

REBUTTAL TESTIMONY

OF

THOMAS L. GRIFFIN

ACCOUNTING DEPARTMENT

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY  
DOCKET No. 05-0597

PROPOSED INCREASE IN ELECTRIC DISTRIBUTION RATES

FEBRUARY 27, 2006

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Thomas L. Griffin. My business address is 160 North LaSalle  
4 St. Chicago, Illinois 60601.

5 **Q. Are you the same Thomas L. Griffin who submitted Direct Testimony**  
6 **in this case?**

7 A. Yes

8 **Purpose of Testimony**

9 **Q. What is the purpose of you Rebuttal Testimony?**

10 A. I will address portions of the Rebuttal Testimony of ComEd witness  
11  
12 Hill (ComEd Ex. 19.0). I will also address portions  
13 of the Direct Testimonies of Citizens Utility Board and Cook County  
14 State's Attorney (CUB-CCSAO) witness McGarry (CUB-CCSAO Exhibit  
15 2.0). Specifically, I will address the following area:

16 Double counting of Construction Work in Process ("CWIP") projects  
17 in rate base.

18

19 **Q. Are you sponsoring any schedules?**

20 A. Yes, I am sponsoring the following two schedules:

21 14.1 Eliminate Duplicate Projects in Rate Base

22 14.2 Correct ComEd Schedule B-2.1 per Workpapers

23 **Double counting of CWIP projects in rate base**

24 **Q. Are you still proposing an adjustment to eliminate the double**  
25 **counting of CWIP projects in ComEd's rate base?**

26 A. Yes, Schedule 14.1 presents my adjustment.

27 **Q. Have you read Mr. McGarry's Direct testimony (CUB-CCSAO 2.0)**  
28 **regarding his elimination of projects that have been double counted**  
29 **in ComEd's rate base?**

30 A. Yes.

31 **Q. Does Mr. McGarry agree with you that the same projects that are the**  
32 **components of the CWIP balance in ComEd's rate base are also**  
33 **included in ComEd's pro forma capital additions?**

34 A. Yes, Mr. McGarry has correctly identified those duplicate projects.

35 **Q. Given your agreement on the duplicate projects, did you and CUB-**  
36 **CCSAO witness McGarry propose the same adjustment to eliminate**  
37 **the double counting in ComEd's rate base?**

38 A. No, my adjustment eliminates the duplicate projects from ComEd's pro  
39 forma plant additions. Mr. McGarry eliminated all of ComEd's CWIP in  
40 rate base. However, despite proposing to eliminate all CWIP in rate base,  
41 McGarry in his direct testimony, states:

42 My analysis in Exhibit CUB/CCSAO 2.02 Schedule MJM-4 shows  
43 that \$53.9 million dollars should be removed from the Company's  
44 proposed 2005 capital additions. In order to make it simpler, I  
45 recommend removing the CWIP balance as an addition to rate  
46 base since the Company is already accounting for it in plant  
47 additions. Removal of the CWIP balance alleviates the need for  
48 any depreciation related adjustments as the Company should not  
49 have calculated depreciation on the CWIP balance. (CUB-CCSAO  
50 2.0 page 12, lines 270-276 -emphasis added).

51 Thus, Mr. McGarry agrees that the amount of my adjustment is  
52 appropriate. Further, I have made the depreciation related adjustments  
53 Mr. McGarry refers to as well as the related adjustment to deferred income  
54 taxes.

55 **Q. Have you read ComEd witness Hill's rebuttal testimony (ComEd Ex.**  
56 **19.0) relating to the double counting of the CWIP projects?**

57 A. Yes.

58 **Q. Are you persuaded by his arguments that there is no double**  
59 **counting?**

60 A. No. On pages 34-36 of his rebuttal testimony (ComEd Ex. 19.0), Mr. Hill  
61 gives three arguments to support his opinion that the projects that are  
62 included in rate base twice do not constitute double counting. First, he  
63 states that the projects are included using two separate rate base  
64 concepts. (ComEd Ex. 19.0, p. 35, lines 764-765) This argument is  
65 ludicrous. The fact that the projects meet the criteria for inclusion in CWIP  
66 and therefore also will be in service within a year does not mean that they  
67 should be included twice in rate base.

68 Second, Mr. Hill points out that the projects comprising CWIP are very  
69 close to the average CWIP for each quarter from 2001 – 2005. And the  
70 Company could have used that average for CWIP instead of the total for  
71 the actual projects. (ComEd Ex. 19.0, p. 35, lines 766-775) This is a valid  
72 analysis for evaluating whether the CWIP balance included in the  
73 Company's rate base is at a reasonable level. If, for example, that  
74 analysis would have shown that the projects, which make up CWIP at  
75 December 31, 2004, are significantly higher or lower than average, then  
76 an adjustment to CWIP for rate making purposes would have been  
77 appropriate. However, this is not a valid argument for including the same  
78 projects in rate base a second time as pro forma plant additions.

79 Third, Mr. Hill compares the rate making theory for including CWIP in rate  
80 base with the rate making theory for including Materials and Supplies in  
81 rate base. (ComEd Ex. 19.0, pp. 35-36, lines 776-794) This argument  
82 supports the general idea of including CWIP in rate base. However, it  
83 does not provide a reason why specific projects within CWIP or Materials  
84 and Supplies should be included in rate base twice.

85 **Q. Did ComEd include all of the projects comprising CWIP in pro forma**  
86 **plant additions in its last Delivery Service Rate Case, Docket No. 01-**  
87 **0423?**

88 A. No, I reviewed the Company's workpapers in that docket relating to the  
89 projects comprising CWIP. Of the 187 projects included in rate base as  
90 CWIP in ComEd's last rate case, there were only 13 projects included in  
91 both CWIP and pro forma plant additions. One project was removed from  
92 CWIP as a duplicate project so it would not be included in both places.  
93 Therefore, an analysis must have been performed to make sure that no  
94 projects were included in both CWIP and as a pro forma plant addition.  
95 The Company's proposal in this docket to include the entire balance of  
96 CWIP in rate base twice, once as CWIP and then a second time as pro  
97 forma plant adjustments is unique and inconsistent with what the  
98 Company proposed in its last case.

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251 **Conclusion**

252 **Q. Please describe Schedule 14.2, Correct ComEd Schedule B-2.1 per**  
253 **Workpapers.**

254 A. Schedule 14.2 duplicates ICC Staff Exhibit 3.0, Schedule 3.4. It shows  
255 the result of my adjustment to correct ComEd Schedule B-2.1. No ComEd  
256 witness has objected to this adjustment.

257 **Q. Does this conclude your rebuttal testimony?**

258 A. Yes.

Commonwealth Edison Company  
 Eliminate Duplicate Capital Projects in Rate Base

For the Test Year Ending December 31, 2004  
 (In Thousands)

Line No.	Description (a)	Amount (b)	
1	Gross Utility Plant after Errata	\$ 575,159	Sch. 3.2 ln 2
2	Gross Utility Plant per Staff	<u>521,710</u>	
3	Proposed Adjustment	<u>\$ (53,449)</u>	
4	Corresponding Adjustments:		
5	Accumulated Depreciation	\$ 660	(1)
6	Accum. Deferred Income Tax	\$ 337	(2)
7	Depreciation Expense	\$ 1,320	(3)

Note:

- (1) Line 3 x composite depreciation rate, .0247 divided by 2
- (2) Line 3 x 0063 (see ICC Staff Exh 3.0 pg 4)
- (3) Line 3 x composite depreciation rate, .0247

Commonwealth Edison Company  
 Correct ComEd Schedule B-2.1 per Workpapers

For the Test Year Ending December 31, 2004  
 (In Thousands)

Line No.	Description (a)	Amount (b)	
1	Gross Utility Plant after Errata	\$ 567,891	Co. Sch B2
2	Gross Utility Plant per Staff	<u>565,828</u>	Pg 2
3	Proposed Adjustment	<u>\$ (2,063)</u>	
4	Corresponding Adjustments:		
5	Accumulated Depreciation	\$ 25	(1)
6	Accum. Deferred Income Tax	\$ 13	(2)
7	Depreciation Expense	\$ (51)	(3)

Note:

- (1) Line 3 x composite depreciation rate, .0247 divided by 2
- (2) Line 3 x 0063 (see ICC Staff Exh 3.0 pg 4)
- (3) Line 3 x composite depreciation rate, .0247

Commonwealth Edison Company  
Correct ComEd Schedule B-2.1 per Workpapers  
For the Test Year 2004  
(In Thousands)

Line No.	Staff	Source
	Proposed Rate Base	
	(a)	(b)
1	\$529,712,112	WPB-2.1a, P1, (D), L11
2	12,961,373	WPB-2.1b, P2, (U), L25
3	12,891,333	WPB-2.1b, P3, (T), L29
4	5,714,834	WPB-2.1b, P4, (T), L40
5	4,922,542	WPB-2.1b, P6, (S), L29
6	(374,186)	WPB-2.1b, P6, (F), L33
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16 Total	<u>\$565,828,008</u>	