

**ICC Docket No. 10-0091**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests  
DAB 1.01 – 1.04  
Dated: February 16, 2010**

**REQUEST NO. DAB 1.02:**

Referring to page 3 of Attachment A, is it ComEd's position that loan origination fees are a "prudently incurred cost of offering a program" as described in section (f) of 220 ILCS 5/16-111.7? If the answer is yes, please explain.

**RESPONSE:**

ComEd objects to this data request to the extent that it calls for a legal conclusion. Without waiving this objection, ComEd responds as follows. It is ComEd's position that any loan origination fees imposed by a financial institution are forms of administrative costs that should be recovered under the proposed revisions to Rider EDA. (*See* ComEd Ex. 2.2). Loan origination fees are fees that will be incurred by the Program for establishing an "account" between the lender and the customer, performing a credit review, and miscellaneous paperwork associated with underwriting of the account. As such, costs associated with loan origination are administrative in nature and not different from any other cost ComEd will incur to implement the Program. Further, as discussed extensively during the workshop process that preceded ComEd's filing, the recovery of such costs, if incurred, through Rider EDA will help keep the net capital cost to the participant as reasonable as possible and could allow more measures to qualify as eligible measures under the Program.

**ICC Docket No. 10-0091**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests  
BAP 1.01 – 1.06  
Dated: February 10, 2010**

**REQUEST NO. BAP 1.01:**

Referring to the Verified Petition of Commonwealth Edison Company, Section 9.1, Estimated Program Costs, please describe the accounting treatment and provide sample journal entries including ICC accounts for costs that the Companies plan to recover pursuant to Section 16-111.7(f) through the automatic adjustment clause tariff established under Section 8-103, Energy Efficiency and Demand Response Measures, including any costs the Company plans to defer and amortize.

**RESPONSE:**

As an initial matter, ComEd assumes that the Request is referring to Attachment A (Program Design Document) to the Verified Petition of Commonwealth Edison Company. The costs that ComEd incurs related to its on-bill financing program ("Program") will be transferred to the Rider EDA regulatory asset. Although Program costs associated with the development of ComEd's on-bill financing program may be amortized over a three year period, this accounting treatment is at ComEd's election, and ComEd has not yet made a decision with respect to whether it will amortize such costs. Other costs incurred by ComEd related to the Program may not be amortized. Sample journal entries for both amortized costs and those costs that are not amortized are set forth below.

In addition, ComEd notes that if the revenues accrued during a given period exceed the costs incurred during such period, the regulatory asset will be credited for this difference and refunded to ratepayers in a future period. Conversely, if the revenues accrued during a given period are less than the costs incurred during such period, the regulatory asset will be debited for this difference and recovered from ratepayers in a future period. Revenue will include both recovery of the costs incurred and a return on the capital investments associated with the Program.

**Sample Journal Entries of Amortized Costs:**

| ICC<br>Account | <u>Title(s) of Account</u>   |    |    |
|----------------|--|----|----|
| 908, 923       | Debit Customer Assistance Expenses, Outside Services Employed                                | XX |    |
| 131            | Credit Cash  |    | XX |
|                | <i>Record development costs associated with establishing the on-bill financing program</i>   |    |    |
| 101            | Debit Utility Plant  | XX |    |
| 131            | Credit Cash  |    | XX |
|                | <i>Record capital investments associated with establishing the on-bill financing program</i> |    |    |

|          |   |    |    |
|----------|---|----|----|
| 403      | Debit Deprecation Expense   | XX |    |
| 108      | Credit Accumulated Prov. For Depr. Amort. Depl.<br><i>Record depreciation expense associated with on-bill financing</i> |    | XX |
| 182.3    | Debit Other Regulatory Assets   | XX |    |
| 908, 923 | Credit Customer Assistance Expenses, Outside Services Employed  |    | XX |
| 403      | Credit Depreciation Expense<br><i>Transfer development costs to Rider EDA regulatory asset</i>                          |    | XX |
| 908      | Debit Customer Assistance Expenses  | XX |    |
| 407.3    | Debit Regulatory Debits   | XX |    |
| 182.3    | Credit Other Regulatory Assets<br><i>Potentially amortize development costs over three years</i>                        |    | XX |

**Sample Journal Entries of Costs Not Amortized:**

| ICC<br>Account   | <u>Title(s) of Account</u>  |    |    |
|--|---|----|----|
| 908, 923   | Debit Customer Assistance Expenses, Outside Services Employed   | XX |    |
| 131  | Credit Cash<br><i>Record other costs associated with the on-bill financing program</i>  |    | XX |
| 142  | Debit Customer Accounts Receivable  | XX |    |
| 44X  | Credit Sales to Ultimate Consumers<br><i>Record Rider EDA revenues (includes return on capital investment)</i>                    |    | XX |
| <u>If revenue (excluding return) exceeds costs (including any amortization) in the period:</u> |   |    |    |
| 908  | Debit Customer Assistance Expenses  | XX |    |
| 182.3  | Credit Other Regulatory Assets<br><i>Record difference between revenues (excluding return) and costs to regulatory asset</i>      |    | XX |
| <u>If costs (including any amortization) exceed revenue (excluding return) in the period:</u>  |   |    |    |
| 182.3  | Debit Other Regulatory Assets   | XX |    |
| 908  | Credit Customer Assistance Expenses<br><i>Record difference between revenues (excluding return) and costs to regulatory asset</i> |    | XX |
| 409.1  | Debit Income Taxes – Federal & Other  | XX |    |
| 236  | Credit Taxes Accrued<br><i>Record taxes associated with return on capital investment (assumes no deferred taxes)</i>              |    | XX |

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**BAP 1.01 – 1.06**

**Dated: February 10, 2010**

**REQUEST NO. BAP 1.02:**

Referring to the Verified Petition of Commonwealth Edison Company, Section 9.1, Estimated Program Costs, please provide a detailed listing of monthly costs incurred to date (from July 10, 2009 through the most recently available period) which the Company expects to recover through the revised Rider EDA tariff on file pursuant to Section 8-103 of the Act. If the Company plans to request cost recovery of any costs incurred prior to July 10, 2009, fully explain and itemize such costs and provide the Company's rationale as to why such costs are recoverable.

**RESPONSE:**

As an initial matter, ComEd assumes that the Request is referring to Attachment A (Program Design Document) to the Verified Petition of Commonwealth Edison Company. ComEd also notes that it does not plan to request cost recovery of any costs incurred prior to July 10, 2009. With respect to the monthly costs incurred since July 10, 2009 through the most recent reporting period related to the development of ComEd's on-bill financing program, ComEd provides the following information:

- November 2009
  - Outside Consultant Fees Paid: \$ 1,494.98
- December 2009
  - Outside Legal Counsel Fees Paid: \$ 6,678.02
- January 2010
  - Outside Consultant Fees Paid: \$15,255.50
  - Outside Legal Counsel Fees Paid: \$ 6,192.44
- February 2010 (as of date of response)
  - Outside Consultant Fees Paid: \$ 5,302.50

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BAP 1.01 – 1.06  
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**REQUEST NO. BAP 1.03:**

Referring to the Verified Petition of Commonwealth Edison Company, Section 9.1, Estimated Program Costs, does the Company plan to amortize any program, start-up, administrative, or program evaluation costs? If yes, describe the proposed amortization period and why such period is appropriate.

**RESPONSE:**

As an initial matter, ComEd assumes the Request is referring to Attachment A (Program Design Document) to the Verified Petition of Commonwealth Edison Company. As reflected in the proposed changes to Rider EDA (ComEd Ex. 2.2), ComEd is seeking the authority to amortize over three years any incremental costs associated with the development of its on-bill financing program. However, ComEd has not reached any conclusions as to whether it will amortize such costs assuming its proposed tariffs are approved.

ComEd believes its proposed three year amortization period, is appropriate because it is consistent with both the current language within Rider EDA and with the amortization of rate case expenses. Specifically, ComEd made the same amortization proposal with respect to the incremental costs associated with the development of its energy efficiency and demand response plan, and the Commission approved that request in ICC Docket No. 07-0540. Rider EDA therefore already includes language permitting the utility to amortize incremental costs associated with the development of its energy efficiency and demand response plan over a three year period.

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BAP 1.01 – 1.06  
Dated: February 10, 2010**

**REQUEST NO. BAP 1.04:**

Referring to ComEd Ex. 1.0, lines 326 – 356, or any other anticipated area of cost-sharing:

- a) Please provide a description of costs that might be allocated among the five electric and gas utilities subject to the requirements of Sections 16-111.7 and 19-140 of the Act; and
- b) Please describe the methodology/(ies) that might be used to allocate such costs among these five utilities.

**RESPONSE:**

As an initial matter, although ComEd cannot anticipate and identify all future costs that might be allocated among the five electric and gas utilities subject to the requirements of Sections 16-111.7 and 19-140 of the Act, ComEd has set forth below a description of the costs currently anticipated to be allocated among the five utilities and the allocation methodologies. ComEd further states that its response to this Request is not intended to limit the utilities' ability to allocate other costs currently not anticipated or being incurred (*e.g.*, evaluation costs).

- a) The costs that are presently allocated across the five electric and gas utilities are related to the development of the joint Financial Institution ("FI") Request for Proposals ("RFP") and the development of the Program Design Document (PDD). With respect to the FI RFP, the utilities have also agreed to allocate the costs of the RFP process that will be conducted following approval of the utilities' programs.
- b) Concerning the development of the joint FI RFP and subsequent RFP process, the utilities have agreed to an allocation methodology that divides the total costs by five. With respect to the PDD, the utilities have agreed to split the costs four ways, with AIU Gas & Electric equaling one utility for purposes of this allocation methodology.

**ICC Docket No. 10-0091****Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests****BAP 1.01 – 1.06****Dated: February 10, 2010****REQUEST NO. BAP 1.05:**

Referring to ComEd Ex. 2.0, lines 210 - 215, does the Company agree to maintain separate accounting records such that costs recovered pursuant to Section 16-111.7(f) are easily distinguishable from other costs that the Companies will recover pursuant to Section 8-103 of the Act? If no, fully explain the Company's objection. Further, describe all proposed accounting treatments to ensure such costs are separately identifiable.

**RESPONSE:**

Yes. ComEd's financial systems allow for the tracking of costs by several codeblock elements. A codeblock consists of a group of elements used to record every financial transaction. These elements fit together to build a complete view of a financial transaction. One element of the codeblock is project. A unique project(s) will be created in the financial system for capturing the costs recovered pursuant to Section 16-111.7(f). By using specific codeblock elements ComEd will ensure that the only costs included in Rider EDA are those costs charged to the codeblock created for this purpose.

**ICC Docket No. 10-0091****Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests****BAP 1.01 – 1.06****Dated: February 10, 2010****REQUEST NO. BAP 1.06:**

Referring to ComEd Ex. 2.0, lines 571 - 583, please describe the accounting treatment and provide sample journal entries including ICC accounts for activities related to ComEd's right to retain a security interest in the measures assuming future execution of a security interest pursuant to Section 16-111.7.

**RESPONSE:**

As an initial matter, ComEd assumes this Request is referring to ComEd Ex. 1.0, lines 571 – 583. As discussed by Mr. Melloch in ComEd Ex. 1.0, perfecting a security interest may be cost-prohibitive with respect to certain measures, and ComEd therefore may not exercise its option to perfect its security interest in the underlying asset in every instance.

If ComEd exercises its right to perfect a security interest in a measure pursuant to Section 16-111.7, ComEd expects to incur various costs to perfect the interest and repossess the underlying asset. These costs will be recovered through Rider EDA as an incremental cost associated with the on-bill financing program.

In the event that a customer defaults in the program and ComEd successfully takes possession of the asset through its security interest, ComEd would sell the repossessed asset. Proceeds from the sale of the asset would be used to relieve the associated customer's account receivable and pay the financial institution its monthly amounts due, which would reduce the amount that would need to be recovered through the automatic adjustment clause tariff (ComEd's Rider UF).

**Sample Journal Entries:**

| <u>ICC<br/>Account</u> | <u>Title(s) of Account</u>   |    |    |
|------------------------|--|----|----|
|                        | <u>Ongoing Activity:</u>   |    |    |
| 142                    | Debit Customer Accounts Receivable                                       | XX |    |
| 232                    | Credit Accounts Payable  |    | XX |
|                        | <i>Record monthly billing activity for the on-bill financing program</i> |    |    |

|     |  |    |    |
|-----|--|----|----|
| 232 | Debit Accounts Payable   | XX |    |
| 131 | Credit Cash  |    | XX |
|     | <i>Record cash payments to financial institutions</i>                              |    |    |
| 904 | Debit Uncollectible Accounts   | XX |    |
| 144 | Credit Accum. Prov. For Uncollectible Acct.-Credit                                 |    | XX |
|     | <i>Record bad debt expense for delinquent customer A/R associated with program</i> |    |    |
| 144 | Debit Accum. Prov. For Uncollectible Acct.-Credit                                  | XX |    |
| 142 | Credit Customer Accounts Receivable  |    | XX |
|     | <i>Record charge-off of delinquent customer A/R associated with program</i>        |    |    |

Obtain Security Interest & Incur Costs Associated With Repossession:

|       |  |    |    |
|-------|--|----|----|
| 908   | Debit Customer Assistance Expenses                                   | XX |    |
| 131   | Credit Cash  |    | XX |
|       | <i>Record monthly billing activity for on-bill financing program</i> |    |    |
| 182.3 | Debit Other Regulatory Assets  | XX |    |
| 908   | Credit Customer Assistance Expenses                                  |    | XX |
|       | <i>Transfer costs to Rider EDA regulatory asset</i>                  |    |    |

Note: Refer to BAP 1.01 sample journal entries for additional detail on Rider EDA regulatory asset amortization and recovery.

Customers Default – Recovery through Automatic Adjustment Clause Tariff:

|     |  |    |    |
|-----|--|----|----|
| 131 | Debit Cash   | XX |    |
| 904 | Credit Uncollectible Accounts                                |    | XX |
|     | <i>Record cash receipts from sales of repossessed assets</i> |    |    |

Note: When on-bill financing activity is recorded in Account 904, the increase (decrease) in uncollectible accounts expense will increase (decrease) the regulatory asset associated with Rider UF. The uncollectible accounts expense associated with the customers participating in the on-bill financing program will be allocated to the residential customer designation and be recovered from all residential retail customers.