits is based on estimated annual data, and is derived by dividing *Total Estimated OPEB Expense per Legal Entity* by *Total Estimated Base Wage Expense per Legal Entity*.

2. Occupancy Costs

Occupancy costs are collected in cost objects on the books of the affiliate which leases or owns the building. The costs attributed to each building are then allocated to each affiliate based on proportional occupied space utilized by the affiliate. The cost at the affiliate level is then distributed to the related occupant's cost center based on a cost per square foot. The cost per square foot is calculated by dividing the *Total Estimated Occupancy Costs per Legal Entity* by *Total Estimated Number of Square Feet of Occupancy per Legal Entity*. Two types of rates are computed, "finished rate" and "unfinished rate." The finished rate represents the estimated occupancy cost of space which is carpeted and furnished. The unfinished rate represents the estimated occupancy cost of space which has not been carpeted or furnished.

3. Information Technology (IT) Common Support Costs

IT common support costs include workstation, network, phone, SAP, and other platform costs, and are directly charged from PHI Service Company to cost objects based on a user fee.

~~The workstation fee is derived from dividing *Total Estimated Costs to Support PHI Workstations* by *Total Estimated PHI Workstations in Use*. The workstation user fee includes the estimated cost of depreciation and lease costs of computers and peripheral equipment, software license fees, help desk costs and associated labor and contractor costs.~~

~~The network fee is derived from dividing *Total Estimated Costs to Support PH Network Operations* by *Total Estimated Number of PHI Local Area Network ID's*. The network user fee includes the estimated cost of hardware and software and associated labor and contractor costs that support local area network services (network drives, shared drives, and email).~~

~~The phone fee is derived from dividing *Total Estimated Costs of Phone Support* by *Estimated Number of Phone Extensions*. The phone user fee includes the estimated cost of local and long distance telecom service plus hardware, software and associated labor and contractor costs that support voice services.~~

~~The SAP fee is derived from dividing *Total Estimated SAP Costs* by *Total Estimated Number of SAP Users*. The SAP user fee includes the estimated cost of IT application support plus hardware, software and associated labor and contractor costs that support SAP.~~

~~The other platform fees are derived from dividing *Total Estimated Platform Costs* by *Total Estimated Amount of Platform Usage*. A separate platform fee is used for each of the following products: Windows operating systems, UNIX operating systems, backup servers and processing servers. Other platform costs include the cost of servers and operating systems and associated labor, contractors and other expenses used to support PHI's computer operations.~~

~~4. Vehicle Costs~~

~~Operating and maintenance costs of owned and leased vehicles are directly charged to cost objects based on monthly and hourly vehicle rates. The rate includes the estimated cost of depreciation and vehicles leases, fuel, fees and licenses, contractor costs, associated labor and other costs of the Vehicle department.~~

~~The monthly rates are derived by dividing the *Total Estimated Transportation Costs by Vehicle Class* by *Total Estimated Number of Vehicles per Class*.~~

~~The hourly rates are derived by dividing the monthly rates by the average estimated monthly available hours.~~

~~5. Employee Service Costs~~

~~Employee service costs are directly charged from PHI Service Company to resource cost centers based on a per employee fee. There are two types of employee service costs:~~

~~the administration of benefits and the administration of payroll. The rates include labor and other resource costs.~~

~~The HR employee service rate is derived from dividing *Total Estimated HR Benefits Administration Costs* by *Total Estimated Number of Employees Serviced by HR Benefits Administration*.~~

~~The Payroll employee service rate is derived from dividing *Total Estimated Payroll Administration costs* by *Total Estimated Number of Employees Serviced by the Payroll Department*.~~

6. Materials and Stores

~~The material and stores overhead rates are applied to materials procured from the Store Room Procurement and Materials Management department. The overhead is directly charged to the cost object which was charged for the related material. The amount of storeroom handling and procurement costs charged is equal to the overhead rate multiplied by the cost of the materials. There are three types of material overhead rates; Stores, Direct Ship and HULV (High Usage Low Volumes). The Stores overhead charge, in limited instances, produces an inter-affiliate charge if the Company issued the material is different from the Company in which it was inventoried. Both the Direct Ship and HULV overhead rates are used to distribute costs within the Company of the related store room and do not produce an inter-affiliate charge.~~

~~The Stores overhead rate applied to materials inventoried within the store room for Pepeo, DPL and ACE is derived by dividing each company's *Total Estimated Storeroom and Procurement Cost* by *Total Estimated Storeroom Materials Issued*. The overhead represents the costs of labor, contractors and other costs associated with operating the storerooms and the procurement of the materials.~~

~~The Direct Ship overhead rate applied to materials directly shipped to job locations, which are not placed in inventory, for Pepeo, DPL and ACE is derived by dividing each company's *Total Estimated Procurement Cost* by *Total Estimated Materials Procured and Not Inventoried*. The overhead represents the cost of labor, contractors and other costs associated with the procurement of the materials.~~

~~The HULV overhead rate applied to materials inventoried within the store room for Pepeo, DPL and ACE is derived by dividing each company's *Total Estimated Cost of Nuts, Bolts and Other Minor Items* by *Total Estimated Storeroom Materials Issued*. The overhead represents the costs of high usage low volume items which are not tracked in inventory.~~

TIME REPORTING

~~PHI's policy is that, to the extent practicable, employees shall direct charge their time in half hour increments to the appropriate cost objects (i.e., cost center, order, or~~

project). The following guidelines are provided to ensure accurate and efficient time keeping by employees of PHI:

1. Employees, or designated time administrators, should enter employee time daily into the time reporting system. If this is not practical, the employee should manually prepare time records, and the employee or time administrator should enter this data before the end of the time period (i.e., either weekly or semi-monthly depending on pay period of employee).
2. In no event should time entry be delayed past the end of the pay period.
3. Employees should keep track of time at a minimum of half hour increments.
4. Employee time shall be approved by a supervisor or manager. In accordance with the operational and management policies of PHI, all managers are responsible for ensuring that costs, including labor, are appropriately charged based on the nature of the work performed.

SECTION 4—PHI SERVICE COMPANY COSTS

PHI Service Company provides non-power goods and services at cost to PHI affiliates under a formalized service agreement. See Exhibit 1 for copies of the PHI service agreement. The service agreement provides a list of services that are provided by PHI Service Company and the methods of allocation used to charge affiliates for the cost of services that are not directly charged.

The PHI cost accounting principles and processes previously described in this CAM are applied to the accumulation and distribution of PHI Service Company costs. Further information regarding the process to accumulate and distribute PHI Service Company costs is provided below.

PROCESS FOR COST ACCUMULATION

To assist in the determination of specific types of services provided to PHI affiliates, the PHI Service Company is organized into distinct departments via the use of cost centers in the SAP accounting system. PHI Service Company uses a combination of resource, "B" billing, and product cost centers to accumulate costs.

Services provided by certain departments are beneficial to all PHI affiliates, while others support a specific group of affiliates. An example of a department which supports a specific group of affiliates would be PHI Service Company employees who provide shared customer services to DPL and ACE. In addition, within a department, costs could be further refined in the determination of the PHI affiliates that use their services. For example, the Tax Department is divided into a team that works specifically on regulated

affiliates and another which supports overall corporate matters. Lastly, under very limited circumstances, some PHI Service Company employees are dedicated to support a single affiliate. Under all these circumstances there is a targeted allocation of costs to an affiliate or group of affiliates supported by the cost center.

Both direct and indirect costs are accumulated in each PHI Service Company resource cost center. Direct costs include such items as wages, employee memberships, materials, and office supplies. Indirect costs include such items as employee benefits, payroll taxes, pension, and OPEB benefits, as well as vehicle costs, occupancy costs, common IT services (phone, SAP, network access, workstation), and employee service costs (benefit administration and payroll processing costs). The concept is to accumulate, or pool, costs in each cost center that represent the total cost incurred by the department to provide services to PHI affiliates.

Billing and product cost centers are also key mechanisms in the cost accumulation process. Billing cost centers assist in the proper accounting for PHI Service Company charges in the affiliate's books and records. This is important to ensure costs are distributed from PHI Service Company to the proper affiliates and FERC accounts. For example, accounting for "below the line" costs paid by PHI Service Company.

PROCESS FOR COST DISTRIBUTION

Costs incurred by PHI Service Company providers are fully distributed each month to PHI affiliates. However, income taxes are usually distributed on a one-month lag. The distribution of costs is achieved via a combination of direct charging and allocations. Direct charges of labor and indirect costs (such as occupancy, IT, HR, and Payroll) are based on fully costed activity type prices, which avoids the need for additional overheads to be applied in the receiver cost object. When costs are directly charged to a PHI affiliate, PHI Service Company is credited, thus reducing residual costs that remain at month-end to be allocated to affiliates.

Allocations of residual costs are based on the allocation methods defined for each PHI Service Company provider in the service agreement. Allocation methods used by PHI Service Company are based on a causal relationship to the service, when possible. However, causal relationships may be difficult to define for governance groups and other activities that have no clear causal relationship for cost charged to the affiliates. In those situations, a general allocator is used. The use of a general allocator is considered to be a proxy for the relative size of each affiliate company as well as the operating activities that support the affiliate.

The distribution of costs accumulated in PHI Service Company resource and product cost centers is achieved by a combination of direct charging and allocations, while the distribution of cost accumulated in billing and "B" cost centers is achieved by allocations. The distribution process for each of these cost-center types is largely driven by the nature of the underlying purpose of each.

~~PHI Service Company costs charged to affiliate companies, whether via direct charges or allocations, generate intercompany receivables and payables that are posted on both PHI Service Company's and the affiliate companies' general ledgers. No manual journal entries are posted by accounting staff in either company to record the receivable/payable.~~

~~When costs are charged from the PHI Service Company to affiliate companies through either direct charges or allocations, unique account numbers are used to describe the types of services being provided. Thus, the break down of services into departments and cost centers noted under the Process for Cost Accumulation above is retained in the Cost Distribution process, such that SAP financial reports can reflect the nature of services provided by PHI Service Company. This refinement of report descriptions aids in the review of costs charged into the affiliate companies when analysts are reviewing monthly results.~~

~~COSTS CHARGED TO PHI SERVICE COMPANY BY AFFILIATES~~

~~In certain situations PHI Service Company is not the provider of services due to assets being owned by the utilities, such as buildings, vehicles and inventory. As a result, the related costs of these assets including leases, vehicle costs, and stores procurement and handling overheads are charged by the utilities to PHI Service Company. In addition, other direct charges or allocations associated with support services provided from EBSC will be charged to PHI Service Company. In these situations, PHI Service Company may be a receiver of costs, although such costs will then be charged back to the affiliates on whose behalf the service was provided. These costs are initially recorded on the providing affiliates' books and then charged to PHI Service Company based on a lease agreement or proportionate usage of such goods and services by PHI Service Company. These costs are included in PHI Service Company's costs which are then direct charged or allocated to the PHI affiliates.~~

~~In addition, on a limited basis, a Non-PHI Service Company employee may perform shared services on behalf of multiple affiliates. The amount of time worked on the shared service is direct charged to a specific cost object in PHI Service Company using a fully costed price. This charge is billed back to the affiliates on whose behalf the service was provided. For example, a PEPCO engineer leads a project to review engineering processes across all PHI's utilities. The employee's shared time on the project will be directly charged to PHI Service Company and allocated back to the three utilities.~~

SECTION ~~54~~ – OTHER CROSS COMPANY CHARGES BETWEEN AFFILIATES

There are limited cross-company charges where costs must be direct charged, allocated, or assigned by a legal entity other than the PHI Service Company or EBSC. For these limited instances, costs will be direct charged out of the provider affiliate into the receiving affiliate, directly assigned into the receiving affiliate, or allocated based on the affiliates usage, and an intercompany receivable and payable will be generated on each affiliate's books. Examples of these types of transactions include: labor related services, occupancy costs, issuance of materials from store rooms, use of vehicles, and payment of invoices.

1. Labor Related Services

On a limited basis, an employee of an affiliate may perform services on behalf of another affiliate. The amount of time worked for the affiliate is direct charged to the receiving affiliate. Labor costs are captured separately through the time recording system. Fringe benefits, corporate overheads, and department overheads are added to labor costs directly charged to an affiliate. based on a fully costed employee hourly price, which avoids the need for additional overheads to be applied in the receiving company.

2. Materials

Pepco, DPL, and ACE, on a limited basis, may provide and charge materials to other affiliates. Direct charges for materials issued from inventory, used on behalf of an affiliate, are charged to the affiliate based on a weighted average cost of the inventory unit. In addition to charging material costs, a stores stock overhead (~~as described in Section 3—Cost Accounting Process, “Overhead Costs”~~) is also applied and charged to the affiliate. The overhead represents the cost of labor, contractors and other costs associated with the procurement of the materials.

3. Vehicles

Vehicles in the Pepco, DPL, and ACE fleet departments may be used by another affiliate. Direct charges for vehicle usage are charged to the affiliate based on the vehicle rate (~~as described in Section 3—Cost Accounting Process, “Overhead Costs”~~) for the particular class of vehicle used. The rate includes the estimated cost of depreciation and vehicles leases, fuel, fees and licenses, contractor costs, associated labor and other costs of the Vehicle department.

4. Occupancy Costs

Occupancy costs are allocated from building owner or lessee to each affiliate based on the proportion of occupied space utilized by the ~~affiliate(as described in Section 3—Cost Accounting Process, “Overhead Costs”)~~. Occupancy costs may include operations

and maintenance expenses, depreciation, lease expense, general building support, property taxes, security, and utilities.

5. Payment of Invoices

Invoices for the procurement of goods and services for more than one PHI affiliate are normally paid through PHI Service Company as a convenience payment. In the event that an affiliate pays an invoice that includes items for the procurement of goods and services for other affiliates, the cost is directly assigned and charged to ~~a cost object~~the appropriate department in the other affiliate. An intercompany posting is generated to recognize a receivable on the general ledger of the affiliate paying the invoice, and a corresponding payable on the general ledger of the affiliate for which payment was made.

6. Mutual Assistance

PHI utilities may be provided or provide mutual assistance to/from PECO, ComEd, or BGE pursuant to existing American Gas Association (AGA) and Edison Electric Institute (EEI) mutual assistance agreements.

7. Other Regulated Energy Related Agreements

EXGEN may be one of the wholesale suppliers to PHI's utilities. In addition, other regulated energy-related transactions may occur between affiliated utilities. The related cost is priced at market or other regulatory approved price.

Additionally, Pepco Holdings Utilities have agreements as joint owners of transmission system assets. The joint owners each receive their proportionate share of costs and investment returns.

SERVICE AGREEMENT

(As Modified By The Service Agreement Extension and Modification Effective As Of January 1, 2011 And The 2nd Service Agreement Extension and Modification Effective As Of January 1, 2016)

This Service Agreement, effective as of the 1st day of _____, is made by and between PHI Service Company, a Delaware corporation and a mutual service company (the "Service Company"), and (Company Name) an associate company of the Pepco Holdings, Inc. system (the "Client Company" and collectively with other associate companies that have or may in the future execute this form of Service Agreement, the "Client Companies").

WITNESSETH

WHEREAS, the Service Company and the Client Companies have entered into this Service Agreement whereby the Service Company agrees to provide and the Client Companies agree to accept and pay for various services as provided herein, and as a result of which the Service Company fairly and equitably allocates costs among all associate companies to which it renders services; and

WHEREAS, economies and efficiencies benefiting the Client Companies will result from the performance by the Service Company of the services as herein provided:

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties to this Service Agreement covenant and agree as follows:

ARTICLE I - SERVICES

Section 1.1. The Service Company shall furnish to the Client Company, as requested by the Client Company, upon the terms and conditions hereinafter set forth, such of the services described in Appendix A hereto (as such may be amended from time to time) at such times, for such periods and in such manner as the Client Company may from time to time request and which the Service Company concludes it is equipped to perform. The Service Company shall also provide the Client Company with such special services, in addition to those services described in Appendix A hereto, as may be requested by the Client Company and which the Service Company concludes it is equipped to perform. In supplying such services, the Service Company may arrange, where it deems appropriate, for the services of such experts, consultants, advisors and other persons with necessary qualifications as are required for or pertinent to the provision of such services.

Section 1.2. The Client Company shall take from the Service Company such of the services described in Section 1.1 and such additional general or special services, whether or not now contemplated, as are requested from time to time by the Client Company and which the Service Company concludes it is equipped to perform.

Section 1.3. The services described herein shall be directly assigned, directly charged or allocated by activity, project, program, work order or other appropriate basis. The Client Company shall have the right from time to time to amend, alter or rescind any activity, project

program or work order provided that (i) any such amendment or alteration which results in a material change in the scope of the services to be performed or equipment to be provided is agreed to by the Service Company, (ii) the cost for the services covered by the activity, project, program or work order shall include any additional expense incurred by the Service Company as a direct result of such amendment, alteration or rescission of the activity, project, program, or work order, and (iii) no amendment, alteration or rescission of an activity, project, program, or work order shall release the Client Company from liability for all costs already incurred by the Service Company pursuant to the activity, project, program, or work order, regardless of whether the services associated with such costs have been completed.

ARTICLE II - COMPENSATION

Section 2.1. As compensation for the services to be rendered hereunder, the Client Company shall pay to the Service Company all costs which reasonably can be identified and related to particular services performed by the Service Company for or on the Client Company's behalf, such costs to be determined in accordance with the cost accounting manual for the Pepco Holdings, Inc. system and applicable rules and regulations, including the regulations of the Federal Energy Regulatory Commission ("FERC") regarding the Uniform System of Accounts for Centralized Service Companies. Where more than one Client Company is involved in or has received benefits from a service performed, costs will be directly assigned, directly charged or allocated, as set forth in Appendix A hereto, between or among such companies on a basis reasonably related to the service performed.

Section 2.2. It is the intent of this Service Agreement that the payment for services rendered by the Service Company to the Client Companies under this Service Agreement shall cover all the costs of its doing business (less the cost of services provided to associated companies not a party to this Service Agreement and other non-associated companies), including but not limited to, salaries and wages, office supplies and expenses, outside services employed, insurance, injuries and damages, employee benefits, miscellaneous general expenses, rents (including property leased from Client Companies for use by the Service Company), maintenance of structures and equipment, depreciation and amortization, and compensation for use of capital.

Section 2.3. The method of assignment, charge or allocation of costs described in Appendix A shall be subject to review annually, or more frequently if appropriate. Such method of assignment, distribution or allocation of costs may be modified or changed by the Service Company upon the express approval of the modification by each affected Client Company without the necessity of an amendment to this Service Agreement provided that in each instance, costs of all services rendered hereunder shall be fairly and equitable assigned, distributed or allocated, and notice of such change is provided to the Client Company.

Section 2.4. The Service Company shall make available a monthly statement to the Client Company that shall reflect the billing information necessary to identify the costs charged for that month. By the end of the month following billing, the Client Company shall remit to the Service Company all charges billed to it. Monthly charges may be billed on an estimated basis,

but adjustments will be made within ninety (90) days to assure that billings are in accord with Sections 2.1 and 2.2 above.

ARTICLE III - TERM

Section 3.1. This Service Agreement shall become effective as of the day above written, and shall continue in force until January 1, 2021, or until terminated by either party upon no less than ninety (90) days' prior written notice to the other party. As of January 1, 2021, or upon each five (5) year anniversary of this agreement thereafter, the parties may extend this agreement, with or without modifications, for an additional five (5) years by mutual written agreement to such modification and/or extension. This Service Agreement shall also be subject to termination or modification at any time, without notice, if and to the extent performance under this Service Agreement may conflict with any rule, regulation or order of the FERC or any other regulatory body with jurisdiction over the Service Company or the Client Company adopted before or after the date of this Service Agreement.

ARTICLE IV - MISCELLANEOUS

Section 4.1. All accounts and records of the Service Company shall be kept in accordance with the Uniform System of Accounts for Centralized Service Companies promulgated by the FERC.

Section 4.2. Other existing subsidiaries and new direct or indirect subsidiaries of Pepco Holdings, Inc. that may come into existence after the effective date of this Service Agreement may become additional Client Companies (collectively, the "New Client Companies") subject to this Service Agreement by execution of this form of agreement, as it may be amended at that time. In addition, the parties hereto upon the express approval of each affected Client Company shall make such changes in the scope and character of the services to be rendered and the method of assigning, charging or allocating costs of such services among the Client Companies and the New Client Companies under this Service Agreement as may become necessary.

Section 4.3. The Service Company shall permit the Client Company access to its accounts and records, including the basis and computation of allocations.

Section 4.4. This Service Agreement and any amendments hereto shall not be effective until any necessary regulatory approvals have been obtained.

IN WITNESS WHEREOF, the parties hereto have caused this Service Agreement to be executed as of the date and year first above written.

PHI Service Company

By: _____

(Company Name)

By: _____
(President)
(title)

This appendix describes (i) the Policies and Procedures (see pages 7-11) to be used to accumulate costs of Service Company services and (ii) the methodologies used to assign or allocate such costs to Client Companies. Definitions of the ratios are provided in Appendix B. The Service Company may provide to associate Client Companies the following services, which may be used by the Client Company:

I. Executive Management

- a. The Executive Management function includes office of the President and CEOs of Pepco Holdings, Inc., and PHI Service Company that advise and assist Client Companies on corporate matters such as operations, the issuance of securities, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other corporate matters. The Executive Management function includes the services of the Chairman, CEO, Corporate Secretary, Senior VP and CFO, Senior VP and General Counsel, Controller, Treasurer, Chief Risk Officer, Senior VP External Affairs, President and CEO, Pepco Energy Services, supporting staff, and other members of the senior management team as deemed appropriate, as well as and other expenses, including interest, taxes and general fees not covered in one of the functions below.
- b. To the extent possible, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the Two Factor Ratio.

II. Procurement and Administrative Support Services

- a. The Procurement and Administrative Services Support Services functions provides security, including asset protection and investigative services; storeroom procurement and materials management; vehicle resource management, including company vehicle maintenance; mail, records retention management and reprographic services; general services, including strategic sourcing, supplier diversity, supply chain, management and other office services; building services, including facilities management and building maintenance, occupancy charges, mail and reprographic services; claims administration services; instructional design; conference center usage; and other services such as security, real estate, environmental, training and safety services, including right of way.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the following ratios:

1. security - Labor \$ Ratio
2. storeroom procurement and materials management - Materials Stock Issued Ratio
- 3.1. vehicle resource management - Vehicle \$ Ratio
4. general services - Two Factor Ratio
- 5.2. building services (facilities cost) - Square Footage Ratio (*)
6. real estate services - Real Estate Investment Ratio

~~7. conference center usage—Employee Ratio (**)~~

~~3. mail, records retention management and reprographic services—Employees by Building Ratio—Claims administration services—Historical Claims Ratio—Instructional design—Customer Ratio~~

~~8.4. Other Services—Two Factor Ratio~~

~~*—The costs associated with unoccupied space in buildings owned or leased by PHI Service Company will be allocated based on the Service Company Bill Ratio.~~

~~**—The Conference Center is used by employees of PHI Service Company as well as employees of other PHI affiliates. The portion of the costs related to usage by PHI Service Company employees will be allocated based on the Service Company Bill Ratio.~~

III. Financial Services and Corporate Expenses

- a. The Financial Services and Corporate Expense function includes financial services such as accounts payable; payroll accounting services; asset and project accounting services; other financial services, including corporate and strategic planning, budgeting, treasury and finance, risk management, cash management, financing, funded plans administration, investor relations, shareholder services, and financial and tax accounting services; regulatory affairs and Sarbanes Oxley compliance oversight; salary accruals; and other corporate expenses, including interest and general fees.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. ~~Services that are not direct charged will be accumulated in Cost Centers.~~ Costs that are not directly charged will be allocated based on the following ratios: Two Factor Ratio.

~~1. accounts payable—Transactions Processed Ratio~~

~~2. payroll accounting services—Employees Paid Ratio (*)~~

~~3. asset and project accounting services—Gross Property, Plant & Equipment Ratio~~

~~4. all other financial services—Two Factor Ratio~~

~~5. salary accruals—Two Factor Ratio~~

~~6. other corporate expenses—Service Company Bill Ratio~~

~~*—The portion of costs associated with payroll accounting services provided for employees of PHI Service Company will be allocated based on the Service Company Bill Ratio.~~

IV. Insurance Coverage and Services

- a. Insurance Coverage and Services includes coverage for property, general liability, directors and officers, vehicle, and miscellaneous insurance premiums and claims; and insurance and claims administration services.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. ~~Services that are not direct charged will be accumulated in Cost Centers.~~ Costs that are

~~not directly charged will be allocated based on the following ratios:~~

- ~~1. property insurance—Gross Insured Property, Plant & Equipment Ratio (*)~~
- ~~2. general liability insurance—Labor \$ Ratio~~
- ~~3. directors and officers insurance—Two Factor Ratio~~
- ~~4. vehicle insurance—Vehicle \$ Ratio~~
- ~~5. insurance administration services—Two Factor Ratio~~
- ~~6. miscellaneous insurance—Two Factor Ratio~~
- ~~7. claims administration services—Historical Claims Ratio~~

~~* The portion of costs associated with insurance provided for property of PHI Service Company will be allocated based on the Service Company Bill Ratio.~~

IV. Human Resources

- a. The Human Resources function provides ~~compensation and~~ benefit services such as; personnel, employment and staffing; diversity; ~~employee/labor relations; skills training and management development;~~ performance improvement; and organizational development.
- b. Human Resources Services ~~To the extent practicable, services~~ will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated ~~based on the following ratios:~~ on the Employee Ratio.
 - ~~1. cost of benefits—To the extent practicable, each Client Company will be directly charged their cost of employee benefits. Employee benefit costs that cannot be directly charged to Client Companies will be allocated based on the Employee Ratio.~~
 - ~~2. executive compensation services—Two Factor Ratio~~
 - ~~3. all other human resources services—Employee Ratio (*)~~

~~* The portion of costs associated with human resources services provided for employees of PHI Service Company will be allocated based on the Service Company Bill Ratio.~~

VI. Legal Services

- b. The Legal Services function provides legal counsel related to ~~general corporate~~PHI specific issues.
- c. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. ~~Services that are not direct charged will be accumulated in Cost Centers.~~ Costs that are not directly charged will be allocated based on the ~~Historical Legal Direct Labor Charge~~Two Factor Ratio.

~~Legal services are often provided for other functions within PHI Service Company, such as the review of consolidated financial reports and employee relations, these services~~

~~will be charged to the appropriate Service Company Cost Center. The Cost Center will be allocated to Client Companies based on the approved ratio for the function billed.~~

~~VII. Audit Services~~

~~The Internal Audit Services function provides audit services related to general corporate issues.~~

~~To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the Two Factor Ratio.~~

~~VIII. Customer Services~~

- a. ~~The Customer Services function includes customer service centers, billing, credit and collections, cash remittance processing, administrative and technical support, quality assurance, and training, metering services and systems, customer energy efficiency programs, customer systems, the Special Billing group and other customer related activities. The Special Billing group provides billing of non-energy materials and services.~~
- b. ~~To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the the Customer Ratio. following ratios:~~

- ~~1. special billing—Special Bills Ratio~~
- ~~2. all other customer services—Customer Ratio~~

~~IXVII. Information Technology~~

- a. ~~The Information Technology function includes costs for provides employee labor, contractors, and other operating support of voice and information technology services which currently include the following; telephone and related items; infrastructure and application systems and support, including desktops, network, SAP and other systems; operating and mainframe systems; storage systems; and other IT support, including technology solutions and information management, applications delivery and support, data administration, security, help desk, consulting, business technology management, support for non-mainframe, non-network systems, miscellaneous infrastructure and applications associated with shared PHI systems and general management and administration.~~
- b. ~~To the extent practicable, service costs will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of~~

~~Appendix A. Services that are not direct charged will be accumulated in Cost Centers and allocated as follows:~~

~~b. —~~

~~c. telephone and related items — Telephone Ratio~~

~~d. infrastructure and application systems and support — End User Ratio~~

~~e. mainframe and operating systems — CPU Capacity Ratio~~

~~f. storage — Data Storage Ratio~~

~~g. other IT Services — Two Factor Ratio~~

~~h. —~~

~~i.b. To the extent practicable, service costs will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. IT services and systems are often provided specifically to other functions within PHI Service Company, such as the Customer Billing System, these services/systems will be charged to the appropriate Service Company Cost Center. The cost center will be. Services that are not direct charged will be allocated to Client Companies based on the approved ratio for the associated function supported billed.~~

VIII.X. External Governmental Affairs

a. The ~~Governmental~~External Affairs function includes customer research resolution; commercial account management; ~~general corporate communications such as, employee communications, general corporate advertising/branding; corporate contributions; and other governmental affairs which involve developing and maintaining relationships with federal and state government institutions and community officials, including lobbying and other activities; and utility customer communications, such as informational and instructional advertising.~~

b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. ~~Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based as follows:~~on the Two Factor Ratiofollowing ratios.

1. Customer research and account management services – Customer Ratio

2. Other government affairs services – Two Factor Ratio

~~1. utility customer communications — Customer Ratio~~

~~2. all other External Affairs — Two Factor Ratio~~

~~3. XI. Environmental Services~~

~~The Environmental Services function includes oversight of environmental concerns related to air, water, land and waste, as well as compliance with relevant regulations.~~

~~To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the Two Factor Ratio.~~

~~XII. Safety Services~~

- ~~b. The Safety Services function includes reporting and compliance with safety regulations, and oversight of corporate safety awareness programs.~~
- ~~e. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated based on the Two Factor Ratio.~~

IX. Communication Services

- a. The Corporate Communications function includes employee communications, general corporate branding and utility customer communications, such as informational and instructional advertising.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the Two Factor Ratio.

X. Regulatory Services

- a. The Regulatory Services function includes regulatory strategy, policy, and other regulatory affairs services, as well customer energy related services such as balance and settlement, power procurement, and market settlements.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. All costs that are not direct charged will be allocated based on the following ratios:
 - 1. Customer energy – Kwh Output Ratio
 - 42. Other regulatory services - Two Factor Ratio

XIII. Regulated Electric and Gas Operation Services

- a. The Regulated Electric and Gas Services function includes the following electric and gas delivery services: system operations services; meter maintenance and testing; power procurement and energy planning; and other delivery services, including delivery senior management, asset management, financial analysis, engineering standards, interconnection planning and arrangements, distributions and transmission planning, value added services, engineering services for distribution, substation and transmission, system protection, drafting and construction management, electric maintenance, administrative support, forestry, process improvement, training, performance analysis, and benchmarking, and enabling systems and special billing.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A.

~~Services that are not direct charged will be accumulated in Cost Centers.~~ All costs that are not direct charged will be allocated based on the following ratios:

1. system operations services - Kwh Output Ratio*
2. meter maintenance and testing services - Kwh Output Ratio*
- ~~3. power procurement and energy planning - Kwh Output Ratio~~
- ~~4. other delivery services - Two Factor Ratio~~

~~* (see Appendix B for gas conversion factor).~~

XIV. Supply Services

- a. The Supply Services function includes utility storeroom procurement and materials management services, as well as other general procurement costs.
- b. To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. Costs that are not directly charged will be allocated based on the following ratios:

1. Utility Storeroom services – Materials Stock Issuance Ratio
2. Other Supply Services – Two Factor Ratio

Internal Consulting Services

- a. ~~The internal consulting services function will provide consulting in areas such as the alignment of people, processes and technologies with a goal of improving productivity and reducing costs for a business line or shared service department.~~
- b. ~~To the extent practicable, services will be directly charged using a standard rate per hour or unit, as described in the Policies and Procedures found on pages 7-11 of Appendix A. This may include charges to other Service Company departments when they are a client. Any such charges within the Service Company will be included in those functions billed to Client Companies. Services that are not direct charged will be accumulated in Cost Centers. Costs that are not directly charged will be allocated to Client Companies based on the Two Factor Ratio.~~

Policies and Procedures

General

Service Company will provide services to Client Companies in accordance with the terms of the Service Agreement.

Service Level Standards

Annually, as part of the ~~corporate~~ budgeting process, a budget will be prepared for the services that will be provided to the Client Companies by each of the shared service providers during the next calendar year. The budgets will include assumptions around direct charging for services. Budgeted costs not directly charged will be allocated on a monthly basis in the budget in accordance with the approved costing methodologies utilized on an actual basis. The budget information is processed in the management information system and is available for review by employees of the Client Companies. The budget targets are set by senior management and the final budget is approved by the Board of Directors. The budget process provides each Client Company with service level standards and sets expectations which can be used during the following year to compare actual Service Company performance against these expectations.

Cost Management

Service Company will maintain a cost management information system that allows it to accumulate costs ~~via cost objects. Cost objects are collection tools and include in the following manner: Orders, Business Unit, Projects, and Departments. Cost Centers. Orders and Projects constitute a work order system for charging costs to specific jobs. These tools collect costs for a limited amount of time and either transfer the dollars to a cost center, if they are an expense, or to an asset and/or balance sheet account for capitalized costs. Cost Centers collect costs at the resource or product level and are the final receiver of expenses collected in Orders as described above.~~ This system supports the philosophy of separating costs by business group and legal entity on a fully costed basis. Service Company will use this system to maintain an accounting system to record all costs of operations.

The cost of work performed by the Service Company will be collected in ~~Orders, Projects and Departments Cost Centers.~~ Costs will be charged as work is performed and costs are incurred. Time records and expense statements will be used to track resource consumption. Labor related costs ~~collect in cost objects referred to as resource cost centers and~~ are expected to be the most significant costs for the Service Company. To the extent practicable, the Service Company employees shall be required to direct-charge their time ~~to an appropriate cost object~~ through the time reporting system. ~~The following guidelines are provided to ensure accuracy and efficient time keeping by Service Company employees:~~

- ~~1. Time should be entered daily into the appropriate time reporting system. If this is not practical, the employee should prepare manually prepared time records, substantiating later electronic time entry.~~
- ~~2. In no event should time entry be delayed past the end of the pay period.~~
- ~~3. Employees should keep track of time in one-half hour increments.~~
- ~~4. Employee time shall be approved in accordance with the Companies' policies.~~

~~Costs will be charged to Client Company's Cost Centers, Orders or Projects as work is performed and costs are incurred. The Controller's Department is responsible to ensure that all of the billing methodologies are consistent with the Service Agreement. The establishment of cost objects within the cost management information system for use by the Service Company will be strictly controlled by the Controller's Department. The Controller's Department will ensure that all cost objects have been authorized by the appropriate Service Company department.~~

~~Service Company will use a standard costing system. Resource cost centers collect the actual costs of labor and related costs. As products or services are provided by the Service Company cost centers, the services are directly charged to Orders, Projects or other Cost Centers at standard rates. Standard rates, which are calculated at least annually, are based upon anticipated resource costs and activity levels, e.g. available hours to perform work. Any residual amounts or costs that cannot be practicably direct billed remain in the resource cost center to will be allocated to Client Companies on an appropriate basis, as defined in the Service Agreement. The amount billed to the Client Company is charged to Client Company Orders, Projects and departments Client Cost Centers, created to collect the costs of the services provided to that company.~~

The Service Company uses cost allocation methods designed to fully distribute costs. The Service Company will have a tiered approach to billing Client Companies comprised of the following steps:

- A. Direct Assignment:
Non-labor costs which benefit specific Client Companies will be directly assigned to the specific Client Companies whenever feasible. Costs which are directly assigned to a Client Company are not costs of the Service Company and therefore are not included in the amounts billed.
- B. Direct Charges:
Labor related services consumed for an Order, Project or activity performed specifically for a Client Company ~~st Center~~ will be directly charged to that business unit ~~cost object~~ at a ~~standard~~ rate per unit of labor. The ~~standard~~ rate includes direct costs such as labor, materials and supplies, and indirect expenses such as overhead costs for benefits, incentives and payroll taxes, vehicle costs, occupancy costs, and ~~common~~ IT user services necessary for the employee to provide the service.

Certain Service Company costs, such as ~~benefit and payroll administration, common IT services (network, phone, workstations, etc.), and Human Resources and Special Billing~~ building services consumed by Client Companies will be directly charged at a standard rate per unit of services. These rates are based upon anticipated costs and units of service, including expected ~~occupied space (facilities), users (IT), and employees (HR) and bills (Special Billings).~~ (benefit and payroll administration).

- C. Indirect Charges:

~~1.~~ 1. Allocations: Costs accumulated that apply to all Client Companies or to a group of Client Companies, which have not been directly assigned or directly charged as described in A or B, above, will be allocated based on the allocation ratios defined in Appendix B. Allocation ratios will be recalculated by the Service Company at least

annually. In some instances allocations related to a specific client company may be charged to that company's parent company in order to reduce administrative burden. In these cases, the raw data used to calculate the ratio to be allocated to the parent company includes the portion of the raw data of the subsidiary company. For example, when calculating the Two Factor ratio for the parent company, the O&M and Gross Property, Plant and Equipment amounts for the subsidiary will be added to the data of the parent company.

2.—

Statistical key figures (SKF's) are the specific ratios entered into the Service Company's accounting system. There may be multiple SKF's for one defined ratio depending on the specific Client Companies associated with a particular service allocated using the ratio. For example, there will be one SKF for the Two Factor ratio which allocates internal audit services to all Client Companies and a separate SKF to allocate internal audit services to the three utilities, if the audit relates only to the operations of those three companies. The raw data used for the utility companies in each SKF is the same. The only difference is the Client Companies receiving the charges for the services.

22. Service Company Cross Charges:

Certain Service Company overhead costs, such as the cost of benefits, payroll taxes, and incentives, purchasing and storeroom management, and other indirect costs, such as benefit and payroll administrative services, common vehicles, IT user services, and building services are charged to Service Company functions that utilize these services and are included in their standard rate for billing to Client Companies. These costs are charged using standard rates based upon anticipated expenses and units of service, e.g. expected salaries (benefits), square footage, etc. Any difference between the amount charged at the standard rates and the actual costs incurred for the month is charged to Client Companies based on the Service Company Bill Ratio.

In addition, information technology services and support for other Services Company functions caused by, labor strikes, storm contingency coverage, rate case support, and other special projects, may may be cross charged to another Service Company function. These charges are included in the amounts that these functions bill to Client Companies and will be allocated based on the approved allocation ratios defined in Appendix B. These situations require the approval of the Controller's department.

Monitoring

—The Controller's Department shall be responsible for reviewing, monitoring, and maintaining the process for the accumulation of Service Company costs charged to Client Companies, either through direct or indirect charges. In connection with the responsibility, the Controller's Department shall:

1. Process the annual budget to allocate shared service costs and Service Company cross-charges to Client Companies.
21. Control the establishment of all cost objects for billing Service Company charges.
32. Analyze the reasonableness of charges in the cost management information system.

~~4. Review and evaluate the reasonableness of the monthly bill to each Client Company.~~

~~— The Controller's Department shall be responsible for updating all allocations used by the cost management information system. Supporting work papers will be maintained by the Controller's Department. The Controller's Department will be responsible to ensure that all allocations are proper, accurate, and current. Also, the Controller's Department shall be responsible for ensuring that the allocation methodologies are in accordance with the provisions of the System's cost accounting manual and the Uniform System of Accounts for Centralized Service Companies promulgated by the FERC, if applicable.~~

Billing

~~— The amounts billed by PHI Service Company will be available monthly through reports accessible within the accounting system. A hard copy of the bill will be available upon request. The Controller's Department shall be responsible for reviewing the monthly bills, as necessary, with the pertinent officers of the Client Companies, or their designees, who are responsible for approval of the bills upon request.~~

~~— The monthly bills will contain the following information:~~

- ~~1. The Client Company.~~
- ~~2. The cost of each service billed to the Client Company.~~

~~— The cost management information system will contain detailed information supporting each service charged to a Client Company. Furthermore, each Client Company department cost center head and project manager is responsible for validating, in a timely manner, costs charged to their department cost center or project, including amounts billed by the Service Company. This validation is a key component of Pepee Holdings, Inc.'s system of internal controls. Using the cost management information system, cost centers are able to drill down on all costs billed to them by the Service Company to determine the specifics of each cost. The Controller's Department will assist Client Company department cost center managers, as necessary, to research and validate charges to their area cost centers.~~

~~— When an erroneous charge is discovered, the Controller's Department is responsible for correction of the error in a timely manner.~~

Dispute Resolution

If there is a dispute between a Client Company and the Service Company concerning the appropriateness of an amount billed to a Client Company, the Controller's Department will meet with the appropriate representatives for the Client Company department cost center and the Service Company to resolve the dispute. If the dispute cannot be resolved by the Controller's Department, the issue will be referred to the Chief Financial Officer of Pepco Holdings, Inc. for disposition.

Internal Audit

The Internal Audit Department shall perform an audit of the Service Company billing process every two years. Computer systems, billings, and source documents will be examined to

ensure on a test basis that the services provided are authorized, documented, and accurately recorded in the accounting records. The audits will include an examination of the Service Company allocation methods and the allocation factors used to ensure that they are in compliance with the methodologies described in the Service Agreement. Also, the audits will evaluate the adequacy of the system of internal controls over the billing process and the reasonableness of each allocation methodology used to distribute costs to the Client Companies.

Definition of Service Company Allocation Methods

Ratio Title

Ratio Description

CPU Capacity Ratio

~~A ratio the numerator of which is the amount of CPU capacity used for a particular system within a Client Company, the denominator of which is the total amount of CPU capacity used by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).~~

Customer Ratio

A ratio the numerator of which is the number of customers served by a Client Company, the denominator of which is the total number of customers for all the Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Customers designated as both electric and gas, within the same company, will be assigned 50% to gas and 50% to electric for the purposes of this ratio calculation.

Data Storage Ratio

~~A ratio the numerator of which is the gigabytes of data storage space used for a particular system application, the denominator of which is the total gigabytes of data storage space used for all system applications (or specific system applications receiving the service allocated per this factor, if not all system applications are receiving the service).~~

Employee Ratio

A ratio the numerator of which is the number of employees of a Client Company, the denominator of which is the total number of employees for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Employees by Building Ratio

~~A ratio the numerator of which is the number of employees occupying each building receiving the service, the denominator of which is the total number of employees occupying all buildings receiving the service.~~

Employees Paid Ratio

~~A ratio the numerator of which is the number of employees paid through the Service Company's payroll system for a Client Company, the denominator of which is the total number of employees paid through the Service Company's payroll system for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).~~

End User Ratio

~~A ratio the numerator of which is the number of users of infrastructure or application systems within a Client Company, the denominator of which is the total number of users of infrastructure or application systems within all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).~~

Gross Insured Property Plant & Equipment Ratio

~~A ratio the numerator of which is the total gross cost of insured property, plant and equipment in a Client Company, the denominator of which is the total gross cost of insured property, plant and equipment for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Property, Plant and Equipment owned by PHI Service Company, which can not be attributed to a building, and consolidation adjustments not recorded on a specific company are excluded. Property which is insured, but not owned by an affiliate, will be included at its insured value.~~

Gross Property, Plant & Equipment Ratio

A ratio the numerator of which is the total gross cost of property, plant and equipment in a Client Company, the denominator of which is the total gross cost of property, plant and equipment for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Property, Plant and Equipment owned by PHI Service Company and consolidation adjustments not recorded on a specific company are excluded.

Historical Claims Ratio

A ratio the numerator of which is the total claims expense of a Client Company, the denominator of which is the total claims expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Historical Legal Direct Labor Charge Ratio

~~A ratio the numerator of which is the amount of direct legal time charges to a Client Company for a twelve month period, the denominator of which is the total amount of direct legal time charges to all Client Companies using the service (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Direct time charges to PHI Service Company are excluded.~~

Kwh Output Ratio

A ratio the numerator of which is the number of kilowatt hours purchased and generated by a Client Company, the denominator of which is the total number of kilowatt hours purchased and generated by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

~~Labor \$ Ratio~~

~~A ratio the numerator of which is the amount of labor dollars incurred by a Client Company for a twelve month period, the denominator of which is total labor dollars for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Any labor dollars attributed to PHI Service Company will be excluded.~~

Materials Stock Issued Ratio

A ratio the numerator of which is the materials stock issuance from a Client Company store room, the denominator of which is the total materials stock issuances from all Client Company store rooms (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

O&M Ratio

A ratio the numerator of which is the total operations and maintenance (O&M) expense of a Client Company for a twelve month period, the denominator of which is the total operations and maintenance expense for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Any affiliate whose total O&M expense is negative, the O&M of PHI Service Company, and O&M which is caused by consolidation adjustments will be excluded.

~~Real Estate Investment Ratio~~

~~A ratio the numerator of which is the cost of real estate leases and land and buildings owned by a Client Company, the denominator of which is the total cost of real estate leases and land and buildings for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Real Estate owned or leased by PHI Service Company is excluded.~~

Service Company Bill Ratio

A ratio the numerator of which is the total amount billed by PHI Service Company to a Client Company for a twelve month period, the denominator of which is the total amount billed by PHI Service Company to all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service) for a twelve month period. Any client companies billed a negative amount for the twelve month period will be excluded from the calculation.

Special Bills Ratio

A ratio the numerator of which is the number of special bills issued for a Client Company, the denominator of which is the total number of special bills issued for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Bills issued on behalf of PHI Service Company are excluded.

Square Footage Ratio

A ratio the numerator of which is the number of total square feet of space occupied by a Client Company, the denominator of which is the total number of square feet of space occupied by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Telephone Ratio

A ratio the numerator of which is the number of telephone extensions used by a Client Company, the denominator of which is the number of telephone extensions used by all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Transactions Processed Ratio

A ratio the numerator of which is the number of transactions processed for a Client Company, the denominator of which is the total number of transactions processed for all Client Companies using the service (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Transactions processed for PHI Service Company are excluded.

Two Factor Ratio

A composite ratio which is comprised of an average of the O&M and Gross Property, Plant and Equipment ratio percentages (described above) for all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service).

Vehicle \$ Ratio

A ratio the numerator of which is the amount of vehicle rate charges in a specific Client Company, the denominator of which is the total amount of vehicle rate charges in all Client Companies (or specific Client Companies receiving the service allocated per this factor, if not all Companies are receiving the service). Rate charges to PHI Service Company are excluded.

~~Notes:~~

~~Where applicable, the following will be utilized to convert gas sales to equivalent electric sales: 0.303048 cubic feet of gas equals 1 kilowatt hour of electric sales (based on electricity at 3412 Btu/Kwh and natural gas at 1034 Btu/cubic foot).~~

~~The historical time period utilized to prepare the allocation ratio may vary to more accurately reflect ongoing operational activities due to the dissolution or acquisition of a Client Company and/or line of business, the wind down of a Client Company and/or line of business or a significant change in projected future operations of a Client Company.~~

CERTIFICATE OF SERVICE

I hereby certify that a copy of the public version of the clean and redlined versions of the revisions to the PHI Cost Allocation Manual was served on all parties this 19th day of December 2017 by electronic mail.

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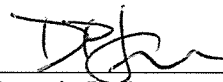
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