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EXELON CORP
Form POS AMC
December 14, 2001

(As filed December 14, 2001)

File No. 70-9645

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

POS-AMC
(Post-Effective Amendment No. 3)

to

FORM U-1
APPLICATION/DECLARATION
UNDER
THE PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

EXELON CORPORATION
(AND SUBSIDIARIES IDENTIFIED ON SIGNATURE PAGE HERETO)
10 South Dearborn Street
37th Floor
Chicago, Illinois 60603

EXELON INFRASTRUCTURE SERVICES, INC.
200 Yale Avenue
Morton, Pennsylvania 19070

EXELON SERVICES INC.
2315 Enterprise Drive
Westchester, Illinois 60154

(Names of companies filing this statement and
addresses of principal executive offices)

EXELON CORPORATION

(Name of top registered holding company parent of applicants)

John W. Rowe
Co-Chief Executive Officer
Exelon Corporation
10 South Dearborn Street
37th Floor
Chicago, Illinois 60603

Corbin A. McNeill, Jr.
Co-Chief Executive Officer
Exelon Corporation
2301 Market Street
P.O. Box 8699
Philadelphia, Pennsylvania 19101

(Names and addresses of agents for service)

The Commission is requested to send copies of all notices, orders and

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communications in connection with this Application/Declaration to:

Harvey B. Dikter,
Senior Vice President and General Counsel
Exelon Infrastructure Services, Inc.
200 Yale Avenue
Morton, Pennsylvania 19070

William T. Baker, Jr. Esq.
Thelen Reid & Priest LLP
40 West 57th Street
New York, New York 10019

Post-Effective Amendment No. 1, filed in this proceeding on April 4, 2001, is hereby amended as follows:(1)

1. By adding the following paragraph at the end of Item 1.3:

"As indicated, under the Merger Order, the Commission granted an interim exemption under Section 13(b) of the Act from the at-cost standards of Rule 90 and 91 with respect to certain types of services rendered to and by the Utility Subsidiaries, including the infrastructure services provided by EIS and mechanical contracting services provided by EES, as described above. The Merger Order specifies that, as of January 1, 2002, all these transactions will be performed at cost in accordance with Rules 90 and 91. It is now requested that, pending a decision in this proceeding, the Commission issue a supplemental order extending the interim exemption granted under the Merger Order from December 31, 2001 until June 30, 2002. The six-month extension will afford the Commission the additional time needed for it to fully consider the policy implications raised by applicants and, if determined to be appropriate, formulate new policies in ruling in exemption requests under Section 13(b), without disrupting existing contractual relationships among the Utility Subsidiaries and their affiliates, all of which are currently in compliance with applicable affiliate transaction rules adopted by Pennsylvania and Illinois Commissions. It is requested that the Commission issue a supplemental order extending the interim exemption as soon as practical and in any event not later than December 31, 2001, so that the status of any existing affiliate agreements is not called into question."

2. By amending and restating Item 2 to read as follows:

"The incremental fees, commissions and expenses incurred or to be incurred (1) in connection with Post-Effective Amendment No. 1 are estimated at not more than \$10,000 and (2) in connection with Post-Effective Amendment No. 2 are estimated at not more than \$5,000."

3. By amending and restating Item 3.3 to read as follows:

"Rule 54. The proposed transaction is also subject to the requirements of

Rule 54. Rule 54 provides that in determining whether to approve the issue or sale of a security by a registered holding company for purposes other than the acquisition of an "exempt wholesale generator" ("EWG") or a "foreign utility company" ("FUCO"), or other transactions by such registered holding company or its subsidiaries other than with respect to EWGs or FUCOs, the Commission shall not consider the effect of the capitalization or earnings of any subsidiary which is an EWG or a FUCO upon the registered holding company if paragraphs (a), (b) and (c) of Rule 53 are satisfied.

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Exelon currently does not meet all of the conditions of Rule 53(a). As of September 30, 2001, Exelon's "aggregate investment," as defined in Rule 53(a)(1), in EWGs and FUCOs was approximately \$744 million which is in excess of the 50% of Exelon's average consolidated retained earnings of \$1,022 million at September 30, 2001 which is the "safe

- 1 Post-Effective Amendment No. 2, which was filed on October 1, 2001, relates to matters that are not the subject of Post-Effective Amendment No. 1.

harbor" limitation contained in Rule 53(a). However, by orders dated November 2, 2000 and December 8, 2000 (HCAR Nos. 27266 and 27296, together the "Financing Orders"), the Commission has authorized Exelon to increase its "aggregate investment" in EWGs and FUCOs to an amount of up to \$4 billion. Therefore, although Exelon's "aggregate investment" in EWGs and FUCOs currently exceeds the 50% "safe harbor" limitation, this investment level is permitted under the Financing Orders.

In any event, even taking into account the capitalization of and earnings from EWGs and FUCOs in which Exelon has an interest, there would be no basis for withholding approval of the proposed transaction. With regard to capitalization, since the issuance of the Financing Orders, there has been no material adverse impact on Exelon's consolidated capitalization resulting from Exelon's investments in EWGs and FUCOs. At September 30, 2001, Exelon's consolidated capitalization consists of 33 % equity, 3% preferred securities, 62 % long-term debt (including current maturities of long-term debt), and 2 % short-term debt. These ratios are within acceptable industry ranges. The proposed transaction will not have any material impact on capitalization. Further, since the date of the Financing Orders, there has been no material change in Exelon's level of earnings from EWGs and FUCOs.

Exelon satisfies all of the other conditions of paragraphs (a) and (b) of Rule 53. With reference to Rule 53(a)(2), Exelon maintains books and records in conformity with, and otherwise adheres to, the requirements thereof. With reference to Rule 53(a)(3), no more than 2% of the employees of Exelon's domestic public utility companies render services, at any one time, directly or indirectly, to EWGs or FUCOs in which Exelon directly or indirectly holds an interest. With reference to Rule 53(a)(4), Exelon will continue to provide a copy of each application and certificate relating to EWGs and FUCOs and relevant portions of its Form U5S to each regulator referred to therein, and will otherwise comply with the requirements thereof concerning the furnishing of information. With reference to Rule 53(b), none of the circumstances enumerated in subparagraphs (1), (2) and (3) thereunder have occurred. Finally, Rule 53(c) by its terms is inapplicable since the proposed transaction does not involve the issue or sale of a security to finance the acquisition of an EWG or FUCO."

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SIGNATURES

Pursuant to the requirements of the Public Utility Holding Company Act of 1935, the undersigned companies have duly caused this statement to be signed on their behalves by the undersigned thereunto duly authorized.

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EXELON CORPORATION

By: /s/ Randall Mehrberg

Name: Randall Mehrberg
Title: Senior Vice President and
General Counsel

EXELON INFRASTRUCTURE SERVICES, INC.

By: /s/ Harvey B. Dikter

Name: Harvey B. Dikter
Title: Senior Vice President and
General Counsel

EXELON SERVICES INC.

By: /s/ Kenneth H. Beard

Name: Kenneth H. Beard
Title: President

COMMONWEALTH EDISON COMPANY
PECO ENERGY COMPANY
EXELON ENERGY GENERATION COMPANY, LLC
BY EXELON CORPORATION

By: /s/ Randall Mehrberg

Name: Randall Mehrberg
Title: Senior Vice President and
General Counsel

Date: December 14, 2001