

Response to ComEd's  
Sixth Set of Data Requests to Staff  
Docket No. 11-0721  
Response of Staff Witness Rochelle Phipps

ICC Person Responsible: Rochelle Phipps  
Title: Senior Financial Analyst  
Business Address: Illinois Commerce Commission  
527 East Capitol Avenue  
Springfield, IL 62701

Request 6.06

Regarding the testimony of Ms. Phipps at Staff Ex. 18.0, 20:313 – 21:337:

- (a) Other than in this proceeding, has Staff ever recommended the removal of equity equivalent to the amount of ComEd's investment in ComEd of Indiana from ComEd's capital structure in accordance with Section 3-105 of the Act?
- (b) Has the ICC ever ordered the removal of equity equivalent to the amount of ComEd's investment in ComEd of Indiana from ComEd's capital structure in accordance with Section 3-105 of the Act?
- (c) If your answer to (a) or (b) is anything other than an unqualified no, please provide details of each instance where Staff has made such recommendations or seen such treatment of ComEd of Indiana in the calculation of ComEd's capital structure.

Response

- (a) Ms. Phipps only reviewed the treatment of ComEd's investment in ComEd of Indiana in Docket No. 10-0467. Ms. Phipps does not believe Staff recommended removal of ComEd's investment in ComEd of Indiana from ComEd's capital structure in that case.
- (b) See response to subpart (a).
- (c) See response to subpart (a).

Cross

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Date

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Witness

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Exhibit No.

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I.C.C. DOCKET NO.

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ICC DOCKET NO. 11-0721

Could Exhibit No. 15

Witness Phipps

Date 3-9-12 Reporter CC

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Request 6.07

Regarding the testimony of Ms. Phipps at Staff Ex. 18.0, 6:103-112, is it Staff's position that ComEd's Board of Directors does not act appropriately and in accordance with applicable state and federal laws, including but not limited to securities laws, in reviewing and approving financial transactions?

Response

No. See ICC Staff Ex. 18.0, lines 108-110. It is Staff's position that ComEd's Board of Directors could review and approve financial transactions that would benefit ComEd's shareholders, but which are not appropriate for ratemaking purposes. To be clear, such financial transactions do not have to be illegal in order to be improper for ratemaking purposes.

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Request 6.08

Regarding the testimony of Ms. Phipps at Staff Ex. 18.0, 7:113-122:

- (a) Is it Staff's position that debt or equity transactions of \$100 million dollars or less are insignificant?
- (b) Is it Staff's position that replacing any amount of short-term debt with long-term debt is an insignificant transaction?
- (c) Is it Staff's position that replacing any amount of long-term debt with short-term debt is an insignificant transaction?

Response

In this instance, Staff used the term "insignificant" to mean "ordinary." In light of that clarification, Staff's response to subparts (a) through (c) is yes, with respect to the Company.

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Request 6.09

Regarding the testimony of Ms. Phipps at Staff Ex. 18.0, 19:287-20:306, is it Staff's position that only capital structure adjustments to avoid "double counting" of debt and equity that reduce revenue requirements are appropriate?

Response

No. Staff does not oppose the net short-term debt calculation, which could increase revenue requirements because net short-term debt balances result in a lower proportion of short-term debt and higher proportions of long-term debt and equity in the capital structure than would a gross short-term debt balance. Since long-term debt and equity are typically more costly sources of capital than short-term debt, using net short-term debt balances could result in a higher revenue requirement than would result from using a gross short-term debt balance.