

REDACTED  
REBUTTAL TESTIMONY  
of  
ROCHELLE PHIPPS

Finance Department  
Financial Analysis Division  
Illinois Commerce Commission

Commonwealth Edison Company  
Tariffs and charges submitted pursuant to  
Section 16-108.5 of the Public Utilities Act

Docket No. 11-0721

February 24, 2012

## TABLE OF CONTENTS

Introduction .....	1
Average Capital Structure .....	2
Construction Work in Progress Adjustment.....	14
ComEd of Indiana .....	20
Credit Facility Costs .....	22
Interest Rate for Reconciliation Amounts .....	25
Rate DSPP Spreadsheets and Tariffs.....	29
Conclusion .....	30

## SCHEDULES

Schedule 18.01	Illustration of Double Counting Capital Invested in Construction Work in Progress (“CWIP”)
Schedule 18.02	Embedded Cost of Long-Term Debt

## ATTACHMENTS

Attachment A	Company response to ICC Staff data request RMP 12.01
Attachment B	Company’s response to ICC Staff data request RMP 1.06
Attachment C	ComEd Ex. 30.1, Schedule D-1, page 2 of 3 and Schedule D-2 – CORRECTED, page 3 of 3 (November 22, 2010 REVISED), filed in Docket No. 10-0467

1 **Introduction**

2 **Q1. Please state your name and business address.**

3 A1. My name is Rochelle Phipps. I am employed by the Illinois Commerce  
4 Commission (“Commission”), 527 East Capitol Avenue, Springfield, IL 62701.

5 **Q2. Are you the same Rochelle Phipps that previously submitted direct**  
6 **testimony in this proceeding?**

7 A2. Yes, I am.

8 **Q3. What is the purpose of your testimony in this proceeding?**

9 A3. I respond to the rebuttal testimony of Mr. Scott A. Vogt (ComEd Ex. 15.0), who  
10 testified on behalf of Commonwealth Edison Company (“ComEd” or the  
11 “Company”) regarding capital structure, and Ms. Kathryn M. Houtsma (ComEd  
12 Ex. 12.0), who testified on behalf of ComEd regarding the appropriate interest  
13 rate for reconciliation amounts.

14 **Q4. Please summarize your conclusions and recommendations.**

15 A4. The Company provided no compelling arguments that caused me to reconsider  
16 my proposed methodology for calculating the rate of return on rate base pursuant  
17 to Section 16-108.5 of the Public Utilities Act (“Act”). Moreover, the Company’s  
18 proposal to apply an interest rate that equals the authorized rate of return on rate  
19 base to the under-recovered amounts and refunds (*i.e.*, over-collections) is  
20 based on the false premise that risk associated with annual “true-up” amounts

21 equals risk associated with rate base assets, a concept that the Commission has  
22 rejected.

23 **Average Capital Structure**

24 **Q5. Why does the Company oppose your recommendation to use an average**  
25 **capital structure for the formula ratemaking process described in Section**  
26 **16-108.5?**

27 A5. The Company states:

28 ...it is ComEd's position that use of an *average* capital structure is not use  
29 of an *actual* capital structure as called for by the statute...An average by  
30 definition is a result taken from a series of other numbers which all may be  
31 actual numbers but does not rely on the final data reflected in the FERC  
32 Form 1 as prescribed by the legislation.<sup>1</sup>

33 **Q6. Is the Company's assertion that an *average* capital structure does not**  
34 **qualify as an *actual* capital structure valid?**

35 A6. No. The Commission's past practices and own rules recognize that the capital  
36 structure components may be measured using average balances.<sup>2</sup> Furthermore,  
37 ComEd does not adhere to its own definition of an "actual" capital structure.  
38 ComEd Ex. 12.8 provides the Company's revised formula template, which  
39 includes Schedule FR D-1: Cost of Capital Computation. The table below  
40 summarizes the sources for the Company's cost of capital computation:

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<sup>1</sup> Company response to ICC Staff data request ("DR") RMP 11.01 (emphasis in original).

<sup>2</sup> 83 Ill. Adm. Code 285.4000(b).

41 **Table One: Sources for the Company’s Cost of Capital Computation**<sup>3</sup>

<u>Cost of Capital Component</u>	<u>Source per ComEd</u>	<u>Line No. in Sch. FR D-1</u>
Book Value of Common Equity	ILCC Form 21	Ln 1
Long-Term Debt Balance	App 13	Ln 4
Cost of Long-Term Debt	App 13	Ln 14
Short-Term Debt Balance	App 12	Ln 5
Cost of Short-Term Debt	App 12	Ln 15
Credit Facilities Expense	App 12	Ln 17

42 App 13, the Company’s proposed source for long-term debt data, refers to the  
 43 ILCC Form 21 for data related to outstanding indebtedness (see notes (1) and (2))  
 44 on App 13). App 13 also indicates data for reacquired indebtedness is provided  
 45 in WP 13 (provided in ComEd Ex. 4.2), which listing is taken from the ILCC Form  
 46 21 (see note (1)).

47 App 12 is the Company’s proposed source for short-term debt data, including  
 48 credit facilities expense. App 12 refers to WP 12 as the source for month-end  
 49 balances of short-term debt, construction work in progress and construction work  
 50 in progress accruing an allowance for funds used during construction. Of the  
 51 data appearing on page 1 of WP 12, only the December 31 balances of short-  
 52 term debt and construction work in progress (but not construction work in  
 53 progress accruing an allowance for funds used during construction) are disclosed  
 54 in FERC Form 1 or ILCC Form 21 annual reports. Similarly, page 2 of WP 12  
 55 provides a summary of expenses related to bank facilities that are not included in

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<sup>3</sup> ComEd Ex. 12.8, Sch FR D-1: Cost of Capital Computation.

56 FERC Form 1 or Form 21 but instead are included in invoices from lenders and  
57 credit facility arrangers and other supporting documentation.<sup>4</sup>

58 Those examples clearly indicate that, the Company had, in its own words, “taken  
59 [its proposed equity and debt balances] from a series of other numbers which all  
60 may be actual numbers but does not rely on the final data reflected in the FERC  
61 Form 1.”

62 Furthermore, if the Company’s argument was valid, which it is not, the cost of the  
63 Company’s bank facility fees, which are not reported in FERC Form 1, would  
64 have to be removed from the rate of return on rate base. Moreover, the FERC  
65 Form 1 balance sheet provides beginning and end of year balances for capital  
66 structure components, making it possible to calculate average balances for the  
67 capital components.

68 **Q7. Please explain why average capital structures would more accurately**  
69 **measure ComEd’s earned return on equity than capital structures**  
70 **measured on a single date for reconciliation purposes.**

71 A7. ComEd proposes to calculate the rate of return on common equity for  
72 reconciliations as  $DS\ ROE = DS\ Net\ Income / DS\ Equity\ Balance$ .<sup>5</sup> The  
73 numerator, “DS Net Income,” represents earnings during the calendar year. In  
74 contrast, under Mr. Vogt’s proposal, the denominator, “DS Equity Balance,”

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<sup>4</sup> Company response to ICC Staff DR RMP 1.06.

<sup>5</sup> ComEd Ex. 12.8, Sch FR A-3, line 26. “DS” stands for “Delivery Service.”

75 would be measured at a single point in time – the last day of the calendar year.  
76 As such, the denominator would mis-state the amount of common equity that  
77 ComEd had invested during the twelve months over which ComEd generated the  
78 net income reflected in the numerator.

79 The Company alleges that a rate of return on average common equity is not  
80 more accurate than ComEd’s rate of return on ending common equity but is  
81 simply a different approach to calculating the earned return on equity.<sup>6</sup> However,  
82 Dr. William E. Avera, testifying for the Company before the FERC, stated that  
83 return on end of year common equity is less accurate than return on average  
84 equity:

85 In *Southern California Edison*, the Commission correctly recognized that if  
86 the rate of return, or “r” component of the  $br+sv$  growth rate, is based on  
87 end-of-year book values, such as those reported by Value Line, it will  
88 understate actual returns because of growth in common equity over the  
89 year. [citation omitted] Accordingly, consistent with the Commission’s  
90 findings and the theory underlying this approach to estimating investors’  
91 growth expectations, an adjustment was incorporated to compute an  
92 average rate of return.<sup>7</sup>

93 Further, Standard & Poor’s uses average common equity in its calculation of  
94 return on common equity, which methodology finance textbooks support.

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<sup>6</sup> ComEd Ex. 15.0, lines 77-81.

<sup>7</sup> FERC Docket No. ER07-583-000, Appendix D Willam E. Avera – Direct Testimony and Exhibits. This testimony also notes, “Use of average return in developing the sustainable growth rate is well supported. See, e.g., Morin, Roger A., “Regulatory Finance: Utilities’ Cost of Capital,” Public Utilities Reports, Inc. (1994), which discusses the need to adjust Value Line’s end-of-year data, consistent with the Commission’s findings in *Southern California Edison*.”

95 **Q8. Would Staff’s proposal to use average capital structures for formula rates**  
96 **make it impossible to manipulate capital structure for ratemaking**  
97 **purposes?**

98 A8. No. Nonetheless, since the average comprises thirteen observations, any single  
99 month end balance has less influence on the average. In other words, the  
100 manipulation of capital structure through the timing of capital issuances and  
101 retirements would have a smaller effect on a capital structure comprising average  
102 balances than a capital structure comprising end of year balances.

103 **Q9. The Company claims that the drivers of ComEd’s capital structure are**  
104 **subject to several levels of internal review, including review and approval**  
105 **by the Company’s Board of Directors.<sup>8</sup> Should this give the Commission**  
106 **confidence that ComEd’s end of year capital structure is not subject to**  
107 **manipulation?**

108 A9. No. This should provide little comfort to the Commission (and customers) given  
109 the Board of Directors are elected by and answer to shareholders, not  
110 customers. Further, the earnings collar<sup>9</sup> gives ComEd the incentive to under-  
111 report earned rate of return on common equity since ComEd must refund 100%  
112 of earnings above the earnings collar.

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<sup>8</sup> ComEd Ex. 15.0, lines 65-67 and Company response to ICC Staff DR RMP 11.02.

<sup>9</sup>220 ILCS 5/16-108.5(c)(5).

113 **Q10. Is ComEd correct when it claims, “all of the drivers of ComEd’s capital**  
114 **structure involve complex transactions that would be difficult, if not**  
115 **impossible, to manipulate?”<sup>10</sup>**

116 A10. No. As shown in Tables Two through Four below, transactions as insignificant as  
117 issuing \$100 million long-term debt to replace short-term debt, or conversely,  
118 using \$100 million short-term debt to bridge long-term financing can affect a  
119 year-end capital structure, especially if those transactions happen towards the  
120 end of the year. Table Two shows that year-end capital structure is identical to  
121 the average capital structure when the month-end balances for each capital  
122 component remains constant every month for a given calendar year.

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<sup>10</sup> Company response to ICC Staff DR RMP 11.01.

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**Table Two: End-of-Year versus Average Capital Structure (in millions)**  
 (Balances Remain Constant)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Average	End of Month	Average	End of Month	Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
Average		\$100		\$900		\$1,000
<b>Capital Structure</b>						
			<u>Amount</u>		<u>Ratio</u>	
<u>ComEd Methodology</u>						
			\$100		5.0%	
			\$900		45.0%	
			\$1,000		50.0%	
			\$2,000		100.0%	
<u>Staff Methodology</u>						
			\$100		5.0%	
			\$900		45.0%	
			\$1,000		50.0%	
			\$2,000		100.0%	

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Refinancing \$100 million of short-term debt with \$100 million of long-term debt during December 2010, as illustrated in Table Three below, affects the end of year capital structure more than the average capital structure. Although the refinancing of short-term debt with long-term debt does not change total debt,

130 ComEd's method for measuring capital structure would incorrectly indicate that  
131 total debt had risen. The total debt ratio in the end of year capital structure  
132 increases to 52.3% from 50% and total capital for the end of year capital  
133 structure increases to \$2,096 million from \$2,000 million. In contrast, the total  
134 debt ratio for the average capital structure correctly remains at 50% and total  
135 capital remains at \$2,000 million.

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**Table Three: Year-End versus Average Capital Structure (in millions)**  
 (Replace \$100 Short-Term Debt with \$100 Long-Term Debt in December 2010)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Average	End of Month	Average	End of Month	Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$0	\$50	\$1,000	\$950	\$1,000	\$1,000
Average		\$96		\$904		\$1,000
<b>Capital Structure</b>						
			<u>Amount</u>		<u>Ratio</u>	
<u>ComEd Methodology</u>						
			\$96		4.6%	
			\$1,000		47.7%	
			\$1,000		47.7%	
			\$2,096		100.0%	
<u>Staff Methodology</u>						
			\$96		4.8%	
			\$904		45.2%	
			\$1,000		50.0%	
			\$2,000		100.0%	

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139 Finally, an opposite refinancing transaction – *i.e.*, refinance \$100 million of long-  
 140 term debt with \$100 million of short-term debt during December 2010 – as  
 141 illustrated in Table Four below, also affects the end of year capital structure more  
 142 than the average capital structure. The end of year capital structure would

143 misleadingly indicate that the total debt ratio had fallen to 47.5% from 50% and  
 144 total capital for the end of year capital structure had fallen to \$1,904 million from  
 145 \$2,000 million. In contrast, the total debt ratio for the average capital structure  
 146 correctly remains at 50% and the total capital remains at \$2,000 million.

147 **Table Four: Year-End Capital Structure versus Average Capital Structure**  
 148 (Replace \$100 Long-Term Debt with \$100 Short-Term Debt in December 2010)

	Short-Term Debt		Long-Term Debt		Common Equity	
	End of Month	Average	End of Month	Average	End of Month	Average
12/31/09	\$100		\$900		\$1,000	
1/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
2/28/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
3/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
4/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
5/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
6/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
7/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
8/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
9/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
10/31/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
11/30/10	\$100	\$100	\$900	\$900	\$1,000	\$1,000
12/31/10	\$200	\$150	\$800	\$850	\$1,000	\$1,000
Average		\$104		\$896		\$1,000
<b>Capital Structure</b>						
			<u>Amount</u>		<u>Ratio</u>	
<u>ComEd Methodology</u>						
Short-Term Debt (Average)		\$104			5.5%	
Long-Term Debt (End of Year)			\$800		42.0%	
Common Equity (End of Year)			\$1,000		52.5%	
Total Capital			\$1,904		100.0%	
<u>Staff Methodology</u>						
Short-Term Debt (Average)		\$104			5.2%	
Long-Term Debt (Average)			\$896		44.8%	
Common Equity (Average)			\$1,000		50.0%	
Total Capital			\$2,000		100.0%	

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150 **Q11. Is the Company correct that “Commission review would be effective to**  
151 **prevent any speculative attempt at manipulation,” negating the need to use**  
152 **average capital structures in formula rates?<sup>11</sup>**

153 A11. No. Measuring capital structure using average rather than end of year balances  
154 mitigates (but does not eliminate) the effect of capital structure manipulation of  
155 the timing of financing decisions. Assessing the prudence or reasonableness of  
156 the timing of debt and equity financing is problematic. For example, outside  
157 parties would be hard-pressed to refute a utility assertion that the utility changed  
158 the date of a debt issuance a few weeks or months because of capital market  
159 conditions.

160 **Q12. The Company alleges that you “mix and match” averages by using a daily**  
161 **balance for long-term and short-term debt and a monthly balance for**  
162 **equity.<sup>12</sup> Please respond.**

163 Q12. The Company’s allegation is false. I did not use daily balances for the short-term  
164 debt calculation. I used month-end data to calculate the average 2010 balances  
165 of short-term debt and common equity, as shown in ICC Staff Ex. 7.0, Schedule  
166 7.02, page 1, and Schedule 7.05. The Company and I agree that ComEd’s  
167 average 2010 short-term debt balance is \$48,373,000.<sup>13</sup> The Company also

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<sup>11</sup> ComEd Ex. 15.0, lines 71-73.

<sup>12</sup> ComEd Ex. 15.0, lines 103-105.

<sup>13</sup> Compare Staff Ex. 7.0, Sch. 7.02, p. 1, and ComEd Ex. 13.2, WP 12 Revised, Page 1 of 2.

168 accepts my proposed cost of short-term debt,<sup>14</sup> which equals the daily interest  
169 cost divided by the daily outstanding balance of short-term debt divided by the  
170 number of days in the calendar year.<sup>15</sup> ComEd's issue with my short-term debt  
171 calculation is not clear.

172 The Company's reference to "using a daily balance for long-term debt" refers to  
173 the time-weighted calculations I proposed for debt issues whose face amount  
174 outstanding changed during 2010.<sup>16</sup> Daily time-weighted cost calculations for  
175 long-term debt are not only reasonable, but are also more precise than monthly  
176 time-weighted cost calculations, if only by a very small amount. In Docket No.  
177 10-0467, Staff calculated the amortization of debt costs on a daily, 365-day  
178 basis, which resulted in a one basis point difference between Staff's and the  
179 Company's calculations of the embedded cost of long-term debt.<sup>17</sup> In any event,  
180 although Staff maintains that its method of calculating the cost of long-term debt  
181 using daily data is more accurate, Staff does not object to calculating that cost  
182 using monthly data.

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<sup>14</sup> ComEd Ex. 15.0, lines 31-32 and 186-192.

<sup>15</sup> Company response to ICC Staff DR RMP 11.04.

<sup>16</sup> Company response to ICC Staff DR RMP 11.04.

<sup>17</sup> Docket No. 10-0467, ICC Staff Ex. 5.0, Schedule 5.1.

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**Construction Work in Progress Adjustment**

**Q13. Why does the Company oppose your construction work in progress (CWIP) adjustment?**

A13. The Company makes two arguments opposing my construction work in progress adjustment. First, the Company argues that because of the fungible nature of financing, it is not appropriate to use direct assignment in determining capital structure. Second, the Company argues that double counting is impossible given construction work in progress that accrues an allowance for funds used during construction is not in rate base and the debt and equity supporting the construction work in progress that accrues an allowance for funds used during construction is only included in the capital structure once.<sup>18</sup>

**Q14. Please illustrate the problems associated with accepting adjustments to the short-term debt calculation associated with construction work in progress but rejecting the related adjustments to long-term debt and common equity.**

A14. Schedule 18.01 presents two scenarios for calculating an average capital structure: (1) no removal of long-term debt and common equity in financing construction work in progress (“CWIP”) from ratemaking capital structure; and (2) removal of long-term debt and CWIP from ratemaking capital structure. In summary, the second scenario, which removes long-term debt and equity financing CWIP from the ratemaking capital structure, results in an amount of

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<sup>18</sup> ComEd Ex. 15.0, lines 115-116 and 121-125.

204 capital financing CWIP and rate base assets that equals the amount of capital on  
205 the balance sheet.

206 In both scenarios, total capital equals \$100, with \$90 of rate base assets and \$10  
207 of CWIP. Column Group (1) presents the total capital on a utility's balance sheet.  
208 Column Group (2) presents the balances of capital used to calculate the  
209 allowance for funds used during construction ("AFUDC") rate applied to CWIP (in  
210 other words, the amounts of each source of capital the Commission's AFUDC  
211 formula assigns to financing CWIP).

212 Since the \$15 January short-term debt balance is higher than the \$10 CWIP  
213 balance, the Commission's AFUDC formula assumes that short-term debt  
214 finances the entire \$10 CWIP balance. In February, the \$5 short-term debt  
215 balance is less than the \$10 CWIP balance. Therefore, the Commission's  
216 AFUDC formula assumes the entire short-term debt balance finances CWIP and  
217 that long-term capital components finance the remaining \$5 of CWIP in the same  
218 proportion that they compose long-term capital. Since there is \$45 long-term  
219 debt and \$50 common equity in February, the AFUDC formula assumes that  
220 long-term debt finances 47% of the remaining \$5 of CWIP, or \$2.4 (*i.e.*,  $\$45 \text{ long-term debt} / (\$45 \text{ long-term debt} + \$50 \text{ common equity}) * (\$10 \text{ CWIP} - \$5 \text{ short-term debt})$ ).  
221 Similarly, the AFUDC formula assumes that equity finances 53% of  
222 the remaining \$5 of CWIP, or \$2.6 (*i.e.*,  $\$50 \text{ common equity} / (\$45 \text{ long-term debt} + \$50 \text{ common equity}) * (\$10 \text{ CWIP} - \$5 \text{ short-term debt})$ ).  
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225 Column Group (3) presents the balances of capital used to calculate rate of  
226 return on rate base. Since no adjustment was required to the long-term capital  
227 components in January, then no adjustment is required and total capital assumed  
228 to be financing rate base assets – *i.e.*, \$5 net short-term debt balance + \$35  
229 long-term debt + \$50 equity – equals \$90 of rate base assets in both the First  
230 and Second Scenarios. In contrast, Column Group (3) shows \$95 of capital  
231 assigned to finance only \$90 of rate base in February in the First Scenario while  
232 the correct amount of capital, \$90, is assigned to rate base in February in the  
233 Second Scenario.

234 Column Group (4), which equals the sum of Column Groups (2) and (3), shows  
235 that adjusting only short-term debt causes the sum of total capital financing  
236 CWIP and rate base assets to exceed the \$100 of total capital on the balance  
237 sheet (First Scenario). That is, the First Scenario illustrates the problems  
238 associated with accepting the CWIP adjustment used to calculate the short-term  
239 debt balance but rejecting the CWIP adjustment to long-term debt and common  
240 equity. In contrast, my adjustments to long-term debt and equity, as illustrated by  
241 the second scenario, avoid double counting capital used to calculate rate of  
242 return on rate base (Second Scenario). That is, in the Second Scenario, the sum  
243 of total capital financing CWIP and rate base assets equals the \$100 of capital on  
244 the balance sheet.

245 **Q15. Please respond to the Company’s argument that the construction work in**  
246 **progress adjustment uses “direct assignment in determining capital**  
247 **structure.”<sup>19</sup>**

248 A15. The construction work in progress adjustment does assign capital to specific  
249 uses; although that is not possible in practice. Nevertheless, my proposed  
250 adjustment is necessary because the Commission’s allowance for funds used  
251 during construction formula, which the Company relies on to reduce its balance  
252 of short-term debt for rate setting purposes, assigns a specific combination of  
253 short-term debt and long-term capital to construction work in progress despite the  
254 fungible nature of capital. In other words, the Company accepts the allowance  
255 for funds used during construction formula-based assignment of capital for the  
256 purpose of its adjustment to the balance of short-term debt but rejects that same  
257 basis for the purpose of adjusting the balances of long-term debt and common  
258 equity. If the capital structure reflected a gross short-term debt balance instead  
259 of a net short-term debt balance (which removes construction work in progress),  
260 then it would be unnecessary to adjust long-term capital components. As shown  
261 in the example on Schedule 18.01 no double counting of capital occurs when the  
262 adjustments to short-term debt and long-term capital are either both accepted or  
263 rejected. However, accepting only one of those adjustments (e.g., combining a  
264 net short-term debt balance with unadjusted long-term debt and equity balances)  
265 would result in a mismatched capital structure measurement that would only  
266 benefit the Company.

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<sup>19</sup> ComEd Ex. 15.0, lines 115-116.

267 **Q16. Please respond to the Company's argument that double counting is**  
268 **impossible given construction work in progress that accrues an allowance**  
269 **for funds used during construction is not in rate base and the debt and**  
270 **equity supporting the construction work in progress that accrues an**  
271 **allowance for funds used during construction is only included in the capital**  
272 **structure once.<sup>20</sup>**

273 A16. The Company is wrong. First, although construction work in progress is not in  
274 rate base, its balance does include financing costs (*i.e.*, the accrual of an  
275 allowance for funds used during construction). When construction is completed,  
276 construction work in progress is reclassified as plant in service, the cost of which  
277 is recovered from customers through depreciation. Consequently, the revenue  
278 requirement includes both the rate of return on rate base and the financing costs  
279 that were accrued during plant construction.

280 Second, as Schedule 18.01 shows, the Commission rule for calculating AFUDC  
281 has effectively resulted in two capital structures: one for determining the  
282 allowance for funds used during construction, the other for determining the rate  
283 of return on rate base. If the sum of the debt and equity components used to  
284 develop these capital structures exceeds the balances of debt and equity on the  
285 utility's financial statements (after adjustment for disallowances), double counting  
286 has occurred.

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<sup>20</sup> ComEd Ex. 15.0, lines 122-125.

287 **Q17. Do you agree with the Company’s argument that it would be appropriate to**  
288 **remove an amount of long-term debt given that the pension asset funding**  
289 **cost is derived from the cost of debt?**<sup>21</sup>

290 A17. No. The Company argues that if the Commission agrees with removing  
291 remaining construction work in progress from the long-term capital balances,  
292 then it should remove an amount of long-term debt equal to the “net pension  
293 asset” because the pension asset funding cost is derived from the cost of debt.<sup>22</sup>  
294 However, removing approximately \$542 million of “net pension asset” from the  
295 long-term debt balance would cause the ratio of common equity to increase  
296 relative to the ratio absent such adjustment. This shifting of weights between  
297 lower cost debt and higher cost of equity would cause the cost of capital, and  
298 ultimately the revenue requirement, to increase, as shown in Attachment A,  
299 which provides the Company’s computation of how the Company would  
300 recommend the Commission adjust capital structure to remove the “net pension  
301 asset.” Assuming, for the sake of illustration only, that the “net pension asset”  
302 equals the Company’s position of \$542,360,000, Attachment A shows that the  
303 Company’s proposed adjustment to the balance of long-term debt would  
304 effectively result in a “net pension asset” revenue requirement that is

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<sup>21</sup> ComEd Ex. 15.0, lines 126-131.

<sup>22</sup> ComEd Ex. 1.0, lines 131-137.

305 approximately \$20 million higher than the amount that would be otherwise  
306 specified in Section 16.108.5(c)(4)(D) of the Act.<sup>23</sup>

307 **Q18. Has the Company agreed to Staff’s construction work in progress**  
308 **adjustment in other ratemaking proceedings?**

309 A18. Yes. Staff made the same adjustment in Docket No. 10-0467. In that case, the  
310 Company witness Mr. Martin Fruehe testified that he did not argue with the  
311 adjustment and agreed with the methodology.<sup>24</sup>

312 **ComEd of Indiana**

313 **Q19. Why does the Company oppose your adjustment to remove**  
314 **Commonwealth Edison Company of Indiana (“ComEd Indiana”) from**  
315 **ComEd’s common equity balance?**

316 A19. The Company asserts that ComEd Indiana is a utility that provides transmission  
317 service to ComEd’s service territory in northern Illinois.<sup>25</sup> However, ComEd  
318 Indiana is not an Illinois utility, as defined in Section 3-105 of the Act.<sup>26</sup>

319 Therefore, ComEd of Indiana is both an unregulated and a non-utility affiliate of  
320 ComEd.

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<sup>23</sup> Company response to ICC Staff DR RMP 12.01. This data request response from the Company reflects ComEd’s proposed net pension asset. By using this illustration, I am not endorsing the Company’s position on the “net pension asset” issue.

<sup>24</sup> Docket No. 10-0467, ComEd Ex. 30.0, pp. 27-28 and ComEd Ex. 30.1, Schedule D-1, Page 2 of 3, (November 22, 2010 REVISED). ComEd Ex. 30.1 is included in Attachment C to this testimony.

<sup>25</sup> ComEd Ex. 15.0, lines 157-158.

<sup>26</sup> Order, Docket No. 03-0449, September 22, 2003, p. 1.

321 The Company's investment in ComEd Indiana results in a higher equity balance  
322 for ComEd than if ComEd transferred its ownership of ComEd Indiana to another  
323 entity. Specifically, transferring ComEd Indiana would require ComEd to credit  
324 Investments in Associated Companies (FERC account 123.1) and debit  
325 Unappropriated Undistributed Subsidiary Earnings (FERC account 216.1).<sup>27</sup> All  
326 else equal, those two accounting entries would reduce total assets and  
327 shareholders equity on ComEd's balance sheet by the amount of investment in  
328 ComEd Indiana. As such, by subtracting the amount of investment in ComEd  
329 Indiana, as reflected in those two FERC accounts, my adjustment effectively  
330 removes the effects of ComEd Indiana on the Company's common equity  
331 balance, as required under Section 9-230 of the Act.

332 Finally, the Company argues that ComEd Indiana does not increase ComEd's  
333 cost of capital because it does not add to the equity percentage in ComEd's  
334 capital structure.<sup>28</sup> However, the Commission is establishing a methodology for  
335 calculating ComEd's equity balance in this case and there is no guarantee that  
336 ComEd's investment in the Indiana subsidiary will not have greater effect in  
337 future formula rate proceedings.

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<sup>27</sup> Company response to ICC Staff DR RMP 11.07.

<sup>28</sup> ComEd Ex. 15.0, lines 165-167.

338

### Credit Facility Costs

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**Q20. Does the Company agree with your adjustment to the arrangers' fees for the community- and minority-owned bank credit facilities to 34% of total arrangers fees, based on the proportion of the ComEd facility to the total Exelon facilities?**

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A20. No. In response to my adjustment, the Company argues:

344

Ms. Phipps incorrectly presumes that ComEd is a participant in an Exelon-wide community and minority-owned bank credit facility. ComEd, PECO and Exelon Generation each have separate community and minority-owned bank credit facilities. While there is some overlap in the arranging and administering banks, only ComEd can draw on its facility, and ComEd gets no benefit from the PECO and Exelon Generation facilities.<sup>29</sup>

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In October 2010, Exelon Corporation ("Exelon") established three community and

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minority-owned bank credit facilities – the \$32.15 million ComEd facility, the

352

\$32.15 million PECO Energy Company ("PECO") facility and the \$30 million

353

Exelon Generation Company, LLC ("ExGen") facility. For the three credit

354

facilities, combined JPMorgan Arrangement fees and agency fees totaled

355

\*\*\*[begin confidential] xxxxxxxx and xxxxxxxx [end confidential]\*\*\*, respectively.<sup>30</sup>

356

Based on the proportion of ComEd's credit facility relative to the three facilities

357

combined (totaling \$94.3 million), the pro rata share of the arrangement fees and

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<sup>29</sup> ComEd Ex. 15.0, lines 200-205.

<sup>30</sup> Company response to ICC Staff DR RMP 1.06. In my direct testimony, I inadvertently overlooked the agency fee; however, I do not present a revised adjustment because adjusting those arranger fees from \*\*\*[begin confidential] xxxxxxxx to xxxxxxxx [end confidential]\*\*\* would have no effect on my cost of capital recommendation. Nevertheless, I still recommend the Commission require calculating arrangers' fees based on the amount of ComEd's community and minority-bank credit facility relative to the total community and minority-owned bank credit facilities for all Exelon subsidiaries in future formula rate proceedings.

358 agency fees for ComEd for ratemaking purposes total \*\*\*[begin confidential]  
359 xxxxxxx and xxxxxx [end confidential]\*\*\*, respectively. Yet, ComEd was  
360 assigned \*\*\*[begin confidential] xxxxxxx and xxxxxx [end confidential] \*\*\* of  
361 JPMorgan's arrangement and agency fees, respectively. Similarly, ComEd was  
362 assigned \*\*\*[begin confidential] xxxxxxx [end confidential]\*\*\*, or 38% of Seaway  
363 Bank and Trust Company ("Seaway") \*\*\*[begin confidential] xxxxxx [end  
364 confidential]\*\*\* in total arrangement fees for all three facilities, which I reduced to  
365 \*\*\*[begin confidential] xxxxxxx [end confidential]\*\*\* (or 34% of total arrangement  
366 fees).<sup>31</sup> Those adjustments are based on my understanding that Section 9-230  
367 of the Act prohibits including in a utility's allowed rate of return any increased cost  
368 of capital which is the direct or indirect result of the public utility's affiliation with  
369 unregulated or non-utility companies.

370 Towards that end, there is no evidence that ComEd separately negotiated  
371 arranger fees from JPMorgan or Seaway for the ComEd facility. (See  
372 Attachment B, which is a portion of a Company data request response regarding  
373 arrangers' fees.) First, the three credit facilities were entered into during October  
374 2010 and the arrangers' fee letters reference the other two facilities. Second, the  
375 JPMorgan fee summary refers to "Total per fee segment" and sums the total fees  
376 due by ComEd, PECO and ExGen. Finally, both JPMorgan and Seaway  
377 charged the same upfront, arrangement and agency fees for ComEd's \$32.15  
378 million facility as PECO's \$32.15 million facility, and the fees associated with

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<sup>31</sup> Company response to ICC Staff data request RMP 1.06.

379 ExGen's \$30 million facility are proportionately smaller, which is consistent with  
380 allocating those fees rather than separately negotiating fees for the ComEd  
381 facility.

382 **Q21. Please respond to the Company's argument that "[i]n the absence of a**  
383 **finding that the fees were unreasonable or imprudent...they should be fully**  
384 **recoverable on a jurisdictional basis in ComEd's rates."**<sup>32</sup>

385 A21. In its response to a Staff data request, the Company asserts that the  
386 Commission determined that the fees associated with the community and  
387 minority-owned bank credit facility were prudent and reasonable in three  
388 proceedings: Docket Nos. 10-0467, 10-0539 and 11-0618.<sup>33</sup> However, my  
389 adjustment is not based on whether the fees associated with ComEd's small  
390 bank credit facility are unreasonable or imprudent. Rather, this adjustment is  
391 necessary because the allocation of the bank fees incurred under the Exelon  
392 small bank credit facilities is inconsistent with Section 9-230 of the Act.

393 Contrary to the Company's claim, the Commission did not "review and approve"  
394 the costs of ComEd's 2010 community and minority-owned bank facilities in  
395 Docket No. 10-0467 (ComEd's previous rate proceeding). There is no mention of  
396 the small bank credit facility in either Schedule D-2 or the Company testimony in  
397 Docket No. 10-0467. The only bank facility costs included in the credit facility

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<sup>32</sup> ComEd Ex. 15.0, lines 206-208.

<sup>33</sup> Company response to ICC Staff data request RMP 11.08. The Company's response incorrectly references Docket No. 11-0616, but the case in which the Commission reviewed the affiliate interest transactions for the successor credit facility was Docket No. 11-0618.

398 costs in Docket No. 10-0467 were associated with the Company's \$1 billion  
399 credit facility, as shown in Attachment C, which is the Company's Schedule D-2  
400 from Docket No. 10-0467. With regard to Docket No. 10-0539, Staff witness Ms.  
401 Sheena Kight-Garlich testifies that she did not evaluate whether the fees  
402 assigned to ComEd were consistent with Section 9-230 of the Act when she  
403 reviewed the Company's petition.<sup>34</sup> Lastly, Docket No. 11-0618 does not  
404 concern the community and minority-owned bank credit facility whose fees  
405 ComEd is seeking to recover in this proceeding but the successor credit facility.  
406 Therefore, the Commission could not have found the assignment of those costs  
407 consistent with Section 9-230 of the Act.

#### 408 **Interest Rate for Reconciliation Amounts**

409 **Q22. Is the rate of return on rate base the appropriate interest rate for**  
410 **unrecovered/refunded reconciliation amounts?**

411 A22. No. The Company's proposal to apply an interest rate that equals the rate of  
412 return on rate base assets to reconciliation amounts incorrectly assumes that  
413 reconciliation amounts are subject to the same risks as rate base assets. To the  
414 contrary, the rate of return on rate base compensates investors for prudence risk,  
415 which is not a risk factor for reconciliation amounts, which are recovered dollar  
416 for dollar. Requiring customers to pay an interest rate that exceeds the investor-  
417 required rate of return would benefit ComEd shareholders at customers'  
418 expense.

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<sup>34</sup> ICC Staff Ex. 23.0, pp. 3-4.

419 **Q23. Please respond to the Company's argument that there is no evidence that**  
420 **ComEd would be able to finance any revenue shortfall at a lower rate than**  
421 **the weighted average cost of capital.<sup>35</sup>**

422 A23. The Company's argument reverses cause and effect. Here, the interest rate  
423 would apply to unrecovered costs, which are assets, not financial securities such  
424 as debt and equity. The Company's overall cost of capital (*i.e.*, the weighted  
425 average cost of capital on all of a company's assets) does not determine the  
426 required rate of return on new assets it acquires. The opposite is true. The  
427 weighted average of the required rates of return of the assets that a company  
428 holds determines its weighted average cost of capital.<sup>36</sup> In other words,  
429 determining a rate of return on financial securities is not necessary for  
430 determining the investor-required rate of return on assets. That is, the manner in  
431 which ComEd would finance revenue shortfalls is a separate issue from  
432 determining the appropriate interest rate for reconciliation amounts.

433 **Q24. What would be a fair and reasonable benchmark for establishing the**  
434 **interest rate for reconciliation amounts?**

435 A24. An AAA-rated bond yield would be a fair and reasonable benchmark for  
436 establishing the interest rate on reconciliation amounts given under-recovered  
437 amounts are essentially a loan from the Company to its customers; and credit

---

<sup>35</sup> ComEd Ex. 12.0, lines 791-794 and 797-800.

<sup>36</sup> For example, as a company increases its holdings of low risk assets, such as U.S. Treasury securities, its overall cost of capital would decline. Should the Company ultimately hold nothing but U.S. Treasury securities, its overall cost of capital would ultimately equal the weighted average required rate of return on those U.S. Treasury securities.

438 rating agencies rated the Company's transitional funding instruments, which  
439 relied solely on the aggregate ability of ComEd's customers to pay, AAA.  
440 Moreover, an AAA bond yield would be a favorable borrowing rate for ComEd  
441 given its current ratings of BBB/Baa3 from Standard & Poor's/Moody's Investors  
442 Service.<sup>37</sup>

443 Further, although it will take twenty-four months to reconcile over or under  
444 collections, the appropriate interest rate is less a function of the days outstanding  
445 than the frequency of interest rate adjustment. For example, an interest rate on a  
446 thirty-year mortgage with an annual interest rate adjustment is different (and  
447 usually based on a one year benchmark interest rate such as the one-year U.S.  
448 Treasury yield) from that of a thirty-year fixed rate loan. Therefore, a one-year  
449 rate is appropriate for reconciliations since the Commission will adjust the  
450 interest rate on reconciliation amounts annually. As shown in Table Five below,  
451 the current yields on one-year U.S. Treasury bonds and AA-rated corporate  
452 bonds are very close to each other.

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<sup>37</sup> If customers were compensated for the risk that ComEd could default on refunds, the interest rate would equal that for one-year, BBB/Baa3 rated debt.

453

**Table Five: Current Yields on One-Year Securities**<sup>38</sup>

Type of Security	Yield
U.S. Treasury Bond Yield	0.14%
AA Rated Corp. Bond	0.40%

454

455

Those yields are also very close to the current 0% Commission-authorized

456

interest rate on customer deposits, determined in accordance with 83 Ill. Adm.

457

Code 280.70(e). The customer deposit rate is the rate the Company applies to

458

reconciliation amounts under ComEd’s Rider Retail Customer Assessments for

459

Purchase of Receivables Ordered Reconciliation Adjustment amounts in

460

connection with Rider Purchase of Receivables with Consolidated Billing

461

(PORCB).<sup>39</sup>

462

**Q25. Do you support any of the recommendations for an interest rate that would be applicable to reconciliation amounts?**

463

464

A25. Yes. Given the ease of administration in connection with Staff and the Company

465

relying on a rate published annually by the Commission, and the small difference

466

between the customer deposit rate and current yields on one-year AA financial

467

securities, I recommend applying the Commission-authorized customer deposit

468

rate to under-recovered amounts and refunds associated with the formula rate.

<sup>38</sup> Citi, “Bond Market Roundup: Strategy,” February 10, 2012. I compared the one-year U.S. Treasury bond yield to the one-year AA-rated corporate bond yield because Bond Market Roundup does not publish a one-year AAA bond yield.

<sup>39</sup> Commonwealth Edison Company, Rider RCA – Retail Customer Assessments, ILL. C.C. No. 10, 1<sup>st</sup> Revised Sheet No. 257.1.

469 **Rate DSPP Spreadsheets and Tariffs**

470 **Q26. What changes do you recommend to the Company’s proposed Rate DSPP**  
 471 **spreadsheets?**<sup>40</sup>

472 A26. I recommend the same changes to the Company’s proposed Rate DSPP  
 473 spreadsheets and tariffs, as presented in my Direct Testimony, ICC Staff Ex. 7.0,  
 474 with two modifications, as summarized below:

475 **Table Six: Revised Recommendations Relating to Sch FR D-1 WP 14**

<u>Citation</u>	<u>Original Recommendation</u> (presented in Direct Testimony)	<u>Revised Recommendation</u>
Sch FR D-1, Line 4, Column (B)	Change source to “Sch FR D-1 WP 14 Ln 119 / 1,000” in order to reflect the average long-term debt balance, less the portion of long-term debt that is reflected in the AFUDC rate	Change source to “Sch FR D-1 WP 14, Average Adjusted Long-Term Debt Balance, divided by 1,000” in order to reflect the average long-term debt balance, less the portion of long-term debt that is reflected in the AFUDC rate
Sch FR D-1, Line 14, Column (B)	Change source to “Sch FR D-1 WP 14 Ln 117”	Change source to “Sch FR D-1 WP 14, “Average Embedded Cost of Long-Term Debt”

476

477 Regarding Sch FR D-1 WP 14, I recommend removing specific line references in  
 478 the “Source” column of Schedule FR D-1 for Sch FR D-1 WP 14 given those line  
 479 numbers will vary in future formula rate proceedings depending on how many

<sup>40</sup> The Company’s proposed Rate DSPP spreadsheets were ComEd Ex. 2.1 in Company Direct Testimony and are ComEd Ex. 12.8 in Company Rebuttal Testimony.

480 outstanding and reacquired debt issues ComEd has in a given measurement  
481 period.

482 I also recommend that the attached Schedule 18.02 serve as the template for  
483 “Sch FR D-1 WP 14.” In addition to the average embedded cost of long-term  
484 debt, Schedule 18.02 presents the end of year embedded cost of long-term debt,  
485 which is the statutorily required return on any “net pension asset” authorized by  
486 the Commission pursuant to Section 16.108.5(c)(4)(D) of the Act, which states:

487 Permit and set forth protocols, subject to a determination of prudence and  
488 reasonableness consistent with Commission practice and law,  
489 for...investment return on pension assets net of deferred tax benefits  
490 ***equal to the utility’s long-term debt cost of capital as of the end of***  
491 ***the applicable calendar year.***<sup>41</sup>

492 In connection with that proposal, I also recommend changing the source for line 6  
493 of the Company’s proposed Sch FR C-3 to “End of Year Embedded Cost of  
494 Long-Term Debt presented in Sch FR D-1 WP 14.”

495 **Conclusion**

496 **Q27. Does this conclude your prepared rebuttal testimony?**

497 A27. Yes, it does.

---

<sup>41</sup> 220 ILCS 5/16-108.5(c)(4)(D), emphasis added.

**Commonwealth Edison Company**  
 Illustration of Double Counting Capital Invested in CWIP

**First Scenario:**

No removal of Long-Term Debt and Common Equity in financing CWIP from ratemaking capital structure:

	<u>(1) Capital: \$ 100</u>			<u>(2) Financing CWIP: \$ 10</u>			<u>(3) Financing Rate Base</u>			<u>(4) Total Financing CWIP + Rate Base (\$)</u>			
	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Total Capital
Jan	\$ 15.0	\$ 35.0	\$ 50.0	\$ 10.0	\$ -	\$ -	\$ 5.0	\$ 35.0	\$ 50.0	\$ 15.0	\$ 35.0	\$ 50.0	\$ 100.0
Feb	\$ 5.0	\$ 45.0	\$ 50.0	\$ 5.0	\$ 2.4	\$ 2.6	\$ -	\$ 45.0	\$ 50.0	\$ 5.0	\$ 47.4	\$ 52.6	\$ 105.0
Average	\$ 10.0	\$ 40.0	\$ 50.0	\$ 7.5	\$ 1.2	\$ 1.3	\$ 2.5	\$ 40.0	\$ 50.0	\$ 10.0	\$ 41.2	\$ 51.3	\$ 102.5

**Second Scenario:**

Removal of Long-Term Debt and Common Equity in financing CWIP from ratemaking capital structure:

	<u>(1) Capital: \$ 100</u>			<u>(2) Financing CWIP: \$ 10</u>			<u>(3) Financing Rate Base</u>			<u>(4) Total Financing CWIP + Rate Base (\$)</u>			
	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Short Term Debt	Long Term Debt	Common Equity	Total Capital
Jan	\$ 15.0	\$ 35.0	\$ 50.0	\$ 10.0	\$ -	\$ -	\$ 5.0	\$ 35.0	\$ 50.0	\$ 15.0	\$ 35.0	\$ 50.0	\$ 100.0
Feb	\$ 5.0	\$ 45.0	\$ 50.0	\$ 5.0	\$ 2.4	\$ 2.6	\$ -	\$ 42.6	\$ 47.4	\$ 5.0	\$ 45.0	\$ 50.0	\$ 100.0
Average	\$ 10.0	\$ 40.0	\$ 50.0	\$ 7.5	\$ 1.2	\$ 1.3	\$ 2.5	\$ 38.8	\$ 48.7	\$ 10.0	\$ 40.0	\$ 50.0	\$ 100.0

**Notes:**

Total Capital = \$100; CWIP = \$10; Rate Base = \$90.

- (1) Total capital on utility's balance sheet.
- (2) Balances of capital used to calculate AFUDC rate applied to CWIP.
- (3) Balances of capital used to calculate rate of return on rate base.
- (4) = (2) + (3)

**Commonwealth Edison Company**  
 Embedded Cost of Long-term Debt  
 Average 2010

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)		
<b>First Mortgage Bonds</b>													
1	4.000%	Series 109	8/2/2010	8/1/2020	\$ 500,000,000	\$ 206,849,315	\$ 39,017	\$ 1,462,373	\$ 205,347,925	\$ 8,273,973	\$ 4,960	\$ 186,029	\$ 8,464,962
2	4.740%	Series 102	8/25/2003	8/15/2010	250,000,000	131,846,575	-	40,305	131,806,270	6,249,528	-	127,888	6,377,416
3	6.150%	Series 106	9/10/2007	9/15/2017	425,000,000	425,000,000	862,200	2,919,226	421,218,574	26,137,500	119,545	404,755	26,661,800
4	5.900%	Series 103B	3/22/2007	3/15/2036	300,000,000	300,000,000	11,027,187	930,651	288,042,162	17,700,000	428,708	36,181	18,164,889
5	6.450%	Series 107	1/16/2008	1/15/2038	450,000,000	450,000,000	1,247,561	4,106,068	444,646,371	29,025,000	45,267	148,985	29,219,252
6	5.800%	Series 108	3/27/2008	3/15/2018	700,000,000	700,000,000	1,038,484	4,918,461	694,043,055	40,600,000	134,724	638,080	41,372,804
7	5.950%	Series 104	8/28/2006	8/15/2016	300,000,000	300,000,000	254,269	1,823,470	297,922,262	17,850,000	41,497	297,593	18,189,090
8	5.950%	Series 104B	10/2/2006	8/15/2016	115,000,000	115,000,000	(1,444,372)	557,991	115,886,382	6,842,500	(235,724)	91,065	6,697,841
9	5.400%	Series 105	12/19/2006	12/15/2011	345,000,000	345,000,000	212,054	703,793	344,084,153	18,630,000	145,625	483,320	19,258,945
10	7.625%	Series 92	4/15/1993	4/15/2013	220,000,000	125,000,000	200,345	20,524	124,779,131	9,531,250	71,798	7,355	9,610,403
11	7.500%	Series 94	7/1/1993	7/1/2013	150,000,000	127,000,000	380,390	14,003	126,605,607	9,525,000	126,739	4,666	9,656,404
12	5.850%	1994C	1/15/1994	1/15/2014	20,000,000	17,000,000	21,404	11,459	16,967,137	994,500	6,040	3,234	1,003,773
13	5.900%	Series 103	3/6/2006	3/15/2036	325,000,000	325,000,000	1,749,835	2,995,610	320,254,555	19,175,000	68,029	116,461	19,359,490
14	6.150%	Series 98	3/15/2002	3/15/2012	400,000,000	300,000,000	377,496	48,519	299,573,985	18,450,000	221,343	28,449	18,699,792
15	6.150%	Series 98	6/21/2002	3/15/2012	200,000,000	150,000,000	(390,056)	27,999	150,362,057	9,225,000	(228,708)	16,417	9,012,710
16	5.875%	Series 100	1/22/2003	2/1/2033	350,000,000	253,600,000	825,133	1,951,496	250,823,371	14,899,000	36,504	86,334	15,021,837
17	4.700%	Series 101	4/7/2003	4/15/2015	395,000,000	260,000,000	359,567	752,751	258,887,682	12,220,000	75,060	157,137	12,452,197
18	0.252%	2008D	5/28/2009	3/1/2020	50,000,000	50,000,000		160,808	49,839,192	126,164	-	16,625	142,789
19	0.235%	2008F	5/28/2009	3/1/2017	91,000,000	91,000,000		248,545	90,751,455	214,220	-	37,264	251,484
20	0.268%	2008E	5/28/2009	5/1/2021	49,830,000	49,830,000		75,827	49,754,173	133,654	-	6,995	140,649
21					5,635,830,000	4,722,125,890	16,760,513	23,769,881	4,681,595,497	265,802,288	1,061,406	2,894,833	269,758,528
22													
<b>23 Sinking Fund Debentures</b>													
24	4.750%		12/1/1961	12/1/2011	\$ 40,000,000	\$ 1,930,959	(698)	531	\$ 1,931,126	\$ 91,721	(492)	374	\$ 91,603
25					40,000,000	1,930,959	(698)	531	1,931,126	91,721	(492)	374	91,603
26													
<b>26 Notes</b>													
27	6.950%		7/16/1998	7/15/2018	\$ 225,000,000	\$ 140,000,000	737,595	12,603	\$ 139,249,802	\$ 9,730,000	91,713	1,567	\$ 9,823,280
28					225,000,000	140,000,000	737,595	12,603	139,249,802	9,730,000	91,713	1,567	9,823,280
29													
<b>29 Subordinated Deferrable Interest Debt</b>													
30	6.350%	Financing III	3/17/2003	3/15/2033	\$ 206,186,000	\$ 206,186,000	140,744	1,706,847	\$ 204,338,409	\$ 13,092,811	6,195	75,128	\$ 13,174,134
31					206,186,000	206,186,000	140,744	1,706,847	204,338,409	13,092,811	6,195	75,128	13,174,134
32													
33	Interest Rate Swaps		1/17/2006	3/15/2012			397,013		\$ (397,013)		232,787		\$ 232,787
34													
35	Debt to be Issued							701,969	\$ (701,969)				
					6,107,016,000	5,070,242,849	18,035,166	26,191,831	5,026,015,852	288,716,820	1,391,608	2,971,903	293,080,331

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)
36	Required Debt										
37	14.250% 46	11/24/1987	4/15/2015			\$ 334,758	\$ (334,758)			\$ 69,881	\$ 69,881
38	15.375% 47	11/24/1987	4/15/2015			971,940	(971,940)			202,893	202,893
39	13.000% 48	3/22/1988	4/15/2013			1,144,017	(1,144,017)			409,982	409,982
40	17.500% 44	5/24/1988	4/15/2015			90,023	(90,023)			18,792	18,792
41	12.250% 50	11/21/1988	4/15/2015			164,680	(164,680)			34,377	34,377
42	13.375% 51	11/21/1988	4/15/2015			414,825	(414,825)			86,595	86,595
43	12.000% 66	3/23/1993	4/15/2015			1,700,987	(1,700,987)			355,082	355,082
44	11.125% 71	5/1/1993	4/15/2015			2,021,116	(2,021,116)			421,909	421,909
45	10.500% 56	5/27/1993	4/15/2015			2,029,011	(2,029,011)			423,557	423,557
46	10.250% 67	6/7/1993	4/15/2013			1,373,772	(1,373,772)			492,319	492,319
47	8.750% 30	8/12/1993	7/1/2013			242,755	(242,755)			80,881	80,881
48	9.125% 38	8/12/1993	7/1/2013			671,557	(671,557)			223,750	223,750
49	9.625% 60	9/1/1993	8/15/2010			174,199	(174,199)			552,728	552,728
50	10.375% PC 1985	12/14/1994	3/1/2020			355,981	(355,981)			36,803	36,803
51	10.625% PC 1985	12/14/1994	3/1/2020			270,518	(270,518)			27,967	27,967
52	10.625% PC 1985	12/14/1994	3/1/2017			1,537,447	(1,537,447)			230,506	230,506
53	9.875% 75	11/21/2001	3/15/2012			2,933,314	(2,933,314)			1,719,935	1,719,935
54	8.375% 86	9/16/2002	2/1/2033			2,659,942	(2,659,942)			117,675	117,675
55	7.625% FMB Series 92	2/28/2002	3/15/2012			32,230	(32,230)			18,898	18,898
56	7.625% FMB Series 92	8/25/2004	3/15/2012			5,028,138	(5,028,138)			2,948,226	2,948,226
57	7.625% FMB Series 92	10/15/2004	3/15/2012			1,947,711	(1,947,711)			1,142,031	1,142,031
58	7.625% FMB Series 92	11/26/2004	3/15/2012			263,569	(263,569)			154,542	154,542
59	7.500% FMB Series 94	2/28/2002	3/15/2012			64,868	(64,868)			38,035	38,035
60	7.500% FMB Series 94	8/25/2004	7/1/2013			1,700,257	(1,700,257)			566,494	566,494
61	5.850% FMB Series 94C	8/26/2004	1/15/2014			230,841	(230,841)			65,139	65,139
62	8.625% 81	3/27/2002	3/15/2012			963,225	(963,225)			564,782	564,782
63	8.500% 84	7/15/2002	3/15/2012			1,208,805	(1,208,805)			708,777	708,777
64	8.375% 88	3/18/2003	4/15/2015			3,218,103	(3,218,103)			671,780	671,780
65	8.000% FMB Series 91	4/15/2003	4/15/2015			3,116,583	(3,116,583)			650,588	650,588
66	7.750% FMB Series 97	10/7/2003	8/15/2010			340,333	(340,333)			1,079,867	1,079,867
67	6.150% FMB Series 98	8/6/2004	3/15/2012			3,828,216	(3,828,216)			2,244,657	2,244,657
68	6.150% FMB Series 98	8/25/2004	3/15/2012			2,182,438	(2,182,438)			1,279,662	1,279,662
69	5.875% FMB Series 100	7/27/2004	2/1/2033			624,549	(624,549)			27,630	27,630
70	5.875% FMB Series 100	8/6/2004	2/1/2033			3,396,566	(3,396,566)			150,263	150,263
71	5.875% FMB Series 100	8/25/2004	2/1/2033			5,128,654	(5,128,654)			226,890	226,890
72	4.700% FMB Series 101	8/6/2004	4/15/2015			3,832,679	(3,832,679)			800,073	800,073
73	4.700% FMB Series 101	8/25/2004	4/15/2015			2,755,016	(2,755,016)			575,111	575,111
74	4.740% FMB Series 102	8/25/2004	8/15/2010			30,642	(30,642)			97,226	97,226
75	4.740% FMB Series 102	11/23/2004	8/15/2010			7,830	(7,830)			24,843	24,843
76	10.000% Sinking Fund Serik	4/1/1992	3/15/2012			193,633	(193,633)			113,536	113,536
77	8.480% Sub. Deferrable	3/20/2003	3/15/2033			15,312,283	(15,312,283)			673,980	673,980
						\$ 74,498,009	\$ (74,498,009)			\$ 20,328,663	\$ 20,328,663

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)	
78	6.950% Sub. Deferrable	8/6/2004	7/15/2018			\$ 9,556,549	\$ (9,556,549)			\$ 1,188,261	\$ 1,188,261	
79	6.950% Sub. Deferrable	8/25/2004	7/15/2018			4,413,945	(4,413,945)			548,830	548,830	
80	11.750% Joliet Series 1981	8/1/1991	4/15/2013			165,514	(165,514)			59,315	59,315	
81	11.750% Pekin Series 1981	8/1/1991	4/15/2013			168,166	(168,166)			60,266	60,266	
82	11.500% Waukegan Series	8/1/1991	4/15/2013			53,322	(53,322)			19,109	19,109	
83	10.125% IEFFA Series 1980	9/3/1991	4/15/2013			65,774	(65,774)			23,572	23,572	
84	10.375% IEFFA Series 1980	9/3/1991	4/15/2013			124,579	(124,579)			44,645	44,645	
85	8.375% IEFFA Series 1979	3/11/1994	2/20/2011			3,982	(3,982)			6,224	6,224	
86	8.500% IEFFA Series 1979	3/11/1994	2/20/2011			16,432	(16,432)			25,686	25,686	
87	9.750% IEFFA Series 1980	4/1/1994	2/20/2011			14,645	(14,645)			22,893	22,893	
88	11.375% IEFFA Series 1980	11/21/1994	11/1/2019			543,450	(543,450)			58,178	58,178	
89	5.875% PC 1977	5/15/2003	5/15/2017			294,284	(294,284)			42,803	42,803	
90	variable PC 1994B	9/30/2003	11/1/2019			101,072	(101,072)			10,820	10,820	
91	variable PC 1994C	11/28/2003	3/1/2020			47,365	(47,365)			4,897	4,897	
92	variable PC 1994D	3/21/2005	3/1/2017			2,522,679	(2,522,679)			378,220	378,220	
93	variable PC 2005	6/13/2008	3/1/2018			742,587	(742,587)			96,819	96,819	
94	variable PC 2003C	6/18/2008	3/1/2020			657,451	(657,451)			67,970	67,970	
95	variable PC 2002	7/1/2008	4/15/2013			340,210	(340,210)			121,921	121,921	
96	variable PC 2003B	7/8/2008	11/1/2019			183,335	(183,335)			19,627	19,627	
97	variable PC 2003B	7/8/2008	5/1/2021			368,257	(368,257)			33,973	33,973	
98	variable PC 2003A	7/10/2008	5/15/2017			440,118	(440,118)			64,014	64,014	
99	variable PC 2003A	7/10/2008	5/1/2021			281,550	(281,550)			25,974	25,974	
100	variable PC 2003D	7/29/2008	1/15/2014			132,637	(132,637)			37,428	37,428	
101	variable PC 2003D	7/29/2008	5/1/2021			95,396	(95,396)			8,801	8,801	
102	variable PC 2008D	5/28/2009	3/1/2020			487,475	(487,475)			50,398	50,398	
103	variable PC 2008F	5/28/2009	3/1/2017			576,622	(576,622)			86,452	86,452	
104	variable PC 2008E	5/28/2009	5/1/2021			511,641	(511,641)			47,201	47,201	
105	8.500% Sub. Deferrable	3/7/2008	1/15/2038			10,661,611	(10,661,611)			386,847	386,847	
106	7.250% PC 1991	6/4/2002	4/15/2013			(66,517)	66,517			(23,838)	(23,838)	
107	Interest Rate Swap Settlement	8/19/2003	8/15/2010			(155,735)	155,735			(494,143)	(494,143)	
108	Interest Rate Swap Settlement	3/13/2002	3/15/2012			1,133,584	(1,133,584)			664,672	664,672	
109	Interest Rate Swap Settlement	6/13/2002	3/15/2012			184,064	(184,064)			107,925	107,925	
110	Interest Rate Swap Settlement	1/16/2003	2/1/2033			11,733,175	(11,733,175)			519,073	519,073	
111	Interest Rate Swap Settlement	3/31/2003	4/15/2015			2,159,738	(2,159,738)			450,846	450,846	
112	Interest Rate Swap Settlement	7/27/2010	7/31/2020			1,555,197	(1,555,197)			175,604	175,604	
113	Interest Rate Swap Settlement	7/27/2010	7/31/2020			(60,520)	60,520			(6,838)	(6,838)	
114	Write off of unamortized losses from 1997					(11,167,534)	11,167,534			(2,837,057)	(2,837,057)	
115	Total--Required Debt					\$ 38,886,100	\$ (38,886,100)			\$ 2,097,387	\$ 2,097,387	
116				\$6,107,016,000	\$5,070,242,849	\$18,035,166	\$139,575,941	\$4,912,631,743	\$288,716,820	\$1,391,608	\$25,397,953	\$315,506,381
117										Average Embedded Cost of Long-Term Debt =	6.42%	
118	Less: Remaining CWIP Accruing AFUDC (See Schedule 7.03 (Sch FR D-1 WP 13), line 9, multiplied by 1,000)						\$ (31,992,000)					
119							Average Adjusted Long-Term Debt Balance	\$ 4,880,639,743				

**Commonwealth Edison Company**  
 Embedded Cost of Long-term Debt  
 December 31, 2010

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)		
<b>First Mortgage Bonds</b>													
120	4.000%	Series 109	8/2/2010	8/1/2020	\$ 500,000,000	\$ 500,000,000	\$ 115,005	\$ 4,313,156	\$ 495,571,839	\$ 20,000,000	11,990	449,672	\$ 20,461,662
121	6.150%	Series 106	9/10/2007	9/15/2017	425,000,000	425,000,000	802,428	2,716,848	421,480,724	26,137,500	119,545	404,755	26,661,800
122	5.900%	Series 103B	3/22/2007	3/15/2036	300,000,000	300,000,000	10,812,833	912,561	288,274,606	17,700,000	428,708	36,181	18,164,889
123	6.450%	Series 107	1/16/2008	1/15/2038	450,000,000	450,000,000	1,224,927	4,031,576	444,743,497	29,025,000	45,267	148,985	29,219,252
124	5.800%	Series 108	3/27/2008	3/15/2018	700,000,000	700,000,000	971,122	4,599,421	694,429,457	40,600,000	134,724	638,080	41,372,804
125	5.950%	Series 104	8/28/2006	8/15/2016	300,000,000	300,000,000	233,520	1,674,673	298,091,807	17,850,000	41,497	297,593	18,189,090
126	5.950%	Series 104B	10/2/2006	8/15/2016	115,000,000	115,000,000	(1,326,510)	512,458	115,814,052	6,842,500	(235,724)	91,065	6,697,841
127	5.400%	Series 105	12/19/2006	12/15/2011	345,000,000	345,000,000	139,242	462,133	344,398,625	18,630,000	145,625	483,320	19,258,945
128	7.625%	Series 92	4/15/1993	4/15/2013	220,000,000	125,000,000	164,446	16,847	124,818,707	9,531,250	71,798	7,355	9,610,403
129	7.500%	Series 94	7/1/1993	7/1/2013	150,000,000	127,000,000	317,020	11,670	126,671,309	9,525,000	126,739	4,666	9,656,404
130	5.850%	1994C	1/15/1994	1/15/2014	20,000,000	17,000,000	18,384	9,842	16,971,773	994,500	6,040	3,234	1,003,773
131	5.900%	Series 103	3/6/2006	3/15/2036	325,000,000	325,000,000	1,715,820	2,937,380	320,346,800	19,175,000	68,029	116,461	19,359,490
132	6.150%	Series 98	3/15/2002	3/15/2012	400,000,000	300,000,000	266,824	34,295	299,698,881	18,450,000	221,343	28,449	18,699,792
133	6.150%	Series 98	6/21/2002	3/15/2012	200,000,000	150,000,000	(275,702)	19,791	150,255,912	9,225,000	(228,708)	16,417	9,012,710
134	5.875%	Series 100	1/22/2003	2/1/2033	350,000,000	253,600,000	806,881	1,908,329	250,884,789	14,899,000	36,504	86,334	15,021,837
135	4.700%	Series 101	4/7/2003	4/15/2015	395,000,000	260,000,000	322,037	674,182	259,003,781	12,220,000	75,060	157,137	12,452,197
136	0.252%	2008D	5/28/2009	3/1/2020	50,000,000	50,000,000		152,496	49,847,504	126,164	-	16,625	142,789
137	0.235%	2008F	5/28/2009	3/1/2017	91,000,000	91,000,000		229,913	90,770,087	214,220	-	37,264	251,484
138	0.268%	2008E	5/28/2009	5/1/2021	49,830,000	49,830,000		72,330	49,757,670	133,654	-	6,995	140,649
139					5,385,830,000	4,883,430,000	16,308,278	25,289,901	4,841,831,822	271,278,788	1,068,436	3,030,588	275,377,813
140													
<b>141 Sinking Fund Debentures</b>													
142	4.750%		12/1/1961	12/1/2011	\$ 40,000,000	\$ 1,600,000	\$ (452)	\$ 344	\$ 1,600,108	\$ 76,000	\$ (492)	\$ 374	\$ 75,882
143					40,000,000	1,600,000	(452)	344	1,600,108	76,000	(492)	374	75,882
<b>144 Notes</b>													
145	6.950%		7/16/1998	7/15/2018	\$ 225,000,000	\$ 140,000,000	\$ 691,738	\$ 11,820	\$ 139,296,442	\$ 9,730,000	\$ 91,713	\$ 1,567	\$ 9,823,280
146					225,000,000	140,000,000	691,738	11,820	139,296,442	9,730,000	91,713	1,567	9,823,280
<b>147 Subordinated Deferrable Interest Debt</b>													
148	6.350%	Financing III	3/17/2003	3/15/2033	\$ 206,186,000	\$ 206,186,000	\$ 137,646	\$ 1,669,283	\$ 204,379,071	\$ 13,092,811	\$ 6,195	\$ 75,128	\$ 13,174,134
149					206,186,000	206,186,000	137,646	1,669,283	204,379,071	13,092,811	6,195	75,128	13,174,134
150													
151	Interest Rate Swaps		1/17/2006	3/15/2012			\$ 280,619		\$ (280,619)		232,787		\$ 232,787
152													
153	Debt to be Issued							\$ 268,111	\$ (268,111)				
					5,857,016,000	5,231,216,000	17,417,830	27,239,459	5,186,558,712	294,177,599	1,398,638	3,107,658	298,683,895

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)
154	Reaquired Debt										
155	14.250% 46	11/24/1987	4/15/2015			\$ 299,817	\$ (299,817)			\$ 69,881	\$ 69,881
156	15.375% 47	11/24/1987	4/15/2015			870,493	(870,493)			202,893	202,893
157	13.000% 48	3/22/1988	4/15/2013			939,026	(939,026)			409,982	409,982
158	17.500% 44	5/24/1988	4/15/2015			80,627	(80,627)			18,792	18,792
159	12.250% 50	11/21/1988	4/15/2015			147,491	(147,491)			34,377	34,377
160	13.375% 51	11/21/1988	4/15/2015			371,527	(371,527)			86,595	86,595
161	12.000% 66	3/23/1993	4/15/2015			1,523,446	(1,523,446)			355,082	355,082
162	11.125% 71	5/1/1993	4/15/2015			1,810,161	(1,810,161)			421,909	421,909
163	10.500% 56	5/27/1993	4/15/2015			1,817,232	(1,817,232)			423,557	423,557
164	10.250% 67	6/7/1993	4/15/2013			1,127,612	(1,127,612)			492,319	492,319
165	8.750% 30	8/12/1993	7/1/2013			202,315	(202,315)			80,881	80,881
166	9.125% 38	8/12/1993	7/1/2013			559,682	(559,682)			223,750	223,750
167	10.375% PC 1985	12/14/1994	3/1/2020			337,579	(337,579)			36,803	36,803
168	10.625% PC 1985	12/14/1994	3/1/2020			256,535	(256,535)			27,967	27,967
169	10.625% PC 1985	12/14/1994	3/1/2017			1,422,194	(1,422,194)			230,506	230,506
170	9.875% 75	11/21/2001	3/15/2012			2,073,346	(2,073,346)			1,719,935	1,719,935
171	8.375% 86	9/16/2002	2/1/2033			2,601,105	(2,601,105)			117,675	117,675
172	7.625% FMB Series 92	2/28/2002	3/15/2012			22,781	(22,781)			18,898	18,898
173	7.625% FMB Series 92	8/25/2004	3/15/2012			3,554,025	(3,554,025)			2,948,226	2,948,226
174	7.625% FMB Series 92	10/15/2004	3/15/2012			1,376,696	(1,376,696)			1,142,031	1,142,031
175	7.625% FMB Series 92	11/26/2004	3/15/2012			186,298	(186,298)			154,542	154,542
176	7.500% FMB Series 94	2/28/2002	3/15/2012			45,851	(45,851)			38,035	38,035
177	7.500% FMB Series 94	8/25/2004	7/1/2013			1,417,010	(1,417,010)			566,494	566,494
178	7.500% FMB Series 94C	8/26/2004	1/15/2014			198,271	(198,271)			65,139	65,139
179	8.625% 81	3/27/2002	3/15/2012			680,834	(680,834)			564,782	564,782
180	8.500% 84	7/15/2002	3/15/2012			854,417	(854,417)			708,777	708,777
181	8.375% 88	3/18/2003	4/15/2015			2,882,213	(2,882,213)			671,780	671,780
182	8.000% FMB Series 91	4/15/2003	4/15/2015			2,791,289	(2,791,289)			650,588	650,588
183	6.150% FMB Series 98	8/6/2004	3/15/2012			2,705,888	(2,705,888)			2,244,657	2,244,657
184	6.150% FMB Series 98	8/25/2004	3/15/2012			1,542,607	(1,542,607)			1,279,662	1,279,662
185	5.875% FMB Series 100	7/27/2004	2/1/2033			610,734	(610,734)			27,630	27,630
186	5.875% FMB Series 100	8/6/2004	2/1/2033			3,321,435	(3,321,435)			150,263	150,263
187	5.875% FMB Series 100	8/25/2004	2/1/2033			5,015,209	(5,015,209)			226,890	226,890
188	4.700% FMB Series 101	8/6/2004	4/15/2015			3,432,643	(3,432,643)			800,073	800,073
189	4.700% FMB Series 101	8/25/2004	4/15/2015			2,467,460	(2,467,460)			575,111	575,111
190	10.000% Sinking Fund Series	4/1/1992	3/15/2012			136,865	(136,865)			113,536	113,536
191	8.480% Sub. Deferrable	3/20/2003	3/15/2033			14,975,293	(14,975,293)			673,980	673,980
						\$ -	\$ -	\$ -	\$ -	\$ 18,573,999	\$ 18,573,999

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Unamortized Debt Discount or (Premium) (H)	Unamortized Debt Expense (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)	
192	6.950% Sub. Deferrable	8/6/2004	7/15/2018			\$ 8,962,419	\$ (8,962,419)			\$ 1,188,261	\$ 1,188,261	
193	6.950% Sub. Deferrable	8/25/2004	7/15/2018			4,139,530	(4,139,530)			548,830	548,830	
194	11.750% Joliet Series 1981	8/1/1991	4/15/2013			135,857	(135,857)			59,315	59,315	
195	11.750% Pekin Series 1981	8/1/1991	4/15/2013			138,033	(138,033)			60,266	60,266	
196	11.500% Waukegan Series	8/1/1991	4/15/2013			43,768	(43,768)			19,109	19,109	
197	10.125% IEFFA Series 1981	9/3/1991	4/15/2013			53,988	(53,988)			23,572	23,572	
198	10.375% IEFFA Series 1981	9/3/1991	4/15/2013			102,257	(102,257)			44,645	44,645	
199	8.375% IEFFA Series 1971	3/11/1994	2/20/2011			870	(870)			6,224	6,224	
200	8.500% IEFFA Series 1971	3/11/1994	2/20/2011			3,589	(3,589)			25,686	25,686	
201	9.750% IEFFA Series 1981	4/1/1994	2/20/2011			3,199	(3,199)			22,893	22,893	
202	11.375% IEFFA Series 1981	11/21/1994	11/1/2019			514,361	(514,361)			58,178	58,178	
203	5.875% PC 1977	5/15/2003	5/15/2017			272,882	(272,882)			42,803	42,803	
204	variable PC 1994B	9/30/2003	11/1/2019			95,662	(95,662)			10,820	10,820	
205	variable PC 1994C	11/28/2003	3/1/2020			44,916	(44,916)			4,897	4,897	
206	variable PC 1994D	3/21/2005	3/1/2017			2,333,569	(2,333,569)			378,220	378,220	
207	variable PC 2005	6/13/2008	3/1/2018			694,177	(694,177)			96,819	96,819	
208	variable PC 2003C	6/18/2008	3/1/2020			623,466	(623,466)			67,970	67,970	
209	variable PC 2002	7/1/2008	4/15/2013			279,250	(279,250)			121,921	121,921	
210	variable PC 2003B	7/8/2008	11/1/2019			173,521	(173,521)			19,627	19,627	
211	variable PC 2003B	7/8/2008	5/1/2021			351,270	(351,270)			33,973	33,973	
212	variable PC 2003A	7/10/2008	5/15/2017			408,111	(408,111)			64,014	64,014	
213	variable PC 2003A	7/10/2008	5/1/2021			268,563	(268,563)			25,974	25,974	
214	variable PC 2003D	7/29/2008	1/15/2014			113,923	(113,923)			37,428	37,428	
215	variable PC 2003D	7/29/2008	5/1/2021			90,995	(90,995)			8,801	8,801	
216	variable PC 2008D	5/28/2009	3/1/2020			462,276	(462,276)			50,398	50,398	
217	variable PC 2008F	5/28/2009	3/1/2017			533,396	(533,396)			86,452	86,452	
218	variable PC 2008E	5/28/2009	5/1/2021			488,040	(488,040)			47,201	47,201	
219	8.500% Sub. Deferrable	3/7/2008	1/15/2038			10,468,188	(10,468,188)			386,847	386,847	
220	7.250% PC 1991	6/4/2002	4/15/2013			(54,598)	54,598			(23,838)	(23,838)	
221	Interest Rate Swap Settlement	3/13/2002	3/15/2012			801,248	(801,248)			664,672	664,672	
222	Interest Rate Swap Settlement	6/13/2002	3/15/2012			130,101	(130,101)			107,925	107,925	
223	Interest Rate Swap Settlement	1/16/2003	2/1/2033			11,473,639	(11,473,639)			519,073	519,073	
224	Interest Rate Swap Settlement	3/31/2003	4/15/2015			1,934,315	(1,934,315)			450,846	450,846	
225	Interest Rate Swap Settlement	7/27/2010	7/31/2020			4,070,303	(4,070,303)			424,474	424,474	
226	Interest Rate Swap Settlement	7/27/2010	7/31/2020			(158,484)	158,484			(16,528)	(16,528)	
227	Write off of unamortized losses from 1997										(2,837,057)	(2,837,057)
228	Total--Required Debt			\$ -	\$ -	\$ -	\$ 38,541,512	\$ (38,541,512)	\$ -	\$ -	\$ 2,830,711	\$ 2,830,711
229				\$5,857,016,000	\$5,231,216,000	\$17,417,830	\$130,438,976	\$5,083,359,194	\$294,177,599	\$1,398,638	\$24,512,368	\$320,088,605
230											End of Year Embedded Cost of Long-Term Debt =	6.30%

231 Note:

232 Staff recommends Schedule 18.02, pp. 1-6, serve as the template for "Sch FR D-1 WP 14," which is referenced in ICC Staff Ex. 12.0, Attachment ComEd 12.8.

**ICC Docket No. 11-0721**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests  
RMP 12.01**

**Date Received: February 10, 2012**

**Date Served: February 16, 2012**

**REQUEST NO. RMP 12.01:**

Company Ex. 15.0, lines 131 – 137, states:

Thus, if the approximately \$59,600,000 of debt and equity included in both the capital structure calculation and the AFUDC rate are a cause for concern in terms of double counting, the \$542,360,000 of net pension asset, shown on Fruehe Dir., ComEd Ex. 4.1, Sch. FR C-3, line 5, for which ratemaking purposes is assumed to be financed entirely with long-term debt and is also included in the capital structure is a much larger issue and should be subject to exclusion from the capital structure as well.

Please provide the following information regarding the Company's statement above:

- A) Please provide the basis for the assertion that the "net pension asset" is assumed to be financed entirely with long-term debt, including but not limited to, a citation to one or more Orders issued by the Commission.
- B) Please specify how the Company would recommend removing the "net pension asset" from the capital structure.

**RESPONSE:**

- A) ComEd's basis for its assertion that for ratemaking purposes the net pension asset is assumed to be financed entirely with long-term debt is 220 ILCS 5/16-108.5(c)(4)(D), which specifically states:

investment return on pension assets net of deferred tax benefits  
equal to the utility's long-term debt cost of capital as of the end of  
the applicable calendar year

- B) Please see the attachment labeled as RMP 12.01\_Attach 1 for the computation of how the Company would recommend the Commission adjust the capital structure to remove the net pension asset in order to be consistent with the Staff proposal to use average capital structure and carve out debt and equity related to the AFUDC calculation in the event that the Commission rejects ComEd's position and accepts said Staff proposal.

**Staff Proposal****Average 2010**

<u>Line</u>		(000s)		Weighted	
		Balance	Weight	Cost	Cost
1	Short-term Debt	\$ 48,373	0.53%	0.72%	0.00%
2	Long-Term Debt	4,880,640	53.35%	6.42%	3.43%
3	Common Equity	4,219,095	46.12%	10.05%	4.64%
4	Credit Facility Fees				0.10%
5	Total	\$ 9,148,108	100.00%		8.16%

**Hypothetical Impact of Excluding Net Pension Asset**

<u>Line</u>		(000s)			Weight	Cost	Weighted Cost
		Balance	Net Pension Asset	Adjusted Balance			
6	Short-term Debt	\$ 48,373	\$ -	\$ 48,373	0.56%	0.72%	0.00%
7	Long-Term Debt	4,880,640	(542,360)	4,338,280	50.41%	6.42%	3.24%
8	Common Equity	4,219,095	-	4,219,095	49.03%	10.05%	4.93%
9	Credit Facility Fees						0.10%
10	Total	\$ 9,148,108	\$ (542,360)	\$ 8,605,748	100.00%		8.27%

<u>Line</u>		Adjusting For		
		As Filed	Pension Asset	Difference
11	Rate Base	\$ 6,647,036	\$ 6,647,036	\$ -
12	Pre-Tax Wtd Avg Cost of Capital (%)	8.16%	8.27%	0.10%
13	Authorized Return	\$ 542,665	\$ 549,552	\$ 6,887
14	Interest Synchronization Deduction	\$ (93,230)	\$ (88,250)	\$ 4,980
15	After Tax Return on Rate Base	\$ 449,434	\$ 461,301	\$ 11,867
16	Incremental Tax Gross Up Factor (%)	66.0%	66.0%	0.0%
17	Incremental Tax Gross Up	\$ 296,451	\$ 304,279	\$ 7,828
18	<b>Revenue Requirement before Other Revenues</b>	<b>\$ 745,886</b>	<b>\$ 765,580</b>	<b>\$ 19,695</b>

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests  
RMP 1.01 – 1.10  
Date Received: November 16, 2011  
Date Served: November 30, 2011**

**REQUEST NO. RMP 1.06:**

Please provide supporting documentation for the following one-time and annual fees associated with the primary credit facility and the community- and minority-owned credit facility, as presented on Schedule D-2, page 2 of 2, including, but not limited to, arranger fee letters and invoices:

- A) Upfront fees (including legal and administrative fees);
- B) Facility commitment fees; and
- C) Line of credit drawn fees.

**RESPONSE:**

The documentation supporting credit facility fees can be found in the attachment labeled as RMP 1.06\_Attach 1. The first page of the attachment replicates page 2 of Schedule D-2 and adds a new column entitled "Reference Notations." The amounts found on each line item of page 1 of the attachment are comprised of the sum of the respective notations made on the invoices and other documentation provided in the rest of the attachment.

**Commonwealth Edison Company**  
**Cost to Maintain Credit Facilities (1)**  
(In Thousands)

Witness: Fruehe

Line No.	Description (A)	Historical 2010 (B)	Reference Notations
1	<i>Primary Credit Facility</i>		
2	Annual amortization of upfront fees (2)	2,090	1 - 12
3	Facility commitment fees	3,205	13 - 18
4	<u>Line of credit drawn fees</u>	<u>3,573</u>	19 - 73
5	Subtotal	8,868	
6	<i>Community- and Minority-Owned Bank Credit Facility</i>		
7	Annually incurred upfront fees	121	74 - 77
8	Facility commitment fees	104	78 - 84
9	<u>Line of credit drawn fees</u>	<u>244</u>	85 - 98
10	Subtotal	469	
11	<b>Total</b>	<b><u>9,337</u></b>	

Notes:

- (1) Does not include the cost of short term borrowings, which are shown on Page 1.
- (2) Upfront fees include legal and administrative costs associated with establishing credit facilities. ComEd's policy is to expense these fees as incurred for the community - and minority-owned bank credit facility.

REDACTED – pages 3 through 11 of Attachment B contain Confidential Information.

**Commonwealth Edison Company**

Cost of Capital Summary

March 31, 2010

(In Thousands)

Witness: Fruehe

Line No.	Class of Capital (A)	31-Mar-10 Balance (B)	% of Total (C)	Less CWIP Accruing AFUDC (net of ST Debt) (D)	Adjusted Balance (E)
1	Long-Term Debt (1)	\$4,776,420	52.64%	\$31,602	\$4,744,818
2	Common Equity (2)	\$4,297,923	47.36%	\$28,437	\$4,269,486
3	Total	<u>\$9,074,343</u>	<u>100.00%</u>	<u>\$60,039</u> (3)	<u>\$9,014,304</u>

Notes:

(1) Long-term debt balance per ICC Staff Ex 5.0, Schedule 5.3, Page 3, Column J, Line 113.

(2) ComEd Schedule D-1, Page 1, Column B, Line 3.

(3) ComEd Ex. 30.01, Schedule D-2, Page 1, Column H, Line 14

ComEd Ex. 30.1, Schedule D-2 - CORRECTED

Page 3 of 3

(November 22, 2010 REVISED)

Docket 10-0467

**Commonwealth Edison Company**

Credit Facility Costs

(In Thousands)

Witness: Fruehe

Line No.	Description (A)	Amount (B)
1	<u>Upfront Costs</u>	
2	Fees to Establish \$1B Credit Facility	\$ 7,097
3	Previously Unamortized Credit Facility Fees	542
4	Legal Costs Incurred	16
5	Total Upfront Costs	<u>\$ 7,655</u>
6	<u>New Credit Facility</u>	
7	Amount	<u>\$ 1,000,000</u>
8	<u>Annual Costs</u>	
9	Undrawn Fees	0.375%
10	<b>Drawn Fees (1.875% Drawn Fees + 0.20% LOC Fronting Fees)</b>	<b>2.075%</b>
11	<u>2010 Assumptions</u>	
12	LOC's Drawn Amount	\$ 261,000
13	Libor Loans Est. Drawn Amount	\$ -
14	Undrawn Amount (Line 7 - Line 12 - Line 13)	\$ 739,000
15	PJM Line of Credit	\$ 35,000
16	<u>2010 Annual Costs (Pre-Tax)</u>	
17	<b>Undrawn Fees (Line 7 * Line 9)</b>	<b>\$ 3,750</b>
18	LOC Drawn Fees ((Line 12 - Line 15) * Line 10)	<b>4,690</b>
19	Amortization of Upfront Fees (Line 5 / 36 * 12)	2,552
20	Total Cost of Credit Facility	<u>\$ 10,991</u>