

SUPPLEMENTAL STATEMENT  
ELECTRICITY  
Ill. C.C. No. 10

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Commonwealth Edison Company (“ComEd”) makes this filing pursuant to and in compliance with Section 16-108.5 of the Public Utilities Act (“PUA”). The tariff sheets filed with this Supplemental Statement are listed in Attachment A.

On October 26, 2011, Public Act 97-0616 (“PA 97-0616”) became effective. Among the key provisions of PA 97-0616 is the addition of Section 16-108.5 to the PUA. That Section provides that a “participating utility” may establish a formula that calculates its Illinois-jurisdictional revenue requirement based, in part, upon projected capital spending, which is later updated annually with actual cost information to set a new revenue requirement for the following year. This new framework is only available to a participating utility that voluntarily undertakes the commitments described in the legislation, which include investing in infrastructure, creating jobs, and, if House Bill 3036 (“HB 3036” or the “Trailer Bill”) becomes law (as discussed further below), funding certain customer assistance programs.

In addition, HB 3036, which when effective would amend certain provisions of PA 97-0616, passed both houses as of October 26, 2011, and was transmitted to the Governor on November 1, 2011. However, as of the date when this Supplemental Statement was finalized for copying and submission to the Commission, the Governor had not acted on HB 3036 and its provisions were not effective. Therefore, ComEd’s submission follows the existing law. At the same time, ComEd recognizes that the Trailer Bill may become effective shortly. Therefore, ComEd has also included with its submission the information that would be called for under the PUA as modified by the Trailer Bill. Where separate alternative exhibits are included for that

reason, they bear the same designation as the corresponding exhibit with the suffix “TB” appended. ComEd’s filing thus also meets all of the requirements that would be applicable if the Trailer Bill becomes law.

As evidenced in the testimony of Dr. Ross Hemphill submitted herewith, ComEd elects to be a participating utility and commits to making the required infrastructure investments and commitments and obligations. Therefore, ComEd is now filing with the Illinois Commerce Commission (“Commission”), within 14 days of the effective date of PA 97-0616, its proposed performance-based formula rate, Rate DSPP – Delivery Service Pricing and Performance (“Rate DSPP”), and the initial cost data required to populate the formulae contained in Rate DSPP and to thereby set the initial revenue requirement and the resulting retail charges. ComEd’s submission also contains all of the supporting and other information called for by Section 16-108.5 and that is required for Rate DSPP to function, as well as information called for by Commission Rules applicable to this statutory rate filing.

Principally because this is a statutory filing that does not result in a standard general rate case, ComEd does not believe that the Commission’s Order in Docket No. 10-0467 *requires* it to have completed and/or to submit all of the materials that the Order calls for when ComEd files its next general rate case. However, ComEd has completed the required studies, collected the resulting data, and *is* now providing all those data and materials. Courtesy copies are also being provided to stakeholders.

ComEd cannot, however, change its rate design in this special statutory proceeding. The law requires ComEd to file rates with a rate design consistent with the rate design approved by the Commission in Docket No. 10-0467, ComEd’s last general rate case. However, because some of the information ComEd is providing pertains to costs allocated among customer classes

and to the allocators used to allocate costs in embedded cost of service studies (“ECOSSs”), ComEd has chosen, for informational purposes only, to also provide purely illustrative ECOSS calculations to exemplify how the results of those analyses could affect certain interclass cost allocations.

### **Nature and Description of the Tariffs Filed**

The principal changes proposed by ComEd affect the following tariffs:

1. Rate DSPP is a new tariff that establishes the cost-based revenue requirement and delivery service rates formulae, as well as providing the administrative process by which delivery service charges are updated.
2. Rate BES: Revisions have been proposed to provide references to the informational sheets to be filed with the Commission on an annual basis in order to identify the delivery service charges that are applicable to customers taking service under this rate.
3. Rate BESH: Revisions have been proposed to provide references to the informational sheets to be filed with the Commission on an annual basis in order to identify the delivery service charges that are applicable to customers taking service under this rate.
4. Rate RDS: Revisions have been proposed to (1) provide references to the informational sheets to be filed with the Commission on an annual basis in order to identify the delivery service charges that are applicable to customers taking service under this rate; (2) update the Single Bill Option (“SBO”) credit to reflect the update of the revenue requirement; and (3) update Distribution Loss Factors to reflect the updated distribution loss study.
5. Rider SBO: Revisions are proposed to update the SBO credit.

### **Effect of this Filing on Rates**

The effect of this filing will be to decrease, when the rates first become effective, ComEd's Illinois-jurisdictional delivery service revenue requirement by approximately \$44 million compared to the revenue requirement established in ComEd's most recent rate case, ICC Docket No. 10-0467. If HB 3036 also becomes law, the resulting delivery service revenue requirement decrease would grow to approximately \$54 million.

Attachment B and Attachment B-TB details the change in rates contained in the new tariff sheets as compared to the rates currently in effect, the approximate number of customers affected, and the estimated increase or decrease in revenue resulting from the change in rates. A detailed description of the changes and additions is also provided in the direct testimonies of Mrs. Kelly and Mr. Tenorio (ComEd Exhibits 9.0 and 10.0, respectively).

### **Summary of Prepared Direct Testimony Supporting ComEd's Filing**

ComEd's filing is supported by the testimony of the following witnesses:

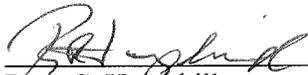
- **Ross C. Hemphill, Ph.D.**, Vice President, Regulatory Policy & Strategy (ComEd Ex. 1.0) confirms that ComEd elects to participate in the two-step framework for setting Illinois-jurisdictional delivery service rates established by Section 16-108.5 of the Public Utilities Act ("PUA"). That process, first, establishes rate formulae and then populates those formulae annually with up to date data to permit the calculation of delivery service charges. Dr. Hemphill introduces Rate DSPP – Delivery Service Pricing and Performance (Rate DSPP), filed herewith, and the initial cost and other relevant data required to populate it, as well as revisions to other affected tariffs. He also overviews how Rate DSPP will impact delivery service charges paid by ComEd's customers.

- **Kathryn Houtsma, CPA**, ComEd’s Vice President, Regulatory Projects (ComEd Ex. 2.0) describes and supports the revenue requirement formulae and protocols included in Rate DSPP and confirms that they satisfy all applicable requirements. Ms. Houtsma also discusses the formulae and protocols relating to the required reconciliations.
- **Scott A. Vogt**, ComEd’s Director, Financial Planning & Analysis (ComEd Ex. 3.0) testifies concerning ComEd’s capital structure and cost of debt, and the derivation of the costs of equity called for by Rate DSPP and Section 16-108.5 of the PUA.
- **Martin G. Fruehe**, ComEd’s Manager, Revenue Policy Department (ComEd Ex. 4.0) presents the overall revenue requirement and supports certain components thereof. He also provides and supports the other data used to populate the revenue requirement formula included in Rate DSPP and discusses ratemaking adjustments and other revenue requirement issues.
- **Michelle Blaise, P.E.**, ComEd’s Vice President, Engineering & Project Management (ComEd Ex. 5.0) describes the distribution operating expenses and distribution plant investments underlying ComEd’s revenue requirement and confirms that they are prudently incurred and reasonable in amount, and that they are used and useful in providing service to customers. Ms. Blaise also supports the major distribution operations investment projects separately identified by ComEd on the schedule analogous to Schedule F-4 in a general rate case. Ms. Blaise also discusses the major recurring operational activities that ComEd properly accounts for and monitors as “blanket programs.”

- **Ronald E. Donovan, P.E.**, ComEd’s Vice President, Customer Business Transformation & Technology (ComEd Ex. 6.0), describes the retail customer related expenses and plant investments underlying ComEd’s revenue requirement and confirms that they are prudently incurred and reasonable in amount, and that they are used and useful in providing service to customers. Mr. Donovan specifically discusses major recurring customer operations activities that ComEd properly accounts for and monitors as “blanket programs.”
- **Michael F. Born, P.E.**, ComEd’s Principal Engineer (ComEd Ex. 7.0) Distribution Capacity Planning, (ComEd Ex. 7.0) supports the functionalization, under the Seven-Factor Test, of ComEd’s distribution plant and operating expenses. Mr. Born also presents ComEd’s distribution system loss factor study.
- **John Hengtgen, CPA**, (ComEd Ex. 8.0) presents ComEd’s Cash Working Capital (“CWC”) study, including the CWC analysis relating to Construction Work in Progress, commonly referred to as “CWIP”.
- **Sharon M. Kelly, P.E.**, an Analyst in the Retail Rates Department at ComEd (ComEd Ex. 9.0) explains the language of Rate DSPP. Mrs. Kelly also supports the final populated rate design formula that calculates specific delivery service charges and confirms that it incorporates the data and the results of the revenue requirement formula supported by ComEd witnesses.
- **Charles S. Tenorio**, a Principal Rate Analyst in the Retail Rates Department at ComEd (ComEd Ex. 10.0) supports ComEd’s Embedded Cost of Service Study (“ECOSS”).

Mr. Tenorio also addresses required revisions to existing ComEd tariffs as a result of implementing Rate DSPP.

COMMONWEALTH EDISON COMPANY

By:   
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