

Commonwealth Edison Company's Response to  
People of the State of Illinois ("AG") Data Request

AG 14.01 - 14.19

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**OFFICIAL FILE**

**ICC DOCKET NO.** 10-0467

**Exhibit No.** 11

**Witness** \_\_\_\_\_

**Date** 12/3/10 **Reporter** \_\_\_\_\_

REQUEST NO. AG 14.09:

Ref: ComEd Exhibit 31.0, Subbakrishna Rebuttal, line 183 (Internal Consistency). According to the referenced Rebuttal, "This need for internal consistency seems to be missing in Mr. Brosch's discussion of the concern he has with broad ranges and mid points." Please provide the following information:

- a. Provide pinpoint citations to the specific testimony of Mr. Brosch that is being referenced in this statement.
- b. Explain whether Mr. Subbakrishna is alleging any specific inconsistencies in calculations sponsored by Mr. Brosch.
- c. Does Mr. Subbakrishna hold the opinion that utilization of a "mid-point" method to quantify estimated expense lead times for expense and tax items requires one to blindly apply such a mid-point method to the revenue collection lag for the sake of consistency?
- d. What is Mr. Subbakrishna's understanding of the rationale for utilization of a mid-point method to quantify the payroll expenses lead times of a public utility?
- e. Would use of a mid-point for payroll expense lead times be reasonable for a hypothetical group of employees that were paid monthly in arrears, but are expected to show up and get all their work done in the first two weeks of each month?
- f. What is Mr. Subbakrishna's understanding of the rationale for utilization of a mid-point method to quantify the employee benefits expenses of a public utility?

RESPONSE:

- a. Mr. Subbakrishna's statement is not a citation from the Direct Testimony of Mr. Brosch.
- b. No. To the extent that there were any specific calculations on this issue within Mr. Brosch's Direct Testimony, Mr. Subbakrishna is not making any allegations regarding any specifics within such calculations.
- c. ComEd objects to this question on the grounds that Mr. Subbakrishna does not assert anywhere in his direct or rebuttal testimony that one should "blindly" do anything in the context of performing a lead/lag study. The reasoning for using the mid-point methodology for estimating the revenue collection lag is provided in his rebuttal testimony and in subpart (a) of ComEd's Data Request Response to AG 7.15.

- d. As stated in Mr. Subbakrishna's Direct Testimony (ComEd Ex 7.0, lines 345-349), "Expense Leads where a good or a service is provided to ComEd have both a Service Lead component, i.e., services are assumed to be provided to ComEd evenly around the midpoint of the service period, and a Payment Lead component, i.e., the time period from the end of the service period to the time payment was made and the funds left ComEd's Possession." This rationale has been used for estimating the expense lead time associated with payroll and employee benefit related expenses.
- e. ComEd objects to this question on the grounds that the hypothetical situation presented here is beyond the scope of Mr. Subbakrishna's direct and rebuttal testimony. Notwithstanding the objection however, insufficient information has been provided in the hypothetical to provide a response.
- f. Point of clarification. As noted in this Data Request, a mid-point method is not used to "quantify the employee benefits expenses of a public utility" (emphasis provided). See ComEd's response to subpart (d) for a response to this question.