

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY :
: No. 07-0566
General increase in electric rates : (On Remand)

Direct Testimony on Remand of
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I. Introduction**A. Witness Identification**

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

A. My name is Kathryn M. Houtsma. My business address is Commonwealth Edison Company, Three Lincoln Centre, Oakbrook Terrace, Illinois 60181.

Q. **By whom and in what position are you employed?**

A. I am Vice President, Regulatory Projects, of Commonwealth Edison Company (“ComEd”).

B. Purposes of My Testimony on Remand

Q. **What are the purposes of your direct testimony in this proceeding on remand?**

A. The purposes of my direct testimony in this proceeding on remand are to:

- (1) Summarize the position of ComEd concerning the scope and purpose of this proceeding on remand, which follows from the decision of the Appellate Court of Illinois, Second District (the “Second District Opinion”), in the appeals from the final Order of the Illinois Commerce Commission (the “Commission” or “ICC”) in ComEd’s 2007 rate case, ICC Docket No. 07-0566 (the “2007 Rate Case”);
- (2) Explain the procedural background in which this remand arises;
- (3) Identify the other witnesses for ComEd on remand;
- (4) Set forth facts regarding ComEd’s distribution costs, revenues, and rates during the potential refund calculation period (a term I explain below);

- 21 (5) Provide certain data regarding ComEd's Third Quarter 2008 additions to Plant in
22 Service, which were not included in rate base in the final Order in the 2007 Rate
23 Case;
- 24 (6) Provide certain data relating to interest rates; and
- 25 (7) Confirm that ComEd has collected no revenues under the system modernization
26 tariff, referred to in the 2007 Rate Case Order as Rider SMP – System
27 Modernization Projects ("Rider SMP"), the approval of which in the 2007 Rate
28 Case Order was reversed by the Second District Opinion.

29 **C. Summary of ComEd's Positions and**
30 **of the Conclusions of My Testimony**

31 **Q. In summary, what actions should the Commission take on remand?**

32 **A.** In brief:

- 33 (1) The Commission should not order any refunds in this remand. ComEd did not
34 over-recover its distribution costs through its distribution rates from customers
35 during the potential refund calculation period. In fact, ComEd under-recovered.
36 Thus, a refund would be improper and unfair.
- 37 (2) In the alternative, if the Commission were to disregard ComEd's actual costs
38 during the potential refund calculation period, and determine that a refund is
39 required, then such a refund must be properly calculated. The rate base approved
40 in the 2007 Rate Case did not include ComEd's Third Quarter 2008 additions to
41 Plant in Service because ComEd conditionally waived their inclusion through a
42 Stipulation with Staff, as I describe later in my testimony. The additions,
43 however, met the known and measureable standard of the Commission's *pro*

44 *forma* adjustments rule. That fact also is confirmed by additional data now
45 available on remand. Thus, if the Commission were to disregard ComEd's actual
46 costs during the period and order a refund, the refund calculation should
47 incorporate those plant additions as an offset. The maximum potential aggregate
48 refund amount is \$29,583,000, reflecting the actual Third Quarter 2008 plant
49 additions as well as a "roll forward" of the "depreciation reserve" for "Test Year
50 Plant" to September 30, 2008, as described later in my testimony.

51 (3) If the Commission were to determine that a refund is required, and should bear
52 interest, then the Commission-approved interest rate for ComEd's short-term use
53 of customer deposits of 0.50% should be used.

54 (4) ComEd did not collect any revenues under the system modernization tariff,
55 referred to in the 2007 Rate Order as Rider SMP (this rider was retitled as the
56 original "Rider AMP – Advanced Metering Program Adjustment" [the original
57 "Rider AMP"] in ComEd's 2007 Rate Case compliance filing). So, there are no
58 revenues under that rider that could be subject to refund.

59 **Q. What do you mean by the term "potential refund calculation period"?**

60 A. ComEd's position regarding the start and end dates of the potential refund calculation
61 period is a legal position that will be addressed, if and as needed, in briefing. I am not
62 testifying on the merits of the legal issue of the start and end dates. My understanding is
63 that the scope of any potential refund determination is limited to the context of ComEd's
64 distribution costs, revenues, and rates during the nearly eight month period from
65 October 1, 2010, the first date after issuance of the Second District Opinion, to May 24,
66 2011, the date on which the Commission issued its final Order establishing a new

67 distribution revenue requirement and new distribution rates in ComEd's 2010 rate case,
68 ICC Docket No. 10-0566 (the "2010 Rate Case").

69 **D. Itemized Attachments to My Testimony**

70 Q. **What are the attachments to your direct testimony on remand?**

71 A. I am presenting the following attachments:

- 72 • ComEd Exhibit ("Ex.") 56.1 (Remand), which is a calculation of ComEd's actual
73 overall earned return on equity for the years 2008, 2009 and 2010.
- 74 • ComEd Ex. 56.2 (Remand), which is a calculation of ComEd's earned rate of
75 return on equity for 2010, calculated on a basis that reflects detailed adjustments
76 typically made in establishing distribution rates.
- 77 • ComEd Ex. 56.3 (Remand), which sets forth the components of ComEd's net
78 plant balances as of June 30, 2008, and September 30, 2008, if the depreciation
79 reserve on Test Year Plant had been rolled forward through those dates.
- 80 • ComEd Ex. 56.4 (Remand), which is the calculation of the maximum potential
81 refund amount.

82 **E. Background and Qualifications**

83 Q. **What are your responsibilities at ComEd?**

84 A. As Vice President of Regulatory Projects, my responsibilities include providing financial
85 expertise and support in various regulatory proceedings, and oversight of the ComEd
86 transmission pricing function.

87 Q. **What is your educational and professional background?**

88 A. My education and professional background is described in my direct testimony in this
89 docket prior to remand. *See* ComEd Ex. 7.0.

90 Q. **Did you present testimony in any other ComEd distribution rate cases?**

91 A. Yes, I have testified in all five of ComEd's distribution rate cases, including the 1999,
92 2001, and 2005 rate cases, as well as the 2007 and 2010 Rate Cases (ICC Docket Nos.
93 99-0117, 01-0423, 05-0597, 07-0566, and 10-0467).

94 **II. The Nature and Scope of This Proceeding**

95 Q. **What is the nature of the instant proceeding?**

96 A. As I noted earlier, this is a proceeding on remand from the Appellate Court of Illinois,
97 Second District, to the Commission. More specifically, on September 30, 2010, the court
98 issued a decision (the Second District Opinion) that reversed and remanded specific
99 portions of the Commission's September 10, 2008, final Order in ComEd's 2007 rate
100 case, ICC Docket No. 07-0566 (the 2007 Rate Case).

101 Q. **What was the timeline of events leading and related to this proceeding on remand?**

102 A. The general timeline of events leading to this proceeding on remand is as follows:

- 103 • On October 17, 2007, ComEd filed with the Commission proposed tariffs (and
104 supporting testimony and other materials) providing for a general increase in
105 electric rates, specifically distribution rates. The Commission suspended the
106 proposed tariffs and conducted a rate case proceeding, *i.e.*, the 2007 Rate Case.
- 107 • As part of a set of proposed issue resolutions supported by Staff and ComEd
108 (presented as a proposed Stipulation and supported by testimony), ComEd

109 conditionally waived inclusion of the Third Quarter 2008 additions to Plant in
110 Service in rate base. The conditions of the waiver included no roll forward of the
111 depreciation reserve for Test Year Plant and adoption of the remainder of the set
112 of proposed issue resolutions. Staff-ComEd Joint Ex. 1.

113 • On September 10, 2008, the Commission issued its final Order in the 2007 Rate
114 Case. Consistent with the Stipulation, the Commission did not roll forward the
115 depreciation reserve for Test Year Plant through the *pro forma* additions period
116 and also did not include in rate base the Third Quarter 2008 Plant Additions.

117 • Various parties appealed to the Appellate Court of Illinois from specific portions
118 of the Commission’s final Order in the 2007 Rate Case.

119 • On September 30, 2010, the Second District issued the Second District Opinion,
120 which affirmed in part, reversed in part, and remanded in part, as to the portions
121 challenged on appeal, the Commission’s final Order.

122 • On May 13, 2011, the Second District issued its “mandate” to the Commission,
123 which, as I understand it, returned this matter to the Commission for the
124 proceeding on remand directed by the Second District Opinion.

125 • Meanwhile, however, on May 24, 2011, the Commission issued its final Order
126 establishing a new distribution revenue requirement and new distribution rates in
127 the 2010 Rate Case. The 2010 Rate Case Order, which involved a 2009 historical
128 “test year” with adjustments, established a new distribution revenue requirement
129 for ComEd, one that was higher than that established in, and collected by ComEd
130 since, the 2007 Rate Case. Furthermore, the 2010 Rate Case Order was entered

131 after, and expressly took into account, the Commission's interpretation of the
132 Second District Opinion.

133 Q. **What are the key rulings of the Second District Opinion?**

134 A. In brief, the Second District Opinion:

- 135 • reversed and remanded the final Order in the 2007 Rate Case as to the
136 "depreciation reserve" issue that had been appealed by the Illinois Industrial
137 Energy Consumers ("IIEC"), the Illinois Attorney General's Office (the "AG"),
138 and the Citizens Utility Board ("CUB") (the latter two parties are also known as
139 "AG/CUB"), as described below;
- 140 • affirmed the Commission's final Order in the 2007 Rate Case as to the rulings
141 appealed by ComEd, except for remanding to the Commission to allow ComEd to
142 seek inclusion of its Third Quarter 2008 plant additions in rate base, given that the
143 Court's depreciation reserve ruling effectively undid the Stipulation based upon
144 which ComEd conditionally had agreed to not request inclusion of those additions
145 in rate base; and
- 146 • reversed the final Order in the 2007 Rate Case approving the original Rider SMP
147 (the original Rider AMP) issue in response to the appeal by AG/CUB.¹

148 Q. **What do you mean by the "depreciation reserve" and "Third Quarter 2008 plant**
149 **additions" issues?**

¹ I am not an attorney and I am not offering any legal opinions in this testimony. I refer to the Second District Opinion and legal principles only to provide context for my testimony.

150 A. In brief, rate base consists of gross plant costs, less the Accumulated Reserve for
151 Depreciation and Amortization (the “depreciation reserve”), and various other
152 investments and liabilities that may either increase or reduce rate base.

153 In the 2007 Rate Case, which involved a 2006 historical “test year”, ComEd, in
154 determining its rate base, proposed to add to its year-end 2006 Plant in Service balances
155 (“Test Year Plant”) *pro forma* adjustments reflecting the plant additions reasonably
156 expected to be placed into service during 2007 and the first three quarters of 2008. The
157 proposed *pro forma* adjustments incorporated the increase in the depreciation reserve for
158 the annual depreciation on the capital projects that comprised the seven quarters of plant
159 additions. Consistent with recent prior Commission rate case Orders, ComEd did not
160 propose to roll forward the depreciation reserve, through the end of the *pro forma*
161 additions period, for Test Year Plant.

162 The Commission’s final Order approved ComEd’s *pro forma* adjustments for
163 additions to Plant in Service only through the Second Quarter of 2008, and rejected
164 IIEC’s and AG/CUB’s claim that the Commission therefore should reduce rate base by
165 rolling forward the depreciation reserve through the end of the approved *pro forma* plant
166 additions period, for Test Year Plant.²

167 ComEd’s conditional waiver was discussed by the Second District Opinion,
168 which stated in part that “unilaterally altering the ComEd/Staff stipulation would be
169 manifestly unfair to ComEd” (p. 33). The Second District Opinion (at p. 33) also

² The Commission’s final Order, in excluding the Third Quarter 2008 plant additions from rate base, did not make any findings that the additions did not meet the standards for inclusion in rate base. Rather, the Order adopted ComEd’s proposed conditional waiver of inclusion of the Third Quarter 2008 plant additions in rate base, even though, under the Order’s rulings, not all of the conditions were met for the waiver.

170 confirms that: “The Commission did not enter findings of fact regarding the third-quarter
171 2008 additions....” The Opinion (at p. 34) went on to say: “...we decline to direct the
172 Commission to take any action on remand other than allowing ComEd to petition for
173 inclusion [of third quarter 2008 plant additions] in the rate base.”

174 Thus, the “depreciation reserve” issue, in brief, was whether the Commission,
175 having approved *pro forma* plant additions in full through June 30, 2008, also should
176 have rolled forward the depreciation reserve for Test Year Plant to that same date.

177 The “Third Quarter 2008 plant additions” issue was whether the Third Quarter
178 2008 plant additions should be included in rate base, particularly if the depreciation
179 reserve was to be rolled forward for Test Year Plant.

180 **Q. What was the “Rider SMP” that the Appellate Court considered?**

181 A. In its Order in the 2007 Rate Case, the Commission rejected a rider proposed by ComEd
182 to enable system modernization projects called Rider SMP – System Modernization
183 Projects. It instead approved a more limited and modified Rider SMP, which in the 2007
184 Rate Case compliance filing was renamed Rider AMP – Advanced Metering Program
185 Adjustment (the original Rider AMP) in an effort to avoid confusion between the version
186 ComEd proposed and the version the Commission approved. AG/CUB contended that
187 the Commission committed legal error in approving the original Rider SMP (the original
188 Rider AMP).

189 A different tariff also called Rider AMP – Advanced Metering Program
190 Adjustment and a companion rider, Rider AMP-CA – Advanced Metering Program
191 Customer Applications (“Rider AMP-CA”), approved by the Commission in ICC Docket
192 No. 09-0263. Neither that subsequent Rider AMP, nor Rider AMP-CA, was the subject

193 of the Second District Opinion. They are the subject of a different appeal that is still
194 pending.

195 **Q. What actions should the Commission take on remand?**

196 **A.** The Second District Opinion contemplates the setting of new distribution rates on remand
197 (see the language quoted earlier from p. 34 of the opinion “direct[ing] the Commission ...
198 on remand ... [to] allow[] ComEd to petition for inclusion [of third quarter 2008 plant
199 additions] in the rate base.”), but there is no longer any need for the setting of new
200 distribution rates, given subsequent Commission action. The Second District Opinion
201 involved the distribution revenue requirement found just and reasonable by the
202 Commission’s Order in the 2007 Rate Case. The Second District Opinion was issued on
203 September 30, 2010, and the mandate issued on May 13, 2011.

204 However, the Commission’s Order in the 2007 Rate Case has now been
205 superseded by the Commission’s May 24, 2011, final Order in ComEd’s 2010
206 distribution rate case, ICC Docket No. 10-0467 (the 2010 Rate Case). The new rates
207 went into effect on June 1, 2011.

208 The 2010 Rate Case Order, which involved a 2009 test year with adjustments,
209 established a new distribution revenue requirement for ComEd that is higher than that
210 established in, and collected by ComEd since, the 2007 Rate Case. The 2010 Rate Case
211 Order was entered after, and took into account the Commission’s interpretation of, the
212 Second District Opinion.

213 Beyond that, the Second District Opinion does not refer to whether ComEd
214 should be required to provide any retroactive refunds of any revenues collected under the
215 2007 Rate Case Order, and, if so, the specifics of any refunds.

216 If, however, the Second District Opinion were to be interpreted by the
217 Commission to require refunds, then the Opinion in effect poses the following issues,
218 which are relevant to whether a refund would be fair or appropriate, and if the
219 Commission were to determine that a refund is required, how that refund should be
220 calculated and implemented:

221 (1) Whether ComEd over-recovered any revenues that it can and should be required
222 to refund to customers under applicable principles.

223 If the Commission concludes that the answer to that question is yes, then it must
224 also determine:

225 (2) The correct amounts of any such refund, including, at a minimum, the offset for
226 ComEd's Third Quarter 2008 additions to Plant in Service;

227 (3) The amount of interest that should be paid, if any, on such refund; and

228 (4) The methodology (timing, mechanics, and rate design) for implementing the
229 refund.³

230 **III. Identification of Other Witnesses**

231 **Q. Please identify the other witnesses presenting direct testimony on remand on behalf**
232 **of ComEd.**

233 **A.** The other witnesses presenting direct testimony on remand on behalf of ComEd are:

- 234 • Michael McMahan, P.E., ComEd's Vice President, Smart Grid / Technology
235 (ComEd Ex. 57.0 (Remand)), who provides additional evidence (in addition to the

³ If Staff or any intervenor takes a position that the scope of this proceeding on remand is different from what I have indicated above, whether narrower or broader, then ComEd reserves and does not waive the right to respond accordingly and fully, including but not limited to the right to propose offsets to any refund proposals, notwithstanding the scope as defined above.

236 evidence provided in the original proceeding in this Docket) in support of the
237 prudence, reasonableness, and used and useful status of the Third Quarter 2008
238 additions to Plant in Service; and

- 239 • Charles Tenorio, ComEd's Principal Rate Analyst, Retail Rates Department
240 (ComEd Ex. 58.0 (Remand)), who testifies regarding the methodology (timing,
241 mechanics, and rate design) for implementing any refunds.

242 **IV. There Should Be No Refunds Because ComEd**
243 **Did Not Over-Recover Its Distribution Costs**
244 **During the Potential Refund Calculation Period**

245 **Q. Have you reviewed whether ComEd over-recovered its distribution costs during the**
246 **potential refund calculation period, October 1, 2010, to May 24, 2011?**

247 **A.** Yes, I have. ComEd did not over-recover its distribution costs during that period.
248 Instead, ComEd under-recovered its distribution costs during that period.

249 **A. 2010 Rate Case Finding of Cost Under-Recovery**

250 **Q. What are the bases of your conclusion that ComEd did not over-recover, but rather**
251 **under-recovered, its distribution costs during the potential refund calculation**
252 **period, October 1, 2010, to May 24, 2011?**

253 **A.** One of the bases of my conclusion is that on May 24, 2011, following extensive
254 evidentiary proceedings in the 2010 Rate Case, the Commission issued an Order
255 approving an annual rate increase of \$143 million for ComEd based on a 2009 test year,
256 with adjustments to reflect known and measurable changes for 2010, including plant
257 additions and updates to the depreciation reserve through December 2010, changes in
258 salaries and wage levels in 2010, and a very limited fraction of plant investment for the
259 first half of 2011. ComEd could not have been over-recovering its distribution costs

260 during the potential refund calculation period (due to the absence of a Test Year Plant
261 depreciation reserve roll-forward in the rate base approved in ICC Docket No. 07-0566),
262 because the Commission concluded based on an adjusted 2009 test year that ComEd's
263 distribution rates were too low and should be increased. Additional bases of my
264 conclusion are discussed below.

265 **B. Under-Recovery of Costs of Capital**

266 **Q. Have you reviewed whether ComEd over-recovered its distribution costs in any**
267 **period since the rates approved by the 2007 Rate Case Order became effective?**

268 **A.** Yes. ComEd did not over-recover its distribution costs at any time since the
269 Commission's 2007 Rate Order. ComEd under-recovered its distribution costs during
270 that entire period.

271 **Q. How do you know that?**

272 **A.** Return on common equity ("ROE") is, in effect, the percentage return that ComEd
273 recovers through rates on equity capital invested in its system. ComEd has not recovered
274 its Commission-approved ("ROE") during any year since the rates set in its 2007 Rate
275 Case, ICC Docket No. 07-0566, went into effect on September 16, 2008. In particular, in
276 each of 2008, 2009, and 2010, ComEd recovered less than the ROE found by the
277 Commission to be just and reasonable, despite the rate increases approved in the 2007
278 Rate Cases, as reflected in the following table.⁴

⁴ The actual earned returns on equity are calculated by dividing ComEd's actual operating net income by the average balance of common equity (adjusted for goodwill) for each period. Operating income represents net income adjusted to remove the effects of certain accounting items that are not typically included in rates, the majority of which is related to accounting for future income tax liabilities. The calculation for 2010 also excludes a one-time accrual to establish a regulatory asset related to the

Year	ROE Approved by the Commission in Most Recent Distribution Rate Case At That Time	Actual Earned ROE
2008	10.30% (2007 Rate Case)	5.5%
2009	10.30% (same)	8.5%
2010	10.30% (same)	9.5%

279

280 Q. **Do the actual earned returns on equity described above reflect the earnings from**
281 **ComEd's transmission business (which is not considered in distribution rates)?**

282 A. Yes. However, because ComEd's transmission costs are recovered through a Federal
283 Energy Regulatory Commission ("FERC") approved transmission rate that is updated
284 annually and provides for an 11.5% return on equity, the effect of including this portion
285 of the business cannot possibly have contributed to the under-earning. In other words, if
286 the transmission results were removed from the calculation, then the result would be an
287 even lower earned ROE for the distribution business for each year and an even greater
288 distribution cost under-recovery.

289 Q. **Is there any other evidence that ComEd earned less than its allowed return of**
290 **10.3% during the potential refund calculation period?**

291 A. Yes. A more refined calculation that reflects the detailed ratemaking exclusions and
292 adjustments that were reflected in the Commission's Order in ICC Docket No. 07-0566
293 indicates that ComEd's actual earned ROE on its distribution portion of the business was
294 only 8.5% in 2010.⁵ This is further evidence that ComEd was not over-recovering its

recovery of 2008 and 2009 uncollectible costs under ComEd's Rider UF, as approved by the Commission in the first quarter of 2010. ComEd Ex. 56.1 (Remand) provides a more detailed calculation of the earned ROE for each year.

⁵ In ICC Docket No. 11-0459, ComEd witness Martin Fruehe provided evidence that ComEd earned an 8.5% return on equity in 2010 on the distribution portion of the business. This calculation reflects the detailed ratemaking exclusions and adjustments that were reflected in the Commission's Order in ICC Docket No. 07-0566, and is provided in ComEd Ex. 56.2 (Remand) to my testimony.

295 distribution costs of service as a result of the absence of a Test Year Plant depreciation
296 reserve roll-forward.

297 **C. Higher Actual Net Plant Costs**

298 **Q. The Second District Opinion refers to “net plant”. What is “net plant”?**

299 A. Net plant is: (1) the gross cost of the plant minus (2) the depreciation reserve amount
300 associated with that plant.

301 **Q. Did ComEd over-recover its net plant costs during the potential refund calculation**
302 **period?**

303 A. No, as I will explain and show below.

304 **Q. What gross and net plant amounts did the Commission’s final Order approve in the**
305 **2007 Rate Case?**

306 A. The Commission’s final Order in the 2007 Rate Case approved a gross plant amount of
307 \$13,022,848,000 (reflecting 2006 actual year end balances plus plant additions through
308 June 30, 2008), and a depreciation reserve amount of (\$4,705,150,000) (reflecting 2006
309 actual year end balances plus adding to the depreciation reserve 12 months of
310 depreciation expense on the 2007 and 2008 plant additions), and thus, a net plant amount
311 of \$8,317,698,000. (2007 Rate Cases Order, Appendix, p. 4, lines 1, 2, and 3, col. (d))

312 **Q. If you modify the gross and net plant amounts approved by the Commission’s final**
313 **Order in the 2007 Rate Case to reflect the actual Third Quarter 2008 plant**
314 **additions and to roll forward the depreciation reserve through the Third Quarter of**
315 **2008, what gross and net plant amounts would result?**

316 A. That would yield gross plant of \$13,161,831,000, a depreciation reserve of
317 (\$5,269,208,000), and thus, net plant of \$7,892,623,000, if you also use actual data from
318 2008 for the Third Quarter 2008 plant additions. *See* ComEd Ex. 56.3 (Remand).⁶

319 Q. **What were ComEd's actual distribution net plant costs as of the end of each of the**
320 **Fourth Quarter of 2010 (year-end 2010) and the first two Quarters of 2011 as**
321 **compared with the final rate order?**

322 A. ComEd's actual distribution net plant costs for each of the Fourth Quarter of 2010 and
323 the first two Quarters of 2011 are as follows as compared with the figures I just
324 discussed.

Quarter / Order	Net Plant Cost
4Q 2010 Actual	\$8,709,000,000
1Q 2011 Actual	\$8,783,000,000
2Q 2011 Actual	\$8,869,000,000
2007 Rate Case Order	\$8,317,698,000
2007 Rate Case Order with 3Q 2008 Capital Additions and Depreciation Reserve for Test Year Plant Rolled Forward to Same Period	\$7,892,623,000

325

326 Q. **What, if anything, does the fact that the actual net plant costs during the potential**
327 **refund calculation period were higher than the net plant costs that you discussed**
328 **earlier mean in terms of whether or to what extent there should be any refunds?**

329 A. This also shows that there should be no refunds. ComEd's distribution net plant was the
330 subject of the applicable portion of the Second District Opinion. ComEd's actual
331 distribution net plant costs during the potential refund calculation period were higher than

⁶ The amounts would change slightly, to gross plant of \$13,172,900,000, a depreciation reserve of (\$5,269,208,000), and thus, net plant of \$7,903,692,000, if you use ComEd's final revised Third Quarter 2008 plant additions from the original proceeding in this Docket and a rolled forward depreciation reserve based on actual data from 2008.

332 the net plant costs levels used in the calculation of the rates in effect during that period as
333 set by the 2007 Rate Case Order. That difference is even greater if you compare actual
334 costs with the rates set by the 2007 Rate Case Order adjusted to roll forward the
335 depreciation reserve. When actual costs levels are higher than cost levels in the rates
336 during the relevant period, there should be no refunds. There was no cost over-recovery
337 paid for by customers during that period.

338 **Q. Does the evidentiary record in the original proceeding in this matter include an**
339 **accurate rolled forward estimate of the depreciation reserve for Test Year Plant?**

340 **A.** No. No party presented an estimate of the depreciation reserve rolled forward as of the
341 end of the second quarter of 2008. AG/CUB presented an estimate of the increase in the
342 depreciation reserve as of the end of the third quarter of 2008, however that estimate
343 includes an assumption for plant retirements (which reduce the reserve) that is
344 inconsistent with the plant additions allowed in the final Order. Plant retirements should
345 have equal and offsetting impacts on plant and the depreciation reserve, resulting in no
346 impact on net plant. Combining AG/CUB's estimated reserve roll forward with the plant
347 additions in the final Order would erroneously understate rate base by over \$100 million
348 due to the inconsistent assumptions for retirements. IIEC witness Gorman also calculated
349 a high-level estimate of the increase in the depreciation reserve for the period January 1,
350 2007, through September 30, 2008, by extrapolating from the 2006 depreciation expense,
351 but that estimate is not precise. Staff did not propose a rolled forward depreciation
352 reserve for Test Year Plant for either the Second or the Third Quarter of 2008.
353 Exhibit 56.3 to my testimony provides the calculation of the depreciation rolled forward
354 as of the Second and Third Quarters of 2008, using actual data for the periods.

D. Conclusion on Cost Under-Recovery and Potential Refunds

355 **D. Conclusion on Cost Under-Recovery and Potential Refunds**
356 **Q. Would refunds be appropriate and fair based on ComEd's distribution costs,**
357 **revenues, and rates for the potential refund calculation period?**

358 A. No. ComEd did not over-recover its distribution costs during the potential refund
359 calculation period, it under-recovered them, as discussed above. Customers did not, by
360 virtue of the issues addressed by the Appellate Court, pay ComEd more than the cost of
361 the utility service they received. That is the reality whether the analysis focuses on total
362 distribution costs of service (revenue requirement) and revenues, or distribution net plant
363 levels, as shown above. To use some of the terminology from the Second District
364 Opinion, ComEd's revenue requirement was not "overstate[d]"; and there was not an
365 "excess" net plant or rate base reflected in rates, when contrasted with actual costs during
366 the potential refund calculation period.

367 To put it another way, if, as IIEC and AG/CUB previously have argued (citing the
368 Commission's Order in the 2003 Ameren rate cases,⁷) there is a "matching principle" in
369 ratemaking that is intended to ensure that rates reflect costs and revenues that may be
370 expected for the period during which the rates will be in effect, then ordering refunds
371 would be wrong viewed from the perspective of what we now have confirmed about
372 ComEd's actual distribution costs, revenues, and rates during the potential refund
373 calculation period.

⁷ *E.g.*, IIEC Initial Brief to the Second District in this matter, p. 10 (citing *Central Illinois Public Service Company, et al.*, ICC Docket Nos. 02-0798,03-0008, 03-0009 (cons.), p. 11 (Order, Oct. 22, 2003)); AG Reply Brief in 2005 Rate Case, p. 7 (same citation).

374 **V. If There Were to Be Any Refunds,**
 375 **There Would Have to Be an Offset for the**
 376 **Third Quarter 2008 Additions to Plant in Service**

377 **Q. In the original proceeding in this Docket, what evidence did ComEd submit in**
 378 **support of inclusion in rate base of ComEd's Third Quarter 2008 additions to Plant**
 379 **in Service?**

380 **A.** In brief, the evidence submitted by ComEd in support of inclusion in rate base of its
 381 Third Quarter 2008 plant additions included, among other evidence, the following
 382 extensive, detailed, and essentially unrefuted evidence that supported these plant
 383 additions, and that they were prudent, reasonable, and in service or reasonably expected
 384 to be placed in service by the Third Quarter of 2008:

Testimony / Subject Matter	Selected Specific Citations (Not Exhaustive)
Direct, Rebuttal, and Surrebuttal Testimony of Kathryn Houtsma and Stacie Frank (panel) regarding figures for Third Quarter 2008 plant additions (testimony includes attached documentation)	Houtsma / Frank Reb., ComEd Ex. 25.0 Corr., pp. 10, 16-17; ComEd Ex. 25.01, Rev. Sched. B-2; ComEd Ex. 25.02, work papers WPB 2.1 and 2.1b
Rebuttal and Surrebuttal Testimony of Terence Donnelly regarding actual plant additions, reliability of ComEd's methodology for determining reasonably expected plant additions, prudence, reasonableness, and used and useful status of plant additions (testimony includes attached documentation)	Donnelly Reb., ComEd Ex. 21.0 Corr., pp. 23-68; plus approximately 35,000 pages of supporting documentation indexed and identified in ComEd Ex. 21.2
Direct Testimony of George Williams regarding plant in service, plant additions, prudence, reasonableness, and used and useful status (testimony includes attached documentation)	Williams Dir., ComEd Ex. 4.0, pp. 38-40
Direct Testimony of Michael McMahan regarding major capital projects and other major capital expenditure programs	McMahan Dir., ComEd Ex. 5.0, pp. 9-38

Testimony / Subject Matter	Selected Specific Citations (Not Exhaustive)
Rebuttal and Surrebuttal Testimony of independent experts Robert Donohue and Ron Williams (panel) regarding ComEd's planning, plant additions, and the reliability of the projected costs of its reasonably expected plant additions (testimony includes attached documentation)	Donohue / Williams Reb., ComEd Ex. 24.0, pp. 9-60

385

386 **Q. Did the evidence submitted by ComEd in support of inclusion in rate base of**
387 **ComEd's Third Quarter 2008 plant additions show that the additions, including**
388 **their costs, were known and measurable within the meaning of, and the**
389 **Commission's past applications of, the *pro forma* adjustments rule?**

390 **A.** Yes, as I discussed in my testimony in the original proceeding in this Docket, and as then
391 briefed by ComEd.

392 **Q. Did the Commission's Order find that ComEd's Third Quarter 2008 plant additions**
393 **were not known and measureable or otherwise were not includable in rate base?**

394 **A.** No. As I indicated earlier, the Commission's final Order adopted ComEd's proposed
395 conditional waiver of inclusion of these plant additions in rate base, as part of a proposed
396 set of individual issue resolutions supported by ComEd and Staff as a package, even
397 though under the Order's rulings not all of the conditions were fully met for the
398 conditional waiver. The Order did not make findings that the additions were not
399 includable in rate base. The Second District Opinion reflects the foregoing.

400 **Q. Does the Second District Opinion expressly allow ComEd to seek the inclusion of its**
401 **Third Quarter 2008 plant additions in rate base in this remand?**

402 A. Yes. As I noted earlier, the Second District Opinion (at p. 34) states in part:
403 “Considering that the Commission has not had the opportunity to make findings of fact
404 regarding the third-quarter 2008 plant additions, we decline to direct the Commission to
405 take any action on remand other than allowing ComEd to petition for their inclusion in
406 the rate base.”

407 Q. **With the benefit of the additional information now available, do you have updated**
408 **actual figures for ComEd’s Third Quarter 2008 plant additions that went into**
409 **service in that quarter?**

410 A. Yes. ComEd’s final proposed Third Quarter 2008 plant additions figure in the original
411 proceeding in this Docket were \$171,755,000, based on an estimate prepared in early
412 2008. Actual plant additions, (as reported in FERC Form 3Q for the Third Quarter of
413 2008) were \$160,686,000. Additional information confirming the prudence,
414 reasonableness, and used and useful status of ComEd’s Third Quarter 2008 plant
415 additions are discussed in the direct testimony on remand of Mr. McMahan.

416 Q. **Please assume that the Commission were to determine that a refund is required and**
417 **that it should be based on the difference between (1) what ComEd’s distribution**
418 **rates were during the potential refund calculation period and (2) what the rates**
419 **would have been if no changes were to be made in calculating rates other than**
420 **adding ComEd’s Third Quarter 2008 plant additions and rolling forward the**
421 **depreciation reserve for Test Year Plant to the Third Quarter of 2008, and that**
422 **difference were to be applied to (3) ComEd’s actual revenues during the potential**
423 **refund calculation period. Do you now have the data needed for that calculation?**

424 A. Yes. Including actual third quarter 2008 plant additions in rate base and rolling forward
425 the depreciation reserve to September 30, 2008 would result in net plant of
426 \$7,892,623,000. This reduces rate base by \$425,075,000 from the amount approved in
427 the ICC's final order and a reduction in the annual revenue requirement of \$47,885,000.
428 If this reduction would have been in effect for the time period from October 1, 2010
429 through May 24, 2011, accrued delivery services revenue would have been \$29,583,000
430 lower. ComEd Ex. 56.4 (Remand) provides the detailed calculations of these amounts by
431 applying the reduction in the revenue requirement to each delivery class (based on the
432 class allocations used to implement rate in compliance with the September 10, 2008 order
433 in this proceeding and the class allocation with the "would have been rate" if the annual
434 revenue requirement were reduced by \$47,885,000), and then applying the resulting
435 percentage reduction to the revenue from each class during the potential refund
436 calculation period.

437 **Q. Given the foregoing, if the Commission were to determine that a refund is required**
438 **what would be the maximum potential aggregate refund amount?**

439 A. The maximum potential aggregate refund amount that deals appropriately with the Third
440 Quarter 2008 plant additions is \$29,583,000, before interest. I note that that figure does
441 not reflect the increases in depreciation expense and amortization expense that occurred
442 in that period, which, if taken into account, would result in a lower maximum figure.

443 **VI. Rate of Interest**

444 **Q. What rate of interest has the Commission found to be appropriate for ComEd's**
445 **short-term use of customer deposits?**

446 A. The Commission has established a rate of 0.50% per year for the current period.

447 Q. **If the Commission were to determine that a refund is required, then how should any**
448 **interest, if any, be calculated?**

449 A. In that event, the Commission should use the customer deposits interest rate of 0.50%.

450 Mr. Tenorio's direct testimony on remand (ComEd Ex. 58.0 (Remand)) addresses
451 the methodology (timing, mechanics, and rate design) for applying any refunds.

452 **VII. No Revenues Have Been Recovered Under the Original Rider AMP**

453 Q. **Did ComEd collect any revenues under the original Rider SMP that was approved**
454 **by the Commission's final Order in the 2007 Rate Case (that became the original**
455 **Rider AMP), and that was before the Appellate Court in the appeal giving rise to**
456 **this remand?**

457 A. No, ComEd did not collect any revenues under the original Rider SMP (the original
458 Rider AMP), whether during the potential refund calculation period or otherwise. The
459 original Rider SMP did technically go into effect as the original Rider AMP, but its cost
460 recovery provisions never went into actual operation. So, there are no revenues under the
461 original Rider SMP (the original Rider AMP) that could be subject to refund.

462 Q. **Does this complete your direct testimony on remand?**

463 A. Yes.

Commonwealth Edison Company
Return on Equity Summary
(in \$\$ Millions)

Line #	A	B	C	D	E		
		2007	2008	2009	2010		
1	GAAP Net Income (1)	\$	201	\$	337		
	Operating Adjustments to GAAP Net Income						
2	Severance		0	11	0		
3	Uncertain Income Tax Position Remeasurement per FIN 48		0	(40)	106		
4	Asset Retirement Obligation		0	0	(6)		
5	Mark to Market (IMEA)		(0)	0	0		
6	Rate Relief Credits		14	9	3		
7	CARE Costs		4	1	0		
8	Deferred Tax Liability (2)		0	0	12		
9	Total Operating Adjustments (sum lines 2 through 8) (3)		18	(18)	115		
10	Operating Net Income (Non-GAAP) (Line 1 + Line 9)		219	356	452		
11	Less 2010 Rider UF Accrual (3)		0	0	(44)		
12	Adjusted Net Income (Non-GAAP) (line 10 + Line 11)		219	356	408		
11	Shareholders' Equity (4), (5)	\$	6,528	6,735	6,882	6,910	
12	Average Shareholders' Equity		6,632	6,809	6,896		
13	Goodwill		2,625	2,625	2,625		
14	Average Shareholders' Equity Less Goodwill (Line 12 - Line 13)	\$	4,007	\$	4,184	\$	4,271
15	Return on Average Shareholders' Equity (Line 12 / Line 14)		5.5%	8.5%	9.5%		

(1) Source: 2010 Form 10-K, page 170

(2) Non-cash charge resulting from healthcare legislation related to Federal income tax changes

(3) After tax

(4) Source: 2007 and 2008 data per 2008 Form 10-K page 202

(5) Source: 2009 and 2010 data per 2010 Form 10-K page 173

**Commonwealth Edison Company
 Distribution Earnings Calculation (1)
 (\$\$ in Thousands)**

Line #	(A)	(B)	(C)	(D)	(E)
	Capital Structure 07-0566 Final Order (ALLOWED)	Reference	Weight	Cost	Amount
1	Debt		54.96%	6.78%	3.72%
2	Common Equity		45.04%	10.30%	4.64%
3			100.00%		8.36%
4	2010 Jurisdictional Operating Expenses	Expense Summary	\$ 1,422,915		
5	2010 Jurisdictional Rate Base (2)	Capital Summary	6,300,995		
6	2010 Effective Tax Rate	Company Records	39.745%		
7	Permanent Tax Differences	Company Records	2,233		
8	2010 Weather Normalized Distribution Operating Revenues (3)	Company Records	1,924,239		
9	Calculation				
10	2010 Weather Normalized Operating Revenues	Line 8 above	1,924,239		
11	Other Revenues \ Revenues from Municipalities	Expense Summary	105,170		
12	Total Distribution Revenues	Line 10 plus line 11	2,029,409		
13	Less: Distribution Expenses	Line 4 above	<u>(1,422,915)</u>		
14	Operating Revenues Before Taxes	Line 12 plus line 13	606,494		
15	Taxes				
16	Operating Revenues Before Taxes * 39.745%	Line 14 * 39.745%	(241,051)		
17	Permanent Tax Differences	Company Records	2,233		
18	Tax Reduction Due to Debt Interest				
19	= (Rate Base * Wtd Cost of Debt * Tax Rate)	Line 5 * line 10 (3.72%) * Line 6	<u>93,161</u>		
20	Total Taxes	Sum Lines 16 - 19	<u>(145,657)</u>		
21	Net Income	Line 14 plus Line 20	\$ 460,837		
22	Rate Base	Line 5 above	\$ 6,300,995		
23	Overall Rate of Return on Rate Base	Line 21 divided by line 22	7.31%		
	Return on Equity (EARNED BASED ON 2010 COST OF DEBT AND CAP STRUCTURE)	Reference	Portion	Cost	Amount
24	Debt		54.21%	6.32%	3.42%
25	Common Equity		45.79%	8.50%	3.89%
26			100.00%		7.31%

(1) Initially submitted as ComEd Ex. 2.2 in ICC Dkt # 11-0459. Amounts are not indicative of ComEd's actual 2010 net income.
 (2) Rate base calculated in accordance with the Final Order in ICC Docket # 07-0566.
 (3) Represents revenues from customer charge, distribution facility charge and meter charge only.

Commonwealth Edison Company
2010 Delivery Services Jurisdictional Revenue and Expense Summary^(e)
 (\$\$ in Thousands)

Description	Revenues and 2010 FERC Form 1 Expenses (1)	Industry Memberships	Non DST Portion of Bad Debt (2)	General Advertising Expenses	AMI Pilot Costs Written off in Sept 2010	Energy Efficiency and Demand Response Programs	City of Chicago - Midwest Gen Settlement	Charitable Contributions	Specified Bank Fees	Costs Recovered Through the Supply Charge	CARE Program	Residential Real Time Pricing	Non Jurisdictional Regulatory Commission Expenses	Voluntary Exclusion of Executive Comp	Voluntary Exclusion of Certain Lease Expenses	Reduction to A&G for Payroll Allocator	Regulatory Asset Amortization (3)	Jurisdictional Depreciation Expense	Taxes Other than Income (4)	Pension Asset (5)	Jurisdictional Amount	
Operating Revenues	\$ 1,924,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,924,239
Other Revenues / Revenues from Munis	105,170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,170
Total Operating Revenues	\$ 2,029,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,029,409
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Production	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution	313,141	(288)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	312,853
Customer Accounts	210,714	(5)	(31,916)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	178,793
Customer Service	105,919	-	-	(1,664)	(4,312)	(84,390)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	15,553
Administrative and General	396,226	(922)	-	(1,241)	-	-	(4,949)	6,258	(380)	(995)	(37)	(1,547)	(1,028)	(8,263)	(931)	(41,277)	-	-	-	-	-	340,915
Depreciation & Amortization	473,496	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(76,271)	-	-	-	397,225
Taxes Other Than Income	254,713	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(110,217)	-	-	144,496
Regulatory Debits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,693	-	-	-	-	7,693
Pension Asset Return	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,387	-	25,387
Pro Forma Adj	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 1,754,209	\$ (1,215)	\$ (31,916)	\$ (2,905)	\$ (4,312)	\$ (84,390)	\$ (4,949)	\$ 6,258	\$ (380)	\$ (995)	\$ (37)	\$ (1,547)	\$ (1,028)	\$ (8,263)	\$ (931)	\$ (41,277)	\$ 7,693	\$ (76,271)	\$ (110,217)	\$ 25,387	\$ -	\$ 1,422,915

(1) 2010 Weather Normalized Operating Revenues from Company Records. Other Revenues include revenues from other municipalities. Operating expenses are from ComEd's 2010 FERC Form 1, pages 322 and 323.
 (2) Includes an adjustment for estimated collection agency fees.
 (3) Includes Employee Incentive Payments \$242K, OCA \$516K, Rehearing 05-0597 \$726K, Lease Abandonment Costs \$1,085K, Case Costs 07-0566 \$3,434, FIN 47 PCB Costs \$1,690 approved in previous case and recorded in account 407
 (4) Real Estate Taxes Adjusted as a percentage of jurisdictional real estate taxes to total real estate taxes in 07-0566. Illinois Distribution removes one time adjustment for credits estimated to be received in future years.
 (5) Identical return as in Case 07-0566
 (6) Calculated in accordance with the Final Order in ICC Docket # 07-0566.

Commonwealth Edison Company
2010 Delivery Service Jurisdictional Rate Base Summary (1), (2)
 (\$\$ in Thousands)

Description	ComEd FERC Form 1 Net Plant	Non Jurisdictional General and Intangible Plant (3)	Asset Retirement Obligation (ARO)	Rider EDA Switches	Incentive Costs Disallowed in Cases 05-0597 and 07-0566	Supply Administration Software	CWIP Not Accruing AFUDC	ADIT	Materials and Supplies Inventory	Deferred Debits and Credits	Customer Deposits	Customer Advances	Jurisdictional Rate Base (1)
Plant-in-Service													
Distribution Plant	\$ 13,091,342	\$ -	\$ (8,348)	\$ -	\$ (7,330)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,075,664
General and Intangible Plant	1,756,820	(426,736)	(840)	(2,630)	-	(3,769)	-	-	-	-	-	-	1,322,845
Subtotal	\$ 14,848,162	\$ (426,736)	\$ (9,188)	\$ (2,630)	\$ (7,330)	\$ (3,769)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,398,509
Accumulated Depreciation & Amortization													
Distribution Plant	\$ (5,135,789)	\$ -	\$ 7,333	\$ -	\$ 988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,127,468)
General and Intangible Plant	(772,128)	179,083	516	86	-	1,961	-	-	-	-	-	-	(590,482)
Subtotal	\$ (5,907,917)	\$ 179,083	\$ 7,849	\$ 86	\$ 988	\$ 1,961	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,717,950)
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,989	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,989
Property Held for Future Use	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	(1,961,720)	-	-	-	-	(1,961,720)
Materials & Supplies Inventories	-	-	-	-	-	-	-	22,762	-	-	-	-	22,762
Regulatory Assets	-	-	-	-	-	-	-	-	8,439	-	-	-	8,439
Deferred Debits	-	-	-	-	-	-	-	-	4,081	-	-	-	4,081
Operating Reserves	-	-	-	-	-	-	-	-	(334,083)	-	-	-	(334,083)
Asset Retirement Obligation	-	-	-	-	-	-	-	-	(29,561)	-	-	-	(29,561)
Other Deferred Credits	-	-	-	-	-	-	-	-	(9,442)	-	-	-	(9,442)
Customer Deposits	-	-	-	-	-	-	-	-	-	(45,162)	-	-	(45,162)
Customer Advances	-	-	-	-	-	-	-	-	-	-	(42,867)	-	(42,867)
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 8,940,245	\$ (247,653)	\$ (1,339)	\$ (2,544)	\$ (6,342)	\$ (1,808)	\$ 7,989	\$ (1,961,720)	\$ 22,762	\$ (360,566)	\$ (45,162)	\$ (42,867)	\$ 6,300,995

(1) Calculated in accordance with the Final Order in ICC Docket # 07-0566.

(2) Pension asset is excluded from jurisdictional rate base.

(3) Jurisdictional amounts for general and intangible plant calculated using the same methodology as applied in 07-0566

Commonwealth Edison Company
On Remand - Net Plant Calculations
(in thousands)

	(A)	(B)	(C)	(D)	(E)
	Final Order 07-0566	Rollforward Depreciation Reserve to Q2 2008	Final Order Adjusted to Rollforward Depreciation Reserve to June 30, 2008 = (A) + (B)	3Q Actual Plant Additions and Rollforward Depreciation Reserve to Q3 2008	Final Order Adjusted to Rollforward Depreciation Reserve, incl Plant Adds to September 30, 2008 = (C) + (D)
Plant In Service					
Gross Plant in Service Final Order Appendix A	\$ 13,022,848	\$ -	\$ 13,022,848	\$ -	\$ 13,022,848
Q3 2008 Additions - Actual			-	160,686	160,686
Q3 2008 Retirements - Final Order Appendix A			-	(21,703)	(21,703)
Total Plant In Service	\$ 13,022,848	\$ -	\$ 13,022,848	\$ 138,983	\$ 13,161,831
Accumulated Reserve					
Accumulated Reserve Final Order Appendix A	\$ (4,705,150)	\$ -	\$ (4,705,150)	\$ -	\$ (4,705,150)
Actual Depreciation Applied - Actual Jan 07 - June 08		(524,648)	(524,648)		(524,648)
Actual Depreciation Applied - Actual July 08 - Sept 08			-	(95,115)	(95,115)
Actual Salvage Applied - Actual Jan 07 - June 08		(13,246)	(13,246)		(13,246)
Actual Salvage Applied - Actual July 08 - Sept 08			-	(2,893)	(2,893)
Q3 2008 Actual Removal Spend			-	10,969	10,969
Q3 2008 Retirements - Final Order Appendix A			-	21,703	21,703
Depreciation related to the Pro Forma Plant Additions Applied to the Reserve in the Final Order in Docket 07- 0566 through June 2008		39,172	39,172		39,172
Total Accumulated Reserve	\$ (4,705,150)	\$ (498,722)	\$ (5,203,872)	\$ (65,336)	\$ (5,269,208)
Net Plant	\$ 8,317,698	\$ (498,722)	\$ 7,818,976	\$ 73,647	\$ 7,892,623

Commonwealth Edison Company
On Remand - Net Plant Alternative Calculation Based On Information in the Record
(in thousands)

	(A)	(B)	(C)	(D)	(E)
	Final Order 07-0566	Roll Forward Depreciation Reserve to Q2 2008	Final Order Adjusted to Roll Forward Depreciation Reserve to June 30, 2008 = (A) + (B)	3Q Plant Additions and Rollforward Depreciation Reserve to Q3 2008	Final Order Adjusted to Roll Forward Depreciation Reserve, incl Plant Adds to September 30, 2008 = (C) + (D)
Plant In Service					
Gross Plant in Service Final Order Appendix A	\$ 13,022,848	\$ -	\$ 13,022,848	\$ -	\$ 13,022,848
Q3 2008 Additions	-	-	-	171,755 (2)	171,755
Q3 2008 Retirements - Final Order Appendix A	-	-	-	(21,703) (4)	(21,703)
Total Plant In Service	\$ 13,022,848	\$ -	\$ 13,022,848	\$ 150,052	\$ 13,172,900
Accumulated Reserve					
Accumulated Reserve Final Order Appendix A	\$ (4,705,150)	\$ -	\$ (4,705,150)	\$ -	\$ (4,705,150)
Depreciation Applied - Jan 07 - June 09	-	(485,856) (1)	(485,856)	-	(485,856)
Depreciation Applied - July 08 - Sept 08	-	-	-	(80,976) (1)	(80,976)
Q3 2008 Removal Spend	-	-	-	5,638 (3)	5,638
Q3 2008 Retirements - Final Order Appendix A	-	-	-	21,703 (4)	21,703
Total Accumulated Reserve	\$ (4,705,150)	\$ (485,856)	\$ (5,191,006)	\$ (53,635)	\$ (5,244,641)
Net Plant	\$ 8,317,698	\$ (485,856)	\$ 7,831,842	\$ 96,417	\$ 7,928,259

(1) Depreciation Expense Adj - From IIEC Exhibit 2.21 as Follows:

IIEC Exhibit 2.21, page 1, column (4), line 8 equals \$ (566,832)

The amount in the record represents 21 months of depreciation expense.

An estimated amount for the 18 month period January 2007 through June 2008 is calculated by multiplying \$566,832 * 18/21 = \$485,856

An estimated amount for the 3 month period from July 2008 through September 2008 is calculated by multiplying \$566,832 * 3/21 = \$80,976

(2) Final Order, Appendix, page 6, column M, line 1

(3) Final Order, Appendix, page 6, column M, line 2

(3) Final Order, Appendix, page 6, column M, lines 1 and 2

Commonwealth Edison Company
Determination of the would have been accrued delivery services revenue
assuming the inclusion of third quarter 2008 plant additions and a rollforward of the depreciation reserve through September 30, 2008
for the time period from October 1, 2010 through May 24, 2011

	2006 Test Year Jurisdictional Delivery Services Revenue Requirements			Accrued (Would Have Been Accrued) Delivery Services Revenue from October 1, 2010 through May 24, 2011 and Difference			
	Compliance Filing ⁽¹⁾	Adjusted for 3Q plant additions and depreciation reserve ⁽²⁾	% Change	Accrued kWh Energy Delivered ⁽³⁾	Accrued ⁽³⁾	Would Have Been Accrued	Difference
Single Family Without Electric Space Heat	\$778,560,321	\$759,267,520	-2.48%	12,131,178,619	\$468,119,792	\$456,519,738	\$11,600,054
Multi Family Without Electric Space Heat	\$208,767,336	\$203,743,332	-2.41%	2,603,142,970	\$136,174,818	\$132,897,759	\$3,277,059
Single Family With Electric Space Heat	\$21,292,005	\$20,831,059	-2.16%	621,952,147	\$15,340,819	\$15,008,708	\$332,111
Multi Family With Electric Space Heat	\$51,544,550	\$50,427,334	-2.17%	1,297,350,351	\$37,389,694	\$36,579,281	\$810,413
Watt-Hour	\$20,988,253	\$20,473,533	-2.45%	333,829,705	\$13,202,442	\$12,878,663	\$323,779
Small Load (0 to 100 kW)	\$229,865,970	\$224,120,668	-2.50%	7,316,656,068	\$148,810,984	\$145,091,582	\$3,719,402
Medium Load (Over 100 to 400 kW)	\$177,334,899	\$172,855,070	-2.53%	6,645,010,089	\$103,625,197	\$101,007,420	\$2,617,777
Large Load (Over 400 to 1000 kW)	\$150,001,992	\$146,296,293	-2.47%	6,094,736,323	\$88,759,605	\$86,566,858	\$2,192,747
Very Large Load (Over 1,000 to 10,000 kW)	\$248,043,055	\$241,800,844	-2.52%	11,604,628,165	\$149,799,302	\$146,029,477	\$3,769,825
Extra Large Load (Over 10,000 kW)	\$28,796,175	\$28,437,042	-1.25%	2,312,357,051	\$14,961,464	\$14,774,871	\$186,593
High Voltage	\$12,237,182	\$12,042,692	-1.59%	3,481,223,083	\$8,963,575	\$8,821,114	\$142,461
Railroad	\$4,972,802	\$4,924,189	-0.98%	351,206,939	\$2,864,514	\$2,836,511	\$28,003
Fixture-Included Lighting	\$20,648,198	\$20,146,061	-2.43%	109,866,787	\$18,204,589	\$17,761,877	\$442,712
Street Lighting - Dusk to Dawn	\$7,283,868	\$7,103,702	-2.47%	371,195,250	\$5,235,725	\$5,106,220	\$129,505
Street Lighting - All Other Lighting	\$728,394	\$710,661	-2.43%	42,497,210	\$453,396	\$442,358	\$11,038
Total	\$1,961,065,000	\$1,913,180,000	-2.44%	55,316,830,758	\$1,211,905,915	\$1,182,322,437	\$29,583,478

Notes:

- (1) See the "Total Revenue" column of the various tabs of Workpapers to ComEd Ex. 56.4 (Remand)_Compliance Filing Sch 1.xls. This is a copy of the Schedule 1 workpaper supporting ComEd's compliance filing made on September 12, 2008 in compliance with the ICC's order entered on September 10, 2008 in Docket No. 07-0566.
- (2) See the "Total Revenue" column of the various tabs of the Workpapers to ComEd Ex. 56.4 (Remand)_Rate Design.xls.
- (3) From ComEd's general ledger.