

STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY :  
: No. 12-0321  
Annual formula rate update and revenue :  
requirement reconciliation authorized by :  
Section 16-108.5 of the Public Utilities Act :

Surrebuttal Testimony of  
**MARTIN G. FRUEHE**  
Manager, Revenue Policy Department  
Commonwealth Edison Company

**OFFICIAL FILE**  
I.C.C. DOCKET NO. 12-0321  
ComEd Exhibit No. 19-D  
Witness Fruehe  
Date 9/25/12 Reporter \_\_\_\_\_

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1 **I. INTRODUCTION AND PURPOSE**

2 **A. Identification of Witness**

3 **Q. What is your name and business address?**

4 A. Martin G. Fruehe, Commonwealth Edison Company, Three Lincoln Centre, Oakbrook  
5 Terrace, IL 60181.

6 **Q. Are you the same Martin G. Fruehe who submitted direct and rebuttal testimony on  
7 behalf of Commonwealth Edison Company (“ComEd”)?**

8 A. Yes. My direct testimony is ComEd Exhibit (“Ex.”) 3.0 and my rebuttal testimony is  
9 ComEd Ex. 13.0.

10 **B. Purposes of Surrebuttal Testimony**

11 **Q. What are the purposes of your surrebuttal testimony?**

12 A. The primary purpose of my surrebuttal testimony is to respond to the rebuttal testimony  
13 of AG/AARP witnesses David Effron and Michael Brosch, CUB witness Ralph Smith,  
14 and ICC Staff witnesses Scott Tolsdorf, Richard Bridal, Philip Rukosuev, and Michael  
15 McNally. I also identify two corrections in the formula rate.

16 **C. Summary of Conclusions**

17 **Q. What are the conclusions of your surrebuttal testimony?**

18 A. In summary, I conclude as follows:

19 (1) The recommendation to impute the Accumulated Deferred Income Taxes (ADIT)  
20 associated with the vacation pay deferred debit proposed by Mr. Effron and  
21 Mr. Smith is inappropriate and should be rejected.

22 (2) Mr. Tolsdorf's recommendation to disallow certain charitable donations should be  
23 rejected.

24 (3) Mr. Tolsdorf's recommendation to disallow the costs associated with ComEd's  
25 preparation of an Article IX rate case should be rejected.

26 (4) Staff and ComEd agree on ComEd's overall cost of capital but Mr. McNally's  
27 recommendation to calculate annual amortization of certain debt expenses is not  
28 necessary. However the impact is immaterial and I accept it in order to limit the  
29 issues in this proceeding.

30 (5) The proposal supported by Mr. Effron, Mr. Smith and Mr. Rukosuev to update  
31 ComEd's 2011 historical weather-normal billing determinants to include  
32 extrapolated 2012 customer growth (and to ignore 2012 decreased usage) is one-  
33 sided and inconsistent with EIMA and should be rejected.

34 (6) We do not take issue with Mr. Brosch's recommendation that future merger costs  
35 in excess of \$10 million annually be deferred and amortized over a five year  
36 period.

37 (7) Finally, I discuss two issues relating to the formula rate template.

38 **D. Identification of Exhibits**

39 **Q. What exhibits are attached to and incorporated in your surrebuttal testimony?**

40 **A.** I have attached to my surrebuttal testimony the following exhibits:

- 41 • **ComEd Exhibit ("Ex.") 19.1** consists of the populated formula rate template;
- 42 • **ComEd Ex. 19.2** consists of revised work papers supporting ComEd Ex. 19.1;
- 43 • **ComEd Ex. 19.3** consists of revised Part 285 schedules;

- 44 • **ComEd Ex. 19.4** consists of revised work papers supporting the Part 285 schedules  
45 in ComEd Ex. 19.3;
- 46 • **ComEd Ex. 19.5** consists of WP 4 from ComEd Ex. 10.3;
- 47 • **ComEd Ex. 19.6** consists of ComEd’s Second Supplemental Response to Staff Data  
48 Request ST 3.02;
- 49 • **ComEd Ex. 19.7** includes a description of the Exelon Matching Gifts Program;
- 50 • **ComEd Ex. 19.8** consists of a blank copy of the formula rate template.

51 **II. RATE BASE**

52 **A. Accrued Vacation Pay and Associated ADIT**

53 **Q. What is the background behind this issue?**

54 A. ADIT typically includes both deferred income tax liabilities and deferred income tax  
55 assets. In general, a deferred income tax liability is booked when a company recognizes  
56 an expense for income tax purposes, but not for book purposes (*i.e.*, actual income taxes  
57 paid are less than recognized on the income statement). A deferred income tax asset is  
58 booked when a company records an expense for book purposes but not for income tax  
59 purposes (*i.e.*, actual income taxes paid are greater than recognized on the income  
60 statement). For rate making purposes, deferred income tax assets increase rate base and  
61 deferred income tax liabilities decrease rate base. S

62 At the end of each calendar year, ComEd records a liability related to the vacation  
63 pay it expects to incur during the next year. (This recoding of a liability is referred to as  
64 the “operating reserve” for accrued vacation pay.) ComEd does not record an expense  
65 for income tax purposes related to the full amount of this liability, but does recognize the  
66 expense for book purposes. As a result, ComEd does not receive the full amount of the  
67 income tax benefit in that year and a deferred income tax asset is booked. ComEd also

68 records a vacation pay deferred debit related to the vacation pay that it estimates will  
69 ultimately be capitalized, but does not include this amount as a reduction to expense for  
70 either income tax or book purposes, resulting in no deferred tax booked for the vacation  
71 pay deferred debit.

72 **Q. Has either Mr. Effron or Mr. Smith changed his position that ComEd's deferred**  
73 **income tax asset associated with the accrued vacation pay liability be reduced from**  
74 **the amount you presented in your direct and rebuttal testimony?**

75 A. No. Mr. Effron and Mr. Smith continue to advocate their initial position that the amount  
76 of the deferred income tax asset associated with the accrued vacation pay liability be  
77 reduced by \$8,540,000. Effron Dir., AG/AARP Ex. 2.0, 5:105-07; Effron Reb.,  
78 AG/AARP Ex. 4.0, 3:47-48; Smith Dir., CUB Ex. 1.0, 6:133-36; Smith Reb., CUB Ex.  
79 2.0, 2:32-34. They calculate this reduction by netting the accrued vacation pay liability  
80 against the vacation pay deferred debit, multiplying the net amount by the income tax  
81 rate, and comparing that amount to the associated deferred income tax asset ComEd has  
82 included in its rate base. The difference is \$8,540,000.

83 **Q. Do you agree with their recommended adjustment?**

84 A. No, for the reasons discussed in my rebuttal testimony. Fruehe Reb., ComEd Ex. 13.0,  
85 6:122-8:147.

86 **Q. How did Mr. Effron respond to your rebuttal testimony on this matter?**

87 A. Mr. Effron disagrees with my statements that (1) he has imputed a deferred tax liability  
88 where none mathematically exists, and (2) I have calculated the deferred income tax asset  
89 in accordance with the Commission's Order in ICC Docket 11-0721. He asserts that he

90 has calculated the deferred income tax asset<sup>1</sup> in accordance with the Order. Effron Reb.,  
91 AG/AARP Ex. 4.0, 3:51-4:69.

92 **Q. Does Mr. Effron present any evidence in support of his claim that he has calculated**  
93 **the deferred income tax asset in accordance with the Final Order in ICC Docket**  
94 **No. 11-0721?**

95 A. Yes. Mr. Effron provides Staff Schedule 16.07R from Docket No. 11-0721 as evidence  
96 that he has done so. Effron Reb., AG/AARP Ex. 4.2.

97 **Q. Is the calculation of the deferred income tax asset on ICC Staff Schedule 16.07R the**  
98 **same as Mr. Effron's calculation?**

99 A. No. Mr. Effron has clearly performed a different calculation. As shown in Schedule  
100 DJE-1 (Effron Dir., AG/AARP Ex. 2.1), he has reduced the accrued vacation pay liability  
101 by the vacation pay deferred debit and then calculated the deferred income tax asset on  
102 the remaining balance. The vacation pay deferred debit was never part of Staff's  
103 calculation on Schedule 16.07R.

104 **Q. Do you agree with Mr. Effron that you have not performed the calculation of the**  
105 **deferred income tax asset in accordance with the Final Order in ICC Docket No. 11-**  
106 **0721?**

107 A. No. As shown in ComEd Ex. 13.02, WP5, page 6, the deferred income tax asset is the  
108 product of multiplying the 13 month average vacation pay liability balance (listed as

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<sup>1</sup> In his rebuttal testimony, Mr. Effron refers to the deferred income tax asset a deferred tax debit balance. For clarity, I am using the term "deferred income tax asset".

109 “deferred credit amount” on WP 5) by the income tax rate. That is exactly how it was  
110 done on ICC Staff Schedule 16.07R.

111 Q. **Does Mr. Smith add any new arguments to support his position on this issue?**

112 A. No. Mr. Smith simply reiterates the position he took in his direct testimony. For the  
113 reasons I discussed in my rebuttal testimony, his recommendation is in error. Fruehe  
114 Reb., ComEd Ex. 13.0, 6:122-8:147.

115 Q. **In his rebuttal testimony, Staff witness Richard Bridal has stated that “The**  
116 **Intervenors’ proposal to include in rate base the deferred taxes believed to be**  
117 **associated with the accrued vacation pay deferred debit is valid only if said deferred**  
118 **taxes actually exist. At this point in time, it is unclear if there is a basis for a**  
119 **deferred tax liability related to the accrued vacation pay deferred debit to exist.**  
120 **ComEd should provide in its surrebuttal testimony a detailed additional explanation**  
121 **of why it believes there is no deferred tax liability related to the accrued vacation**  
122 **pay deferred debit.” Can you explain why a deferred tax liability related to the**  
123 **accrued vacation pay deferred debit does not exist?**

124 A. Yes. Generally, and as I briefly discussed above, a deferred income tax liability  
125 represents a book-tax timing difference in which expenses (deductions) recognized in  
126 determining current income taxes payable are greater than expenses recognized for book  
127 income purposes. In this case the vacation pay deferred debit is not considered in either  
128 the determination of income taxes payable, or book income. Thus there is no book-tax  
129 timing difference associated with the vacation pay deferred debit, and no income tax  
130 benefit attributable to it.

131 Q. **Mr. Effron disputes your claim that he has imputed a deferred income tax liability**  
132 **where none exists. Can you provide further evidence that a deferred income tax**  
133 **liability related to the vacation pay deferred debit does not exist?**

134 A. Yes. The calculation of Accumulated Deferred Income Taxes in rate base begins with an  
135 itemization of all deferred taxes that ComEd has recognized and reported in its FERC  
136 Form 1. ComEd Ex. 10.3, WP 4 then allocates those deferred tax elements between  
137 transmission and distribution, or excludes items that are deemed to be not related to  
138 distribution. Finally, adjustments for items that are recovered through other riders, or to  
139 reflect ratemaking disallowances, are made on WP 4. The key point though is that if  
140 there was a deferred income tax liability associated with the vacation pay deferred debit it  
141 would be presented on WP 4, and a review of WP 4 shows that there is not an actual  
142 deferred tax liability associated with the deferred debit.

143 Q. **Do you agree with Mr. Effron that he has not imputed a deferred income tax**  
144 **liability where none exists, but instead he has limited the deferred income tax asset?**

145 A. No. This claim is disingenuous. The only basis for “limiting” the deferred tax asset is  
146 the assumption of a deferred tax liability associated with the vacation pay deferred debit.  
147 The fact that he has netted the deferred tax liability against the vacation pay deferred  
148 income tax asset makes does not change the fact that Mr. Effron’s mathematical  
149 calculation does indeed impute a deferred income tax liability where no actual tax benefit  
150 (or ADIT) exists.

151 Q. **Have you prepared an exhibit that shows that no deferred income tax liability**  
152 **exists?**

153 A. Yes. ComEd Ex. 19.5 includes a copy of WP 4 from ComEd Ex. 10.3 which includes the  
154 entirety of ComEd's 2011 deferred income taxes and clearly shows the deferred income  
155 tax asset associated with vacation pay on line 5 (ComEd Ex. 19.5, page 2). There is no  
156 other line item in ComEd's 2011 total deferred income taxes for vacation pay, either  
157 deferred asset or deferred liability<sup>2</sup>.

158 Q. **How do you respond to Mr. Effron's assertion that the deferred tax asset balance of**  
159 **\$18,952,000 associated with the vacation pay reserve would be appropriate only if**  
160 **ComEd's tax rate was 75%?**

161 A. Mr. Effron's calculation of a 75% combined state and federal income tax rate is  
162 unfounded (Effron Reb., AG/AARP Ex. 4.0, 2:41-42), as he is assuming that a deferred  
163 income tax liability exists related to the vacation pay deferred debit discussed above. Mr.  
164 Effron's mathematical assumption that every rate base element must have a  
165 corresponding ADIT balance equivalent to 41% of the rate base value is overly simplistic  
166 and ignores the reality that not all cost elements generate a tax benefit. The imputed tax  
167 benefit he proposes should be rejected.

168 **III. OPERATING EXPENSES**

169 **A. Charitable Donations**

170 Q. **Staff Witness Scott Tolsdorf continues to recommend disallowances of charitable**  
171 **donations made to organizations which he has labeled as out of state, involved in**  
172 **political activities, or non-charitable in nature. How do you respond?**

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<sup>2</sup> Line 107 of ComEd Ex. 10.3 includes an adjustment to the vacation pay deferred income tax asset to be in compliance with the Final Order in ICC Docket No. 11-0721.

173 A. I have previously addressed, in my rebuttal testimony, the donations made to out of state  
174 charities and those Mr. Tolsdorf considers political in nature. Fruehe Reb., ComEd Ex.  
175 13.0, 13:261-19:389. We continue to disagree with Mr. Tolsdorf, but I have nothing  
176 further to add at this point.

177 Q. **What is your response to Mr. Tolsdorf's recommendation to disallow recovery of**  
178 **donations made to organizations that he considers as non-charitable?**

179 A. Mr. Tolsdorf identified four organizations as "Public Welfare Non-501(c)(3)". Tolsdorf  
180 Reb., Staff Ex. 8.0, Sched. 8.01, page 2. As I discussed in my rebuttal testimony, the  
181 nature of the donee organization is what should be considered, and its tax status should  
182 not be dispositive. Fruehe Reb., ComEd Ex. 13.0, 15:309-23. For example, Mr. Tolsdorf  
183 recommends disallowance of ComEd's donation made to The Hispanic American  
184 Construction Industry Association (HACIA), an organization which offers bilingual  
185 training programs, professional development activities and additional member services  
186 that help Latinos in building their own construction-related business and developing  
187 professional networks. Clearly, this is an organization which benefits the community and  
188 the donation ComEd made should be recoverable. The charitable nature of the three  
189 other organizations recommended for disallowance are described in ComEd Ex. 13.05  
190 attached to my rebuttal testimony.

191 Q. **Mr. Tolsdorf also recommends disallowance of donations made to nine**  
192 **organizations as to which ComEd has not identified a tax status. How do you**  
193 **respond?**

194 A. As I discussed above, ComEd does not believe that an organization's tax status should be  
195 a filter for allowance or disallowance. However, ComEd provided the tax status of most  
196 of the organizations to which it made donations in 2011 in order to comply with  
197 discovery requests, including in its Response to Staff Data Request ST 3.02. The tax  
198 status of some of the organizations was not readily available and therefore ComEd  
199 provided a supplemental response to ST 3.02, adding the tax status of several more  
200 organizations. Subsequent to Mr. Tolsdorf's rebuttal testimony, ComEd submitted a  
201 second supplemental response to ST 3.02, which identified the tax status of five more  
202 organizations as 501(c)(3) (attached to my surrebuttal testimony as ComEd Ex. 19.6).  
203 These organizations (with the respective donations) include the Commercial Club  
204 Foundation (\$15,000), Hubbard Street Dance Chicago (\$7,000), the Institute for Positive  
205 Living (\$10,000), the Thomas Alva Edison Foundation (\$10,000) and the United Negro  
206 College Fund (\$50,000).

207 **Q. Do any other organizations to which ComEd donated in 2011 that Mr. Tolsdorf has**  
208 **recommend disallowance merit further discussion?**

209 A. Yes. Another organization, included in the nine which Mr. Tolsdorf has categorized as  
210 "Public Welfare Unknown Tax Status," is Truist. This is the name of the vendor that  
211 manages the Exelon Matching Gifts Program, and should have been labeled as such  
212 rather than as "Truist". As further described in ComEd Ex. 19.7, this program provides  
213 matching donations to help support qualifying educational institutions. The Exelon  
214 Matching Gifts Program does not have a tax status itself, but does donate to qualifying

215 educational institutions, and thus recovery of these donations should be allowed. To be  
216 clear, the donations were not made to Truist, but rather to many educational institutions.

217 **B. Article IX Rate Case Expenses**

218 **Q. Staff witness Mr. Tolsdorf recommends a disallowance of \$244,000 related to the**  
219 **cost ComEd incurred in its preparation of an Article IX rate case in 2011. What is**  
220 **the background of this cost?**

221 **A.** As I discussed in my rebuttal testimony, the uncertainty surrounding whether or not the  
222 Energy Infrastructure Modernization Act (“EIMA”) would ultimately become law is what  
223 drove ComEd to begin preparation of an Article IX filing. Fruehe Reb., ComEd Ex. 13.0,  
224 12:245-13:254.

225 **Q. Mr. Tolsdorf argues that “it is not reasonable to expect customers to pay for both”**  
226 **an Article IX filing and an EIMA filing. Do you agree?**

227 **A.** No. ComEd was confronted with much uncertainty over what alternative paths of rate  
228 relief would be available to it. Given that uncertainty, it is my opinion that ComEd acted  
229 reasonably in preparing both filings. Mr. Tolsdorf does not claim that ComEd acted  
230 unreasonably in preparing a rate request filing, and provides no evidence or suggestion  
231 that ComEd acted unreasonably in preparing two different filings simultaneously.  
232 Mr. Tolsdorf ignores the fact that EIMA was initially vetoed by the Governor in  
233 September 2011, passed by the legislature in November, and finally signed by the  
234 Governor in late December. ComEd did not know whether, if or when EIMA would  
235 ultimately become law and thus prudently pursued an alternative while the proposed Act  
236 was still in limbo.

237 **IV. COST OF CAPITAL**

238 **Q. Have ComEd and Staff agreed upon a total cost of capital?**

239 A. Yes. The overall cost of capital (for the 2011 reconciliation year and the 2013 rate year)  
240 Mr. McNally presents in his rebuttal testimony (McNally Reb., Staff Ex. 9.0, 4:80-5:85)  
241 are the same as ComEd has presented on ComEd Ex. 19.1, Sch. FR D-1.

242 **Q. Are there any outstanding differences in methodology between ComEd's cost of**  
243 **capital calculation and Staff's?**

244 A. Yes, although it is minor and does not result in a difference in the final cost of capital  
245 calculation in this filing.

246 **Q. Can you explain the methodology difference?**

247 A. Yes. The difference relates to the input data used to determine the debt expense. In  
248 particular, in order to determine the amortization of debt discounts, premiums and  
249 expenses, ComEd used the amounts provided in ILCC Form 21, which represent its  
250 actual amounts recorded for the year. Staff had initially calculated the annual amounts  
251 based on a straight-line methodology, but as Mr. McNally points out, the majority of the  
252 differences in the methodologies are within 0.1% of each other, and therefore Staff  
253 accepted the use of the actual amounts, with one exception.

254 **Q. What is the one exception?**

255 A. The 2011 actual amortization of loss on reacquired debt associated with Pollution Control  
256 Obligation Series 2005 is approximately \$15,000 higher than as calculated using a  
257 straight line calculation. Mr. McNally has recommended the straight line calculation be  
258 used for this particular amortization.

259 Q. **Do you agree with Mr. McNally's recommendation?**

260 A. In light of the fact that the change has no effect on the cost of long term debt, and in order  
261 to limit the issues contested in this proceeding, ComEd will not oppose this change for  
262 this proceeding. In consulting its amortization schedules, ComEd determined that the  
263 annual amortization amount is correct and matches what appears on its General Ledger.  
264 The amortization end date in the 2011 ILCC Form 21 appears to be a scrivener's error,  
265 and ComEd will ensure that the correct amortization end date (March 1, 2017) is  
266 reflected in the 2012 ILCC Form 21.

267 V. **BILLING DETERMINANTS**

268 Q. **Have either Mr. Effron or Mr. Smith revised their position regarding updating  
269 ComEd's 2011 weather normal billing determinants for 2012 customer growth?**

270 A. No. Both Mr. Effron and Mr. Smith continue to advocate that the 2011 weather normal  
271 billing determinants not be used. Rather, they suggest the billing determinants be revised  
272 to include 2012 customer count growth (while still not recognizing 2012 usage decrease).

273 Q. **Do you agree with their position?**

274 A. No. My reasons for disagreeing with their position have been stated in my rebuttal  
275 testimony. Fruehe Reb., ComEd Ex. 13.0, 20:403-26:541.

276 Q. **Did either Mr. Effron or Mr. Smith respond to your suggestion that if the  
277 Commission were to revise ComEd's 2011 weather normal billing determinants for  
278 2012 customer count growth then it should also revise them to reflect the decrease in  
279 2012 kWh sales?**

280 A. Mr. Effron and Mr. Smith are silent on this issue, although my calculations as presented  
281 in ComEd Ex. 13.08 clearly show that ComEd is likely to under recover its costs (due to  
282 the decline in kWh sales) and that accepting their adjustment will exacerbate the under  
283 recovery. If Mr. Effron and Mr. Smith were truly concerned with “matching the costs  
284 and revenues”, they would either withdraw their adjustment or accept an adjustment to  
285 decrease kWh sales billing determinants.

286 Q. **Mr. Smith states that you erred in your rebuttal testimony, stating, “Mr. Fruehe**  
287 **disagrees with my recommendation to include estimated 2012 customer growth in**  
288 **its billing determinants. He states on page 22 of his rebuttal testimony that the**  
289 **recommendation is erroneously based on the Commission’s May 29, 2012 Final**  
290 **Order in Docket No. 11-0721. He claims that the AG/AARP used 2010 information**  
291 **instead of 2011 information. Mr. Fruehe is in error, however, as AG/AARP *did* use**  
292 **2011 information, as stated repeatedly in both Docket No. 11-0721 and this case,**  
293 **Docket No. 12-0321.” Is Mr. Smith correct?**

294 A. No. I did not contend that AG/AARP used 2010 data in that case. On the contrary, on  
295 page 22 of my rebuttal testimony I discussed how, in ICC Docket No. 11-0721, the  
296 AG/AARP advocated the use of certain 2011 data to update the 2010 data, but that the  
297 Commission’s Order characterized the AG/AARP recommendation as using 2010, rather  
298 than 2011, data. Fruehe Reb., ComEd Ex. 13.0, 22:452-61.

299 Q. **In his rebuttal testimony, Staff witness Mr. Rukosuev has agreed with Mr. Effron**  
300 **and Mr. Smith that the customer count portion of the billing determinants should**  
301 **be updated to reflect 2012, rather than 2011. Does Mr. Rukosuev add any new**

302 **evidence that the adjustment should be made to ComEd's 2011 billing**  
303 **determinants?**

304 A. No. Mr. Rukosuev applies the same logic as Mr. Effron and Mr. Smith. I have already  
305 addressed their arguments above and in my rebuttal testimony.

306 Q. **Mr. Rukosuev believes the adjustment is needed "to ensure that the billing**  
307 **determinants are based on accurate information." Does this proposed adjustment**  
308 **accomplish that goal?**

309 A. No, it does not. Two points are important here. First, the historic billing determinants  
310 ComEd has used are actual 2011 determinants; no party has questioned the accuracy of  
311 that data. Second, the adjustment proposed to the 2011 actual billing determinants is not  
312 based on actual 2012 data; indeed it cannot be because it was proposed long before  
313 complete 2012 actual data are available. Instead it is based on an assumption that the  
314 number of customers will increase by percentages which are based on historical data.  
315 They may be close approximations of what growth might turn out to be - - Mr. Rukosuev  
316 himself refers to them as "reasonable estimates of the growth rates that can be expected  
317 from 2011 to 2012" (Rukosuev Reb., Staff Ex. 11.0, 6:117-18) - - but to pretend that this  
318 data is more "accurate" than the complete 2011 data ComEd provided (consistent with  
319 the EIMA) is flatly wrong. As demonstrated by ComEd Ex. 13.08 and my rebuttal  
320 testimony, it may be "updated" data, but it is certainly not more "accurate."

321 **VI. CHANGES TO THE FORMULA RATE**

322 Q. **Has ComEd made any changes to the formula rate template as provided in ComEd**  
323 **Ex. 13.01?**

324 A. Yes. APP 3 (Cash Working Capital) of ComEd Ex. 13.01 contained an error which  
325 resulted in several line descriptions being moved to incorrect lead/lag and dollar amounts.  
326 This error resulted only in presentation issues and did not affect the cash working capital  
327 calculations or the final amount requested in rate base. This error was identified in  
328 ComEd's Response to Staff Data Request BCJ 4.05 and has been corrected in ComEd  
329 Ex.19.1.

330 Q. **Are there any other issues with the formula rate template that should be discussed?**

331 A. Yes. In ComEd's Docket No. 11-0721 compliance filing, ComEd inadvertently removed  
332 the ROE collar amount from the reconciliation balance, resulting in no interest being  
333 applied to the ROE collar. ComEd Ex. 22.1 from ICC Docket No. 11-0721 clearly  
334 included the ROE collar in the calculation of the reconciliation. No parties disputed this  
335 inclusion. This error was identified in ComEd's Response to Staff Data Request BCJ  
336 5.01.

337 Q. **Have you updated the formula rate template included in ComEd Ex. 19.1 to correct  
338 this error?**

339 A. No. ComEd will file a motion apart from this proceeding to correct this error.

340 **VII. CONCLUSION**

341 Q. **Does this conclude your surrebuttal testimony?**

342 A. Yes.