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8/20/09
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Michael L. Brosch
Utilitech, Inc. – President
Bachelor of Business Administration (Accounting)
University of Missouri-Kansas City (1978)
Certified Public Accountant Examination (1979)

GENERAL

Mr. Brosch serves as the director of regulatory projects for the firm and is responsible for the planning, supervision and conduct of firm engagements. His academic background is in business administration and accounting and he holds CPA certificates in Kansas and Missouri. Expertise is concentrated within regulatory policy, financial and accounting areas with an emphasis in revenue requirements, business reorganization and alternative regulation.

EXPERIENCE

Mr. Brosch has supervised and conducted the preparation of rate case exhibits and testimony in support of revenue requirements and regulatory policy issues involving more than 100 electric, gas, telephone, water, and sewer proceeding across the United States. Responsible for virtually all facets of revenue requirement determination, cost of service allocations and tariff implementation in addition to involvement in numerous utility merger, alternative regulation and other special project investigations.

Industry restructuring analysis for gas utility rate unbundling, electric deregulation, competitive bidding and strategic planning, with testimony on regulatory processes, asset identification and classification, revenue requirement and unbundled rate designs and class cost of service studies.

Analyzed and presented testimony regarding income tax related issues within ratemaking proceedings involving interpretation of relevant IRS code provisions and regulatory restrictions.

Conducted extensive review of the economic impact upon regulated utility companies of various transactions involving affiliated companies. Reviewed the parent-subsidiary relationships of integrated electric and telephone utility holding companies to determine appropriate treatment of consolidated tax benefits and capital costs. Sponsored testimony on affiliated interests in numerous Bell and major independent telephone company rate proceedings.

Has substantial experience in the application of lead-lag study concepts and methodologies in determination of working capital investment to be included in rate base.

Conducted alternative regulation analyses for clients in Arizona, California and Oklahoma, focused upon challenges introduced by cost-based regulation, incentive effects available through alternative regulation and balancing of risks, opportunities and benefits among stakeholders.

Mr. Brosch managed the detailed regulatory review of utility mergers and acquisitions, diversification studies and holding company formation issues in energy and telecommunications transactions in multiple states. Sponsored testimony regarding merger synergies, merger accounting and tax implications, regulatory planning and price path strategies. Traditional horizontal utility mergers as well as leveraged buyouts of utility properties by private equity investors were addressed in several states.

Analyzed the regulation of telephone company publishing affiliates, including the propriety of continued imputation of directory publishing profits and the valuation of publishing affiliates, including the identification and quantification of intangible assets and benefits of affiliation with the regulated business in Arizona, Indiana, Washington and Virginia.

OFFICIAL FILE

I.C.C. DOCKET NO. 09-0263
AS/AARP Exhibit No. 1.1-1.9

Utilitech, Inc.

Witness _____
Date 8/20/09 Reporter AS

WORK HISTORY

- 1985 - Present **Principal** - Utilitech, Inc. (Previously Dittmer, Brosch and Associates, Inc.)
- 1983 - 1985: **Project manager** - Lubow McKay Stevens and Lewis.
Responsible for supervision and conduct of utility regulatory projects on behalf of industry and regulatory agency clients.
- 1982 - 1983: **Regulatory consultant** - Troupe Kehoe Whiteaker and Kent.
Responsible for management of rate case activities involving analysis of utility operations and results, preparation of expert testimony and exhibits, and issue development including research and legal briefs. Also involved in numerous special projects including financial analysis and utility systems planning. Taught firm's professional education course on "utility income taxation - ratemaking and accounting considerations" in 1982.
- 1978 - 1982: **Senior Regulatory Accountant** - Missouri Public Service Commission.
Supervised and conducted rate case investigations of utilities subject to PSC jurisdiction in response to applications for tariff changes. Responsibilities included development of staff policy on ratemaking issues, planning and evaluating work of outside consultants, and the production of comprehensive testimony and exhibits in support of rate case positions taken.

OTHER QUALIFICATIONS

Bachelor of Business Administration - Accounting, 1978
University of Missouri - Kansas City "with distinction"

Member American Institute of Certified Public Accountants
Missouri Society of Certified Public Accountants
Kansas Society of Certified Public Accountants

Attended Iowa State Regulatory Conference 1981, 1985
Regulated Industries Symposium 1979, 1980
Michigan State Regulatory Conference 1981
United States Telephone Association Round Table 1984
NARUC/NASUCA Annual Meeting 1988, Speaker
NARUC/NASUCA Annual Meeting 2000, Speaker
NASUCA Regional Consumer Protection Meeting 2007, Speaker

Instructor INFOCAST Ratemaking Courses
Arizona Staff Training
Hawaii Staff Training

Michael L. Brosch
Summary of Previously Filed Testimony

<u>Utility</u>	<u>Jurisdiction</u>	<u>Agency</u>	<u>Docket/Case</u>	<u>Represented</u>	<u>Year</u>	<u>Addressed</u>
Green Hills Telephone Company	Missouri	PSC	TR-78-282	Staff	1978	Rate Base, Operating Income
Kansas City Power and Light Co.	Missouri	PSC	ER-78-252	Staff	1978	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-79-59	Staff	1979	Rate Base, Operating Income
Nodaway Valley Telephone Company	Missouri	PSC	16,567	Staff	1979	Rate Base, Operating Income
Gas Service Company	Missouri	PSC	GR-79-114	Staff	1979	Rate Base, Operating Income
United Telephone Company	Missouri	PSC	TO-79-227	Staff	1979	Rate Base, Operating Income
Southwestern Bell Telephone Co.	Missouri	PSC	TR-79-213	Staff	1979	Rate Base, Operating Income
Missouri Public Service Company	Missouri	PSC	ER-80-118 GR-80-117	Staff	1980	Rate Base, Operating Income
Southwestern Bell Telephone Co.	Missouri	PSC	TR-80-256	Staff	1980	Affiliate Transactions
United Telephone Company	Missouri	PSC	TR-80-235	Staff	1980	Affiliate Transactions, Cost Allocations
Kansas City Power and Light Co.	Missouri	PSC	ER-81-42	Staff	1981	Rate Base, Operating Income
Southwestern Bell Telephone	Missouri	PSC	TR-81-208	Staff	1981	Rate Base, Operating Income, Affiliated Interest
Northern Indiana Public Service	Indiana	PSC	36689	Consumers Counsel	1982	Rate Base, Operating Income
Northern Indiana Public Service	Indiana	URC	37023	Consumers Counsel	1983	Rate Base, Operating Income, Cost Allocations
Mountain Bell Telephone	Arizona	ACC	9981-E1051-81-406	Staff	1982	Affiliated Interest
Sun City Water	Arizona	ACC	U-1656-81-332	Staff	1982	Rate Base, Operating Income
Sun City Sewer	Arizona	ACC	U-1656-81-331	Staff	1982	Rate Base, Operating Income
El Paso Water	Kansas	City Counsel	Unknown	Company	1982	Rate Base, Operating Income, Rate of Return
Ohio Power Company	Ohio	PUCO	83-98-EL-AIR	Consumer Counsel	1983	Operating Income, Rate Design, Cost Allocations
Dayton Power & Light Company	Ohio	PUCO	83-777-GA-AIR	Consumer Counsel	1983	Rate Base
Walnut Hill Telephone	Arkansas	PSC	83-010-U	Company	1983	Operating Income, Rate Base
Cleveland Electric Illum.	Ohio	PUCO	84-188-EL-AIR	Consumer Counsel	1984	Rate Base, Operating Income, Cost Allocations
Cincinnati Gas & Electric	Ohio	PUCO	84-13-EL-EFC	Consumer Counsel	1984	Fuel Clause
Cincinnati Gas & Electric	Ohio	PUCO	84-13-EL-EFC (Subfile A)	Consumer Counsel	1984	Fuel Clause
General Telephone - Ohio	Ohio	PUCO	84-1026-TP-AIR	Consumer Counsel	1984	Rate Base

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Cincinnati Bell Telephone	Ohio	PUCO	84-1272-TP-AIR	Consumer Counsel	1985	Rate Base
Ohio Bell Telephone	Ohio	PUCO	84-1535-TP-AIR	Consumer Counsel	1985	Rate Base
United Telephone - Missouri	Missouri	PSC	TR-85-179	Staff	1985	Rate Base, Operating Income
Wisconsin Gas	Wisconsin	PSC	05-UI-18	Staff	1985	Diversification-Restructuring
United Telephone - Indiana	Indiana	URC	37927	Consumer Counsel	1986	Rate Base, Affiliated Interest
Indianapolis Power & Light	Indiana	URC	37837	Consumer Counsel	1986	Rate Base
Northern Indiana Public Service	Indiana	URC	37972	Consumer Counsel	1986	Plant Cancellation Costs
Northern Indiana Public Service	Indiana	URC	38045	Consumer Counsel	1986	Rate Base, Operating Income, Cost Allocations, Capital Costs
Arizona Public Service	Arizona	ACC	U-1435-85-367	Staff	1987	Rate Base, Operating Income, Cost Allocations
Kansas City, KS Board of Public Utilities	Kansas	BPU	87-1	Municipal Utility	1987	Operating Income, Capital Costs
Detroit Edison	Michigan	PSC	U-8683	Industrial Customers	1987	Income Taxes
Consumers Power	Michigan	PSC	U-8681	Industrial Customers	1987	Income Taxes
Consumers Power	Michigan	PSC	U-8680	Industrial Customers	1987	Income Taxes
Northern Indiana Public Service	Indiana	URC	38365	Consumer Counsel	1987	Rate Design
Indiana Gas	Indiana	URC	38080	Consumer Counsel	1987	Rate Base
Northern Indiana Public Service	Indiana	URC	38380	Consumers Counsel	1988	Rate Base, Operating Income, Rate Design, Capital Costs
Terre Haute Gas	Indiana	URC	38515	Consumers Counsel	1988	Rate Base, Operating Income, Capital Costs
United Telephone -Kansas	Kansas	KCC	162,044-U	Consumers Counsel	1989	Rate Base, Capital Costs, Affiliated Interest
US West Communications	Arizona	ACC	E-1051-88-146	Staff	1989	Rate Base, Operating Income, Affiliate Interest
All Kansas Electrics	Kansas	KCC	140,718-U	Consumers Counsel	1989	Generic Fuel Adjustment Hearing
Southwest Gas	Arizona	ACC	E-1551-89-102 E-1551-89-103	Staff	1989	Rate Base, Operating Income, Affiliated Interest
American Telephone and Telegraph	Kansas	KCC	167,493-U	Consumers Counsel	1990	Price/Flexible Regulation, Competition, Revenue Requirements
Indiana Michigan Power	Indiana	URC	38728	Consumer Counsel	1989	Rate Base, Operating Income, Rate Design
People Gas, Light and Coke Company	Illinois	ICC	90-0007	Public Counsel	1990	Rate Base, Operating Income
United Telephone Company	Florida	PSC	891239-TL	Public Counsel	1990	Affiliated Interest
Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1990	Rate Base, Operating Income (Testimony not admitted)

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Arizona Public Service Company	Arizona	ACC	U-1345-90-007	Staff	1991	Rate Base, Operating Income
Indiana Bell Telephone Company	Indiana	URC	39017	Consumer Counsel	1991	Test Year, Discovery, Schedule
Southwestern Bell Telephone Company	Oklahoma	OCC	39321	Attorney General	1991	Remand Issues
UtiliCorp United/ Centel	Kansas	KCC	175,476-U	Consumer Counsel	1991	Merger/Acquisition
Southwestern Bell Telephone Company	Oklahoma	OCC	PUD-000662	Attorney General	1991	Rate Base, Operating Income
United Telephone - Florida	Florida	PSC	910980-TL	Public Counsel	1992	Affiliated Interest
Hawaii Electric Light Company	Hawaii	PUC	6999	Consumer Advocate	1992	Rate Base, Operating Income, Budgets/Forecasts
Maui Electric Company	Hawaii	PUC	7000	Consumer Advocate	1992	Rate Base, Operating Income, Budgets/Forecasts
Southern Bell Telephone Company	Florida	PSC	920260-TL	Public Counsel	1992	Affiliated Interest
US West Communications	Washington	WUTC	U-89-3245-P	Attorney General	1992	Alternative Regulation
UtiliCorp United/ MPS	Missouri	PSC	ER-93-37	Staff	1993	Affiliated Interest
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-1151, 1144, 1190	Attorney General	1993	Rate Base, Operating Income, Take or Pay, Rate Design
Public Service Company of Oklahoma	Oklahoma	OCC	PUD-1342	Staff	1993	Rate Base, Operating Income, Affiliated Interest
Illinois Bell Telephone	Illinois	ICC	92-0448 92-0239	Citizens Board	1993	Rate Base, Operating Income, Alt. Regulation, Forecasts, Affiliated Interest
Hawaii Electric Company	Hawaii	PUC	7700	Consumer Advocate	1993	Rate Base, Operating Income
US West Communications	Arizona	ACC	E-1051-93-183	Staff	1994	Rate Base, Operating Income
PSI Energy, Inc.	Indiana	URC	39584	Consumer Counselor	1994	Rate Base, Operating Income, Alt. Regulation, Forecasts, Affiliated Interest
Arkla, a Division of NORAM Energy	Oklahoma	OCC	PUD-940000354	Attorney General	1994	Cost Allocations, Rate Design
PSI Energy, Inc.	Indiana	URC	39584-S2	Consumer Counselor	1994	Merger Costs and Cost Savings, Non-Traditional Ratemaking
Transok, Inc.	Oklahoma	OCC	PUD-1342	Staff	1994	Rate Base, Operating Income, Affiliated Interest, Allocations
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-940000477	Attorney General	1995	Rate Base, Operating Income, Cost of Service, Rate Design
US West Communications	Washington	WUTC	UT-950200	Attorney General/ TRACER	1995	Operating Income, Affiliate Interest, Service Quality
PSI Energy, Inc.	Indiana	URC	40003	Consumer Counselor	1995	Rate Base, Operating Income
Oklahoma Natural Gas Company	Oklahoma	OCC	PUD-880000598	Attorney General	1995	Stand-by Tariff

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GTE Hawaiian Telephone Co., Inc.	Hawaii	PUC	PUC 94-0298	Consumer Advocate	1996	Rate Base, Operating Income, Affiliate Interest, Cost Allocations
Mid-American Energy Company	Iowa	ICC	APP-96-1	Consumer Advocate	1996	Non-Traditional Ratemaking
Oklahoma Gas and Electric Company	Oklahoma	OCC	PUD-96000116	Attorney General	1996	Rate Base, Operating Income, Rate Design, Non-Traditional Ratemaking
Southwest Gas Corporation	Arizona	ACC	U-1551-96-596	Staff	1997	Operating Income, Affiliated Interest, Gas Supply
Utilicorp United - Missouri Public Service Division	Missouri	PSC	EO-97-144	Staff	1997	Operating Income
US West Communications	Utah	PSC	97-049-08	Consumer Advocate	1997	Rate Base, Operating Income, Affiliate Interest, Cost Allocations
US West Communications	Washington	WUTC	UT-970766	Attorney General	1997	Rate Base, Operating Income
Missouri Gas Energy	Missouri	PSC	GR 98-140	Public Counsel	1998	Affiliated Interest
ONEOK	Oklahoma	OCC	PUD98000177	Attorney General	1998	Gas Restructuring, rate Design, Unbundling
Nevada Power/Sierra Pacific Power Merger	Nevada	PSC	98-7023	Consumer Advocate	1998	Merger Savings, Rate Plan and Accounting
PacifiCorp / Utah Power	Utah	PSC	97-035-1	Consumer Advocate	1998	Affiliated Interest
MidAmerican Energy / CalEnergy Merger	Iowa	PUB	SPU-98-8	Consumer Advocate	1998	Merger Savings, Rate Plan and Accounting
American Electric Power / Central and South West Merger	Oklahoma	OCC	980000444	Attorney General	1998	Merger Savings, Rate Plan and Accounting
ONEOK Gas Transportation	Oklahoma	OCC	970000088	Attorney General	1998	Cost of Service, Rate Design, Special Contract
U S West Communications	Washington	WUTC	UT-98048	Attorney General	1999	Directory Imputation and Business Valuation
U S West / Qwest Merger	Iowa	PUB	SPU 99-27	Consumer Advocate	1999	Merger Impacts, Service Quality and Accounting
U S West / Qwest Merger	Washington	WUTC	UT-991358	Attorney General	2000	Merger Impacts, Service Quality and Accounting
U S West / Qwest Merger	Utah	PSC	99-049-41	Consumer Advocate	2000	Merger Impacts, Service Quality and Accounting
PacifiCorp / Utah Power	Utah	PSC	99-035-10	Consumer Advocate	2000	Affiliated Interest
Oklahoma Natural Gas, ONEOK Gas Transportation	Oklahoma	OCC	980000683, 980000570, 990000166	Attorney General	2000	Operating Income, Rate Base, Cost of Service, Rate Design, Special Contract
U S West Communications	New Mexico	PRC	3008	Staff	2000	Operating Income, Directory Imputation
U S West Communications	Arizona	ACC	T-0105B-99-0105	Staff	2000	Operating Income, Rate Base, Directory Imputation
Northern Indiana Public Service Company	Indiana	IURC	41746	Consumer Counsel	2001	Operating Income, Rate Base, Affiliate Transactions
Nevada Power Company	Nevada	PUCN	01-10001	Attorney General-BCP	2001	Operating Income, Rate Base, Merger Costs, Affiliates

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Sierra Pacific Power Company	Nevada	PUCN	01-11030	Attorney General-BCP	2002	Operating Income, Rate Base, Merger Costs, Affiliates
The Gas Company, Division of Citizens Communications	Hawaii	PUC	00-0309	Consumer Advocate	2001	Operating Income, Rate Base, Cost of Service, Rate Design
SBC Pacific Bell	California	PUC	I.01-09-002 R.01-09-001	Office of Ratepayer Advocate	2002	Depreciation, Income Taxes and Affiliates
Midwest Energy, Inc.	Kansas	KCC	02-MDWG-922-RTS	Agriculture Customers	2002	Rate Design, Cost of Capital
Qwest Communications – Dex Sale	Utah	PSC	02-049-76	Consumer Advocate	2003	Directory Publishing
Qwest Communications – Dex Sale	Washington	WUTC	UT-021120	Attorney General Staff	2003	Directory Publishing
Qwest Communications – Dex Sale	Arizona	ACC	T-0105B-02-0666		2003	Directory Publishing
PSI Energy, Inc.	Indiana	IURC	42359	Consumer Counsel	2003	Operating Income, Rate Trackers, Cost of Service, Rate Design
Qwest Communications – Price Cap Review	Arizona	ACC	T-0105B-03-0454	Staff	2004	Operating Income, Rate Base, Fair Value, Alternative Regulation
Verizon Northwest Corp	Washington	WUTC	UT-040788	Public Counsel	2004	Directory Publishing, Rate Base, Operating Income
Citizens Gas & Coke Utility	Indiana	IURC	42767	Consumer Counsel	2005	Operating Income, Debt Service, Working Capital, Affiliate Transactions, Alternative Regulation
Hawaiian Electric Company	Hawaii	HPUC	04-0113	Consumer Advocate	2005	Operating Income, Rate Base, Cost of Service, Rate Design
Sprint/Nextel Corporation	Washington	WUTC	UT-051291	Public Counsel	2006	Directory Publishing, Corporate Reorganization
Puget Sound Energy, Inc.	Washington	WUTC	UE-060266 and UG-060267	Public Counsel	2006	Alternative Regulation
Hawaiian Electric Company	Hawaii	HPUC	05-0146	Consumer Advocate	2006	Community Benefits / Rate Discounts
Cascade Natural Gas Company	Washington	WUTC	UG-060259	Public Counsel	2006	Alternative Regulation
Arizona Public Service Company	Arizona	ACC	E-01345A-05-0816	Staff	2006	Cost of Service Allocations
Hawaiian Electric Company	Hawaii	HPUC	05-0146	Consumer Advocate	2006	Capital Improvements and Discounted Rates
Hawaii Electric Light Company	Hawaii	HPUC	05-0315	Consumer Advocate	2006	Operating Income, Rate Base, Cost of Service, Rate Design
Union Electric Company d/b/a AmerenUE	Missouri	PSC	2007-0002	Attorney General	2007	Operating Income, Rate Base, Fuel Adjustment Clause
Hawaiian Electric Company	Hawaii	PUC	2006-0386	Consumer Advocate	2007	Operating Income, Cost of Service, Rate Design
Maui Electric Company	Hawaii	PUC	2006-0387	Consumer Advocate	2007	Operating Income, Cost of Service, Rate Design

Utilitech, Inc.

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Peoples Gas / North Shore Gas Company	Illinois	ICC	07-0241 07-0242	Attorney General	2007	Rate Adjustment Clauses
Illinois Power Company, Illinois Public Service Co., Central Illinois Public Service Co	Illinois	ICC	07-0585 cons.	Attorney General/CUB	2008	Rate Adjustment Clauses
Southwestern Public Service Company	Texas	PUCT	35763	Municipalities	2008	Operating Income, Rate Base, Affiliate Transactions
The Gas Company	Hawaii	PUC	2008-0081	Consumer Advocate	2009	Operating Income, Rate Base, Affiliate Transactions, Cost of Service, Rate Design
Hawaiian Electric Company	Hawaii	PUC	2008-0083	Consumer Advocate	2009	Operating Income, Rate Base, Affiliate Transactions, Cost of Service, Rate Design
Commonwealth Edison	Illinois	ICC	07-0566	Attorney General	2008	Rate Adjustment Clauses

Exelon.

Earnings Conference Call • 1st Quarter 2009

April 23, 2009

**Sustainable
advantage**





Cost and Capital Management

Driving productivity and cost reduction while maintaining superior operations

- Clearly define governance and oversight model
- Optimize the Exelon operational structure to drive efficiency and accountability, reducing complexity and cost
- Provide better visibility on cost drivers and productivity
- Process improvement and focus on high-value work
- Continue to manage capital spending

O&M Expense ⁽¹⁾ <i>(in millions)</i>	2008A	2009E	CapEx <i>(in millions)</i>	2008A	2009E
Exelon Generation	\$2,700	\$2,750	Exelon Generation	\$1,750	\$2,000
ComEd	\$1,100	\$1,050	ComEd	\$950	\$875
PECO	\$750	\$700	PECO	\$400	\$400
Exelon Consolidated ⁽³⁾	\$4,500	\$4,500 ⁽²⁾	Exelon Consolidated ⁽³⁾	\$3,200	\$3,350

We remain committed to holding 2009 O&M flat to 2008, which includes realizing \$150 million of sustainable cost savings this year

(1) Reflects operating O&M data and excludes Decommissioning impact. ComEd and PECO operating O&M exclude energy efficiency spend recoverable under a rider.

(2) Reflects ~\$175 million increase in operating O&M expense from 2008A to 2009E due to higher pension and OPEB expense.

(3) Exelon Consolidated includes operating O&M expense and Capital Expenditures from Holding Company.

2009 Projected Sources and Uses of Cash

Exelon.

(\$ in Millions)	ComEd. <small>An Exelon Company</small>	 PECO.	Exelon. <small>Generation</small>	Exelon (7)
Beginning Cash Balance	\$50	\$50	\$400	\$500
Cash Flow from Operations ⁽¹⁾	1,250	950	2,900	5,100
Capital Expenditures	(875)	(400)	(2,000)	(3,350)
Net Financing (excluding Dividend): ⁽²⁾				
Planned Debt Issuances ⁽³⁾⁽⁴⁾	0	250	0	250
Planned Debt Retirements ⁽⁵⁾	0	(750)	0	(750)
Other	(50)	250	0	(50)
Net Financing (excluding Dividend): ⁽²⁾	(50)	(250)	0	(550)
Cash Available before Dividend	\$375	\$350	\$1,300	\$1,700
Dividend ⁽⁶⁾				(1,400)
Cash Available after Dividend				\$300

- (1) Cash Flow from Operations primarily includes net cash flows provided by operating activities (excluding counterparty collateral activity) and net cash flows used in investing activities other than capital expenditures. PECO Cash Flow from Operations includes \$500M for Competitive Transition Charges.
- (2) Net Financing (excluding Dividend) = Net cash flows used in financing activities excluding dividends paid on common and preferred stock.
- (3) Excludes Exelon Generation and ComEd tax-exempt bonds that are backed by letters of credit (LOCs), which expire in 2009. Generation and ComEd are currently evaluating whether they will reissue this debt in the variable rate mode with a letter of credit in order to increase the value and marketability of the debt, or reissue the debt and change the interest rate mode of the bonds into a put mode or fixed rate to maturity, which does not require a letter of credit.
- (4) Excludes PECO's Accounts Receivable Agreement with Bank of Tokyo. Assumes PECO's A/R Agreement is extended in accordance with its terms beyond September 18, 2009.
- (5) Planned Debt Retirements are \$17M, \$728M, and \$12M for ComEd, PECO, and ExGen, respectively. Includes securitized debt.
- (6) Assumes 2009 Dividend of \$2.10 per share. Dividends are subject to declaration by the board of directors.
- (7) Includes cash flow activity from Holding Company, eliminations, and other corporate entities.

ICC Docket No. 09-0263

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Request
AG (MLB) 2.01—2.14
Dated: June 23, 2009**

REQUEST NO. AG (MLB) 2.04:

Reference: Direct Testimony of Mr. Hemphill, ComEd Exhibit 1.0, lines 123-124 (Stimulus Funds Optimization)—According to the testimony, ComEd is proposing revisions to Rider AMP to, “optimize ComEd’s ability to secure and use federal stimulus funds for Commission-approved projects.” Please provide the following information:

- a) Provide copies of documentation supporting each known provision or condition associated with the availability of federal stimulus funds that requires ComEd to seek and receive Commission approval for projects before federal stimulus money can be “secured”.
- b) Explain whether or not (and why) ComEd is able to propose and receive federal stimulus funds without review or approval of specific projects from the Commission.
- c) If the referenced testimony is indicating that ComEd would not propose projects for federal stimulus spending without Commission pre-approval, please list and describe all reasons why such approval is desired or required.
- d) If the referenced testimony is indicating that ComEd would not invest any shareholder capital in projects that are eligible to receive federal stimulus spending without Commission pre-approval of Rider rate recovery of such costs, please list and describe all reasons why such Rider recovery is desired or required.
- e) State your assumptions and provide calculations and supporting documentation for your responses to parts (a) through (d) of this data request.

RESPONSE:

ComEd objects to this Data Request to the extent that it seeks production of ComEd’s attorney work product or asks ComEd to reveal privileged communications with legal counsel. ComEd further objects to providing copies of Department of Energy regulations and other documents that are publicly available to the AG through the same means as to ComEd. Subject to these objections and its General Objections, ComEd states:

- a) The U.S. Department of Energy (DOE), Office of Electricity Delivery and Energy Reliability, issued a Smart Grid Investment Grant Program Funding Opportunity Announcement (FOA) on June 25, 2009. See ComEd’s response to EPS 1.02 for a URL link to that announcement. In particular, see the Section entitled “Special Instructions for Projects that Require Federal, State, or Local Regulatory Approvals”, which states that:

“Applicants that do not yet have regulatory approval are eligible for receiving an award. Examples might include applications that require approvals for cost recovery or dynamic pricing tariffs. However, DOE may withhold some or all of the grant funds until regulatory approval is obtained.”

~~For the reasons stated in testimony (including the time required for Commission approval, the preference likely to be given to approved projects, and the DOE funding timeline), ComEd believes that the mechanism for obtaining approvals must be approved before federal stimulus money has a chance of being secured.~~

- b) ~~Legally, different types of stimulus projects have different requirements. Some stimulus projects (e.g., investing in railroads) would not require Commission approval; any that would require a revision to a tariff or term of service could or would require approval. As a practical matter, moreover, any project that would cause ComEd to incur material unfunded costs would require Commission approval of a cost recovery mechanism.~~
- e) ~~The testimony does not so state.~~
- d) ~~The testimony does not so state. With respect to distribution grid projects, however, the reasons why ComEd cannot and will not commit material shareholder funds to putting into operation projects without an approved cost recovery mechanism like the proposed Rider AMP are stated in ComEd's testimony.~~
- e) ~~No new "calculations" were required to respond to this data request. Testimonial workpapers are being provided in response to another data request. ComEd objects to the production of publicly available reference materials (e.g., rating agency reports) or background data (e.g., financial statements) that "support" this conclusion but that do not constitute workpapers. That request is overbroad, unreasonably burdensome, and not reasonably calculated to lead to admissible evidence.~~

ICC Docket No. 09-0263**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Request
AG (MLB) 2.01 – 2.14
Dated: June 23, 2009****REQUEST NO. AG (MLB) 2.08:**

Reference: Direct Testimony of Mr. Hemphill; ComEd Exhibit 1.0; lines 452-455 (Rider AMP "enabling" language) According to Mr. Hemphill, "ComEd is proposing to add "enabling" language to Rider AMP that would permit it to propose projects to the Commission for approval if those projects were funded in whole or on a matching basis by federal stimulus funds." Please provide the following additional information:

- a) Please explain each reason why Commission approval is desired for projects to be funded in whole or in part by federal matching funds.
- b) Is it Mr. Hemphill's understanding that federal stimulus fund availability is contingent upon Illinois Commission approval of projects?
- c) If your response to part (b) is affirmative, provide copies of or pinpoint citation to all authority for this understanding.
- d) Explain whether and to what extent the projects expected to be proposed for stimulus funding are discretionary projects and programs for which spending would not be undertaken by ComEd but for the availability of stimulus funds.
- e) Explain whether the proposal for enabling language in Rider AMP intended to secure Commission pre-approval and thereby remove ComEd's risk of potential future disallowance of expenditures as not prudent.
- f) Explain whether the proposal for enabling language in Rider AMP intended to secure rate recovery outside of traditional rate cases, and thereby remove ComEd's risk of negative financial impacts due to regulatory lag.
- g) State with specificity which, if any, of ComEd's opportunities (list the specific projects) for ARRA funding or other federal stimulus funding would not be pursued by ComEd without Commission pre-approval and Rider AMP recovery.

RESPONSE:

- a) The reasons are stated in ComEd's testimony. In particular, and without limitation, ComEd has a right to the opportunity to recovery its reasonable and prudent costs of these projects. Advance approval allows the Commission to regulate those investments before they are made, reducing legal, financial, regulatory, and stranded cost risks.
- b) No. Dr. Hemphill does not so state.
- c) Not applicable.

- d) ComEd cannot answer this subpart at this time. A final decision on what projects to seek ARRA funding for has not been made. However, ComEd can state that it does not view ARRA funds as a means to displace investment funds that ComEd would otherwise have generated internally.
- e) No. The proposed amendments to Rider AMP call for, and is intended to call for, a binding determination of the prudence of proposed projects and of the proposed overall level of expenditure associated with those projects. However, it does not and it not intended to preclude review of the actual expenditures to ensure that they are for the approved project or of the reasonableness of the actual costs incurred.
- f) No. The proposed amendments to Rider AMP are intended to deal with a variety of concerns not limited to "regulatory lag." Moreover, absent these amendments, ComEd would be subject to certain under-recovery of the entire cost of these investments pending the next rate case. Such a one-sided and unbalanced penalty is not generally thought of as the result of "regulatory lag."
- g) *See* response to subpart d).

ICC Docket No. 09-0263

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Request
AG (MLB) 2.01 – 2.14
Dated: June 23, 2009**

REQUEST NO. AG (MLB) 2.09:

Reference: Direct Testimony of Mr. Hemphill; ComEd Exhibit 1.0; line 460 (Commission empowerment for Federal Funds) Please explain and provide citations to any opportunities Mr. Hemphill believes exist for the Commission to secure federal funds. If the cited testimony is instead intended to suggest that Illinois utilities would not or could not pursue federal stimulus or other funds without special rate rider treatment of the project costs, explain in detail the basis for this position and how the "...short deadlines that the DoE has imposed" are consistent with the view the state Commission review and approvals are needed to pursue federal funding.

RESPONSE:

Dr. Hemphill's testimony does not address the Commission's opportunities to secure federal funds under the ARRA. ComEd's further objects to this portion of this data request on the grounds that it seeks privileged information and or work product concerning legal questions, and because it is not reasonably calculated to lead to admissible evidence.

The remaining portion of this data request duplicates questions posed in Data Requests AG (MLB) 2.04 and AG (MLB) 2.08. ComEd refers to those responses.

ICC Docket No. 09-0263

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Request
AG (MLB) 2.01 – 2.14
Dated: June 23, 2009**

REQUEST NO. AG (MLB) 2.10:

Reference: Direct Testimony of Mr. Hemphill; ComEd Exhibit 1.0; lines 884-885, line 894 (Protections Against Over-Earning) Mr. Hemphill refers to, "Commission-approved protections against over-earning that would remain in place". Please provide the following information:

- a) Describe in detail each of the "protections" that are being referenced.
- b) Provide complete copies of all documents that are (or the form and content of documents that would be) submitted to administer the "protections" that are being referenced.
- c) At line 894, Mr. Hemphill states that "ComEd continues to fall short of its authorized return". Provide complete copies of all reports, studies, filings and other documents relied upon to support this statement.
- d) Explain whether Mr. Hemphill or ComEd believe that rate rider recovery of any isolated, Commission-approved cost is always appropriate, provided that the utility is subject to protections against over-earning.

RESPONSE:

- a) Dr. Hemphill intended to refer to (1) the earnings cap in Rider AMP; and (2) the Commission's authority to investigate ComEd's rates should it over-earn. Dr. Hemphill, however, is not a lawyer and his understanding may not include every potential protection.
- b) With respect to the first protection referenced, the information that ComEd will be required to provide is defined in current Rider AMP and the proposed amendment thereto. The process of providing that information will be coordinated with ICC Staff's accounting department. ComEd has not created "forms" for the provision of such data. With respect to the second, ComEd cannot predict in advance the data that would be sought and provided during a rate investigation.
- c) Dr. Hemphill reviewed an excerpt from the presentation supplied at the 2009 Exelon Investor Conference on March 10, 2009, which confirmed that ComEd is earning less than its authorized return. That excerpt is provided as AG (MLB) 2.10_Attach 1. Dr. Hemphill points out that the 2008 ROE of 5.0 – 6.0% and 2009 ROE of 7.3% - 8.8% are a combined distribution and transmission ROE. ComEd's authorized return on its distribution rate base is 8.36%. The entire presentation is publicly available on Exelon's website. Dr. Hemphill is also aware of no document or data that would show or indicate otherwise.
- d) Assuming that this subpart is intending to ask a policy rather than a legal question, ComEd and Dr. Hemphill have not answered this question in the abstract. However, there are clearly cases (other than the present case) where a rider is not required, even if it might be "appropriate."

2009 Exelon Investor Conference

**Sustainable
advantage**

PECO HEADQUARTERS • PHILADELPHIA, PA

MARCH 10, 2009



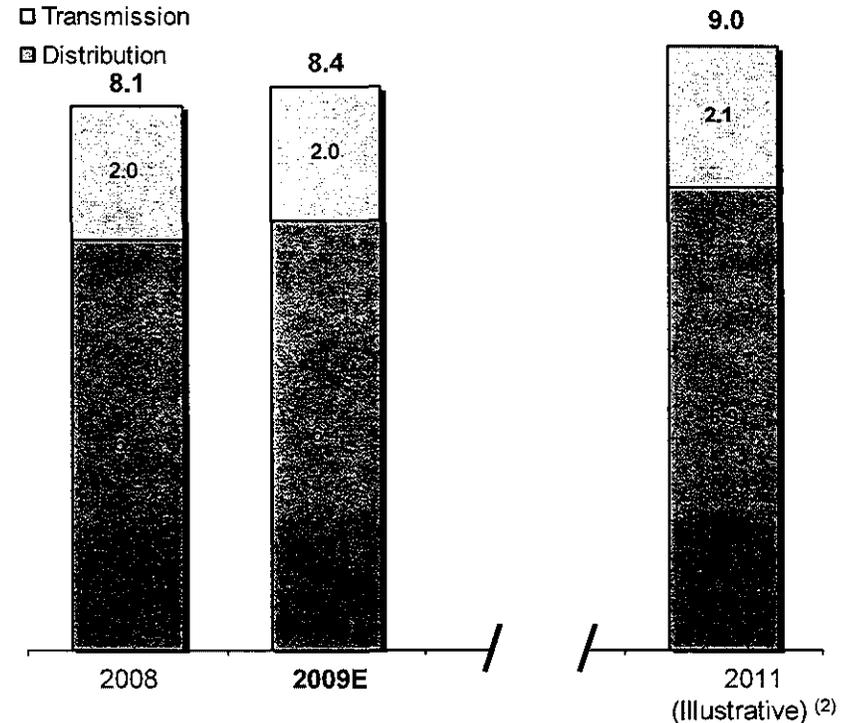
ComEd – Moving Forward

AG/AARP Exhibit 1.7 Attachment 1, Page 2 of 2

Executing Regulatory Recovery Plan

- Cost reduction and control initiatives combined with the recent delivery service tariff (DST) rate increase and regular transmission rate updates
- Illinois Power Agency proposed procurement plan for ComEd - first procurement in Spring 2009
- Actively promoting/implementing efficiency, renewable energy, and demand-side management programs
- Studying future test year approach for distribution rate filing

Average Annual Rate Base ⁽¹⁾ (\$ in Billions)



Equity ⁽¹⁾	~ 45%	~ 46%	~ 45%
ROE	~5.0 – 6.0%	~7.3 – 8.8%	~9 – 10%

ComEd's earnings are expected to increase as regulatory lag is reduced over time through regular rate requests, putting ComEd on a path toward appropriate returns

(1) Equity based on definition provided in most recent ICC distribution rate case order (book equity less goodwill). Projected book equity ratio in 2008 is 45%. CAML 0000119
 (2) Provided solely to illustrate possible future outcomes that are based on a number of different assumptions, all of which are subject to uncertainties and should not be relied upon as a forecast of future results.

ICC Docket No. 09-0263

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Request
AG (MLB) 2.01 – 2.14
Dated: June 23, 2009**

REQUEST NO. AG (MLB) 2.02:

Reference: Meter Regulatory Asset (ComEd Exhibit 5.01, pages 3 and 4) Please provide the following information:

- a) Explain ComEd's proposed federal and state income tax treatment for the retired meters, indicating the Internal Revenue Code provisions that relate to such treatment.
- b) Describe and quantify the timing and amounts of all income tax deductions that are anticipated to result from meter retirements projected in Exhibit 5.01.
- c) What amounts of quarterly accumulated deferred income taxes are expected to be created as a result of the projected meter retirements?
- d) Where are the amounts set forth in your response to part (c) captured in the Company's proposed Rider AMP recovery amounts on page 1 of Exhibit 5.01?
- e) Explain the Company's proposed regulatory treatment of the income tax benefits arising from meter retirement, indicating why no tax impacts are considered in Exhibit 5.01.

RESPONSE:

- a) ComEd will retire the meters in the year that they are taken out of service as provided in Section 168 of the Internal Revenue Code ("IRC") and recognize an ordinary loss in the same tax year under Section 1231 of the IRC.
- b) Based upon the projected meter retirements as provided in ComEd Exhibit 5.01, ComEd estimates that the income tax deductions will be as follows:

<u>Quarter</u>	<u># of meters retired</u>	<u>Estimated Income Tax Deduction</u>
4 th qtr 2009	22,000	\$544,011
1st qtr 2010	106,000	\$2,621,142
2 nd qtr 2010	13,000	\$321,461

- c) See ComEd's response to AG (MLB) 2.02 (e).
- d) See ComEd's response to AG (MLB) 2.02 (e).

- e) As described in ComEd Ex. 5.0, (Lines 145 – 158) ComEd did not seek to include a return on the regulatory asset in the calculation of Rider AMP, and similarly did not include the revenue requirement impact of the associated deferred taxes in the calculation. The meter retirements will result in a reduction in the accumulated deferred income tax liability (ADIT), which will be offset by a corresponding increase in ADIT related to the recording of the regulatory asset.

An illustrative calculation of the Rider AMP revenue requirement impact of including the effect of the change in ADIT associated with both the write off of the retired meters and the creation of the regulatory asset is attached as AG (MLB) 2.02_Attach 1. Based upon these calculations, the impact to Rider AMP charges would be negligible.

Illustrative Deferred Tax/Revenue Requirement Analysis

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Year	Quarter	Meters Replaced (1)	Accumulated Cost (2)	Net Book Value (3)	Estimated Net Tax Value (4)	Quarterly Deferred Tax Liability Reduction (5)	Total Deferred Tax Liability Reduction (6)	Quarterly Regulatory Asset (6)	Total Regulatory Asset (6)	Quarterly Amortization of Reg Asset (7)	Cumulative Amortization of Reg Asset (7)	Deferred Tax Liability Increase (8)	Deferred Tax Liability Net Increase (9)	Quarterly Revenue Requirement Reduction (10)
2009	1													
	2													
	3													
	4	22,000	\$1,875,899	\$1,048,815	\$544,011	\$200,635	\$200,635	\$1,048,815	\$1,048,815			\$416,852	\$216,217	\$6,207
2010	1	106,000	\$9,038,421	\$4,963,224	\$2,621,142	\$930,860	\$1,131,495	\$4,963,224	\$6,012,039	\$150,007	\$150,007	\$2,329,865	\$1,198,370	\$34,399
	2	13,000	\$1,108,486	\$597,640	\$321,461	\$109,767	\$1,241,262	\$597,640	\$6,609,679	\$165,242	\$315,249	\$2,501,721	\$1,260,459	\$36,182
	3									\$165,242	\$480,491	\$2,436,046	\$1,194,784	\$34,286
	4									\$165,242	\$645,733	\$2,370,370	\$1,129,108	\$32,411
2011	1									\$165,242	\$810,975	\$2,304,695	\$1,063,433	\$30,526
	2									\$165,242	\$976,217	\$2,239,019	\$997,757	\$28,641
	3									\$165,242	\$1,141,459	\$2,173,344	\$932,082	\$26,756
	4									\$165,242	\$1,306,701	\$2,107,669	\$866,406	\$24,870
2012	1									\$165,242	\$1,471,943	\$2,041,993	\$800,731	\$22,985
	2									\$165,242	\$1,637,185	\$1,976,318	\$735,056	\$21,100
	3									\$165,242	\$1,802,427	\$1,910,642	\$669,380	\$19,215
	4									\$165,242	\$1,967,669	\$1,844,967	\$603,705	\$17,329
		141,000	\$12,022,806	\$6,609,679	\$3,486,614	\$1,241,262		\$6,609,679						
19			Income Tax Rate (11)	39.75%										
20			Quarterly Return (12)	2.87%										
21			Estimated Remaining Tax Value (13)	29%										

Notes

- (1) See ComEd Ex. 5.01, Page 3, lines 12 - 14.
- (2) See ComEd Ex. 5.01, Page 3, lines 16 - 28.
- (3) See ComEd Ex. 5.01, Page 3, lines 29 - 31.
- (4) Equals Accumulated Costs (Column D) times Estimated Remaining Tax Value (line 21, Column E)
- (5) Equals (Net Book Value (Column E) - Net Tax Value (Column F)) * Income Tax Rate
- (6) See ComEd Ex. 5.01, Page 4, Column E.
- (7) See ComEd 5.01, Page 4, Column G.
- (8) Equals Total Regulatory Asset (Column J)
- (9) Equals Deferred Tax Liability Increase (Column M) - Total Deferred Tax Liability Reduction (Column H)
- (10) Equals Deferred Tax Liability Net Reduction (Column N) times Quarterly Return (Column E Line 20)
- (11) See ComEd Ex. 5.01, Page 6
- (12) See ComEd Ex. 5.01, Page 6, Equals Pre-tax return divided by four.
- (13) Base upon estimate of approximately 7 years remaining of 21 year MACRS.

20 Year Macrs	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
	3.75%	7.22%	6.68%	6.18%	5.71%	5.29%	4.89%	4.52%	4.46%	4.48%	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%	2.23%

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY)
)
Petition to approve an Advanced Metering) Docket No. 09-0263
Infrastructure Pilot Program and associated tariffs)

Affidavit of Michael L. Brosch

STATE OF MISSOURI)
) SS.
COUNTY OF JACKSON)

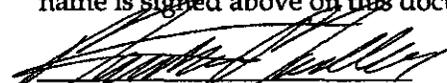
I, Michael L. Brosch, being first duly sworn, declare under oath as follows:

1. I am a principle in the firm Utilitech, Inc., a consulting firm primarily engaged in utility rate and regulation work.
2. I provided Direct Testimony, identified as AG/AARP Exhibit 1.0, and additional attachments to that testimony, identified as AG/AARP Exhibits 1.1 to 1.8, in this proceeding. That testimony, filed on July 24, 2009, was prepared by me or under my direction and control.
3. I swear and affirm that the testimony provided is true and correct, to the best of my knowledge and ability, and that there are no corrections or revisions to be made to my testimony. If I were asked the same questions today, my answers would be the same. It is my desire that my testimony and attachments be considered as evidence by the Administrative Law Judge and by the Illinois Commerce Commission in this Docket.

Further Affiant Sayeth Not.


Michael L. Brosch

On this 27th day of July, 2009, before me, the undersigned notary public, personally appeared Michael L. Brosch, who proved to me through personal knowledge to be the person whose name is signed above on this document in my presence.


Notary Public

My commission expires on 12-11-2012.

