



Commonwealth Edison Company

1958 ANNUAL REPORT


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Commonwealth Edison Company



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Walter J. Cummings, *Chairman of the Executive Committee*, Continental Illinois National Bank and Trust Company of Chicago
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John W. Evers, *President*
Stanley Field, *President*, Chicago Natural History Museum
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Audley E. Patton, *Vice-President*
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D. Robert Bower, *Treasurer*
Grant H. Wier, *Comptroller*
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Ralph Raymond, *Manager of Construction*
Vern L. Stone, *Manager of Production*
Earle Wild, *Manager of Engineering*
Thomas G. Ayers, *Vice-President*
Ernest R. Hendrickson, *Operating Manager*
Myron E. Lukey, *Commercial Manager*
Carl E. Parker, *Manager of Industrial Relations*
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Gilbert K. Hardacre, *Southern, Joliet*
Eugene R. Lewis, *Chicago-South*
Harold W. Otto, *Northern, Northbrook*
Ralph S. Peterson, *Chicago-Central*
Lawrence E. Pierron, *Western, Maywood*
Guy E. Trulock, *Chicago-North*

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TRANSFER AGENTS:

Office of the Company, 72 West Adams Street, Chicago 90, Illinois
The Hanover Bank, 70 Broadway, New York 15, New York
Old Colony Trust Company, 45 Milk Street, Boston 6, Massachusetts

REGISTRARS:

Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street, Chicago 90, Illinois

Guaranty Trust Company of New York
140 Broadway, New York 15, New York
(*Common stock only*)

First National City Trust Company
22 William Street, New York 15, New York
(*Preferred stock only*)

Second Bank-State Street Trust Company
Corner of State and Congress Streets, Boston 1, Massachusetts

Highlights

Net Income on Common Stock

Earnings per Common Share

Common Shares Outstanding
END OF YEAR

Operating Revenues

Kilowatthours Sold

Number of Customers
END OF YEAR

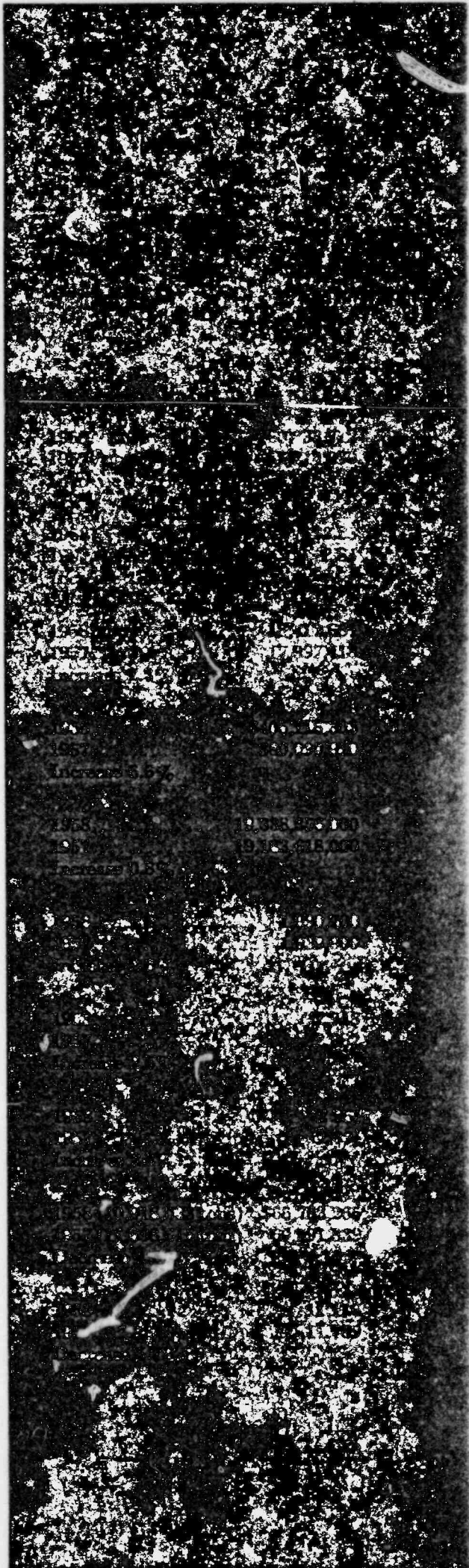
Average Residential Use
IN KILOWATTHOURS

Average Residential Revenue
(Excluding light bulb service)
PER KILOWATTHOUR

Production Fuel

BTU Per Kilowatthour Generated

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Your Board of Directors submits this annual report for the fiscal year ended December 31, 1958. As an economy measure, it is being mailed without an envelope.

If you have any questions or wish any further information about the Company, please do not hesitate to write at any time to our Secretary, Fred N. Baxter.

To the Stockholders of

Commonwealth Edison Company

Earnings Rise

Our 1958 net income on common stock was \$60,233,712, up \$9,119,642 from 1957.

Earnings per common share were \$3.28 compared with \$2.85 a year earlier. Common shares outstanding at December 31 were 18,412,661, an increase of 415,243 during the year, resulting chiefly from the payment of a 2% stock dividend.

Our greater earnings, despite the continuing high costs of doing business, were attributable mainly to an increase in rates, effective June 19. Improved operating efficiency and close control of expenses also contributed to our better showing.

Although benefited by the higher electric rates since June 19, our 1958 return on invested capital was below that of comparable electric utilities. However, in 1959, with a full year's help from our rate increase, we hope to achieve further improvement in this respect even though costs are continuing at a high level.

Earnings Summary

	1957
Operating revenues	\$380,090,910
Operating expenses and taxes	311,732,519
Net operating income	\$ 68,358,391
Other income	935,789
Gross income	\$ 69,294,180
Interest charges and other deductions	15,951,732
Net income	\$ 53,342,448
Provision for dividends on preferred stock	2,128,378
Net income on common stock	\$ 51,214,070
Common shares at end of year	17,997,418
Earnings per share	\$2.85

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Stock Dividend Paid

In addition to the regular quarterly cash dividends of 50¢ a share paid on the common stock during 1958, a supplementary stock dividend of 2% was distributed in November. Under our new dividend policy, we issue stock in the latter part of each year for approximately the full amount of earnings on the common stock in excess of the year's cash dividends. This new policy is, of course, subject to modification or discontinuance.

Cash dividends have been paid quarterly on our common stock since 1890.

Quarterly cash dividends of \$1.16 a share and \$1.31¼ a share were paid on the 4.64% cumulative preferred stock and the 5.25% cumulative preferred stock, respectively.

Revenues Rise

Operating revenues crossed the 400 million dollar mark for the first time, totaling \$405,116,303, compared with \$380,090,910 in 1957, a rise of 6.6%. About half of the increase was due to our higher rates and half to increased kilowatt-hour sales to residential and commercial customers.

These two classes of service continued to show steady sales increases, about 5% in each case. The gains in kilowatt-hour sales to residential and commercial customers more than offset a 4.9% decline in industrial sales. The industrial sales decline, which began during 1957, had been arrested by November, 1958, and the last two months of the year showed increases over the like 1957 months.

As a result, our total kilowatt-hour sales of 19,338,356,092 in 1958 represented an 0.8% increase over 1957.

Comparisons of revenues and sales by classes of service are as follows:

		1957	Increase
<i>Operating Revenues</i>	<i>Class of Service</i>		
	Residential	\$133,527,075	8.2%
	Commercial	112,643,839	7.8%
	Industrial	103,726,456	2.0%
	Public authorities	13,982,971	13.0%
	Electric railroads	6,460,201	5.7%*
	Other electric utilities	6,250,861	28.1%
	Other revenues	3,499,507	2.4%*
	Total	<u>\$380,090,910</u>	<u>6.6%</u>
<i>Kilowatt-hours of Electricity Sold</i>	<i>Class of Service</i>		
	Residential	4,532,224,830	5.4%
	Commercial	4,493,029,235	4.8%
	Industrial	8,068,382,986	4.9%*
	Public authorities	982,273,128	6.1%
	Electric railroads	443,798,444	7.8%*
	Other electric utilities	663,909,295	9.3%
		Total	<u>19,183,617,918</u>

*Decrease

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Expenses Reduced

Continued careful attention to economy and efficiency resulted in a reduction of \$801,407 in other operation and maintenance expenses, despite a general wage increase effective April 1.

Principally because of increased efficiency resulting from installation of new generating units, 1958 fuel costs decreased by \$2,808,074 to \$66,783,265. Price of fuel consumed increased from 2.823¢ per therm in 1957 to 2.867¢ per therm in 1958.

Taxes and Depreciation Rise

Our tax provisions exceeded \$100,000,000 for the first time, taking approximately 25¢ out of each revenue dollar from our customers. They are summarized below:

	1957
State, local and miscellaneous federal taxes	\$46,396,593
Federal income taxes	39,321,000
Deferred federal income taxes	6,080,000
	<u>\$91,797,593</u>

Provision for depreciation increased from \$41,072,049 in 1957 to \$44,728,571 in 1958 because of additions to utility plant.

New Construction Drops

Our construction expenditures in 1958 were \$158,488,388, down \$49,264,438 from the record \$207,752,826 of 1957. Property retirements were \$28,962,629, leaving net additions of \$129,525,759. Our gross utility plant at December 31 was \$1,873,111,090.

We have extended our estimates for new construction through 1962 and made revisions for the intervening years. Our estimates are now: \$110,000,000 for 1959; \$130,000,000 for 1960; \$145,000,000 for 1961; and, \$175,000,000 for 1962—a four-year total of \$560,000,000.

1958 Financing Heavy

We realized \$102,332,425 from the sale of additional securities during 1958. In January, we sold \$50,000,000 of 3 $\frac{7}{8}$ % 50-year sinking fund debentures which were publicly offered on a 3.83% basis. In April, we sold \$50,000,000 of 3 $\frac{3}{4}$ % 30-year first mortgage bonds which were publicly offered on a 3.70% basis. Both issues were sold through competitive bidding to underwriting groups headed by The First Boston Corporation. During 1958, employees

bought 54,738 shares of common stock under our Employee Stock Purchase Plan. Proceeds were \$2,438,877.

Acquisitions of debentures for sinking fund purposes during the year were \$9,689,000.

Our capitalization at December 31 was comprised of 39.0% mortgage bonds, 14.5% debentures, 4.5% preferred stock and 42.0% common equity.

The funds received and used during 1958 are summarized as follows:

Funds provided from:

Net income of \$63,502,223 less cash dividends of \$39,398,820	\$ 24,103,403
Depreciation accruals	44,728,571
Deferred federal income taxes	9,014,000
Total funds internally generated	<u>\$ 77,845,974</u>
Sales of securities—	
Mortgage bonds	49,929,322
Debentures	49,964,226
Common stock	2,438,877
Other sources	3,926,357
Total funds provided	<u><u>\$184,104,756</u></u>

Funds applied to:

Construction expenditures	\$158,488,388
Sinking funds—at cost	8,629,132
Addition to working capital	16,987,236
Total funds applied	<u><u>\$184,104,756</u></u>

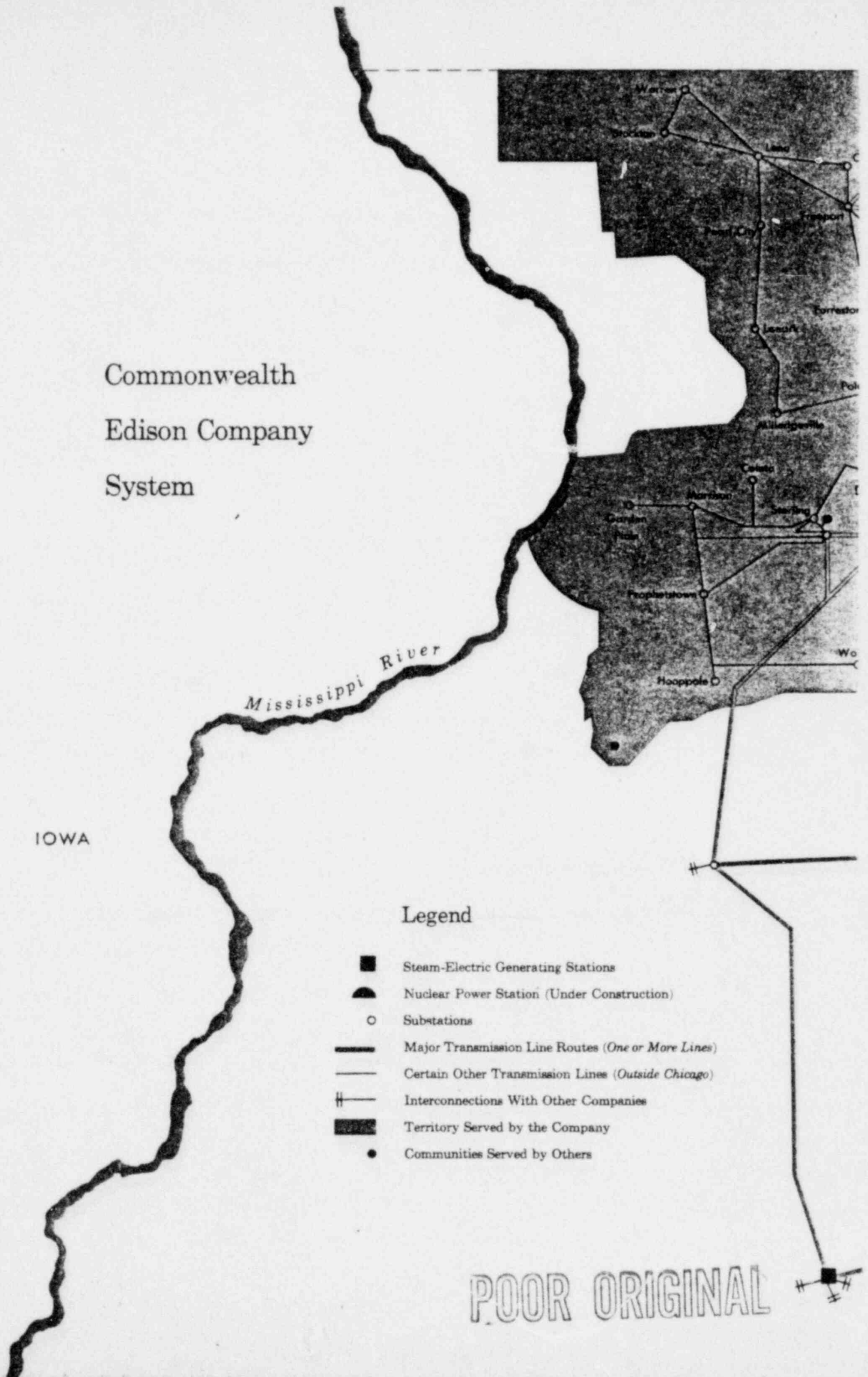
It should be noted that our internal cash generation in 1958 was nearly \$78,000,000.

Less Financing Ahead

Of the \$560,000,000 expected to be required for our 1959-1962 construction program, it is now estimated that \$400,000,000 will be provided from cash on hand at the end of 1958, internal cash generation during the period and other sources.

This leaves \$160,000,000 to be raised from the sale of additional securities over the four-year period, \$20,000,000 of which already has been provided through the sale in January, 1959 of 4 $\frac{5}{8}$ % 50-year sinking fund debentures. This issue, publicly offered on a 4.55% basis, was sold through competitive bidding to an underwriting group headed by The First Boston Corporation.

Commonwealth
Edison Company
System

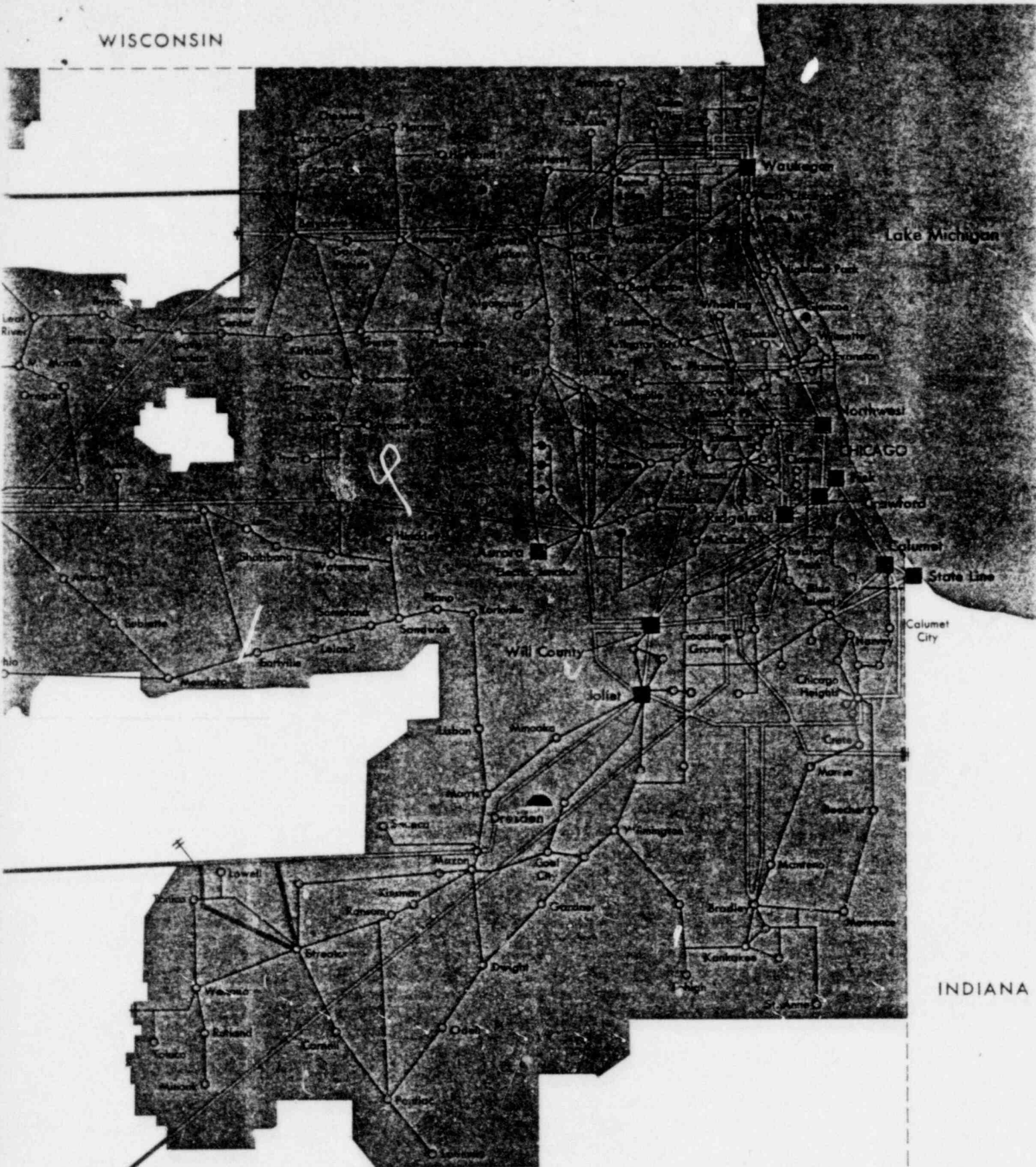


Legend

- Steam-Electric Generating Stations
- ◐ Nuclear Power Station (Under Construction)
- Substations
- Major Transmission Line Routes (One or More Lines)
- Certain Other Transmission Lines (Outside Chicago)
- ⊥ Interconnections With Other Companies
- Territory Served by the Company
- Communities Served by Others

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WISCONSIN



Lake Michigan

CHICAGO

State Line

Calumet City

Will County

Joliet

Springfield

INDIANA

ILLINOIS

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No further 1959 financing is now anticipated unless undertaken late in the year to provide for 1960 requirements.

The estimated \$160,000,000 of new financing for the years 1959 through 1962 (including the \$20,000,000 in January, 1959) is considerably smaller than has been necessary in recent years. For example, as shown above, the proceeds of new securities issued in 1958 alone were \$102,332,425. One reason is that internally generated cash is providing an increasing share of our capital needs. Another is that our construction program is somewhat smaller than it has been. This latter situation, of course, could change markedly.

Power Supply Up

During 1958, we increased our net generating capability by 304,000 kilowatts. Two new units were added: 215,000 kilowatts at Crawford Station and 315,000 kilowatts at Waukegan Station. The net capability of our newest unit at Will County Station was re-rated upward by 5,000 kilowatts. A total of 231,000 kilowatts of older generating equipment was removed from service.

At December 31, our net generating capability was 4,396,000 kilowatts. Our system peak load of 4,100,000 kilowatts occurred on December 15. This was 196,000 kilowatts over last summer's peak and 326,000 kilowatts above the highest load of the previous winter.

A new 305,000 kilowatt unit at Fisk Station will be placed in service soon, raising our net capability to 4,701,000 kilowatts.

Three new units are now under construction: 305,000 kilowatts at Joliet Station for service in 1959; the 180,000 kilowatt nuclear unit at Dresden for service in 1960; and, 305,000 kilowatts at Crawford Station in 1961. We expect to retire 153,000 kilowatts of older generating equipment.

On February 16, 1959, the Board of Directors authorized an additional 305,000 kilowatt unit to be installed in our Waukegan Station for service in 1962. Thus, our system net generating capability is scheduled to be 5,643,000 kilowatts by the end of 1962.

As a further reinforcement of our system during 1958, the 345,000 volt interconnection with American Electric Power Company was placed in service on May 19. Its initial capacity of 300,000 kilowatts ultimately may be more than doubled.

Dresden Progress Steady

Work on our Dresden Nuclear Power Station is well ahead of the original schedule with regular operation now expected in July, 1960. Most major components are at the site. The turbine-generator and the reactor vessel are en route. Fuel is scheduled to be put in the reactor late in 1959, leaving the first half of 1960 for preliminary tests.

We and our associates in the project are confident that Dresden will make an important contribution toward the ultimate achievement of competitive nuclear power. Our associates are American Electric Power Service Cor-

poration, Bechtel Corporation, Central Illinois Light Company, Illinois Power Company, Kansas City Power & Light Company, Pacific Gas and Electric Company and Union Electric Company.

Electric Heat Promoted

Late in July, we put into effect a new rate for residential customers who install exclusively electric space heating facilities. The charge is $1\frac{3}{4}$ ¢ a kilowatt-hour for use in excess of 500 kilowatt-hours a month. This is 30% below the present minimum average residential rate of $2\frac{1}{2}$ ¢. Like all of our rates, it is subject to fuel adjustment.

Already well established in milder climates, electric heating is now finding widening application in our service area. At the beginning of 1958, there were 138 installations in our territory. Our new low rate, coupled with an active promotion campaign, increased the number of installations to 839 at the year end. As of December 31, an additional 561 installations were in process. We expect the number of heating installations to rise steadily in the years ahead.

Safety Record Improved

We continue to place great emphasis on accident prevention. All levels of management and all employees are constantly reminded that every job can and must be done safely.

For the fourth consecutive year, the number of disabling injuries was reduced in 1958. The number of disabling injuries per million man-hours worked is now only 40% of what it was in 1954.

During the year, the Company received two injury frequency reduction awards for its 1957 record—one from the Greater Chicago Safety Council, and one from the Edison Electric Institute.

Wage Rates, Annuity Costs Up

Our collective bargaining agreements with the International Brotherhood of Electrical Workers (AFL-CIO) and the United Mine Workers of America, District 50, were renegotiated effective April 1. The settlement resulted in wage increases ranging from 10¢ to 14¢ per hour, averaging about 5% and approximating \$3,300,000 on an annual basis. This was in line with agreements negotiated in 1958 by other major utilities throughout the country. Our agreements are to be renegotiated as of March 31, 1959.

Contributions to our service annuity funds during 1958 totaled \$7,762,900. Annuities paid to retired employees amounted to \$3,697,633 compared with \$3,429,194 in the previous year. On December 31, assets of the funds, at cost, aggregated \$117,805,000, and 2,491 annuitants were on the pension rolls.

At the year end, we had 14,614 employees, of whom approximately 4,900, or 33%, were participating in our Employee Stock Purchase Plan.

Stockholder Rise Continues

At the end of 1958, there were 145,772 holders of our 18,412,661 common shares, 1,587 holders of our 400,000 4.64% cumulative preferred shares and 1,382 holders of our 250,000 5.25% cumulative preferred shares. The number of non-duplicated holders was 147,780, an increase of 400 for the year. All three issues are listed on the New York, Midwest and Pacific Coast stock exchanges.

The directors acknowledge with sincere thanks the contributions made by all officers and employes toward the Company's successful operations in 1958.

By order of the Board

Willis Gale
Chairman

Chicago, February 16, 1959

The annual meeting of stockholders will be held on May 19, 1959. Stockholders of record at 2 P.M. Chicago Time on April 9 will be entitled to vote at the meeting. Formal notice, proxy statement and form of proxy will be mailed about April 16. Following the meeting, a booklet covering the proceedings will be sent to all stockholders.

Statements of Consolidated Income

	1958	1957
OPERATING REVENUES	\$405,116,303	\$380,090,910
OPERATING EXPENSES AND TAXES:		
Production fuel	\$ 66,783,265	\$ 69,591,339
Other operation	86,440,522	86,809,323
Maintenance	22,029,609	22,462,215
Provision for depreciation	44,728,571	41,072,049
Provisions for taxes—		
State, local and miscellaneous federal	50,098,316	46,396,593
Federal income	45,941,000	39,321,000
Deferred federal income	9,014,000	6,080,000
	<u>\$325,035,283</u>	<u>\$311,732,519</u>
NET OPERATING INCOME	\$ 80,081,020	\$ 68,358,391
OTHER INCOME (net)	582,425	935,789
GROSS INCOME	<u>\$ 80,663,445</u>	<u>\$ 69,294,180</u>
DEDUCTIONS:		
Interest on long-term debt	\$ 24,051,024	\$ 20,706,730
Amortization of net premium on debt	1,133,682	628,170
Other deductions	321,480	212,822
	<u>\$ 23,238,822</u>	<u>\$ 20,291,382</u>
Less—Interest charged to construction	6,077,600	4,339,650
Net deductions	<u>\$ 17,161,222</u>	<u>\$ 15,951,732</u>
NET INCOME	\$ 63,502,223	\$ 53,342,448
PROVISION FOR DIVIDENDS ON PREFERRED STOCK	3,168,511	2,128,378
NET INCOME ON COMMON STOCK	<u>\$ 60,333,712</u>	<u>\$ 51,214,070</u>
COMMON SHARES AT END OF YEAR	18,412,661	17,997,418
EARNINGS PER SHARE	\$3.28	\$2.85

Consolidated Balance Sheets

Assets

	<i>December 31</i> 1958	<i>December 31</i> 1957
UTILITY PLANT:		
At original cost or less	\$1,873,111,090	\$1,743,585,331
Less—Provision for accrued depreciation	409,101,272	389,837,724
	\$1,464,009,818	\$1,353,747,607
Acquisition adjustments	1,467,143	1,589,443
	\$1,465,476,961	\$1,355,337,050
 INVESTMENTS—at cost or less:		
Subsidiary companies not consolidated—		
Chicago & Illinois Midland Railway Company	6,758,500	7,958,500
Heating subsidiaries	2,150,000	2,150,000
Notes receivable for property sold	89,300	2,460,000
Non-operating real estate	129,401	634,694
	\$ 9,127,201	\$ 13,203,194
 CURRENT ASSETS:		
Cash	15,894,770	14,673,989
U.S. Government obligations, at cost	10,660,343	5,901,766
Deposit for bond interest	1,599,130	650,000
Receivables	37,763,911	30,084,492
Less—Provisicn for uncollectible accounts	1,700,000	1,380,837
Materials and supplies, at average cost—		
Production fuel	22,426,752	24,349,529
Other	11,844,822	13,931,935
Prepaid insurance, taxes and other items	1,315,475	1,827,857
	\$ 99,805,203	\$ 90,038,731
 DEFERRED CHARGES	6,052,379	1,523,388
	\$1,580,461,744	\$1,460,102,363

Rental Obligations—at December 31, 1958, rentals under 91 leases extending beyond 1959 approximated \$464,000 annually.

Liabilities

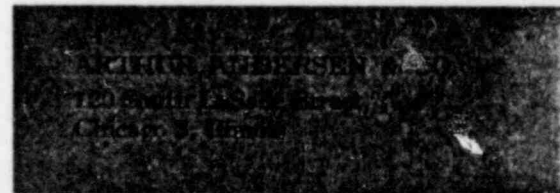
	December 31 1958	December 31 1957
CAPITAL STOCK:		
Common stock—\$25 par value per share—author- ized 30,000,000 shares (280,201 shares reserved for Employee Stock Purchase Plan at Decem- ber 31, 1958)		
Outstanding—18,412,661 shares at the end of 1958	\$ 460,316,525	
—17,997,418 shares at the end of 1957		\$ 449,935,450
Preferred stock, cumulative—\$100 par value per share—authorized 2,500,000 shares—		
4.64% series—outstanding 400,000 shares	40,000,000	40,000,000
5.25% series—outstanding 250,000 shares	25,000,000	25,000,000
PREMIUM ON COMMON STOCK—less expenses of \$554,711	44,666,695	34,053,701
PREFERRED STOCK EXPENSE	1,449,015	1,449,015
RETAINED EARNINGS	100,511,982	93,618,805
	<u>\$ 669,046,187</u>	<u>\$ 641,158,941</u>
LONG-TERM DEBT:		
First mortgage bonds, 3% ⁰⁰ , due 1977 to 1985	380,000,000	380,000,000
First mortgage bonds, 3¼% ⁰⁰ , due 1982	40,000,000	40,000,000
First mortgage bonds, 3½% ⁰⁰ , due 1986	40,000,000	40,000,000
First mortgage bonds, 4¼% ⁰⁰ , due 1987	50,000,000	50,000,000
First mortgage bonds, 3¾% ⁰⁰ , due 1988	50,000,000	—
Sinking fund debentures, 3% ⁰⁰ , due 1999	38,531,000	40,182,000
Sinking fund debentures, 2¾% ⁰⁰ , due 1999	37,417,000	39,828,000
Sinking fund debentures, 2½% ⁰⁰ , due 2001	40,382,000	41,985,000
Sinking fund debentures, 3½% ⁰⁰ , due 2004	44,421,000	45,820,000
Sinking fund debentures, 3½% ⁰⁰ , due 2008	47,375,000	—
	<u>\$ 768,126,000</u>	<u>\$ 677,815,000</u>
CURRENT LIABILITIES:		
Accounts payable	19,664,768	33,570,018
Accrued and matured interest	7,720,498	6,217,932
Accrued taxes (subject to final determination)	67,883,157	62,467,409
Dividends	9,998,458	9,700,837
Sundry current liabilities	4,845,786	5,292,235
	<u>\$ 110,112,667</u>	<u>\$ 117,333,431</u>
DEFERRED LIABILITIES:		
Reserve for deferred federal income taxes	22,470,000	13,456,000
Other	9,473,037	8,924,871
	<u>\$ 31,943,037</u>	<u>\$ 22,380,871</u>
UNAMORTIZED NET PREMIUM ON DEBT	1,233,853	1,414,120
	<u>\$1,580,461,744</u>	<u>\$1,460,102,363</u>

Contingent Liabilities—at December 31, 1958, principally construction commitments approximated \$67,000,000.

Statement of Consolidated Retained Earnings

FOR THE YEAR 1958

BALANCE DECEMBER 31, 1957.....	\$ 93,618,805
ADD:	
Net income on common stock.....	60,333,712
Over accruals of federal income tax for 1953 and prior years.....	1,344,966
	<u>\$155,297,483</u>
DEDUCT:	
Dividends on common stock—	
Cash.....	\$ 36,230,309
Common stock—2%.....	18,555,192
	<u>\$ 54,785,501</u>
BALANCE DECEMBER 31, 1958.....	<u>\$100,511,982</u>



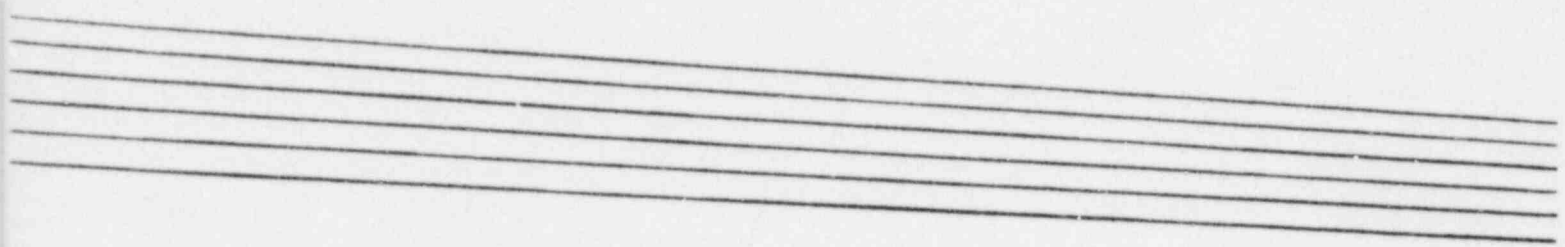
*To the Stockholders of
Commonwealth Edison Company:*

We have examined the consolidated balance sheet of COMMONWEALTH EDISON COMPANY (an Illinois corporation) and subsidiary companies as of December 31, 1958, and the related statements of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We had made a similar examination for the preceding year.

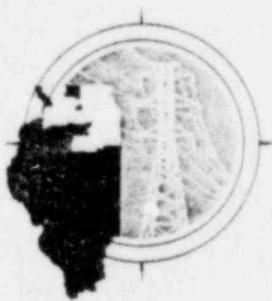
In our opinion, the accompanying balance sheets and related statements of income and retained earnings present fairly the financial position of Commonwealth Edison Company and subsidiary companies as of December 31, 1958 and 1957, and the results of their operations for the years ended those dates, and were prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 16, 1959

(Signed) ARTHUR ANDERSEN & Co.



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