SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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COMMONWEALTH EDISON CO
CIK:**22606**| IRS No.: **360938600** | State of Incorp.:**IL** | Fiscal Year End: **1231**
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SIC: **4911** Electric services

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-1839

COMMONWEALTH EDISON COMPANY
(Exact name of registrant as specified in its charter)

ILLINOIS	36-0938600
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

37th Floor, 10 South Dearborn Street,
Post Office Box 767, Chicago, Illinois 60690-0767
(Address of principal executive offices)
(Zip Code)

312/394-4321
(Registrant's telephone number, including area code)

Common Stock outstanding at April 30, 1994: 213,809,641 shares

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

PART I. FINANCIAL INFORMATION

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Commonwealth Edison Company:

We have audited the accompanying consolidated balance sheets and statements of consolidated capitalization of Commonwealth Edison Company (an Illinois corporation) and subsidiary companies as of December 31, 1993 and March 31, 1994, and the related statements of consolidated income, retained earnings, premium on common stock and other paid-in capital, and cash flows for the three-month and twelve-month periods ended March 31, 1993 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commonwealth Edison Company and subsidiary companies as of December 31, 1993 and March 31, 1994, and the results of their operations and their cash flows for the three-month and twelve-month periods ended March 31, 1993 and 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 13 and 14, effective January 1, 1993, the Company changed its method of accounting for postretirement health care benefits and income taxes, respectively.

Arthur Andersen & Co.

Chicago, Illinois
May 11, 1994

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED INCOME

The following statements of consolidated income for the three months and

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twelve months ended March 31, 1993 and 1994 reflect the results of past operations and are not intended as any representation as to results of operations for any future period. Future operations will necessarily be affected by various and diverse factors and developments, including changes in electric rates, population, business activity, taxes, environmental control, energy use, fuel supply, cost of labor, fuel and purchased power and other matters, the nature and effect of which cannot now be determined.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS EXCEPT PER SHARE DATA)			
<S>	<C>	<C>	<C>	<C>
Electric Operating Revenues (Notes 2 and 3):				
Operating revenues.........	$1,543,806	$1,530,975	$6,140,531	$ 6,534,375
Provisions for revenue refunds.....................	(60,421)	(6,225)	(53,383)	(1,232,569)
	$1,483,385	$1,524,750	$6,087,148	$ 5,301,806
Electric Operating Expenses and Taxes:				
Fuel (Notes 1, 2, 10 and 19)......................	$ 286,228	$ 264,215	$ 910,311	$ 1,148,922
Purchased power...........	5,119	17,149	35,807	24,333
Deferred (under)/overrecovered energy costs--net (Note 1)..................	(9,438)	11,753	(22,139)	19,434
Operation..................	355,704	398,809	1,513,490	1,500,792
Maintenance................	159,802	165,277	592,738	587,189
Depreciation (Note 1)......	214,719	221,932	842,041	869,981
Recovery of regulatory assets.....................	800	3,999	3,297	8,435
Taxes (except income) (Note 15)......................	189,869	200,073	758,703	712,117
Income taxes (Notes 1 and 14)--				
Current --Federal........	42,982	34,648	145,966	(28,263)
--State..........	8,464	712	22,954	(15,376)
Deferred--Federal--net...	(8,015)	(6,747)	95,896	89,320
--State--net.....	3,625	7,140	45,277	38,267
Investment tax credits deferred--net (Notes 1 and 14)......................	(7,314)	(7,224)	(29,130)	(29,333)
	$1,242,545	$1,311,736	$4,915,211	$ 4,925,818
Electric Operating Income....	$ 240,840	$ 213,014	$1,171,937	$ 375,988
Other Income and (Deductions):				
Interest on long-term debt.	$ (166,504)	$ (157,152)	$ (661,561)	$ (641,830)
Interest on notes payable..	(81)	(87)	(834)	(340)
Allowance for funds used during construction (Note 1)--				
Borrowed funds..........	2,204	6,178	15,853	20,904
Equity funds............	2,726	7,356	18,388	25,248
Income taxes applicable to nonoperating activities (Notes 1 and 14).........	5,608	(2,733)	6,686	21,572

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Income tax reduction for disallowed plant costs....	--	--	--	792
Deferred carrying charges (Note 2)..................	--	--	--	438,183
Interest and other costs for 1993 Settlements (Note 2).......................	--	(10,475)	--	(109,149)
Miscellaneous--net.........	(17,319)	(4,536)	(36,268)	(44,574)
	$ (173,366)	$ (161,449)	$ (657,736)	$ (289,194)
Net Income Before Cumulative Effect of Change in Accounting for Income Taxes.	$ 67,474	$ 51,565	$ 514,201	$ 86,794
Cumulative Effect of Change in Accounting for Income Taxes......................	9,738	--	9,738	--
Net Income..................	$ 77,212	$ 51,565	$ 523,939	$ 86,794
Provision for Dividends on Preferred and Preference Stocks.....................	16,637	15,545	69,224	64,961
Net Income on Common Stock...	$ 60,575	$ 36,020	$ 454,715	$ 21,833
Average Number of Common Shares Outstanding..........	213,337	213,780	213,085	213,619
Earnings per Common Share Before Cumulative Effect of Change in Accounting for Income Taxes.................	$0.23	$0.17	$2.08	$0.10
Cumulative Effect of Change in Accounting for Income Taxes......................	0.05	--	0.05	--
Earnings per Common Share....	$0.28	$0.17	$2.13	$0.10
Cash Dividends Declared per Common Share................	$0.40	$0.40	$1.95	$1.60

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS	DECEMBER 31, 1993	MARCH 31, 1994
	(THOUSANDS OF DOLLARS)	
<S>	<C>	<C>
Utility Plant (Notes 1, 3, 8, 16 and 18):		
Plant and equipment, at original cost (includes construction work in progress of $1,040 million and $932 million, respectively)..................	$25,581,003	$25,724,286
Less--Accumulated provision for depreciation.......	8,790,519	8,984,546
	$16,790,484	$16,739,740
Nuclear fuel, at amortized cost..................	662,562	652,448

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	$17,453,046	$17,392,188
Investments:		
Nuclear decommissioning funds (Notes 1 and 11).....	$ 706,841	$ 833,369
Subsidiary companies (Notes 1 and 17).............	122,332	122,548
Other investments, at cost (Note 17)..............	72,379	72,672
	$ 901,552	$ 1,028,589
Current Assets:		
Cash..	$ 743	$ 1,891
Temporary cash investments, at cost which approximates fair value (Note 11).......................	247,119	185,156
Other cash investments, at cost which approximates fair value (Note 11)............................	641,575	569,926
Special deposits, at cost which approximates fair value (Note 11)................................	32,635	32,468
Receivables (Note 1)--		
Customers...	427,613	382,691
Income taxes......................................	186,687	46,749
Other...	66,963	38,525
Provisions for uncollectible accounts............	(10,910)	(11,337)
Coal and fuel oil, at average cost................	111,752	108,980
Materials and supplies, at average cost...........	402,714	405,707
Deferred unrecovered energy costs (Note 1).........	43,885	38,388
Deferred income taxes related to current assets and liabilities (Note 14)--		
Loss carryforward.................................	175,197	134,774
Other...	166,102	182,942
Prepayments and other.............................	42,190	47,927
	$ 2,534,265	$ 2,164,787
Deferred Charges and Other Noncurrent Assets:		
Regulatory assets (Notes 1 and 14)................	$ 2,698,751	$ 2,666,057
Unrecovered energy costs (Note 1).................	680,243	670,306
Other (Note 19)...................................	109,949	118,675
	$ 3,488,943	$ 3,455,038
	$24,377,806	$24,040,602

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

LIABILITIES	DECEMBER 31, 1993	MARCH 31, 1994
	(THOUSANDS OF DOLLARS)	
<S>	<C>	<C>
Capitalization (see accompanying statements):		
Common stock equity...............................	$ 5,421,893	$ 5,373,610
Preferred and preference stocks without mandatory		

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redemption requirements	441,445	441,265
Preference stock subject to mandatory redemption requirements	309,964	309,964
Long-term debt	7,550,762	7,419,995
	$13,724,064	$13,544,834
Current Liabilities:		
Notes payable--bank loans (Note 9)	$ 5,950	$ 6,100
Current portion of long-term debt, redeemable preference stock and capitalized lease obligations (Note 11)	630,050	790,996
Accounts payable	489,080	383,186
Accrued interest	186,825	160,686
Accrued taxes	132,362	209,225
Dividends payable	101,047	101,062
Estimated revenue refunds and related interest (Note 2)	1,166,308	836,526
Customer deposits	45,757	45,284
Other	98,519	99,346
	$ 2,855,898	$ 2,632,411
Deferred Credits and Other Noncurrent Liabilities:		
Deferred income taxes (Note 14)	$ 4,445,173	$ 4,410,881
Accumulated deferred investment tax credits (Notes 1 and 14)	746,508	739,285
Accrued spent nuclear fuel disposal fee and related interest (Note 10)	566,527	570,917
Obligations under capital leases (Note 16)	321,393	366,969
Regulatory liabilities (Notes 1, 14 and 19)	782,624	771,852
Other (Notes 1, 12 and 13)	935,619	1,003,453
	$ 7,797,844	$ 7,863,357
Commitments and Contingent Liabilities (Note 19)		
	$24,377,806	$24,040,602

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED CAPITALIZATION

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 1993 <C>	MARCH 31, 1994 <C>
	(THOUSANDS OF DOLLARS)	
Common Stock Equity (Notes 4, 5 and 19):		
Common stock, $12.50 par value per share--Outstanding--213,751,147 shares and 213,795,095 shares, respectively	$ 2,671,889	$ 2,672,439
Premium on common stock and other paid-in capital	2,217,110	2,217,775
Capital stock and warrant expense	(16,258)	(16,259)
Retained earnings (Note 2)	549,152	499,655

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	$ 5,421,893	$ 5,373,610
Preferred and Preference Stocks Without Mandatory Redemption Requirements (Notes 4, 6 and 11):		
Preference stock, cumulative, without par value--		
Outstanding--10,499,549 shares....................	$ 432,320	$ 432,320
$1.425 convertible preferred stock, cumulative, without par value--		
Outstanding--286,949 shares and 281,307 shares, respectively....................................	9,125	8,945
Prior preferred stock, cumulative, $100 par value per share--		
No shares outstanding............................	--	--
	$ 441,445	$ 441,265
Preference Stock Subject to Mandatory Redemption Requirements (Notes 4, 7 and 11):		
Preference stock, cumulative, without par value--		
Outstanding--3,290,290 shares.....................	$ 327,653	$ 327,653
Current redemption requirements for preference stock included in current liabilities............	(17,689)	(17,689)
	$ 309,964	$ 309,964
Long-Term Debt (Notes 8, 11 and 20):		
First mortgage bonds:		
Maturing through 1998--		
6 1/8% due May 15, 1995........................	$ 103,000	$ 103,000
5 1/4% due April 1, 1996.......................	50,000	50,000
5 3/4% due November 1, 1996....................	50,000	50,000
5 3/4% due December 1, 1996....................	50,000	50,000
7% due February 1, 1997........................	150,000	150,000
5 3/8% due April 1, 1997.......................	50,000	50,000
6 1/4% due October 1, 1997.....................	60,000	60,000
6 1/4% due February 1, 1998....................	50,000	50,000
6% due March 15, 1998..........................	130,000	130,000
6 3/4% due July 1, 1998........................	50,000	50,000
6 3/8% due October 1, 1998.....................	75,000	75,000
Maturing 1999 through 2008--5.30% to 10 3/8%.....	2,204,600	2,230,600
Maturing 2009 through 2018--5.70% to 10 5/8%.....	956,000	996,000
Maturing 2019 through 2023--7 3/4% to 9 7/8%.....	2,020,000	2,020,000
	$ 5,998,600	$ 6,064,600
Sinking fund debentures, due 1999 through 2011-- 2 3/4% to 7 5/8%.................................	120,185	114,873
Pollution control obligations, due 2004 through 2014--5 7/8% to 11 3/8%..........................	353,200	303,200
Other long-term debt.............................	1,598,625	1,598,586
Current maturities of long-term debt included in current liabilities..............................	(446,724)	(589,601)
Unamortized net debt discount and premium (Note 1).	(73,124)	(71,663)
	$ 7,550,762	$ 7,419,995
	$13,724,064	$13,544,834

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED RETAINED EARNINGS

<TABLE>
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	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Balance at Beginning of Period............	$847,186	$549,152	$ 783,496	$822,419
Add--Net income..........................	77,212	51,565	523,939	86,794
	$924,398	$600,717	$1,307,435	$909,213
Deduct--				
Cash dividends declared on--				
Common stock..........................	$ 85,343	$ 85,518	$ 415,603	$341,857
Preferred and preference stocks.......	16,636	15,544	68,785	64,597
Loss on reacquired preference stock....	--	--	628	3,104
	$101,979	$101,062	$ 485,016	$409,558
Balance at End of Period.................	$822,419	$499,655	$ 822,419	$499,655

</TABLE>

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

STATEMENTS OF CONSOLIDATED PREMIUM ON COMMON STOCK
AND OTHER PAID-IN CAPITAL

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Balance at Beginning of Period.....	$2,210,524	$2,217,110	$2,203,767	$2,211,226
Add--Premium on issuance of common stock and gain on reacquired preference stock.................	702	665	7,459	6,549
Balance at End of Period..........	$2,211,226	$2,217,775	$2,211,226	$2,217,775

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

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STATEMENTS OF CONSOLIDATED CASH FLOWS

<TABLE>
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	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Cash Flow from Operating Activities:				
Net income....................	$ 77,212	$ 51,565	$ 523,939	$ 86,794
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization......................	224,555	232,733	881,015	919,318
Deferred income taxes and investment tax credits--net.......................	(15,893)	(4,711)	110,951	95,683
Cumulative effect of change in accounting for income taxes.....................	(9,738)	--	(9,738)	--
Equity component of allowance for funds used during construction........	(2,726)	(7,356)	(18,388)	(25,248)
Provisions for revenue refunds and related interest..................	60,757	16,770	67,033	1,310,210
Revenue refunds and related interest..................	(3,623)	(346,552)	(251,170)	(533,651)
Recovery/(deferral) of regulatory assets/deferred carrying charges--net.........	800	3,999	3,297	(429,748)
Provisions/(payments) for liability for early retirement and separation costs--net.......................	(1,722)	15,607	26,092	15,513
Provisions/(payments) for liabilities associated with remediation costs and manufactured gas plants--net...	--	3,000	(478)	8,000
Net effect on cash flows of changes in:				
Receivables...............	(53,580)	213,725	(8,137)	109,900
Coal and fuel oil.........	68,649	2,772	(35,801)	149,505
Materials and supplies....	(189)	(2,993)	(2,849)	(970)
Accounts payable adjusted for nuclear fuel lease principal payments and early retirement and separation costs--net....	28,391	(52,451)	339,185	198,104
Accrued interest and taxes.......................	52,613	50,724	(5,410)	(41,123)
Other changes in certain current assets and liabilities.............	(21,202)	19,220	3,807	33,785
Other--net.................	51,478	35,984	2,609	88,522
	$ 455,782	$ 232,036	$ 1,625,957	$ 1,984,594
Cash Flow from Investing Activities:				

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Construction expenditures.....	$(199,836)	$(187,378)	$ (953,996)	$ (829,067)
Nuclear fuel expenditures.....	(100,987)	(48,749)	(277,779)	(209,131)
Equity component of allowance for funds used during construction................	2,726	7,356	18,388	25,248
Contributions to nuclear decommissioning funds........	(96,229)	(96,229)	(132,550)	(132,550)
Investment in subsidiary companies......................	--	--	(268)	--
Other cash investments and special deposits............	627	71,649	(7,642)	(548,326)
	$(393,699)	$(253,351)	$(1,353,847)	$(1,693,826)
Cash Flow from Financing Activities:				
Issuance of securities--				
Long-term debt..............	$ 374,755	$ 65,538	$ 1,742,269	$ 1,618,079
Capital stock...............	1,342	1,035	15,161	80,278
Retirement and redemption of securities--				
Long-term debt..............	(125,099)	(55,307)	(1,234,562)	(1,830,749)
Capital stock...............	(111)	--	(50,180)	(92,969)
Deposits and securities held for retirement and redemption of securities.....	(234,133)	(12,888)	(240,761)	462,976
Premium paid on early redemption of long-term debt.......	(9,000)	(500)	(16,019)	(69,895)
Cash dividends paid on capital stock....................	(101,961)	(101,047)	(559,870)	(407,371)
Proceeds from sale/leaseback of nuclear fuel.............	99,551	116,964	210,419	221,667
Nuclear fuel lease principal payments....................	(59,269)	(53,445)	(246,063)	(240,144)
Increase in short-term borrowings..................	--	150	5,600	500
	$ (53,925)	$ (39,500)	$ (374,006)	$ (257,628)
Increase (Decrease) in Cash and Temporary Cash Investments....	$ 8,158	$ (60,815)	$ (101,896)	$ 33,140
Cash and Temporary Cash Investments at Beginning of Period.......................	145,749	247,862	255,803	153,907
Cash and Temporary Cash Investments at End of Period........	$ 153,907	$ 187,047	$ 153,907	$ 187,047

</TABLE>

The accompanying Notes to Financial Statements are an integral part of the above statements.

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

Regulation. Commonwealth Edison Company (Company) is subject to regulation as to accounting and ratemaking policies and practices by the Illinois Commerce Commission (ICC) and Federal Energy Regulatory Commission (FERC). The Company's

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accounting policies and the accompanying consolidated financial statements conform to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process. Such effects concern mainly the time at which various items enter into the determination of net income in order to follow the principle of matching costs and revenues. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for information related to the Company's rates and financial condition.

Principles of Consolidation. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Commonwealth Edison Company of Indiana, Inc. (collectively, companies), the only subsidiary engaged in the electric utility business. The consolidated financial statements also include the accounts of the Company's wholly-owned subsidiary, CECo Enterprises Inc., an unregulated subsidiary engaged in energy service activities. All significant intercompany transactions have been eliminated. The investments in other subsidiary companies, which are not material in relation to the Company's financial position and results of operations, are accounted for in accordance with the equity method of accounting.

Customer Receivables and Revenues. The Company is engaged principally in the production, purchase, transmission, distribution and sale of electricity to a diverse base of residential, commercial and industrial customers. The Company's electric service territory has an area of approximately 11,540 square miles and an estimated population of approximately 8.1 million as of December 31, 1993, approximately 8.2 million as of December 31, 1992 and approximately 8.1 million as of December 31, 1991. It includes the city of Chicago, an area of about 225 square miles with an estimated population of three million from which the Company derived approximately one-third of its ultimate consumer revenues in the twelve months ended March 31, 1994. The Company had approximately 3.3 million electric customers at March 31, 1994.

Depreciation and Decommissioning. Depreciation is provided on the straight-line basis by amortizing the cost of depreciable plant and equipment over estimated composite service lives. The ICC's March 8, 1991 rate order directs the Company to depreciate non-nuclear plant and equipment at annual rates developed for each class of plant based on their composite service lives. The annual rate for nuclear plant and equipment is 2.88% which excludes decommissioning costs. Provisions for depreciation were at average annual rates of 3.14% and 3.15% for the three months ended March 31, 1993 and 1994, respectively, and 3.12% and 3.13% for the twelve months ended March 31, 1993 and 1994, respectively, of average depreciable utility plant and equipment. The provisions for chemical cleaning are reflected in the Statements of Consolidated Income in maintenance expense and in the Consolidated Balance Sheets in other noncurrent liabilities.

Nuclear plant decommissioning costs are accrued over the expected service life of the related nuclear generating stations. The accrual is based on an annual levelized cost of the unrecovered portion of estimated decommissioning costs which are escalated for expected inflation to the expected time of decommissioning and are net of expected earnings on the trust fund. See "Decommissioning" under "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Results of Operations," for a discussion of questions raised by the staff of the Securities and Exchange Commission regarding the electric utility industry method of accounting for decommissioning costs. Decommissioning is expected to occur relatively soon after the end of the useful life of each related generating station. The accrual for decommissioning is based on the prompt removal method authorized

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by the Nuclear Regulatory Commission (NRC) guidelines. The Company's twelve operating units have estimated remaining service lives ranging from 13 to 34 years. The Company's first nuclear unit is retired and will be dismantled with the remaining operating units at that station, which is consistent with the regulatory treatment for the related decommissioning costs.

The Company recently completed a study which determined that decommissioning costs, including the costs of decontamination, dismantling and site restoration, are estimated to aggregate $4.24 billion, in current-year (1994) dollars. This amount compares to the estimate for decommissioning costs of $2.45 billion, in current-year (1994) dollars, reflected in the Company's last rate order of March 8, 1991. The $4.24 billion estimate is based on plant location and cost characteristics for the Company's nuclear plants and reflects additional low level waste burial costs, higher labor costs due to reduced administrative radiation dose limit requirements and higher costs resulting from an additional five-year period in the decommissioning process to allow sufficient cooling of on-site spent nuclear fuel before it is removed from the fuel pool.

On February 10, 1994, the Company filed a rate increase request with the ICC. As part of that request, the Company proposed to increase its annual accrual of decommissioning costs to approximately $170 million from the current level of $127 million approved in the March 8, 1991 rate order. The assumptions used to calculate the $43 million proposed increase in the annual accrual of decommissioning costs (such as the decommissioning cost estimate of $4.06 billion, stated in 1993 dollars, after-tax earnings on the tax-qualified and nontax-qualified decommissioning funds of 7.30% and 6.26%, respectively, as well as a future escalation rate of 5.3% in decommissioning costs) reflect some uncertainty. The rate filing is designed to provide greater assurance than current rate levels that sufficient funds will be available in the external decommissioning trusts for decommissioning expenditures when the nuclear plants are retired. The current accrual of $127 million, coupled with accumulated earnings on the trust fund assets, would provide approximately the same amount of funds to pay estimated decommissioning costs if a 4.5% escalation rate is assumed.

For the twelve operating nuclear units, decommissioning costs are recorded as portions of depreciation expense and accumulated provision for depreciation on the Statements of Consolidated Income and the Consolidated Balance Sheets, respectively. As of March 31, 1994, the total decommissioning costs included in the accumulated provision for depreciation were approximately $892 million. For the retired nuclear unit, the total estimated liability at March 31, 1994 in current-year (1994) dollars of approximately $228 million was recorded on the Consolidated Balance Sheets as a noncurrent liability and the unrecovered portion of the liability of approximately $144 million was recorded as a regulatory asset. Illinois law requires the Company to establish external trusts to hold decommissioning funds, and the ICC has approved the Company's funding plan and requires annual contributions of current accruals and ratable contributions of past accruals over the remaining service lives of the nuclear plants. At March 31, 1994, the past accruals that are required to be contributed to the external trusts aggregate $143 million. The fair value of funds accumulated in the external trusts at March 31, 1994 was approximately $833 million which includes pre-tax unrealized appreciation of $18 million. The earnings on the external trusts accumulate in the fund balance and in the accumulated provision for depreciation. Such earnings on the external trust funds, which have been recorded as a component of depreciation expense in the Company's Statements of Consolidated Income, were $8,782,000 and $12,527,000 for the three months ended March 31, 1993 and 1994, respectively, and $33,888,000 and $44,573,000 for the twelve months ended March 31, 1993 and 1994, respectively.

Amortization of Nuclear Fuel. The cost of nuclear fuel is amortized to fuel expense based on the quantity of heat produced using the unit of production method. As authorized by the ICC, provisions for spent nuclear fuel disposal

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costs have been recorded at a level required to recover the fee payable on

current nuclear-generated and sold electricity and the current interest accrual on the one-time fee payable to the Department of Energy (DOE) for nuclear generation prior to April 7, 1983. The one-time fee and interest thereon have been recovered and the current fee and current interest on the one-time fee are currently being recovered through the fuel adjustment clause. See Note 10 for further information concerning the disposal of spent nuclear fuel, the one-time fee and the current interest accrual on the one-time fee. Nuclear fuel expenses, including leased fuel costs and provisions for spent nuclear fuel disposal costs, for the three months ended March 31, 1993 and 1994 were $88,855,000 and $89,243,000, respectively, and for the twelve months ended March 31, 1993 and 1994 were $371,146,000 and $386,282,000, respectively.

Income Taxes. Deferred income taxes are provided for income and expense items recognized for financial accounting purposes in periods that differ from those for income tax purposes. Income taxes deferred in prior years are charged or credited to income as the book/tax timing differences reverse. Prior years' deferred investment tax credits are amortized through credits to income generally over the lives of the related property. Income tax credits resulting from interest charges applicable to nonoperating activities, principally construction, are classified as other income.

For additional information relating to income taxes, including information related to the Company's adoption in January 1993 of Statement of Financial Accounting Standards (SFAS) No. 109 Accounting for Income Taxes, which requires an asset and liability approach to accounting for income taxes, see Note 14. In addition, see "Taxes" under the subcaption "Results of Operations," in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Allowance for Funds Used During Construction (AFUDC). In accordance with uniform systems of accounts prescribed by regulatory authorities, the Company capitalizes AFUDC, compounded semiannually, which represents the estimated cost of funds used to finance its construction program. The equity component of AFUDC is recorded on an after-tax basis and the borrowed funds component of AFUDC is recorded on a pre-tax basis. The average annual capitalization rates for the three months ended March 31, 1993 and 1994 were 10.23% and 9.84%, respectively, and for the twelve months ended March 31, 1993 and 1994 were 10.22% and 9.95%, respectively.

For additional information regarding AFUDC, see Note 14 and "Other Items," under the subcaption "Results of Operations," in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Interest. Total interest costs incurred on debt, leases and other obligations for the three months ended March 31, 1993 and 1994 were $181,230,000 and $190,125,000, respectively, and for the twelve months ended March 31, 1993 and 1994 were $732,518,000 and $787,534,000, respectively.

Debt Discount, Premium and Expense. Discount, premium and expense on long-term debt are being amortized over the lives of the respective issues.

Loss on Reacquired Debt. Consistent with regulatory treatment, the net loss from reacquisition of first mortgage bonds, sinking fund debentures and pollution control obligations prior to their scheduled maturity dates is deferred and amortized over the lives of the long-term debt or notes issued to finance the reacquisition.

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Deferred Unrecovered Energy Costs. The uniform fuel adjustment clause adopted by the ICC provides for the recovery of changes in fossil and nuclear fuel costs and the energy portion of purchased power costs as compared to the fuel and purchased energy costs included in base rates. As authorized by the ICC, the Company has recorded under or overrecoveries of allowable fuel and energy costs which, under the clause, are recoverable or refundable in subsequent months.

At December 31, 1993 and March 31, 1994, the Company had unrecovered fuel costs in the form of coal reserves of approximately $517 million. In prior years, the Company's commitments for the purchase of coal exceeded its requirements. Rather than take all the coal it was required to take, the Company agreed to purchase the coal in place in the form of coal reserves. The Company has been allowed to recover from its customers the costs of the coal reserves through its fuel adjustment clause as the coal is used for the generation of electricity. The Company expects to recover the costs of the coal reserves by the year 2007. However, the Company is not earning a return on the expenditures for coal reserves prior to the coal reserves being used for the generation of electricity by including the coal reserves in rate base. Unrecovered fuel costs expected to be recovered in one year or less amounting to approximately $24 million and $31 million at December 31, 1993 and March 31, 1994, respectively, have been included on the Consolidated Balance Sheets in current assets as deferred unrecovered energy costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaptions "Liquidity and Capital Resources" and "Results of Operations," for information concerning coal commitments and the Company's fuel supply, respectively. See Note 19 for additional information concerning the Company's coal commitments.

Under the Energy Policy Act of 1992, investor-owned electric utilities that have purchased enrichment services from the DOE are being assessed amounts to fund a portion of the cost for the decontamination and decommissioning of three nuclear enrichment facilities previously operated by the DOE. The Company's portion of such assessments is estimated to be approximately $15 million per year (to be adjusted annually for inflation). The Act provides that such assessments are to be treated as a cost of fuel. As of December 31, 1993 and March 31, 1994, a liability of approximately $177 million in other noncurrent liabilities and approximately $29 million in other current liabilities was recorded. As of December 31, 1993 and March 31, 1994, a related asset of $202 million and $199 million, respectively, was recorded, of which the approximate $15 million current portion has been included on the Consolidated Balance Sheets in current assets as deferred unrecovered energy costs. Approximately $3,800,000 and $3,681,000 for the three months ended March 31, 1993 and 1994, respectively, and approximately $7,600,000 and $14,455,000 for the twelve months ended March 31, 1993 and 1994, respectively, associated with such assessments were amortized to fuel expense and were reflected in the fuel adjustment clause.

Regulatory Assets and Liabilities. Regulatory assets include the unamortized portions of certain rate case and consultant costs associated with the prudency audits of Byron and Braidwood stations which the ICC allowed to be deferred and amortized for ratemaking purposes, unamortized deferred depreciation related to Byron Unit 1 which the ICC allowed to be deferred and amortized over the remaining life of the unit, unamortized losses on reacquired debt, unamortized deferred carrying charges associated with the Byron and Braidwood stations which the ICC allowed to be deferred and amortized for ratemaking purposes, a

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regulatory asset for the unrecovered portion of nuclear decommissioning costs for Dresden Unit 1 and a regulatory asset related to income taxes recorded in compliance with SFAS No. 109, which the Company adopted in January 1993. A regulatory liability related to income taxes was also recorded in compliance with SFAS No. 109. Regulatory liabilities also include a liability corresponding to a noncurrent receivable included on the Consolidated Balance Sheets under deferred charges and other noncurrent assets, subcaption other, which represents the Company's contractual settlement option if it had terminated its insurance coverages with Nuclear Mutual Limited (NML) as of the balance sheet dates. See Note 19 for additional information regarding the Company's insurance coverages with NML.

For additional information relating to deferred carrying charges, see "Deferred Carrying Charges," under the subcaption "Results of Operations," in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Certain Investments. Effective January 1, 1994, the Company adopted SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities, which addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. For additional information, see Note 11.

Reclassifications. Certain prior year amounts have been reclassified to conform with current period presentation. These reclassifications had no effect on net income.

Statements of Cash Flows. For purposes of the Statements of Consolidated Cash Flows, temporary cash investments, generally investments maturing in three months or less at the time of purchase, are considered to be cash equivalents. Supplemental information required by SFAS No. 95 is as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
Supplemental Cash Flow Information:				
Cash paid during the period for:				
Interest (net of amount capitalized)............	$201,251	$ 172,947	$682,787	$649,365
Income taxes (net of refunds)..................	$ 892	$(133,389)	$169,968	$(31,267)
Supplemental Schedule of Non-Cash Investing and Financing Activities:				
Capital lease obligations incurred..................	$108,177	$ 117,499	$220,535	$223,080

(2) SETTLEMENTS RELATING TO CERTAIN RATE MATTERS. In November 1993, two

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settlements related to various proceedings and matters concerning the Company's rates and its fuel adjustment clause became final. One settlement (Rate Matters Settlement), which became final on November 4, 1993, concerned the proceedings relating to the Company's 1985 and 1991 ICC rate orders (which orders relate to, among other things, the recovery of costs associated with the Company's four most recently completed nuclear generating units, Byron Units 1 and 2 and Braidwood Units 1 and 2), the proceedings relating to the reduction in the difference between the Company's summer and non-summer residential rates that was effected in the summer of 1988, outstanding issues relating to the appropriate interest rate and rate design to be applied to a refund made by the Company during 1990 relating to a December 1988 ICC rate order, and matters related to a rider to the Company's rates that the Company was required to file as a result of the change in the federal corporate income tax rate made by the Tax Reform Act of 1986. The other settlement (Fuel Matters Settlement), which became final on November 15, 1993, related to the ICC fuel reconciliation proceedings involving the Company for the period from 1985 through 1988 and to future challenges by the settling parties to the prudency of the Company's western coal costs for the period from 1989 through 1992.

Under the Rate Matters Settlement, effective as of November 4, 1993, the Company reduced its rates by approximately $339 million annually and commenced refunding approximately $1.26 billion (including revenue taxes), plus interest at five percent on the unpaid balance, through temporarily reduced rates over an initial refund period scheduled to be twelve months (to be followed by a reconciliation period of no more than five months). The Company had previously deferred the recognition of revenues during 1993 as a result of developments in the proceedings related to the March 1991 ICC rate order, which resulted in a reduction to 1993 net income of approximately $160 million. The recording of the effects of the Rate Matters Settlement in October 1993 reduced the Company's 1993 net income and retained earnings by approximately $292 million or $1.37 per common share, in addition to the effect of the deferred recognition of revenues and after the partially offsetting effect of recording approximately $269 million (or $1.26 per common share) in deferred carrying charges, net of income taxes, authorized in the ICC rate order issued on January 6, 1993 (as subsequently modified, the Remand Order). The deferred

recognition of revenues was eliminated in October 1993 at the time the provisions for revenue refunds related to the Rate Matters Settlement, which reflected those deferred revenues, were recorded. Consistent with such treatment of the deferred recognition of revenues in 1993, the financial statements presented herein for the three months and twelve months ended March 31, 1993 and the twelve months ended March 31, 1994 reflect the reclassification of the deferred recognition of revenues from operating revenues to provisions for revenue refunds. This reclassification had no effect on net electric operating revenues. In January 1994, a purported class action was filed in the Circuit Court of Cook County, Illinois (Circuit Court) challenging the method in which the refunds are being made to residential customers in the Rate Matters Settlement. The Company does not believe that the complaint has any merit.

Under the Fuel Matters Settlement, effective as of December 2, 1993, the Company commenced paying approximately $108 million (including revenue taxes) to its customers through temporarily reduced collections under its fuel adjustment clause over a twelve-month period. The Company recorded the effects of the Fuel Matters Settlement in October 1993, which effects reduced the Company's 1993 net income and retained earnings by approximately $62 million or $0.29 per common share.

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(3) OTHER RATE MATTERS. On February 10, 1994, the Company filed a request with the ICC to increase electric operating revenues by approximately $460 million, or 7.9%, on an annual basis above the level of revenues approved in the Rate Matters Settlement. This request principally reflects the inclusion of Byron Unit 2 and Braidwood Units 1 and 2 (Units) in the Company's rate base as fully "used and useful," increased operation and maintenance expenses over the level reflected in the Remand Order, increased contributions to the external trust funds which the Company is required to fund to cover the eventual decommissioning of its nuclear power plants and lower debt and equity costs. The ICC has suspended the rates, appointed hearing examiners and ordered an investigation. Under the Illinois Public Utilities Act, the ICC must decide the case by early January 1995.

In the Remand Order, the rate determination was based upon, among other things, findings by the ICC with respect to the extent to which the Units were "used and useful" during the 1991 test year period of the rate order. With respect to the "used and useful" issue, the ICC applied a needs and economic benefits methodology, using a twenty percent reserve margin and forecasted peak demand, and found Byron Unit 2 and Braidwood Units 1 and 2 to be 93%, 21% and 0%, respectively, "used and useful." The Company has not recorded any disallowances related to the "used and useful" issue. The Company considers the "used and useful" disallowance in the Remand Order to be temporary. The ICC concluded in the Remand Order that the forecasts in the record in that proceeding indicate that Braidwood Units 1 and 2 will be fully "used and useful" within the reasonably foreseeable future.

(4) AUTHORIZED SHARES AND VOTING RIGHTS OF CAPITAL STOCK. At March 31, 1994, the authorized shares of capital stock were: common stock--250,000,000 shares; preference stock--23,600,290 shares; $1.425 convertible preferred stock--281,307 shares; and prior preferred stock--850,000 shares. The prior preferred and preference stocks are issuable in series and may be issued with or without mandatory redemption requirements. Holders of shares at any time outstanding, regardless of class, are entitled to one vote for each share held on each matter submitted to a vote at a meeting of stockholders, with the right to cumulate votes in all elections for directors.

(5) COMMON STOCK. At March 31, 1994, shares of common stock were reserved for the following purposes:

<TABLE>

<S>	<C>
1993 Long-Term Incentive Plan	4,000,000
Employe Stock Purchase Plan	1,422,368
Employe Savings and Investment Plan	527,803
Conversion of $1.425 convertible preferred stock	286,933
Conversion of warrants	42,690
	6,279,794

</TABLE>

During the three months and twelve months ended March 31, 1993 and 1994, shares of common stock were issued as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31	TWELVE MONTHS ENDED MARCH 31

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	1993	1994	1993	1994
Employe Stock Purchase Plan............	--	--	374,815	268,594
Employe Savings and Investment Plan....	52,700	38,000	241,800	138,700
Conversion of $1.425 convertible preferred stock..........................	1,053	5,750	11,229	27,072
Conversion of warrants.................	161	198	1,107	1,411
	53,914	43,948	628,951	435,777

At December 31, 1993 and March 31, 1994, 128,699 and 128,071 common stock purchase warrants, respectively, were outstanding. The warrants entitle the holders to convert such warrants into common stock at a conversion rate of one share of common stock for three warrants.

(6) PREFERRED AND PREFERENCE STOCKS WITHOUT MANDATORY REDEMPTION REQUIREMENTS. No shares of preferred or preference stocks without mandatory redemption requirements were issued or redeemed by the Company during the twelve months ended March 31, 1993 and 1994. The series of preference stock without mandatory redemption requirements outstanding at March 31, 1994 are summarized as follows:

SERIES	SHARES OUTSTANDING	AGGREGATE STATED VALUE (THOUSANDS OF DOLLARS)	REDEMPTION PRICE(A)	INVOLUNTARY LIQUIDATION PRICE(A)
$1.90	4,249,549	$106,239	$ 25.25	$25.00
$2.00	2,000,000	51,560	$ 26.04	$25.00
$1.96	2,000,000	52,440	$ 27.11	$25.00
$7.24	750,000	74,340	$101.00	$99.12
$8.40	750,000	74,175	$101.00	$98.90
$8.38	750,000	73,566	$100.16	$98.09
	10,499,549	$432,320		

- - --------
(a) Per share plus accrued and unpaid dividends, if any.

The outstanding shares of the $1.425 convertible preferred stock are convertible at the option of the holders thereof, at any time, into common stock at the rate of 1.02 shares of common stock for each share of convertible preferred stock, subject to future adjustment. The convertible preferred stock may be redeemed by the Company at $42 per share, plus accrued and unpaid dividends, if any. The involuntary liquidation price of the $1.425 convertible preferred stock is $31.80 per share, plus accrued and unpaid dividends, if any. The number of shares of convertible preferred stock converted into common stock for the three months ended March 31, 1993 and 1994 was 1,033 shares and 5,642 shares, respectively, and for the twelve months ended March 31, 1993 and 1994 was 11,016 shares and 26,551 shares, respectively.

(7) PREFERENCE STOCK SUBJECT TO MANDATORY REDEMPTION REQUIREMENTS. During the twelve months ended March 31, 1993, no shares of preference stock subject to mandatory redemption requirements were issued. During the twelve months ended March 31, 1994, 700,000 shares of preference stock subject to mandatory redemption requirements were issued. The series of preference

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS--CONTINUED

stock subject to mandatory redemption requirements outstanding at March 31, 1994 are summarized as follows:

SERIES	SHARES OUTSTANDING	AGGREGATE STATED VALUE (THOUSANDS OF DOLLARS)	OPTIONAL REDEMPTION PRICE(A)
$8.20	321,420	$ 32,142	$103 through October 31, 1997; and $101 thereafter
$8.40 Series B	418,870	41,605	$101
$8.85	375,000	37,500	$103 through July 31, 1998; and $101 thereafter
$9.25	825,000	82,500	$105 through July 31, 1994; $103 through July 31, 1999; and $101 thereafter
$9.00	650,000	64,431	Non-callable
$6.875	700,000	69,475	Non-callable
	3,290,290	$327,653	

(a) Per share plus accrued and unpaid dividends, if any.

The annual sinking fund requirements and sinking fund and involuntary liquidation prices per share of the outstanding series of preference stock subject to mandatory redemption requirements are summarized as follows:

SERIES	ANNUAL SINKING FUND REQUIREMENT	SINKING FUND PRICE(A)	INVOLUNTARY LIQUIDATION PRICE(A)
$8.20	35,715 shares	$100	$100.00
$8.40 Series B	30,000 shares(b)	$100	$ 99.326
$8.85	37,500 shares	$100	$100.00
$9.25	75,000 shares	$100	$100.00
$9.00	130,000 shares beginning in 1996(b)	$100	$ 99.125
$6.875	(c)	$100	$ 99.25

(a) Per share plus accrued and unpaid dividends, if any.
(b) The Company has a non-cumulative option to increase the annual sinking fund payment on each sinking fund redemption date to retire an additional number of shares, not in excess of the sinking fund requirement, at the applicable redemption price.
(c) All shares are required to be redeemed on May 1, 2000.

Annual remaining sinking fund requirements through 1998 on preference stock outstanding at March 31, 1994 will aggregate $17,709,000 in 1994, $17,822,000 in 1995, $30,822,000 in 1996, $30,822,000 in 1997 and $30,822,000 in 1998. During the twelve months ended March 31, 1993 and 1994, 794,262 shares and 1,834,025 shares, respectively, of preference stock subject to mandatory

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redemption requirements were reacquired to meet sinking fund requirements.

Sinking fund requirements due within one year are included in current liabilities.

On November 1, 1992, the Company redeemed 300,000 shares of its $2.875 Series of preference stock at the optional redemption price of $25 per share and 75,000 shares of its $11.70 Series of preference stock at the optional redemption price of $100 per share, plus accrued and unpaid dividends.

On June 28, 1993, the Company redeemed the remaining 170,810 shares of its $2.875 Series of preference stock and all 1,050,000 shares of its $2.375 Series of preference stock, both at the optional redemption price of $25.25 per share, plus accrued and unpaid dividends.

On November 1, 1993, the Company redeemed the remaining 75,000 shares of its $11.70 Series of preference stock (150,000 shares had been redeemed on August 1, 1993 at the optional redemption price of $105 per share, plus accrued and unpaid dividends). Of the remaining 75,000 shares, 37,500 shares were redeemed to meet the November 1, 1993 mandatory sinking fund requirement and 37,500

shares were redeemed as a permitted optional sinking fund payment, both at the sinking fund redemption price of $100 per share, plus accrued and unpaid dividends.

On November 1, 1993, the Company redeemed all 210,000 shares of its $9.30 Series of preference stock, of which 70,000 shares were redeemed at the optional redemption price of $101.03 per share, plus accrued and unpaid dividends, 70,000 shares were redeemed to meet the November 1, 1993 mandatory sinking fund requirement and 70,000 shares were redeemed as a permitted optional sinking fund payment, the latter two at the sinking fund redemption price of $100 per share, plus accrued and unpaid dividends.

(8) LONG-TERM DEBT. Sinking fund requirements and scheduled maturities remaining through 1998 for first mortgage bonds, debentures and other long-term debt outstanding at March 31, 1994, after deducting debentures and first mortgage bonds reacquired for satisfaction of future sinking fund requirements, are summarized as follows: 1994--$460,014,000; 1995--$494,027,000; 1996--$232,808,000; 1997--$395,038,000; and 1998--$350,027,000.

Other long-term debt outstanding at March 31, 1994 is summarized as follows:

<TABLE>
<CAPTION>

DEBT SECURITY	PRINCIPAL AMOUNT (THOUSANDS OF DOLLARS)	INTEREST RATE PROVISIONS
<S>	<C>	<C>
Notes:		
Medium Term Notes, Series 1N due various dates through April 1, 1998	$ 82,500	Interest rates ranging from 9.27% to 10.48%
Medium Term Notes, Series 2N due various dates through July 1,		

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1996	56,300	Interest rates ranging from 9.57% to 9.874%
Medium Term Notes, Series 3N due various dates through October 15, 2004	399,000	Interest rates ranging from 8.77% to 9.20%
Medium Term Notes, Series 4N due various dates through May 15, 1997	195,000	Interest rates ranging from 7.90% to 8.875%
Notes due April 15, 1994	180,000	Fixed interest rate of 5.75%
Notes due July 15, 1995	100,000	Fixed interest rate of 5.50%
Notes due July 15, 1997	100,000	Fixed interest rate of 6.50%
Notes due October 15, 2005	235,000	Fixed interest rate of 6.40%
	$1,347,800	
Long-Term Notes Payable to Banks:		
Note due January 9, 1995	$ 100,000	Prevailing interest rate of 3.94% at March 31, 1994
Notes due July 31, 1995	150,000	Prevailing interest rates averaging 4.25% at March 31, 1994
	$ 250,000	
Purchase Contract Obligations:		
Woodstock due January 2, 1997	$ 273	Fixed interest rate of 4.50%
Hinsdale due April 30, 2005	513	Fixed interest rate of 3.00%
	$ 786	
	$1,598,586	

</TABLE>

Long-term debt maturing within one year has been included in current liabilities.

The Company's outstanding first mortgage bonds are secured by a lien on substantially all property and franchises, other than expressly excepted property, owned by the Company.

(9) LINES OF CREDIT. The Company had total bank lines of credit of approximately $981 million and unused bank lines of credit of approximately $975 million at March 31, 1994. Of that amount, $975 million (of which $175 million expires October 3, 1994, $40 million expires in equal quarterly installments

commencing on December 31, 1994 and ending on September 30, 1996, $188 million expires in equal quarterly installments commencing on December 31, 1995 and ending on September 30, 1997 and $572 million expires in equal quarterly installments commencing on December 31, 1996 and ending on September 30, 1998) may be borrowed on secured or unsecured notes of the Company at various interest rates. The interest rate is set at the time of a borrowing and is

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based on several floating rate bank indices plus a spread which is dependent upon the Company's credit ratings, or on a prime interest rate. Amounts under the remaining lines of credit may be borrowed at prevailing prime interest rates on unsecured notes of the Company. Collateral, if required for the borrowings, would consist of first mortgage bonds issued under and in accordance with the provisions of the Company's mortgage. The Company is obligated to pay commitment fees with respect to $975 million of such lines of credit.

(10) DISPOSAL OF SPENT NUCLEAR FUEL. Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. The Company, as required by that Act, has signed a contract with the DOE to provide for the disposal of spent nuclear fuel and high-level radioactive waste from the Company's nuclear generating stations beginning not later than January 1998. The contract with the DOE requires the Company to pay the DOE a one-time fee applicable to nuclear generation through April 6, 1983 of approximately $277 million, with interest to date of payment, and a fee payable quarterly equal to one mill per kilowatthour of nuclear-generated and sold electricity after April 6, 1983. The Company has elected to pay the one-time fee, with interest, just prior to the first scheduled delivery of spent nuclear fuel to the DOE, which is scheduled to occur not later than January 1998; however, this delivery schedule is expected to be delayed significantly. The Company has recorded the liability for the one-time fee and the related interest in its Consolidated Balance Sheets.

(11) FAIR VALUE OF FINANCIAL INSTRUMENTS. The following methods and assumptions were used to estimate the fair value of financial instruments held by or issued and outstanding by the companies. The disclosure of such information does not purport to be a market valuation of the companies as a whole. The impact of any realized or unrealized gains or losses related to such financial instruments on the companies' financial position or results of operations is dependent on the treatment authorized under future ratemaking proceedings.

Investments. Securities included in Nuclear Decommissioning Funds have been classified and accounted for as "available for sale" securities. The estimated fair value of the Nuclear Decommissioning Funds, as determined by the Trustee, is based on published market data. Financial instruments included in Other Investments at a cost of approximately $4 million at December 31, 1993 and approximately $5 million at March 31, 1994, are not material in relation to other financial instruments of the companies; therefore, an estimate of the fair value of these instruments has not been made. The net earnings of the Nuclear Decommissioning Funds, which are recorded as increases to the Accumulated Provision for Depreciation (only the realized portion prior to January 1, 1994), for the three months and twelve months ended March 31, 1993 and 1994 were as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Gross proceeds from sales of securities..........................	$ 116,283	$ 177,660	$ 348,710	$ 450,061
Less cost based on specific identification......................	(114,553)	(173,574)	(341,206)	(436,755)
Realized gains on sales of securities............................	$ 1,730	$ 4,086	$ 7,504	$ 13,306
Other realized fund earnings net				

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of expenses	7,052	8,441	26,384	31,267
Total realized net earnings of the funds	$ 8,782	$ 12,527	$ 33,888	$ 44,573
Unrealized gains (losses)	10,927	(44,210)	27,674	(24,168)
Total net earnings (losses) of the funds	$ 19,709	$ (31,683)	$ 61,562	$ 20,405

</TABLE>

Current Assets. Cash, Temporary Cash Investments and Other Cash Investments, which includes U.S. Government Obligations and other short-term marketable securities, and Special Deposits, which primarily includes cash deposited for the redemption, refund or discharge of debt securities, are stated at cost, which approximates their fair value because of the short maturity of these instruments. The securities included in these categories have been classified as "available for sale" securities.

Capitalization. The estimated fair value of Preferred and Preference Stocks (Without and Subject to Mandatory Redemption Requirements) and Long-Term Debt, including the current portion thereof, has been obtained from an independent consultant. Estimated fair values exclude accrued interest and preferred and preference dividends. Purchase contract obligations included in Long-Term Debt at a cost of approximately $1 million at December 31, 1993 and March 31, 1994, are not material in relation to other financial instruments of the companies; therefore, an estimate of the fair value of these instruments has not been made. Long-Term Notes Payable to Banks in the amount of $250 million at December 31, 1993 and March 31, 1994, for which interest is paid at prevailing rates, are included in the financial statements at cost, which approximates their fair value.

Current Liabilities. The carrying value of Notes Payable, which consists of commercial paper and/or bank loans having a maturity of less than one year, approximates their fair value because of the short maturity of these instruments. See "Capitalization" above for a discussion of the fair value of the current portion of long-term debt and redeemable preference stock.

Other Noncurrent Liabilities. The carrying value of Accrued Spent Nuclear Fuel Disposal Fee and Related Interest represents the settlement value as of December 31, 1993 and March 31, 1994; therefore, the carrying value is equal to the fair value.

The estimated fair values of the companies' financial instruments other than those instruments reflected in the financial statements at cost which approximates fair value, as of January 1, 1994 and March 31, 1994, are as follows:

<TABLE>
<CAPTION>

	JANUARY 1, 1994			MARCH 31, 1994		
	COST BASIS	UNREALIZED GAINS	FAIR VALUE	COST BASIS	UNREALIZED GAINS (LOSSES)	FAIR VALUE
	(THOUSANDS OF DOLLARS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Nuclear Decommissioning						

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Funds:						
Short-term investments.	$ 22,030	$ 4	$ 22,034	$ 37,960	$ 14	$ 37,974
U.S. Treasury bonds....	25,113	14	25,127	19,940	(1,468)	18,472
Municipal bonds........	598,559	49,851	648,410	536,965	15,170	552,135
Common stock...........	48,282	10,974	59,256	206,858	(161)	206,697
Other..................	12,857	1,139	13,996	13,874	4,217	18,091
Total................	$ 706,841	$ 61,982	$ 768,823	$ 815,597	$ 17,772	$ 833,369

<CAPTION>

	JANUARY 1, 1994			MARCH 31, 1994		
	CARRYING VALUE	UNREALIZED LOSSES	FAIR VALUE	CARRYING VALUE	UNREALIZED LOSSES (GAINS)	FAIR VALUE
	(THOUSANDS OF DOLLARS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Capitalization (including current portion):						
Preferred and Preference Stocks (without and subject to mandatory redemption requirements).........	$ 769,098	$ 7,015	$ 776,113	$ 768,918	$(17,789)	$ 751,129
Long-Term Debt.........	$7,746,734	$412,241	$8,158,975	$7,758,868	$104,290	$7,863,158

</TABLE>

At March 31, 1994, the debt securities held by the Nuclear Decommissioning Funds had the following maturities:

<TABLE>
<CAPTION>

	COST BASIS	FAIR VALUE
	(THOUSANDS OF DOLLARS)	
<S>	<C>	<C>
Within 1 year......................................	$ 37,960	$ 37,974
1 through 5 years..................................	23,384	24,068
5 through 10 years.................................	177,999	185,493
Over 10 years......................................	366,365	372,136

</TABLE>

(12) PENSION BENEFITS. The companies have non-contributory defined benefit pension plans which cover all regular employees. Benefits under these plans reflect each employee's compensation, years of service and age at retirement. Funding is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes and the minimum contribution required under the Employee Retirement Income Security Act of 1974, as amended. The December 31, 1993 and March 31, 1994 pension disclosures and related data were estimated pending completion of the January 1, 1994 actuarial valuation.

During 1992, the companies implemented a workforce reduction program designed to reduce the management workforce. This program included an early retirement program and voluntary and involuntary separation plans. The early retirement

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program resulted in the recognition for the year 1992 of an additional $26 million of pension cost and an increase to the projected benefit obligation of that $26 million plus an additional $39 million of unrecognized net loss. The companies also recognized in 1992 a charge to expense of $11 million primarily related to the cost of the separation plans. The total charge to income of $37 million in 1992 was approximately $23 million after reflecting income tax effects.

During 1994, the companies implemented an early retirement program for employees eligible to retire or who would become eligible to retire after December 31, 1993 and before April 1, 1995. During the first quarter of 1994, 358 employees accepted the program, resulting in the recognition of an additional $16 million of pension cost in the three months ended March 31, 1994 and an increase to the projected benefit obligation of that $16 million and an additional $24 million of unrecognized net loss. The charge to income in the three months ended March 31, 1994 was approximately $9 million after reflecting income tax effects. By the end of April 1994, a total of 603 employees had accepted the program, resulting in the recognition of an additional $14 million of pension cost in April 1994. It is estimated that in total approximately 700 employees will accept the early retirement program, resulting in the recognition of a total of $35 million of pension cost and a total increase to the projected benefit obligation of that $35 million and an additional $42 million of unrecognized net loss.

The funded status of these plans at December 31, 1993 and March 31, 1994 was as follows:

	DECEMBER 31, 1993	MARCH 31, 1994
	(THOUSANDS OF DOLLARS)	
Actuarial present value of accumulated pension plan benefits:		
Vested benefit obligation	$(2,350,000)	$(2,429,000)
Nonvested benefit obligation	(118,000)	(120,000)
Accumulated benefit obligation	$(2,468,000)	$(2,549,000)
Effect of projected future compensation levels	(477,000)	(478,000)
Projected benefit obligation	$(2,945,000)	$(3,027,000)
Fair value of plan assets, invested primarily in equity index funds, other managed equity and fixed income investments, U.S. Government, government-sponsored corporation and agency securities and listed corporate obligations	2,741,000	2,625,000
Plan assets less than projected benefit obligation	$ (204,000)	$ (402,000)
Unrecognized prior service cost	24,000	23,000
Unrecognized transition asset	(168,000)	(165,000)
Unrecognized net loss	131,000	298,000
Accrued pension liability	$ (217,000)	$ (246,000)

At December 31, 1993 and March 31, 1994, the assumed discount rate was 7.5% and the assumed annual rate of increase in future compensation levels was 4.0%. These rates were used in determining the projected benefit obligations, the accumulated benefit obligations and the vested benefit obligations.

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Pension costs were determined under the rules prescribed by SFAS No. 87, including the use of the projected unit credit actuarial cost method and the following actuarial assumptions for periods during 1992, 1993 and 1994:

	1992	1993	1994
Annual discount rate	7.50%	7.50%	7.50%
Annual rate of increase in future compensation levels	4.00%	4.00%	4.00%
Annual long-term rate of return on plan assets	9.50%	9.50%	9.50%

The components of pension costs, portions of which were recorded as components of construction costs, for the three months and twelve months ended March 31, 1993 and 1994 were as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
Service cost	$ 25,000	$ 25,000	$ 98,000	$ 96,000
Interest cost on projected benefit obligation	52,000	54,000	195,000	206,000
Actual loss/(return) on plan assets	(125,000)	80,000	(350,000)	(105,000)
Early retirement program cost	--	16,000	26,000	16,000
Net amortization and deferral	62,000	(147,000)	103,000	(148,000)
	$ 14,000	$ 28,000	$ 72,000	$ 65,000

In addition, the companies provide an employe savings and investment plan available to all regular employees who have completed three months of service. Each participating employee may contribute up to 20% of such employee's base pay and the companies match such contribution equal to 70% of up to the first 5% of contributed base salary. The companies' contributions for the three months ended March 31, 1993 and 1994 were $5,032,000 and $6,067,000, respectively, and for the twelve months ended March 31, 1993 and 1994 were $21,184,000 and $22,983,000, respectively.

(13) POSTRETIREMENT HEALTH CARE BENEFITS. The companies provide certain postretirement health care benefits for retirees and their dependents and for the surviving dependents of eligible employees and retirees. Substantially all of the companies' employees become eligible for postretirement health care benefits when they reach retirement age while working for the companies. In 1980, the companies began funding the liability for postretirement health care benefits through a trust fund, and the estimated cost of postretirement health care benefits has been accrued and funded over the working lives of the employees. Funding is based upon actuarially determined contributions that take into account the amount deductible for income tax purposes. The December 31, 1993 and March 31, 1994 postretirement health care disclosures and the related

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disclosures for 1994 periods were estimated pending completion of the January 1, 1994 actuarial valuation.

For the years 1980 through 1992, the liability for postretirement health care benefits and the related provisions for postretirement health care were equivalent to actuarial normal costs attributed over participants' employment periods from date of hire to the expected retirement date based on the aggregate cost method. On January 1, 1993, the companies adopted SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions, which requires that postretirement benefits be determined based on the projected unit credit actuarial cost method and attributed over employment periods of plan participants to the date of eligibility for postretirement benefits rather than over the entire employment period. The transition obligation shown in the following schedule is being amortized over 20.6 years.

The funded status of the plan at December 31, 1993 and March 31, 1994 was as follows:

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 1993 <C>	MARCH 31, 1994 <C>
	(THOUSANDS OF DOLLARS)	
Actuarial present value of accumulated postretirement health care obligation:		
Retirees	$ (444,000)	$ (453,000)
Active fully eligible participants	(65,000)	(66,000)
Other participants	(586,000)	(599,000)
Accumulated benefit obligation	$(1,095,000)	$(1,118,000)
Fair value of plan assets, invested primarily in S&P 500 common stocks, equity and fixed income mutual funds, and U.S. Government and listed corporate obligations	458,000	435,000
Plan assets less than accumulated postretirement health care obligation	$ (637,000)	$ (683,000)
Unrecognized transition obligation	559,000	552,000
Unrecognized net (gain) or loss	(9,000)	15,000
Accrued liability for postretirement health care	$ (87,000)	$ (116,000)

</TABLE>

For 1993 and 1994, different health care cost trends are used for pre-Medicare and post-Medicare expenses. Pre-Medicare trend rates are 14.5% for 1993 grading down in 0.5% annual increments to 5%. Post-Medicare trend rates are 12% for 1993 grading down in 0.5% annual increments to 5%. The effect of a 1% increase in the assumed health care cost trend rates for each future year would increase the accumulated postretirement health care obligation at January 1, 1994 by approximately $211 million and increase the aggregate of the service and interest cost components of plan costs by approximately $7 million for the three months ended March 31, 1994 and $27 million for the twelve months ended March 31, 1994. The annual discount rate used was 7.5% and the annual long-term

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rate of return on plan assets was 9.5%, or 9.1% after including income tax effects.

The components of postretirement health care costs, portions of which were recorded as components of construction costs, for the three months ended March 31, 1993 and 1994, and the twelve months ended March 31, 1994 were as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31
	1993	1994	1994
	(THOUSANDS OF DOLLARS)		
Service cost	$12,000	$12,000	$ 45,000
Interest cost on accumulated benefit obligation	19,000	20,000	75,000
Actual return on plan assets	(19,000)	15,000	(8,000)
Amortization of transition obligation	8,000	7,000	28,000
Other net deferral	11,000	(25,000)	(26,000)
	$31,000	$29,000	$114,000

By adopting the new standard in January 1993, the companies estimate that for the year ended December 31, 1993, postretirement costs increased $20 million, resulting in a decrease in net income of $10 million or $0.05 per common share, net of income taxes and the portion of the costs charged to construction. The ultimate effects on income are dependent on the treatment authorized in future ratemaking proceedings. As indicated above, the companies have accounted for postretirement health care benefits on an accrual basis since 1980 and accrual basis costs have been reflected in rates in ratemaking proceedings.

(14) INCOME TAXES. The components of the net deferred income tax liability at December 31, 1993 and March 31, 1994 are as follows:

	DECEMBER 31, 1993	MARCH 31, 1994
	(THOUSANDS OF DOLLARS)	
Deferred tax liabilities:		
Accelerated cost recovery and liberalized depreciation, net of removal costs	$3,095,855	$3,134,307
Overheads capitalized	286,287	280,859
Repair allowance	210,302	206,843
Regulatory assets recoverable through future rates	1,863,873	1,842,314
Deferred tax assets:		
Postretirement benefits	(134,590)	(145,799)
Unbilled revenues	(98,164)	(97,806)

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Loss carryforward	(175,197)	(134,774)
Alternative minimum tax	(137,328)	(171,954)
Unamortized investment tax credits to be settled through future rates	(490,047)	(485,146)
Other regulatory liabilities to be settled through future rates	(236,366)	(233,108)
Other--net	(80,751)	(102,571)
Net deferred income tax liability	$4,103,874	$4,093,165

</TABLE>

The $11 million decrease in the net deferred income tax liability from December 31, 1993 to March 31, 1994 is comprised of a $2 million net increase to deferred income tax expense and a $13 million decrease in regulatory assets net of regulatory liabilities pertaining to income taxes for the period.

The components of net income tax expense charged to continuing operations are as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Electric operating income:				
Current income taxes	$51,446	$35,360	$168,920	$(43,639)
Deferred income taxes	(4,390)	393	141,173	127,587
Investment tax credits deferred--net	(7,314)	(7,224)	(29,130)	(29,333)
Other (income) and deductions	(5,512)	2,627	(6,528)	(22,614)
Net income taxes charged to continuing operations	$34,230	$31,156	$274,435	$ 32,001

</TABLE>

Provisions for current and deferred federal and state income taxes and amortization of investment tax credits resulted in the following effective income tax rates for the three months and twelve months ended March 31, 1993 and 1994:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
<S>	<C>	<C>	<C>	<C>
Pre-tax book income (in thousands)	$101,704	$82,721	$788,636	$118,795
Effective income tax rate	33.7%	37.7%	34.8%	26.9%

</TABLE>

The principal differences between these rates and the federal statutory corporate income tax rate of 34% for the three months and twelve months ended March 31, 1993 and 35% for the three months and twelve months ended March 31, 1994, were as follows:

<TABLE>

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<CAPTION>

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
<S>	<C>	<C>	<C>	<C>
Federal statutory corporate income tax rate.........................	34.0%	35.0%	34.0%	35.0%
Equity component of AFUDC which was excluded from taxable income.	(0.9)	(3.1)	(0.8)	(7.4)
Amortization of investment tax credits..........................	(7.2)	(8.7)	(3.4)	(24.7)
State income tax, net of federal income tax......................	7.0	6.0	5.5	9.4
Differences between book and tax accounting primarily for property related deductions...............	(1.1)	7.6	(0.2)	10.3
Other--net........................	1.9	0.9	(0.3)	4.3
Effective income tax rate.........	33.7%	37.7%	34.8%	26.9%

</TABLE>

The Company has recorded current federal income tax liabilities that include excess amounts of alternative minimum tax (AMT) over the regular federal income tax, which amounts were also recorded as decreases to deferred federal income taxes. As shown in the first table, the cumulative excess amounts of AMT so recorded in the amount of approximately $172 million as of March 31, 1994 can be carried forward indefinitely as a credit against future years' regular federal income tax liabilities. In 1993, the Company recorded a loss for income tax purposes which may be carried forward through 2008. It is currently expected that the income tax effect of the loss carryforward in the amount of $135 million, as shown in the first table, will be utilized by the expiration date.

The Company adopted SFAS No. 109, effective January 1, 1993. SFAS No. 109 requires an asset and liability approach to accounting for income taxes which replaces the deferred method formerly used. Under the asset and liability approach, the deferred income tax liability represents the income tax effect of temporary differences between financial accounting and income tax bases of assets and liabilities and is determined at the presently enacted income tax rates. The SFAS No. 109 adjustments to the Company's deferred income tax liability related to utility operations represents income taxes recoverable or returnable through future rates and have been recorded as regulatory assets and regulatory liabilities on the balance sheet. The cumulative effect of the change in the method of accounting for income taxes resulted in an increase to net income for the three months and twelve months ended March 31, 1993 of $9.7 million or $0.05 per common share, due primarily to the reduction of deferred income taxes on nonregulated activities (primarily nonconsolidated subsidiaries) accrued in prior years at income tax rates in excess of the presently enacted income tax rates. The effect of the implementation entry on regulated activities was to record regulatory assets of $1,546 million primarily related to the equity component of AFUDC which was recorded on an after-tax basis, the borrowed funds component of AFUDC which was previously recorded net of tax and other temporary differences for which the related tax effects were not previously recorded; regulatory liabilities of $577 million primarily related to

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recognition of the deferred income tax effects of unamortized investment tax credits and to the changes in prior years' income tax rates; and a net increase to the deferred income tax liability of $969 million.

(15) TAXES, EXCEPT INCOME TAXES. Provisions for taxes, except income taxes, for the three months and twelve months ended March 31, 1993 and 1994 were as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
	(THOUSANDS OF DOLLARS)			
Illinois public utility revenue.........	$ 55,052	$ 52,543	$210,730	$196,988
Illinois invested capital...............	28,284	27,412	110,543	110,254
Municipal utility gross receipts........	32,419	35,339	132,956	110,152
Real estate.............................	41,490	44,631	164,623	165,701
Municipal compensation..................	18,037	17,725	74,968	56,565
Other--net..............................	14,587	22,423	64,883	72,457
	$189,869	$200,073	$758,703	$712,117

(16) LEASE OBLIGATIONS. On November 23, 1993, the Company consolidated its nuclear fuel lease arrangements into a new arrangement. Under the new arrangement, the Company may sell and lease back nuclear fuel from a lessor who may borrow an aggregate of $700 million (consisting of $300 million of commercial paper or bank borrowings and $400 million of intermediate term notes) to finance the transactions. The commercial paper/bank borrowing portion currently will expire on November 23, 1996, but the Company plans to ask for an extension of the expiration date. At March 31, 1994, the Company's obligation to the lessor for leased nuclear fuel amounted to $580 million. The Company has agreed to make lease payments which cover the amortization of the nuclear fuel used in the Company's reactors plus the lessor's related financing costs. The Company has an obligation for spent nuclear fuel disposal costs of leased nuclear fuel.

Future minimum rental payments, net of executory costs, at March 31, 1994 for capital leases, are estimated to aggregate $644 million, including $192 million in 1994 (after deducting $62 million for the first three months of 1994), $178 million in 1995, $127 million in 1996, $74 million in 1997, $41 million in 1998 and $32 million in 1999-2001. The estimated interest component of such rental payments aggregates $60 million. The estimated portions of obligations due within one year under capital leases are included in current liabilities and approximated $166 million and $184 million at December 31, 1993 and March 31, 1994, respectively.

The Company has operating leases for coal railcars. Future minimum rental payments at March 31, 1994 for these operating leases are estimated to aggregate $133 million, including $3 million in 1994, $6 million in each of the years 1995 through 1998 and $106 million in 1999-2024.

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(17) INVESTMENTS IN URANIUM-RELATED PROPERTIES. At March 31, 1994, the Company and its subsidiaries had investments of approximately $135 million in uranium-related properties, equipment and activities. Production of uranium from all of the uranium properties has been deferred due to depressed market prices for uranium. The Company currently expects ultimately to recover through rates charged to customers the carrying value of the uranium properties in all material respects in relation to the Company's financial position and its results of operations, but doing so depends on substantially improved market conditions. However, the Company is conducting an overall review of various operating, regulatory and investment alternatives as part of the continuing evaluation of its uranium properties and, as a result, will be reassessing its ultimate ability to recover their carrying value. If it is determined that any portion of the carrying value is not recoverable, such amount will have to be charged to income.

During 1989 and 1991, actions were brought in federal and state courts in Colorado against the Company and its subsidiary, Cotter Corporation (Cotter), alleging that Cotter has permitted radioactive and other hazardous material to be released from its mill into areas owned or occupied by the plaintiffs resulting in property damage and potential adverse health effects. The plaintiffs seek from Cotter and the Company unspecified compensatory, exemplary and medical monitoring fund damages, unspecified response costs under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), and temporary and permanent injunctive relief. In February 1994, a federal jury returned a verdict in favor of eight bellwether plaintiffs in the total amount of $76,400 in property damages, rejecting any award for exemplary or medical monitoring damages. Plaintiffs have appealed. The remaining cases are not yet scheduled for trial. Although the cases will necessarily involve the resolution of numerous contested issues of fact and law, the Company's determination is that these actions will not have a material adverse impact on the Company's financial statements. See "Part II. Other Information, Item 1. Legal Proceedings," subcaption "Litigation," for additional information.

(18) JOINT PLANT OWNERSHIP. The Company has a 75% undivided ownership interest in the Quad-Cities nuclear generating station. Further, the Company is responsible for 75% of all costs which are charged to appropriate investment, operation or maintenance accounts and provides its own financing. At March 31, 1994, for its share of ownership in the station, the Company had an investment of $536 million in production and transmission plant in service (before reduction of $162 million for the related accumulated provision for depreciation) and $59 million in construction work in progress.

(19) COMMITMENTS, CONTINGENT LIABILITIES AND THE CONSTRUCTION PROGRAM. Purchase commitments, principally related to construction and nuclear fuel, approximated $1,184 million at March 31, 1994. In addition, the Company has substantial commitments for the purchase of coal under long-term contracts. The Company's coal costs are high compared to those of other utilities. The Company's western coal contracts and its rail contracts for delivery of the western coal were renegotiated during

1992 effective as of January 1, 1993, to provide, among other things, for significant reductions in the delivered price of the coal over the duration of the contracts. However, the renegotiated contracts provide for the purchase of certain coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for additional information regarding the Company's purchase commitments.

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The Company is a member of Nuclear Mutual Limited (NML), established to provide insurance coverage against property damage to members' nuclear generating facilities. The members are subject to a retrospective premium adjustment in the event losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds of NML to the extent that the Company would have no exposure in the event of a single incident. However, the Company could be subject to a maximum assessment of approximately $67 million in any policy year, in the event losses exceed accumulated reserve funds.

If the Company had terminated its insurance coverages with NML as of March 31, 1994, it would have had a right to receive approximately $126 million, payable over a twenty-year period commencing in 1996. Any unpaid amounts, however, are subject to forfeiture in the event that, among other factors, NML's aggregate losses in any subsequent two-year period exceed $300 million or fifty percent of its surplus. The Company has recorded a noncurrent receivable in its Consolidated Balance Sheets under deferred charges and other noncurrent assets, subcaption other, representing its contractual settlement option of approximately $53 million, which reflects the $126 million discounted at an eight percent rate over a twenty-year period beginning in 1996. The Company has also recorded the $53 million as a regulatory liability.

The Company also is a member of Nuclear Electric Insurance Limited (NEIL), which provides insurance coverage against the cost of replacement power obtained during certain prolonged accidental outages of nuclear generating units and coverage for property losses in excess of $500 million occurring at nuclear stations. All companies insured with NEIL are subject to retrospective premium adjustments if losses exceed accumulated reserve funds. Capital has been accumulated in the reserve funds of NEIL to the extent that the Company would have no exposure in the event of a single incident under the replacement power coverage and the property damage coverage. However, the Company could be subject to maximum assessments, in any policy year, of approximately $27 million and $88 million in the event losses exceed accumulated reserve funds under the replacement power and property damage coverages, respectively.

The NRC's indemnity for public liability coverage under the Price-Anderson Act is supported by a mandatory industry-wide program under which owners of nuclear generating facilities could be assessed in the event of nuclear incidents. Based on the number of nuclear reactors with operating licenses, the Company would currently be subject to a maximum assessment of $991 million in the event of an incident, limited to a maximum of $125 million in any calendar year.

In addition, the Company participates in the American Nuclear Insurers and Mutual Atomic Energy Liability Underwriters Master Worker Program which provides coverage for worker tort claims filed for bodily injury caused by the nuclear energy hazard. The coverage applies to workers whose "nuclear related employment" began after January 1, 1988. The Company would currently be subject to a maximum assessment of approximately $37 million in the event losses exceed accumulated reserve funds.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations," subcaption "Liquidity and Capital Resources," for information relating to the Company's construction program and rates and financial condition.

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Shareholder derivative lawsuits were filed on October 1, 1992 and on April 14, 1993 in the Circuit Court against current and former directors of the Company alleging that they breached their fiduciary duty and duty of care to the Company in connection with the management of the activities associated with the construction of the Company's four most recently completed nuclear generating units. The lawsuits sought restitution to the Company by the defendants for unquantified and undefined losses and costs alleged to have been incurred by the Company. Both lawsuits were dismissed by the Circuit Court; however, appeals are pending before the Illinois Appellate Court.

The Company is involved in administrative and legal proceedings concerning air quality, water quality and other matters. The outcome of these proceedings may require increases in the Company's future construction expenditures and operating expenses. The Company and its subsidiaries are or are likely to become parties to proceedings initiated by the United States Environmental Protection Agency (Federal Agency), state agencies and/or other responsible parties under CERCLA with respect to a number of sites, including manufactured gas plant (MGP) sites, or may voluntarily undertake to investigate and remediate sites for which they may be liable under CERCLA. While there is a possibility that in the aggregate the cost of MGP site investigation and remediation will be substantial over time, the Company is not able to determine the most probable liability for MGPs. In accordance with accounting standards, the Company recorded a provision of $25 million in 1991 which reflects the low end of the range of its estimate of the liability associated with former MGPs. In 1993, the Company recorded a provision of $5 million which reflects the low end of the range of its estimate of the liability associated with cleanup costs of remediation sites other than former MGP sites. The Company presently estimates that its costs of investigating and remediating the former MGP and other remediation sites pursuant to CERCLA and state environmental laws will not in the aggregate be material to the financial position or results of operations of the Company. These cost estimates are based on currently available information regarding the responsible parties likely to share in the costs of responding to site contamination, the extent of contamination at sites for which the investigation has not yet been completed and the cleanup levels to which sites are expected to have to be remediated.

The Clean Air Act Amendments of 1990 (Amendments) will require reductions in sulfur dioxide emissions from the Company's Kincaid station. The Amendments also bar future utility sulfur dioxide emissions except to the extent utilities hold allowances for their emissions. Allowances which authorize their holder to emit sulfur dioxide will be issued by the Federal Agency based largely on historical levels of sulfur dioxide emissions. These allowances will be transferable and marketable. The Company's ability to increase generation in the future to meet expected increased demand for electricity will depend in part on the Company's ability to acquire additional allowances or to reduce emissions below otherwise allowable levels from its existing generating plants. In addition, the Amendments require studies to determine what controls, if any, should be imposed on utilities to control air toxic emissions, including mercury. The Company's Clean Air Compliance Plan for Kincaid station was approved by the ICC on July 8, 1993. In late 1993, however, a federal court declared the Illinois law under which the approval was received to be unconstitutional and compliance plans prepared and approved in reliance on the law to be void. Under the Plan approved by the ICC, the Company would have been allowed to burn low sulfur Illinois coal at Kincaid station without the installation of pollution control equipment for the years 1995 through 1999, and to purchase any necessary emission allowances that are expected to be available under the Amendments during this period. Also, under the Plan, the Company expected to install pollution control equipment for Kincaid station by the year 2000. When the final outcome of the federal litigation is known, the Company will determine whether any changes are required.

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The Amendments also will require reductions in nitrogen oxide emissions from the Company's fossil fuel generating units. The Illinois Environmental Protection Agency has proposed rules with respect to such emissions which would require modifications to certain of the Company's boilers. The Company's construction program for the three-year period 1994-96 includes $25 million for such modifications.

(20) SUBSEQUENT EVENTS. On April 1, 1994, the Company redeemed $16 million of 9 3/4% Illinois Environmental Facilities Financing Authority Pollution Control Revenue Bonds, Series 1983, due April 1, 2013.

On April 12, 1994, the Company issued $150 million of 7% Notes due February 15, 1997.

On May 10, 1994, the Company's shareholders approved the corporate restructuring plan in which the Company would become a subsidiary of a new parent holding company named Unicom Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

Capital Budgets. Commonwealth Edison Company (Company) and its electric utility subsidiary, Commonwealth Edison Company of Indiana, Inc. (collectively, companies), have a construction program for the three-year period 1994-96 which consists principally of improvements to the companies' existing nuclear and other electric production, transmission and distribution facilities. It does not include funds (other than for planning) to add new generating capacity to the Company's system. The program, as approved by the Company in January 1994, calls for electric plant and equipment expenditures of approximately $2,450 million (excluding nuclear fuel expenditures of approximately $780 million). This amount reflects a decrease of approximately $200 million compared with the common years (1994-95) of the previously approved construction program. In part, the decrease reflects a reduction in capital spending announced by the Company in July 1992 due to adverse financial circumstances. For additional information concerning the cost reduction plan, see "Rates and Financial Condition" below. It is estimated that such construction expenditures, with cost escalation computed at 4% annually, will be as follows:

<TABLE>
<CAPTION>

	1994	1995	1996	THREE-YEAR TOTAL
	(MILLIONS OF DOLLARS)			
<S>	<C>	<C>	<C>	<C>
Production	$295	$310	$250	$ 855
Transmission and Distribution	340	445	505	1,290
General	115	95	95	305
Total	$750	$850	$850	$2,450

</TABLE>

The Company's forecasts of peak load indicate a need for additional resources to meet demand, either through generating capacity or through equivalent

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purchased power or demand-side management resources, in 1997 and each year thereafter through the year 2000. The projected resource needs reflect the current planning reserve margin recommendations of the Mid-America Interconnected Network (MAIN), the reliability council of which the Company is a member. The Company's forecasts indicate that the need for additional resources during this period would exist only during the summer months. The Company does not expect to make expenditures for additional capacity to the extent the need for capacity can be met through cost-effective demand-side management resources, non-utility generation or other power purchases. To assess the market potential to provide such cost-effective resources, the Company solicited proposals to supply it with cost-effective demand-side management resources, non-utility generation resources and other-utility power purchases sufficient to meet forecasted requirements through the year 2000. The responses to the solicitation suggest that adequate resources to meet the Company's needs could be obtained from those sources but the Company has not yet determined whether those sources represent the most economical alternative. If the Company were to build additional capacity to meet its needs, it would need to make additional expenditures during the 1994-96 period.

The Company has not budgeted for a number of projects, particularly at generating stations, which could be required, but which the Company does not expect to be required during the budget period. In particular, the Company has not budgeted for the construction of scrubbers at its Kincaid generating station, for the replacement of major amounts of piping at its boiling water reactor nuclear stations or for the replacement of steam generators at its pressurized water reactor nuclear stations. See "Regulation" below and "Part II. Other Information, Item 1. Legal Proceedings," subcaption "Nuclear Matters," herein for additional information.

Purchase commitments, principally related to construction and nuclear fuel, approximated $1,184 million at March 31, 1994. In addition, the Company has substantial commitments for the purchase of coal under the long-term contracts indicated in the following table as well as various short-term commitments.

CONTRACT	PERIOD	COMMITMENT(1)
Black Butte Coal Co.	1994-2007	$1,180
Decker Coal Co.	1994-2015	$ 888
Big Horn Coal Co.	1998	$ 21
Various short-term	1994	$ 31

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(1) Estimated costs in millions of dollars FOB mine. No estimate of future escalation has been made.

For additional information concerning these coal contracts and the Company's fuel supply, see "Results of Operations" below and Notes 1 and 19 of Notes to Financial Statements.

The construction program will be reviewed and modified as necessary to adapt to changing economic conditions, rate levels and other relevant factors including changing business and legal needs and requirements. The Company cannot anticipate all such possible needs and requirements. While regulatory needs in particular are more likely, on balance, to require increases in construction expenditures than decreases, the Company's financial condition may require compensating or greater reductions in other construction expenditures. See "Rates and Financial Condition" below and "Part II. Other Information, Item 1. Legal Proceedings" for additional information concerning the construction program.

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Capital Resources. The Company has forecast that internal sources will provide approximately one-half of the funds required for its construction program and other capital requirements, including nuclear fuel expenditures, contributions to nuclear decommissioning trusts, sinking fund obligations and refinancing of scheduled debt maturities (the annual sinking fund requirements for preference stock and long-term debt are summarized in Notes 7 and 8 of Notes to Financial Statements). The forecast assumes the rate levels reflected in the Rate Matters Settlement (described below), and reflects the payments required to be made to customers under the Rate Matters Settlement and the Fuel Matters Settlement (described below).

The type and amount of external financing will depend on financial market conditions and the needs and capital structure of the Company at the time of such financing. The Company's new money financing requirements have increased in recent years due to higher expenditures and lower operating cash flows resulting from reduced revenues due to customer refunds and rate level adjustments ordered in various proceedings related to the level of the Company's rates and the effect of the Rate Matters Settlement and the Fuel Matters Settlement. See "Rates and Financial Condition" below regarding the Company's actions to reduce operation and maintenance expenses and its construction program expenditures in response to adverse regulatory and judicial decisions. A portion of the Company's financing is expected to be provided through the continued sale and leaseback of nuclear fuel. The Company has $975 million of unused bank lines of credit at March 31, 1994 which may be borrowed at various interest rates and which may be secured or unsecured. The interest rate is set at the time of a borrowing and is based on several floating rate bank indices plus a spread which is dependent upon the Company's credit ratings or on a prime interest rate. Collateral, if required for the borrowings, would consist of first mortgage bonds issued under and in accordance with the provisions of the Company's mortgage. See Note 9 of Notes to Financial Statements for information concerning lines of credit. See the Statements of Consolidated Cash Flows for the construction expenditures and cash flow from operating activities for the three months and twelve months ended March 31, 1994.

During the first three months of 1994, the Company issued an aggregate of 38,000 shares of common stock for approximately $1,035,000 under its employe stock plans; sold and leased back an aggregate of approximately $116,964,000 of nuclear fuel; and issued $66,000,000 aggregate principal

amount of first mortgage bonds in connection with the refinancing of certain outstanding pollution control bonds. On April 12, 1994, the Company issued $150,000,000 of 7% Notes due February 15, 1997, the proceeds of which were used to discharge outstanding debt securities.

As of May 11, 1994, the Company has an effective "shelf" registration statement with the Securities and Exchange Commission for the future sale of up to an additional $880 million of debt securities and cumulative preference stock for general corporate purposes of the Company, including the discharge or refund of other outstanding securities.

Rates and Financial Condition. The Company's financial condition is dependent upon its ability to generate revenues to cover its costs. To maintain a satisfactory financial condition, the Company must recover the costs of and a return on completed construction projects, including its three most recently completed generating units, and maintain adequate debt and preferred and preference stock coverages and common stock equity earnings. The Company has no significant revenues other than from the sale of electricity. Under the economic and political conditions prevailing in Illinois, the Company's management recognizes that competitive and regulatory circumstances may limit the Company's ability to raise its rates. Therefore, the Company's financial

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condition will depend in large measure on the Company's levels of sales, expenses and capital expenditures. See "Business and Competition" below.

In response to the adverse regulatory and judicial decisions in the proceedings relating to the level of the Company's rates, the Company implemented a cost reduction plan in 1992 involving various management workforce reductions through early retirement and voluntary and involuntary separations. Such reductions, when combined with other actions, are estimated by the Company to have saved approximately $130 million in operation and maintenance expenses during 1993. The management workforce reduction resulted in a charge to income of approximately $23 million (net of income tax effects) in 1992. In addition, the Company reached agreement in August 1993 with its unions regarding certain cost reduction actions. The agreement provided for a wage freeze until April 1, 1994, changes to reduce health care plan cost, increased use of part-time employment and changes in holiday provisions. The agreement also included a continuation of negotiations relative to other issues. Further, the Company has reduced planned construction program expenditures by approximately $200 million compared with the common years (1994-95) of the previously approved construction program. See "Rate Proceedings" below and Note 12 of Notes to Financial Statements.

The Company and union representatives reached agreement in February 1994 and announced an offer of a voluntary early retirement program. This program is available to management, non-union and union employees eligible to retire or who would become eligible to retire after December 31, 1993 and before April 1, 1995. The period for eligible employees to elect to participate in the program expired on April 20, 1994. The charge to income related to the program in the first quarter of 1994 of approximately $9 million (net of income tax effects) related to employees who accepted the program during the first quarter. The Company estimates that, in total, approximately $21 million (net of income tax effects) will be charged to income as a result of the program. See Note 12 of Notes to Financial Statements.

In addition, the quarterly common stock dividends, payable on and since November 1, 1992 were reduced by 47% from the seventy-five cents per share amount paid quarterly since 1982 to forty cents per share. Dividends have been declared on the outstanding shares of the Company's preferred and preference stocks at their regular quarterly rates. The Company's Board of Directors will continue to review quarterly the payment of dividends.

The current ratings of the Company's securities by three principal securities rating agencies are as follows:

<TABLE>
<CAPTION>

<S>	MOODY'S <C>	STANDARD & POOR'S <C>	DUFF & PHELPS <C>
First mortgage and secured pollution control bonds	Baa2	BBB	BBB
Publicly-held debentures and unsecured pollution control obligations	Baa3	BBB-	BBB-
Convertible preferred stock	baa3	BBB-	BB+
Preference stock	baa3	BBB-	BB+
Commercial paper	P-2	A-2	Duff 2

</TABLE>

The foregoing ratings reflect downgradings during 1992 and in January 1993 as a result of developments in the proceedings leading to, and the issuance of, the ICC rate order issued on January 6, 1993 (as subsequently modified, the Remand Order). In December 1993, Standard & Poor's affirmed its ratings of the

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Company's debt, although on October 27, 1993, it changed its "outlook" on the Company's ratings from stable to negative as part of its larger assessment of the electric utility industry. In December 1993, Moody's and Duff & Phelps affirmed their ratings of the Company's securities, and Moody's rating outlook on the Company remained stable. See "Part II, Item 5. Market for Registrant's Common Equity and Related Stockholder Matters" in the Company's Annual Report on Form 10-K for the year ended December 31, 1993, for additional information regarding the Company's securities ratings.

Business and Competition. The electric utility business has historically been characterized by retail service monopolies in state or locally franchised service territories. Investor-owned electric utilities have tended to be vertically integrated with all aspects of their business subject to pervasive regulation. Although customers have normally been free to supply their electric power needs through self-generation, they have not had a choice of electric suppliers and self-generation has not generally been economical.

The market in which electric utilities like the Company operate has become more competitive and many observers believe competition will intensify. Self-generation can be economical for certain customers, depending on how and when they use electricity and other customer-specific considerations. A number of competitors are currently seeking to identify and do business with those customers. In addition, suppliers of other forms of energy are increasingly competing to supply energy needs which historically were supplied primarily or exclusively by electricity.

The Energy Policy Act of 1992 will likely have a significant effect on companies engaged in the generation, transmission, distribution, purchase and sale of electricity. This Act, among other things, expands the authority of the Federal Energy Regulatory Commission to order electric utilities to transmit or "wheel" wholesale power for others, and facilitates the creation of non-utility electric generating companies. Although the Company cannot now predict the full impact of this Act, it will likely create and increase competition affecting the Company.

The Company is facing increased competition from several non-utility businesses which seek to provide energy services to users of electricity, especially larger customers such as industrial, commercial and wholesale customers. Such suppliers include independent power producers and unregulated energy services companies. In this regard, natural gas utilities operating in the Company's service area have established subsidiary ventures to provide heating, ventilating and air conditioning services, attempting to attract the Company's customers. Also, several utilities in the United States have established unregulated energy services subsidiaries which pursue business opportunities wherever they exist. In addition, cogeneration and energy services companies have begun soliciting the Company's customers to provide alternatives to using the Company's electricity.

On July 13, 1993, legislation became effective in Illinois which permits the Company to create certain unregulated subsidiaries, and to form a holding company, without being required to obtain the approval of the ICC. The legislation gives the Company and its affiliates flexibility to compete with unregulated competitors to provide energy services. The Company has created an unregulated subsidiary to engage in energy service activities and is in the process of obtaining necessary federal regulatory approvals to create a holding company structure for its operations. At the Company's annual meeting of shareholders on May 10, 1994, shareholders approved the creation of the holding company structure.

Regulation. The companies are subject to state and federal regulation in the conduct of their respective businesses, including the operations of Cotter Corporation. Such regulation includes rates, securities issuance, nuclear operations, environmental and other matters. Particularly in the cases of nuclear operations and environmental matters, such regulation can and does affect the companies' operational and capital expenditures.

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During the past several years, the Nuclear Regulatory Commission (NRC) has placed two of the Company's nuclear generating stations, Zion station and Dresden station, on its list of plants to be monitored closely. Generally, such status can be expected to result, and has resulted, in increased expenditures to address deficiencies in station management and/or operations. The Company has restructured its management of its nuclear stations and committed additional resources to their operations. In February 1993, the Company was notified by the NRC that the Company's Zion station, which was placed on the NRC's list of plants to be monitored closely in early 1991, was removed from that list. In January 1994, the Company was notified by the NRC that the Company's Dresden station, which was placed on the NRC's list of plants to be monitored closely in early 1992, would remain on that list. Also in January 1994, the NRC noted adverse performance trends at Quad-Cities station as well as at LaSalle County station. The Company had already identified and was working to correct most of the problems cited. As a consequence, the Company anticipates continued increased expenditures in connection with those stations. See "Part II. Other Information, Item 1. Legal Proceedings," subcaption "Nuclear Matters," for additional information.

The Company estimates that it will expend approximately $15 billion for decommissioning costs primarily during the period from 2007 through 2032. Such costs, which are estimated to aggregate approximately $4.24 billion in current-year (1994) dollars, are expected to be funded by the external decommissioning trust funds which the Company established in compliance with Illinois law and into which the Company has been making annual contributions. See Note 1 of Notes to Financial Statements under "Depreciation and Decommissioning" for additional information regarding decommissioning costs.

The Clean Air Act Amendments of 1990 (Amendments) will require reductions in sulfur dioxide emissions from the Company's Kincaid station. The Amendments also bar future utility sulfur dioxide emissions except to the extent utilities hold allowances for their emissions. Allowances which authorize their holder to emit sulfur dioxide will be issued by the United States Environmental Protection Agency (Federal Agency) based largely on historical levels of sulfur dioxide emissions. These allowances will be transferable and marketable. The Company's ability to increase generation in the future to meet expected increased demand for electricity will depend in part on the Company's ability to acquire additional allowances or to reduce emissions below otherwise allowable levels from its existing generating plants. In addition, the Amendments require studies to determine what controls, if any, should be imposed on utilities to control air toxic emissions, including mercury. The Company's Clean Air Compliance Plan for Kincaid station was approved by the ICC on July 8, 1993. In late 1993, however, a federal court declared the Illinois law under which the approval was received to be unconstitutional and compliance plans prepared and approved in reliance on the law to be void. Under the Plan approved by the ICC, the Company would have been allowed to burn low sulfur Illinois coal at Kincaid station without the installation of pollution control equipment for the years 1995 through 1999, and to purchase any necessary emission allowances that are expected to be available under the Amendments during this period. Also, under the Plan, the Company expected to install pollution control equipment for Kincaid station by the year 2000. When the final outcome of the federal litigation is known, the Company will determine whether any changes are required.

The Amendments also will require reductions in nitrogen oxide emissions from the Company's fossil fuel generating units. The Illinois Environmental Protection Agency has proposed rules with respect to such emissions which would require modifications to certain of the Company's boilers. The Company's construction program for the three-year period 1994-1996 includes $25 million for such modifications.

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Capital Structure. The Company's ratio of long-term debt to total capitalization has decreased to 54.8% at March 31, 1994 from 55.0% at December 31, 1993. This decrease is related primarily to the increase in the amount of current maturities of long-term debt reclassified to current liabilities.

RATE PROCEEDINGS

The Company's revenues, net income, cash flows and plant carrying costs have been affected directly by various rate-related proceedings. During the periods presented in the financial statements, the

Company was involved in proceedings concerning its October 1985 ICC rate order (which related principally to the recovery of costs associated with its Byron Unit 1 nuclear generating unit), proceedings concerning its March 1991 ICC rate order (which related principally to the recovery of costs associated with its Byron Unit 2 and Braidwood Units 1 and 2 nuclear generating units (Units)), proceedings concerning the reduction in the difference between the Company's summer and non-summer residential rates that was effected in the summer of 1988, and ICC fuel reconciliation proceedings principally concerning the recoverability of the costs of the Company's western coal. In addition, there were outstanding issues related to the appropriate interest rate and rate design to be applied to a refund that was made in 1990 following the reversal of a December 1988 ICC rate order and a rider to the Company's rates that the Company was required to file as a result of the change in the federal corporate income tax rate made by the Tax Reform Act of 1986. The uncertainties associated with such proceedings and issues, among other things, led to the Rate Matters Settlement and the Fuel Matters Settlement (which are discussed below).

The effects of the aforementioned rate proceedings during the periods presented are discussed below under "Results of Operations."

Settlements Relating to Certain Rate Matters

In November 1993, two settlements related to various proceedings and matters concerning the Company's rates and its fuel adjustment clause became final. One settlement (Rate Matters Settlement), which became final on November 4, 1993, concerned the proceedings relating to the Company's 1985 and 1991 ICC rate orders, the proceedings relating to the reduction in the difference between the Company's summer and non-summer residential rates, the outstanding interest rate and rate design issues, and a rider related to the change in the federal corporate income tax rate made by the Tax Reform Act of 1986. The other settlement (Fuel Matters Settlement), which became final on November 15, 1993, related to the ICC fuel reconciliation proceedings involving the Company for the period from 1985 through 1988 and to future challenges by the settling parties to the prudency of the Company's western coal costs for the period from 1989 through 1992.

Under the Rate Matters Settlement, effective as of November 4, 1993, the Company reduced its rates by approximately $339 million annually and commenced refunding approximately $1.26 billion (including revenue taxes), plus interest at five percent on the unpaid balance, through temporarily reduced rates over an initial refund period scheduled to be twelve months (to be followed by a reconciliation period of no more than five months). The Company had previously deferred the recognition of revenues during 1993 as a result of developments in the proceedings related to the March 1991 ICC rate order, which resulted in a reduction to 1993 net income of approximately $160 million. The recording of the effects of the Rate Matters Settlement in October 1993 reduced the Company's 1993 net income and retained earnings by approximately $292 million or $1.37 per common share, in addition to the effect of the deferred recognition of revenues and after the partially offsetting effect of recording approximately $269 million (or $1.26 per common share) in deferred carrying

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charges, net of income taxes, authorized in the ICC rate order issued on January 6, 1993 (as subsequently modified, the Remand Order). The deferred recognition of revenues was eliminated in October 1993 at the time the provisions for revenue refunds related to the Rate Matters Settlement, which reflected those deferred revenues, were recorded. Consistent with such treatment of the deferred recognition of revenues in 1993, the financial statements presented herein for the three months and twelve months ended March 31, 1993 and the twelve months ended March 31, 1994 reflect the reclassification of the deferred recognition of revenues from operating revenues to provisions for revenue refunds. This reclassification had no effect on net electric operating revenues. In January 1994, a purported class action was filed in the Circuit Court of Cook County, Illinois (Circuit Court) challenging the making of refunds to current rather than to historical residential customers in the Rate Matters Settlement. The Company does not believe that the complaint has any merit.

Under the Fuel Matters Settlement, effective as of December 2, 1993, the Company commenced paying approximately $108 million (including revenue taxes) to its customers through temporarily

reduced collections under its fuel adjustment clause over a twelve-month period. The Company recorded the effects of the Fuel Matters Settlement in October 1993, which effects reduced the Company's net income and retained earnings by approximately $62 million or $0.29 per common share.

The settlements will reduce the Company's cash flows from operations during 1994 and future periods by amounts corresponding to the rate reductions and refunds. See Note 9 of Notes to Financial Statements for information regarding unused lines of credit available to the Company.

Other Rate Matters

On February 10, 1994, the Company filed a request with the ICC to increase electric operating revenues by approximately $460 million, or 7.9%, on an annual basis above the level of revenues approved in the Rate Matters Settlement. This request principally reflects the inclusion of the Units in the Company's rate base as fully "used and useful," increased operation and maintenance expenses over the level reflected in the Remand Order, increased contributions to the external trust funds which the Company is required to fund to cover the eventual decommissioning of its nuclear power plants and lower debt and equity costs. The ICC has suspended the rates, appointed hearing examiners and ordered an investigation. Under the Illinois Public Utilities Act, the ICC must decide the case by early January 1995.

In the Remand Order, the rate determination was based upon, among other things, findings by the ICC with respect to the extent to which the Units were "used and useful" during the 1991 test year period of the rate order. With respect to the "used and useful" issue, the ICC applied a needs and economic benefits methodology, using a twenty percent reserve margin and forecasted peak demand, and found Byron Unit 2 and Braidwood Units 1 and 2 to be 93%, 21% and 0%, respectively, "used and useful." The Company has not recorded any disallowances related to the "used and useful" issue. The Company considers the "used and useful" disallowance in the Remand Order to be temporary. The ICC concluded in the Remand Order that the forecasts in the record in that proceeding indicate that Braidwood Units 1 and 2 will be fully "used and useful" within the reasonably foreseeable future.

RESULTS OF OPERATIONS

Three Months and Twelve Months Ended March 31, 1994 Compared to Three Months and Twelve Months Ended March 31, 1993

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Earnings Per Common Share. The Company's earnings per common share for the three months ended March 31, 1994 were $0.17 compared to $0.28 for the three months ended March 31, 1993 and $0.10 for the twelve months ended March 31, 1994 compared to $2.13 for the twelve months ended March 31, 1993. The decrease in the recent three-month period principally reflects higher operation and maintenance expenses, which include a non-recurring after-tax charge of $9 million (or $0.04 per common share) for additional pension costs related to an early retirement program. The decrease in the recent three-month period was partially offset by higher revenues as a result of increased kilowatthour sales. Earnings per share in the recent twelve-month period were significantly affected by the recording of the effects of the Rate Matters Settlement and Fuel Matters Settlement in October 1993, which reduced net income by approximately $354 million or $1.66 per common share, in addition to the effect of the deferred recognition of revenues which the Company had recorded during 1993 (approximately $160 million or $0.75 per common share), and after the partially offsetting effect of recording approximately $269 million or $1.26 per common share in deferred carrying charges, net of income taxes, as authorized in the Remand Order. This negative effect was partially offset by higher revenues resulting from an increase in kilowatthour sales in the recent twelve-month period. The prior three-month and twelve-month periods also reflect the favorable cumulative effect ($9.7 million or $0.05 per common share) of the Company's adoption of Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, in January 1993.

See "Rate Proceedings" above for information relating to various rate proceedings which have affected the Company's earnings per common share and "Rate Proceedings," subcaption "Settlements Relating to Certain Rate Matters" above for information regarding a reclassification of the deferred recognition of revenues from operating revenues to provisions for revenue refunds for the three months and twelve months ended March 31, 1993 and the twelve months ended March 31, 1994.

Kilowatthour Sales. Kilowatthour sales to ultimate consumers for the three months and twelve months ended March 31, 1994 increased 3.8% and 4.4% compared to the three months and twelve months ended March 31, 1993, respectively. The increase in the three-month period reflects higher kilowatthour sales to all classes of customers due primarily to colder than normal winter weather as compared to the same period ended March 31, 1993. The increase in the twelve-month period reflects higher kilowatthour sales to all classes of customers due primarily to more normal summer weather and colder than normal winter weather as compared to the same period ended March 31, 1993. Kilowatthour sales including sales for resale increased 3.8% and 14.6% during the three-month and twelve-month periods ended March 31, 1994 compared to the same periods ended March 31, 1993, respectively.

Electric Operating Revenues. Operating revenues increased in the three months ended March 31, 1994 compared to the three months ended March 31, 1993. The increase in the recent three-month period principally reflects the increased level of kilowatthour sales described above. The prior three-month period reflected higher rate levels recognized prior to January 15, 1993, the effective date on which the Company began deferring recognition of revenues for amounts over the $144 million rate increase level provided in the Remand Order. Operating revenues decreased in the twelve months ended March 31, 1994 as compared to the prior twelve-month period, principally reflecting the recording of the effects of the Rate Matters Settlement and the Fuel Matters Settlement, which reduced operating revenues by approximately $1,288 million in the period. This reduction was partially offset by the effects of the previously described higher kilowatthour sales. The decrease in operating revenues for the recent period was also partially offset by the increase in fuel costs recovered under the fuel adjustment provision.

Operating revenues for 1994 will be affected by the Rate Matters Settlement

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(discussed above), which lowered the level of the Company's rates.

Fuel Costs. Changes in fuel expense for the three months and twelve months ended March 31, 1994 as compared to the same periods ended March 31, 1993 primarily result from changes in the average cost of fuel consumed, changes in the mix of fuel sources of electric energy generated and changes in net generation of electric energy. Fuel mix is determined primarily by system load, the costs of fuel consumed and the availability of nuclear generating units. The cost of fuel consumed, net generation of electric energy and fuel sources of kilowatthour generation were as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
Cost of fuel consumed (per million Btu):				
Nuclear	$0.52	$0.54	$0.52	$0.52
Coal	$3.14	$2.28	$3.15	$2.68
Oil	$3.05	$2.78	$3.04	$2.92
Natural gas	$3.06	$2.77	$2.55	$2.70
Average all fuels	$1.22	$1.10	$1.02	$1.12
Net generation of electric energy (millions of kilowatthours)	21,781	22,213	81,959	94,697
Fuel sources of kilowatthour generation:				
Nuclear	74%	70%	82%	74%
Coal	24	26	16	24
Oil	1	2	1	1
Natural gas	1	2	1	1
	100%	100%	100%	100%

Under the Energy Policy Act of 1992, investor-owned electric utilities that have purchased enrichment services from the Department of Energy (DOE) are being assessed amounts to fund a portion of the cost for the decontamination and decommissioning of three nuclear enrichment facilities previously operated by the DOE. The Company's portion of such assessments is estimated to be approximately $15 million per year (to be adjusted annually for inflation). The Act provides that such assessments are to be treated as a cost of fuel. See Note 1 of Notes to Financial Statements for information related to the accounting for such costs.

Fuel Supply. Compared to other utilities, the Company has relatively low average fuel costs. This results from the Company's reliance predominantly on lower cost nuclear generation. The Company's coal costs, however, are high compared to those of other utilities. The Company's western coal contracts and its rail contracts for delivery of the western coal were renegotiated during 1992 effective as of January 1, 1993, to provide, among other things, for significant reductions in the delivered price of the coal over the duration of the contracts. However, the renegotiated contracts provide for the purchase of certain coal at prices substantially above currently prevailing market prices and the Company has significant purchase commitments under its contracts. In addition, as of March 31, 1994, the Company had unrecovered fuel costs in the form of coal reserves of approximately $517 million. In prior years, the

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Company's commitments for the purchase of coal exceeded its requirements. Rather than take all the coal it was required to take, the Company agreed to purchase the coal in place in the form of coal reserves. For additional information concerning the Company's coal purchase commitments, fuel reconciliation proceedings and coal reserves, see "Liquidity and Capital Resources" above and Notes 1, 2 and 19 of Notes to Financial Statements.

Purchased Power. Amounts of purchased power are primarily affected by system load, the availability of the Company's generating units and the availability and cost of power from other utilities.

The number and average cost of kilowatthours purchased were as follows:

	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994
Kilowatthours (millions).....	271	657	1,982	1,030
Cost per kilowatthour........	1.89c	2.61c	1.81c	2.36c

Deferred Under or Overrecovered Energy Costs--Net. Electric operating expenses for the three months and twelve months ended March 31, 1994 and 1993 reflect the net change in under or overrecovered allowable energy costs under the Company's fuel adjustment clause. See "Fuel Costs" and "Fuel Supply" above and Note 1 of Notes to Financial Statements.

Operation and Maintenance Expenses. Total operation and maintenance expenses increased 9% for the three months ended March 31, 1994 and decreased 1% for the twelve months ended March 31, 1994, respectively, compared to the same periods ended March 31, 1993. The increase in the current three-month period primarily reflects higher operation and maintenance expenses associated with fossil generating stations, distribution facilities, employee pension costs and certain administrative and general costs. The decrease in the twelve months ended March 31, 1994 reflects lower operation and maintenance expenses associated with fossil and nuclear generating stations, partially offset by higher expenses associated with distribution facilities, the 1993 special pay incentive program and costs of pension and other employee benefits, including postretirement health care benefits. The effects of inflation are reflected in the increases and decreases discussed below and have increased operation and maintenance costs for the three months and twelve months ended March 31, 1994.

Operation and maintenance expenses associated with the nuclear generating stations decreased $4 million and $65 million in the three months and twelve months ended March 31, 1994, respectively, compared to the same periods ended March 31, 1993. The decrease in both periods is due primarily to the effects of the Company's cost reduction efforts. However, for the year 1994 the Company has budgeted an increase in nuclear operation and maintenance expenses of approximately 4.5% over 1993 actual and currently expects to complete the year near to budget. Future operation and maintenance

expenses associated with nuclear generating stations may be significantly affected by regulatory, operational and other requirements. See "Regulation" under "Liquidity and Capital Resources" above. Operation and maintenance expenses associated with the fossil generating stations increased $10 million and decreased $7 million in the three months and twelve months ended March 31, 1994, respectively, compared to the same periods ended March 31, 1993. The increase in the three-month period reflects, in part, increased scheduled

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overhauls.

The twelve-month period ended March 31, 1994 reflects a $36 million special incentive plan cost for employees related to a sharing of operation and maintenance savings below 1993 budgeted levels.

Operation and maintenance expenses associated with the Company's distribution system increased $7 million and $14 million in the three months and twelve months ended March 31, 1994, respectively, compared to the same periods ended March 31, 1993. The increases in both periods reflect costs related to unusual service restoration and repair costs associated with severe weather during January 1994 and a system safety and reliability improvement program. Expenses associated with the Company's distribution system may increase in future years due, in part, to the effect of increased customer expectations regarding service reliability.

The costs of pension and other employee benefits, including postretirement health care benefits, increased $15 million and $2 million in the three months and twelve months ended March 31, 1994, respectively, compared to the same periods ended March 31, 1993. The increases in the current three-month and twelve-month periods reflect $16 million of non-recurring costs related to employees who elected in the first quarter to take early retirement under a 1994 early retirement program. It is estimated that, in total, the program will result in the recognition of approximately $35 million of pension cost, of which approximately $30 million was recorded through April 1994. The current twelve-month period also includes an increase of approximately $12 million in postretirement health care benefits related to the Company's adoption on January 1, 1993 of SFAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. The comparison with the prior twelve-month period is also affected by $26 million of additional pension costs recorded in the third quarter of 1992 related to the Company's 1992 workforce reduction program. See Notes 12 and 13 of Notes to Financial Statements for additional information.

Certain administrative and general costs increased $17 million for the three months ended March 31, 1994 compared to the same period ended March 31, 1993, of which $7 million was due to an increase in the provision for injuries and damages and $10 million related to increases in a number of other items, none of which was significant.

For further information regarding a cost reduction plan and its effect on operation and maintenance expenses, see "Liquidity and Capital Resources," subcaption "Rates and Financial Condition" above.

Depreciation. Depreciation expense for the three months and twelve months ended March 31, 1994 increased over the same periods a year ago as a result of additions to plant in service. See Note 1 of Notes to Financial Statements for information concerning depreciation rates and decommissioning costs.

Interest on Debt. Changes in interest on long-term debt and notes payable for the three months and twelve months ended March 31, 1994 as compared to the same periods ended March 31, 1993 were due to changes in average interest rates and in the amounts of long-term debt and notes payable outstanding. Changes in interest on long-term debt reflect new issues of debt and the retirement and redemption of issues which were refinanced at generally lower rates of interest. The average amounts of long-term debt and notes payable outstanding and average interest rates thereon were as follows:

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	THREE MONTHS ENDED MARCH 31		TWELVE MONTHS ENDED MARCH 31	
	1993	1994	1993	1994

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Long-term debt outstanding--				
Average amount (millions).................	$8,076	$8,032	$7,862	$8,107
Average interest rate...	8.25%	7.83%	8.41%	7.92%
Notes payable outstanding--				
Average amount (millions).................	$ 6	$ 6	$ 19	$ 6
Average interest rate...	5.83%	5.87%	4.49%	5.84%

Deferred Carrying Charges. In the Remand Order, the ICC provided that, for ratemaking purposes, deferred carrying charges on the reasonable and "used and useful" plant costs of the Units for the period April 1, 1989 until approximately March 20, 1991, the date the Units were reflected in rates, could be deferred and amortized. Approximately $438 million of such costs were capitalized as a regulatory asset in October 1993 and resulted in an increase to net income for the twelve months ended March 31, 1994 of approximately $265 million or $1.24 per common share. Amortization of deferred carrying charges for the three months and twelve months ended March 31, 1994 amounted to approximately $3 million and $5 million, respectively.

Taxes. In the third quarter of 1993, the President of the United States signed into law a deficit-reduction plan that included, among other things, an increase in the federal statutory corporate income tax rate from 34% to 35%, effective January 1, 1993. The estimated effect of the higher rate would be to increase the Company's costs by approximately $12 million per year. The Company began recording the effects of the increased taxes in the third quarter of 1993. In addition to the effects on income discussed above, the Company recorded in the third quarter of 1993 a net increase in the deferred income tax liability which was primarily offset by regulatory assets net of regulatory liabilities, reflecting the increase in taxes recoverable in rates to settle net income tax liabilities recorded in prior years.

Further, the Company recorded in the third quarter of 1993 the effects of the elimination of a scheduled reduction in a component of the statutory Illinois income tax rate which was to have declined to 4.4% from 4.8%, effective July 1, 1993.

In 1993, the Company recorded a loss for income tax purposes. Income tax overpayments resulting from such loss and other income tax refunds, approximating $187 million and $47 million at December 31, 1993 and March 31, 1994, respectively, are included in the Consolidated Balance Sheets in receivables.

See Note 14 of Notes to Financial Statements for information concerning the accounting standard adopted by the Company in January 1993 which requires the Company to use an asset and liability approach for financial accounting and reporting for income taxes rather than the deferred method.

Decommissioning. The staff of the Securities and Exchange Commission has questioned certain of the current accounting practices of the electric utility industry, including the Company, regarding the recognition, measurement and classification of decommissioning costs for nuclear generating stations in financial statements of electric utilities. In response to these questions, the electric utility industry has requested the Financial Accounting Standards Board to review the accounting for removal costs, including decommissioning. If current electric utility industry accounting practices for such decommissioning are changed: (1) annual provisions for decommissioning could increase; (2) the estimated cost for decommissioning could be recorded as a liability rather than

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as accumulated depreciation; and (3) trust fund income from the external decommissioning trusts could be reported as investment income rather than as a reduction to decommissioning expense. The Company does not believe that such changes, if required, would have an adverse effect on results of operations due to its current and future ability to recover decommissioning costs through rates.

Investments in Uranium-Related Properties. At March 31, 1994, the Company and its subsidiaries had investments of approximately $135 million in uranium-related properties, equipment and activities. Production of uranium from all of the uranium properties has been deferred due to depressed market prices for uranium. The Company currently expects ultimately to recover through rates charged to customers the carrying value of the uranium properties in all material respects in relation to the Company's financial position and its results of operations, but doing so depends on substantially improved market conditions. However, the Company is conducting an overall review of various operating, regulatory and investment alternatives as part of the continuing evaluation of its uranium properties and, as a result, will be reassessing its ultimate ability to recover their carrying value. If it is determined that any portion of the carrying value is not recoverable, such amount will have to be charged to income.

Other Items. The amounts of allowance for funds used during construction (AFUDC) reflect changes in the average levels of investment subject to AFUDC and changes in the average annual rates as discussed in Note 1 of Notes to Financial Statements. AFUDC does not contribute to the current cash flow of the Company.

The ratios of earnings to fixed charges for the twelve months ended December 31, 1993 and March 31, 1994 were 1.19 and 1.17, respectively. The ratios of earnings to fixed charges and preferred and preference stock dividend requirements for the twelve months ended December 31, 1993 and March 31, 1994 were 1.03 and 1.01, respectively.

Business corporations in general have been adversely affected by inflation because amounts retained after the payment of all costs have been inadequate to replace, at increased costs, the productive assets consumed. Electric utilities in particular have been especially affected as a result of their capital intensive nature and regulation which limits capital recovery and prescribes installation or modification of facilities to comply with increasingly stringent safety and environmental requirements. Because the regulatory process limits the amount of depreciation expense included in the Company's revenue allowance to the original cost of utility plant investment, the resulting cash flows are inadequate to provide for replacement of that investment in future years or preserve the purchasing power of common equity capital previously invested.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

ELECTRIC RATES. The following table summarizes rate increases granted in the Company's major rate proceedings before the ICC since January 1, 1985. Revenues actually realized as a result of the rate increases may vary depending on levels of kilowatthour sales to each class of customers. See Notes 2 and 3 of Notes to Financial Statements.

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ANNUAL AMOUNT REQUESTED (IN MILLIONS) AND DATE OF FILING	EFFECTIVE DATE	ANNUAL AMOUNT (IN MILLIONS)(A)	PERCENT INCREASE OVER PREVIOUS REVENUES(A)	TWELVE-MONTH TEST PERIOD CITED IN FINAL RATE ORDER
$583 November 29, 1984	October 29, 1985	$495(b)	11.0	December 1984
$1,415 August 21, 1987	January 1, 1989	$235(c)	4.5(c)	December 1987
$1,231 April 12, 1990	March 20, 1991	$750(d)	14.0(d)	December 1991

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(a) The amounts granted and the related percent increases are based on the test periods cited in the rate orders and exclude add-on revenue taxes.
(b) Includes approximately $81 million of revenue included in rates effective January 1, 1987 pursuant to a phase-in plan. The phase-in plan reflects the recovery of the $81 million postponed portion of the increase and an additional recovery ($56 million) of a full return on the postponed portion over a two-year period.
(c) Represents the first step of a rate increase relating to the Units authorized by a December 1988 rate order which was reversed by the Illinois Supreme Court on December 21, 1989 and excludes a $56 million decrease resulting from completion of the recovery period referred to in note (b). This rate increase was rolled back, effective July 1, 1990.
(d) Represents the aggregate amount of the rate increase, which was to be phased-in over a three-year period. As a result of subsequent proceedings and the Rate Matters Settlement, only an increase of approximately $144 million in annual electric operating revenues remains effective. See "Rate Proceedings," subcaption "Settlements Relating to Certain Rate Matters" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 2 of Notes to Financial Statements.

CERTAIN REGULATORY MATTERS. Through its fuel adjustment clause, the Company recovers from its customers the cost of the fuel used to generate electricity and of purchased power as compared to fuel costs included in base rates. The amounts collected under the fuel adjustment clause are subject to review by the ICC, which, under the Illinois Public Utilities Act, is required to hold annual public hearings

to reconcile the collected amounts with the actual cost of fuel and power prudently purchased. In the event that the collected amounts exceed such actual cost, then the ICC can order that the excess be refunded. For additional information concerning the Company's fuel reconciliation proceedings and coal reserves, see Notes 1, 2 and 19 of Notes to Financial Statements.

Currently, the ICC is conducting a focused management audit of the Company's fuel procurement process, which began in December 1993 and is scheduled to be completed in midyear 1994.

LITIGATION. During 1989 and 1991, actions were brought in federal and state courts in Colorado against the Company and its subsidiary, Cotter Corporation (Cotter), alleging that Cotter has permitted radioactive and other hazardous material to be released from its mill into areas owned or occupied by the plaintiffs resulting in property damage and potential adverse health effects. The plaintiffs seek from Cotter and the Company unspecified compensatory, exemplary and medical monitoring fund damages, unspecified response costs under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), and temporary and permanent injunctive relief. In February 1994, a federal jury returned a verdict in favor of eight bellwether plaintiffs in

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the total amount of $76,400 in property damages, rejecting any award for exemplary or medical monitoring damages. Plaintiffs have appealed. The remaining cases are not yet scheduled for trial. Although the cases will necessarily involve the resolution of numerous contested issues of fact and law, the Company's determination is that these actions will not have a material adverse impact on the Company's financial statements.

In October 1990, the Company filed a complaint in the Circuit Court against Westinghouse Electric Corporation (Westinghouse) and certain of its employees. The complaint alleges that the defendants knowingly concealed information regarding the durability of the metal used in the steam generators (a major component of the nuclear steam supply systems) at the Zion, Byron and Braidwood stations. The complaint further alleges that the defects in the steam generators will prevent the plants from maintaining their full power output through their forty-year design life without costly remanufacture or replacement of the steam generators. Damages, including punitive damages, in an unspecified amount are claimed. Westinghouse has filed a counterclaim against the Company which seeks recovery of Westinghouse's costs of defense and damages of approximately $13 million.

Shareholder derivative lawsuits were filed on October 1, 1992 and on April 14, 1993 in the Circuit Court against current and former directors of the Company alleging that they breached their fiduciary duty and duty of care to the Company in connection with the management of the activities associated with the construction of the Company's four most recently completed nuclear generating units. The lawsuits sought restitution to the Company by the defendants for unquantified and undefined losses and costs alleged to have been incurred by the Company. Both lawsuits were dismissed by the Circuit Court; however, appeals are pending before the Illinois Appellate Court.

A number of complaints have been filed by former employees with the Equal Employment Opportunity Commission, and several lawsuits have been filed by former employees in the United States District Court, alleging that the employees' terminations (which occurred as part of the Company's management workforce reductions that were implemented in the second half of 1992) involved discrimination on the basis of age, race, sex, national origin and/or disabilities, in violation of applicable law. One case alleges that the Company's calculation of vacation pay owed to terminated employees violated Illinois law. The complainants in these various cases are seeking, among other things, awards of back pay and lost benefits, reinstatement, pecuniary damages, and costs and attorneys' fees.

NUCLEAR MATTERS. Under the Nuclear Waste Policy Act of 1982, the DOE is responsible for the selection and development of repositories for, and the disposal of, spent nuclear fuel and high-level radioactive waste. The Company, as required by that Act, has signed a contract with the DOE to provide for the disposal of spent nuclear fuel and high-level radioactive waste from the Company's nuclear generating stations beginning not later than January 1998. The contract with the DOE requires the

Company to pay the DOE a one-time fee applicable to nuclear generation through April 6, 1983 of approximately $277 million, with interest to date of payment, and a fee payable quarterly equal to one mill per kilowatthour of nuclear-generated and sold electricity after April 6, 1983. The Company has elected to pay the one-time fee, with interest, just prior to the first scheduled delivery of spent nuclear fuel to the DOE, which is scheduled to occur not later than January 1998; however, this delivery schedule is expected to be delayed significantly. The costs incurred by the DOE for disposal activities will be paid out of fees charged to owners and generators of spent nuclear fuel and high-level radioactive waste. The Company has primary responsibility for the interim storage of its spent nuclear fuel. The Company anticipates the possibility of serious difficulties in disposing of high-level radioactive

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waste.

The Company currently disposes of its low-level radioactive waste at a site in the state of South Carolina. There are no other commercial operating sites in the United States for the disposal of low-level radioactive waste available to the Company. The federal Low-Level Radioactive Waste Policy Act of 1980 provides that states may enter into compacts to provide for regional disposal facilities for such waste, subject to approval by the United States Congress (Congress) of each such compact. Under the 1985 amendments to that Act, a compact could restrict the use of a region's disposal facilities after January 1, 1993 to waste generated within the region. South Carolina belongs to a regional compact. South Carolina has granted the Company access to its waste disposal site for an 18-month period which began January 1, 1993. Illinois has entered into a compact with the state of Kentucky, which has been approved by Congress. The Illinois Department of Nuclear Safety had estimated that a low-level radioactive waste disposal facility would be operational in Illinois by March 31, 1994 at the earliest. However, based on actions in 1992 of an independent panel which rejected the only site in Illinois then being considered for a low-level waste disposal facility, a site is currently not expected to be operational until after the year 2000. The Company has temporary on-site storage capacity at its nuclear generating stations for a limited amount of low-level radioactive waste and is planning additional such capacity pending development of disposal facilities by the state of Illinois. The Company anticipates the possibility of serious difficulties in disposing of low-level radioactive waste. The continuing viability of commercial nuclear power is subject to resolution of the issues of spent nuclear fuel storage and disposal of radioactive waste.

In February 1993, the Company was notified by the NRC that the Company's Zion station, which was placed on the NRC's list of plants to be monitored closely in early 1991, was removed from that list. In January 1994, the Company was notified by the NRC that the Company's Dresden station, which was placed on the NRC's list of plants to be monitored closely in early 1992, would remain on that list. Also in January 1994, the NRC noted adverse performance trends at Quad-Cities station as well as at LaSalle County station. The Company had already identified and was working to correct most of the problems cited. As a consequence, the Company anticipates continued increased expenditures in connection with those stations. See "Liquidity and Capital Resources," subcaption "Regulation" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information.

In accordance with a commitment to the NRC, the Company examined its operating boiling water nuclear generating units in 1983 to determine the existence or extent of inter-granular stress corrosion in certain of the large diameter piping in those units. Inter-granular stress corrosion was discovered in the Dresden and Quad-Cities units. The Company replaced the stainless steel piping susceptible to stress corrosion at Dresden Unit 3 and is taking alternative remedial actions which are intended to minimize the need to replace such piping at Dresden Unit 2, Quad-Cities Units 1 and 2 and LaSalle County Units 1 and 2. If the Company is required to replace all of such piping, the estimated construction expenditures, in current-year dollars, would be approximately $520 million.

The Company has studied the possibility of having to replace the steam generators at its Zion nuclear generating plant. The initial studies were completed in early June 1991 and additional follow-up studies are continuing. Based on the findings of these studies, the Company plans to replace the Zion Unit 1 steam generators, for service in the year 2000, at an estimated cost of approximately $225 million. The

Company is also studying the replacement of the steam generators at Byron Unit 1 and Braidwood Unit 1 and expects such replacement may be needed. Initial and

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on-going studies indicate possible replacements as early as the year 2000 for Byron Unit 1 and 2002 for Braidwood Unit 1; however, alternative remedial actions are also being explored. If required, the replacement cost of the steam generators at Byron Unit 1 and Braidwood Unit 1 would be comparable to Zion Unit 1. Approximately $3 million of preliminary engineering expenditures are included in the 1994-96 construction program. See "Litigation" herein concerning litigation by the Company against Westinghouse concerning steam generators.

During the year 1993, civil penalties were imposed on the Company by the NRC on seven occasions for violations of NRC regulations in amounts aggregating $562,500. Since January 1, 1994, the NRC has imposed on the Company one civil penalty in the amount of $75,000 for violations of NRC regulations. In addition, there are several potentially enforceable issues currently outstanding and under review by the NRC.

ENVIRONMENTAL MATTERS. Air quality regulations, promulgated by the Illinois Pollution Control Board (IPCB) as well as the Indiana and Hammond Departments of Environmental Management in accordance with federal standards, impose restrictions on the emission of particulates, sulfur dioxide, nitrogen oxides and other air pollutants and require permits from the respective state and local environmental protection agencies for the operation of emission sources. Permits authorizing operation of the Company's fossil-fueled generating facilities subject to this requirement have been obtained and, where such permits are due to expire, the Company has, in a timely manner, filed applications for renewal or requested extensions of the existing permits.

Under the Federal Clean Water Act, National Pollutant Discharge Elimination System (NPDES) permits for discharges into waterways are required to be obtained from the Federal Agency or from the state environmental agency to which the permit program has been delegated. Those permits must be renewed periodically. The companies either have NPDES permits for all of their generating stations or have filed applications for renewals of such permits under the current delegation of the program to the Illinois Environmental Protection Agency (Illinois Agency) or the Indiana Department of Environmental Management. The Company is also subject to the jurisdiction of certain pollution control agencies of the state of Iowa with respect to the discharge into the Mississippi River from the Quad-Cities station. Reissued NPDES permits for several generating facilities establish schedules by which the facilities must meet tighter discharge limits when using certain biocides in condenser cooling water systems. The Company has embarked on a program to obtain compliance with the new permit requirements by the April 1995 compliance date.

On August 10, 1990, the Sierra Club filed suit in the U.S. District Court under Section 505 of the Federal Clean Water Act alleging violations of state of Illinois water quality standards with respect to thermal effluents at the Company's Fisk, Crawford, Will County, Joliet and Dresden generating stations. In July 1991, the Sierra Club and the Company reached a settlement of this suit which was approved by the Court on November 1, 1991. Under the settlement, the Company has agreed to perform an ecological study of the thermal effluents discharged from the generating stations. Ultimately, this study, which is currently underway, may determine whether the installation of closed cycle cooling facilities or operational restrictions are necessary at one or more of these stations.

The Great Lakes Critical Programs Act of 1990 requires that, following the issuance of guidance by the Federal Agency, the states of Illinois and Indiana, among others, adopt water quality standards, policies and procedures to assure protection of the water quality of the Great Lakes. Water quality standards and procedures that the states would be required to adopt under the current version of the Federal Agency's draft guidance ultimately could require that the Company install additional pollution control equipment or restrict operations at its facilities that discharge, either directly or indirectly, into Lake Michigan. The Federal Agency is expected to issue final guidance in 1995.

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The Clean Air Act Amendments of 1990 (Amendments) will require reductions in sulfur dioxide emissions from the Company's Kincaid station. The Amendments also bar future utility sulfur dioxide emissions except to the extent utilities hold allowances for their emissions. Allowances which authorize their holder to emit sulfur dioxide will be issued by the Federal Agency based largely on historical levels of sulfur dioxide emissions. These allowances will be transferable and marketable. The Company's ability to increase generation in the future to meet expected increased demand for electricity will depend in part on the Company's ability to acquire additional allowances or to reduce emissions below otherwise allowable levels from its existing generating plants. In addition, the Amendments require studies to determine what controls, if any, should be imposed on utilities to control air toxic emissions, including mercury. The Company's Clean Air Compliance Plan for Kincaid station was approved by the ICC on July 8, 1993. In late 1993, however, a federal court declared the Illinois law under which the approval was received to be unconstitutional and compliance plans prepared and approved in reliance on the law to be void. Under the Plan approved by the ICC, the Company would have been allowed to burn low sulfur Illinois coal at Kincaid station without the installation of pollution control equipment for the years 1995 through 1999, and to purchase any necessary emission allowances that are expected to be available under the Amendments during this period. Also, under the Plan, the Company expected to install pollution control equipment for Kincaid station by the year 2000. When the final outcome of the federal litigation is known, the Company will determine whether any changes are required.

The Amendments also will require reductions in nitrogen oxide emissions from the Company's fossil fuel generating units. The Illinois Agency has proposed rules with respect to such emissions which would require modifications to certain of the Company's boilers. The Company's construction program for the three-year period 1994-96 includes $25 million for such modifications.

CERCLA provides for immediate response and removal actions coordinated by the Federal Agency to releases of hazardous substances into the environment and authorizes the federal government either to clean up sites at which hazardous substances have created actual or potential environmental hazards or to order persons responsible for the situation to do so. Under CERCLA, generators and transporters of hazardous substances, as well as past and present owners and operators of hazardous waste sites, are made strictly, jointly and severally liable for the clean-up costs of waste at sites, most of which are listed by the Federal Agency on the National Priorities List (NPL). These responsible parties can be ordered to perform a clean-up, can be sued for costs associated with a Federal Agency directed clean-up, or may voluntarily settle with the federal government concerning their liability for cleanup costs, or may voluntarily begin a site investigation and site remediation prior to listing on the NPL under state oversight. Various states, including Illinois, have enacted statutes which contain provisions substantially similar to CERCLA. The Company and its subsidiaries are or are likely to become parties to proceedings initiated by the Federal Agency, state agencies and/or other responsible parties under CERCLA with respect to a number of sites, including manufactured gas plant (MGP) sites, or may voluntarily undertake to investigate and remediate sites for which they may be liable under CERCLA. MGPs manufactured gas in Illinois from approximately 1850 to 1950. The Company generally did not operate MGPs as a corporate entity but did, however, acquire MGP sites as part of the absorption of smaller utilities. Approximately half of these sites were transferred to Northern Illinois Gas Company as part of a general conveyance in 1954. The Company also acquired former MGP sites as vacant real estate on which Company facilities have been constructed. While there is a possibility that in the aggregate the cost of MGP site investigation and remediation will be substantial over time, the Company is not able to determine the most probable liability for MGPs. In accordance with accounting standards, the Company recorded a provision of $25 million in 1991 which reflects the low end of the

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range of its estimate of the liability associated with former MGPs. In 1993, the Company recorded a provision of $5 million which reflects the low end of the range of its estimate of the liability associated with cleanup costs of remediation sites other than former MGP sites. The Company presently estimates that its costs of investigating and remediating the former MGP and other remediation sites pursuant to CERCLA and state environmental laws will not in the aggregate be material to the financial position or results of operations of the Company. These cost estimates are based

on currently available information regarding the responsible parties likely to share in the costs of responding to site contamination, the extent of contamination at sites for which the investigation has not yet been completed and the cleanup levels to which sites are expected to have to be remediated.

On July 17, 1991, the United States Government (Government) filed a complaint in U.S. District Court alleging that the Company and four other defendants are "potentially responsible parties" (PRPs) under CERCLA for remediation costs associated with surface, soil and groundwater contamination alleged to have occurred from the disposal by other persons of hazardous wastes at a site located near the Company's Byron station in Byron, Illinois. The Government alleges that a portion of the site is owned by the Company. The Government is presently seeking reimbursement from the PRPs for study and response costs associated with the site. The Company presently expects such costs to total approximately $10 million. The Company is currently pursuing cost recovery from other PRPs that have been identified at this site.

On October 16, 1992, the Federal Agency notified the Company and four other companies, including the site operator, that they were PRPs under CERCLA for the costs associated with the investigation and removal of contaminated soil at the Elgin Salvage and Supply site in Elgin, Illinois. On April 19, 1993, the Federal Agency issued an order under Section 106 of CERCLA to the Company and the other parties to investigate and remove the contamination from the site. The Company sent substantial amounts of scrap cable and other scrap metal to the site. The site investigation and remediation is currently estimated to be approximately $8 to $10 million. The site operator claims to be unable to fund more than a small share of the removal costs. Consequently, the other parties are attempting to agree to an interim allocation of the removal costs. The other PRPs are seeking to impose at least 50% of those costs on the Company. In February 1994, the Company recorded a provision of $3 million which reflects the low end of the range of its estimate of this additional liability, and also recorded a receivable of $3 million as this additional $3 million is probable of recovery from insurance companies and/or other PRPs. In addition, the Company and the other PRPs have filed a cost recovery action against the site operator and the site owner to require that they provide their share of the remediation costs.

In the operation of its electric distribution system, the Company has utilized equipment containing polychlorinated biphenyls (PCBs). Such equipment included transformers located in customer-owned buildings and in sidewalk vaults. Under regulations adopted by the Federal Agency, these transformers containing PCBs were required to be modified (with non-PCB fluid) or be replaced. The Company has completed the replacement of over 2,000 PCB fluid transformers that were located in or near commercial buildings and were subject to the federal regulations. The estimated cost to the Company of replacing or modifying these transformers and disposing of the PCB fluid was approximately $120 million, which had been expended through the end of 1993. Some of the Company's electrical equipment containing PCBs was sent to scrap and salvage facilities and, as a result, the Company may be liable for penalties and for the costs of cleanup of those facilities. An accident or spill involving PCB oil filled electrical equipment, resulting in exposure of persons or property to PCBs or their by-products, could result in material liability claims against the Company.

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In September 1990, the IPCB replaced existing landfill regulations with new, more stringent design and performance standards. These regulations are expected to increase the cost to the Company for disposal of coal combustion by-products at its Joliet station. At Joliet, an existing landfill utilized for disposal of coal ash may require the installation by 1997 of engineered retrofits designed to protect groundwater. The Company intends to request exemptions from certain of the new regulations from the IPCB. If its request is denied, then alternative landfill siting, commercial disposal, or retrofitting of the existing facility could result in significant increases in disposal expenditures.

The outcome of many of the regulatory proceedings referred to above, if not favorable, could have a material adverse effect on the Company's future business and operating results.

An unresolved issue is whether exposure to electric and magnetic fields (EMFs) may result in adverse health effects or damage to the environment. EMFs are produced by virtually all devices carrying or utilizing electricity, including transmission and distribution lines as well as home appliances. If regulations are adopted related to EMFs, they could affect the construction and operation of electrical equipment, including transmission and distribution lines and the cost of such equipment. The Company cannot predict the effect on the cost of such equipment or operations if new regulations related to EMFs are adopted. In the absence of such regulations, EMFs have nonetheless become an issue in siting facilities and in other land use contexts. Litigation has been filed in a variety of locations against a variety of defendants (including the Company) alleging that the presence or use of electrical equipment has had an adverse effect on the health of persons. If plaintiffs are successful in litigation of this type and it becomes widespread, the impact on the Company and on the electric utility industry is not predictable, but could be severe.

From time to time, the companies are, or are claimed to be, in violation of or in default under orders, statutes, rules or regulations relating to environmental controls and other matters, compliance plans imposed upon or agreed to by them or permits issued by various state and federal agencies for the construction or operation of the companies' facilities. The Company does not believe, so far as it now foresees, that such violations or defaults will have a material adverse effect on its future business and operating results, except for events otherwise described in the Company's Annual Report on Form 10-K for the year ended December 31, 1993 or in this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1994, which could have such an effect.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

<TABLE>
<CAPTION>

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
<C>	<S>
(4)-1	Supplemental Indenture to Indenture dated September 1, 1987 dated April 1, 1994.
(12)	Statement computing ratios of earnings to fixed charges and ratios of earnings to fixed charges and preferred and preference stock dividend requirements.
(23)	Consent of independent public accountants.

</TABLE>

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(b) Reports on Form 8-K

A Current Report on Form 8-K dated January 28, 1994 was filed containing the Company's financial statements as of, and for the year ended, December 31, 1993.

A Current Report on Form 8-K/A-1 dated January 28, 1994 was filed to amend the Current Report on Form 8-K by refiling the Company's financial statements as of, and for the year ended, December 31, 1993 in their entirety.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on the 11th day of May, 1994.

Commonwealth Edison Company
Registrant

Roger F. Kovack
By ___________________________________
Roger F. Kovack
Comptroller
(Chief accounting officer and
officer duly authorized to sign on
behalf of the registrant)

COMMONWEALTH EDISON COMPANY

EXHIBIT INDEX

Exhibits filed with or incorporated by reference in Form 10-Q for the quarterly period ended March 31, 1994:

<TABLE>
<CAPTION>

Exhibit Number	Description of Exhibit
<C>	<S>
(4)-1	Supplemental Indenture to Indenture dated September 1, 1987 dated April 1, 1994.
(12)	Statement computing ratios of earnings to fixed charges and ratios of earnings to fixed charges and preferred and preference stock dividend requirements.
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</TABLE>

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Exhibit (4)-1
Commonwealth Edison Company
Form 10-Q File No. 1-1839

COMMONWEALTH EDISON COMPANY

AND

CITIBANK, N.A.

Trustee Under Indenture Dated as of September 1, 1987
as amended and supplemented

Supplemental Indenture
Dated as of April 1, 1994

Providing for issuance of 7% Notes due February 15, 1997

THIS SUPPLEMENTAL INDENTURE, dated as of the 1st day of April, 1994, between COMMONWEALTH EDISON COMPANY, a corporation duly organized and validly existing under the laws of the State of Illinois (hereinafter called the "Company"), and CITIBANK, N.A., a national banking association incorporated and existing under the laws of the United States of America (hereinafter called the "Trustee"), Trustee under the Indenture dated as of September 1, 1987, as amended and supplemented, between the Company and the Trustee (hereinafter called the "Original Indenture").

W I T N E S S E T H:

WHEREAS, the Original Indenture provides for the issuance from time to time thereunder, in series, of Notes of the Company to provide funds for its corporate purposes; and

WHEREAS, the Company desires, by this Supplemental Indenture, to create a series of 7% Notes to be issuable under the Original Indenture and to be known as the Company's 7% Notes due February 15, 1997 (hereinafter called the "7% Notes"), and the terms and provisions thereof to be as hereinafter set forth; and

WHEREAS, the general forms of the 7% Notes and the Trustee's certificate of authentication to be borne by the 7% Notes are to be in the respective forms established pursuant to or set forth in the Original Indenture, with such insertions, omissions and variations as the Board of Directors of the Company may determine in accordance with the provisions of this Supplemental Indenture; and

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WHEREAS, all things necessary to make the 7% Notes, when executed by the Company and authenticated and delivered by the Trustee and duly issued by the Company, the valid obligations of the Company, and to make this Supplemental Indenture a valid agreement of the Company, in accordance with their and its terms, have been done.

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the 7% Notes by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of such Holders, as follows:

SECTION 1. DEFINED TERMS. All terms used in this Supplemental Indenture that are defined in the Original Indenture have the meanings assigned to them in the Original Indenture.

SECTION 2. DESIGNATION AND TERMS OF THE 7% NOTES. The series of Notes created by this Supplemental Indenture shall be known and designated as the "7% Notes due February 15, 1997" of the Company and shall be limited in aggregate principal amount to $150,000,000.00.

The Stated Maturity of the 7% Notes shall be February 15, 1997. The 7% Notes shall bear interest from April 12, 1994, or from the most recent Interest Payment Date to which interest on the 7% Notes then Outstanding has been paid or duly provided for, at the rate of 7% per annum. Interest shall be payable semi-annually on February 15 and August 15 of each year, commencing August 15, 1994, until the principal amount thereof is paid or duly provided for.

Payment of principal of the 7% Notes and, unless otherwise paid as hereinafter provided, the interest thereon will be made at the office or agency of the Company in the Borough of Manhattan, City and State of New York, provided, however, that payment of interest may be made at the option of the Company by check or draft mailed to the person entitled thereto at his address appearing in the Note Register.

The Regular Record Date referred to in Section 1.01 of the Original Indenture for the payment of the interest on the 7% Notes payable, and punctually paid or duly provided for, on any Interest Payment Date shall be the first day (whether or not a Business Day) of the month in which such Interest Payment Date occurs.

The 7% Notes may be issued in denominations of $1,000 and any integral multiple thereof authorized by the Company, such authorization to be conclusively evidenced by the execution thereof.

Upon the execution of this Supplemental Indenture, the 7% Notes may be executed by the Company and delivered to the Trustee for authentication, and the Trustee shall, upon receipt of the documents specified in Section 2.02 of the Original Indenture, thereupon authenticate and deliver said 7% Notes to or upon

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a Company Order.

SECTION 3. DEPOSITORY SYSTEM. It is intended that the 7% Notes be registered so as to participate in the securities depository system (the "DTC System") with The Depository Trust Company ("DTC"), as set forth herein. The 7% Notes shall be initially issued in the form of a fully registered note or notes in the name of Cede & Co., or any successor thereto, as nominee for DTC. The Company and the Trustee are

authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations from the Company and the Trustee to DTC relating to the 7% Notes (the "Representation Letter"). In the event of any conflict between the terms of the Representation Letter and the Original Indenture, the terms of the Original Indenture shall control. DTC may exercise the rights of a noteholder only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to 7% Notes registered in the name of DTC or its nominee, the Company and the Trustee shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds such notes from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a "Depository Participant") or to any person on behalf of whom such a Depository Participant holds an interest in such notes (each such person being herein referred to as an "Indirect Participant"). Without limiting the immediately preceding sentence, the Company and the Trustee shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, its nominee or any Depository Participant with respect to any ownership interest in the 7% Notes, (b) the delivery to any Depository Participant or any Indirect Participant or any other person, other than a registered owner of a 7% Note, of any notice with respect to the 7% Notes, (c) the payment to any Depository Participant or Indirect Participant or any other person, other than a registered owner of a 7% Note, of any amount with respect to principal of, or interest on, the 7% Notes, or (d) any consent given by DTC as registered owner. So long as certificates for the notes are not issued as provided in Section 2.11(c) or (d) of the Original Indenture, the Company and the Trustee may treat DTC or any successor securities depository as, and deem DTC or any successor securities depository to be, the absolute owner of such notes for all purposes whatsoever, including without limitation (i) the payment of principal and interest on such notes, (ii) giving notice of matters with respect to such notes and (iii) registering transfers with respect to such notes. While a note is in the DTC System, no person other than DTC or its nominee shall receive a certificate with respect to such note.

Notwithstanding any other provision of the Original Indenture to the contrary, so long as any 7% Note is registered in the name of DTC or its nominee, all payments with respect to principal of and interest on such note and all notices with respect to such note shall be made and given, respectively, in

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the manner provided in the Representation Letter.

SECTION 4. REDEMPTION OF 7% NOTES. The 7% Notes shall not be redeemable prior to their Stated Maturity.

T E S T I M O N I U M

This Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

COMMONWEALTH EDISON COMPANY

By: /s/ Dennis F. O'Brien

Dennis F. O'Brien
Treasurer

ATTEST:

/s/ David A. Scholz
- - ---------------------
David A. Scholz
Secretary

(Corporate Seal)

CITIBANK, N.A.

By: /s/ John J. Byrnes

Name: JOHN J. BYRNES
Title: VICE PRESIDENT

ATTEST:

/s/ Carol Ng
- - --------------

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Name: CAROL NG
Title: ASSISTANT VICE PRESIDENT

(Corporate Seal)

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Exhibit (12)
Commonwealth Edison Company
Form 10-Q File No. 1-1839

Commonwealth Edison Company and Subsidiary Companies Consolidated

Computation of Ratios of Earnings to Fixed Charges
and Ratios of Earnings to Fixed Charges and
Preferred and Preference Stock Dividend Requirements

- Thousands of Dollars -

<TABLE>
<CAPTION>

Line No.	<S>	Twelve Months Ended December 31, 1993 <C>	Twelve Months Ended March 31, 1994 <C>
1	Net income	$112,440	$ 86,794
2	Net provisions for income taxes and investment tax credits deferred		
3	charged to-		
4	Operations	$ 65,827	$ 54,615
5	Cumulative effect of change in accounting for income taxes	(9,738)	-
6	Other income	(30,753)	(22,614)
7		$ 25,336	$ 32,001
8	Fixed charges-		
9	Interest on debt	$651,639	$642,291
10	Estimated interest component of nuclear fuel and		
11	other lease payments, rentals and other interest	49,021	51,936
12	Amortization of debt discount, premium and expense	20,966	22,081
13		$721,626	$716,308
14	Preferred and preference stock dividend requirements-		
15	Provisions for preferred and preference stock dividends	$ 66,052	$ 64,961
16	Taxes on income required to meet provisions for		
17	preferred and preference stock dividends	43,596	42,855
18		$109,648	$107,816
19	Fixed charges and preferred and preference stock		
20	dividend requirements	$831,274	$824,124
21	Earned for fixed charges and preferred and preference stock		
22	dividend requirements	$859,402	$835,103

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23	Ratios of earnings to fixed charges (line 22 divided by line 13)	1.19	1.17
		====	====
24	Ratios of earnings to fixed charges and preferred and preference		
25	stock dividend requirements (line 22 divided by line 20)	1.03	1.01
		====	====

</TABLE>

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Exhibit (23)
Commonwealth Edison Company
Form 10-Q File No. 1-1839

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Form 10-Q for the quarterly period ended March 31, 1994, into Commonwealth Edison Company's previously filed prospectuses as follows: (1) prospectus dated June 1, 1988, constituting part of Form S-8 Registration Statement File No. 2-76921 (relating to the Company's Employe Stock Purchase Plan); (2) prospectus dated August 1, 1992, constituting part of Form S-8 Registration Statement File Nos. 2-81592 and 33-5061, as amended (relating to the Company's Employe Savings and Investment Plan); (3) prospectus dated August 21, 1986, constituting part of Form S-3 Registration Statement File No. 33-6879, as amended (relating to the Company's Debt Securities and Common Stock); (4) prospectus dated January 7, 1994, constituting part of Form S-3 Registration Statement File No. 33-51379 (relating to the Company's Debt Securities and Cumulative Preference Stock); and (5) prospectus dated March 18, 1994, constituting part of Form S-4 Registration Statement File No. 33-52109, as amended (relating to Common Stock of CECo Holding Company). We also consent to the application of our report to the ratios of earnings to fixed charges and the ratios of earnings to fixed charges and preferred and preference stock dividend requirements for each of the twelve months ended December 31, 1993 and March 31, 1994 appearing on page 40 of this Form 10-Q.

ARTHUR ANDERSEN & CO.

Chicago, Illinois
May 11, 1994

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