

DIRECT TESTIMONY

of

DIANNA HATHHORN
ACCOUNTANT

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Annual Formula Rate Update and Revenue Requirement Reconciliation
Under Section 16-108.5 of the Public Utilities Act

Commonwealth Edison Company

Docket No. 13-0318

July 19, 2013

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ATTACHMENTS

- Attachment A Company Response to Staff Data Request DLH-14.01
- Attachment B Company Response to Staff Data Request DLH-14.02

1 **Witness Identification**

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

3 A. My name is Dianna Hathhorn. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5

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

7 A. I am an Accountant in the Accounting Department of the Financial
8 Analysis Division of the Illinois Commerce Commission (“Commission”).

9

10 **Q. Please describe your background and professional affiliation.**

11 A. I am a licensed Certified Public Accountant. I earned a B.S. in Accounting
12 from Illinois State University in 1993. Prior to joining the Commission Staff
13 (“Staff”) in 1998, I worked as an internal auditor for another Illinois state
14 agency for approximately 3.5 years. I also have 1.5 years experience in
15 public accounting for a national firm.

16

17 **Q. Have you previously testified before this Commission?**

18 A. Yes, I have.

19

20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. I have reviewed and analyzed Commonwealth Edison Company’s
22 (“ComEd” or the “Company”) filing, and the underlying data. The purpose

23 of my testimony is to present my recommendations resulting from the
24 investigation of the relationship between Exelon Business Services
25 Company (“BSC”) and ComEd as directed by the Commission in Docket
26 No. 11-0721.¹ The Company addressed the BSC investigation in the
27 Revised Direct Testimony of Mr. Joseph R. Trpik, Jr. (ComEd Ex. 4.0
28 Rev.)

29

30 **Q. Are you sponsoring any schedules as part of your direct testimony?**

31 A. No.

32

33 **Attachments**

34 **Q. Have you included any attachments as part of your direct testimony?**

35 A. Yes. I have included the following attachments:

36 Attachment A Company Response to Staff Data Request (“DR”)
37 DLH-14.01

38 Attachment B Company Response to Staff DR DLH-14.02

39

40 **Results of Commission-Ordered BSC Investigation**

41 **Q. What is the result of the Staff investigation of the relationship**
42 **between BSC and ComEd?**

43 A. Staff recommends that the Commission order ComEd to:

¹ Order, Docket No. 11-0721, May 29, 2012, p. 87.

- 44 1) file with its direct case in future formula rate update cases
45 schedules in the same format as ICC Staff Exhibits 4.0,
46 Attachments A and B, Company Responses to Staff DRs
47 DLH-14.01 and 14.02;
- 48 2) complete and provide a copy of its Modified Massachusetts
49 Formula (“MMF”) documentation procedures to the Commission’s
50 Manager of Accounting immediately upon completion but no later
51 than March 1, 2014; and
- 52 3) file for Commission approval at least 30 days prior to the filing of
53 ComEd’s annual formula rate update a plan of action as to the
54 incorporation of the results of a BSC FERC Form 60 not timely filed
55 with FERC on the formula rate update filing if such circumstance
56 exists.

57

58 **Q. Did ComEd address in revised direct testimony the amount of 2012**
59 **costs incurred for services provided by BSC?**

60 A. Yes, the total amount billed to ComEd from BSC in 2012 is approximately
61 \$286 million.² Approximately \$124 million, or about 43%, of BSC costs
62 were directly billed to ComEd.³ Of the remaining \$162 million in indirect

² ComEd Ex 4.0 Rev., p. 8, lines 149-151.

³ Attachment A, p. 3.

63 costs, approximately two-thirds of the total BSC costs billed to ComEd
64 (67% or \$108.5 million) were allocated to ComEd using the MMF.⁴
65 The Company's proposed revenue requirement in this proceeding reflects
66 the costs billed from BSC as follows:

Operating Expenses	\$132 million ⁵
Rate Base	<u>88</u> million ⁶
Total BSC Costs included in Revenue Requirement	\$220 million
Transmission Costs and other Charges Not Included in Delivery Service Revenue Requirement	<u>66</u> million
Total 2012 BSC Costs Billed to ComEd	<u>\$286</u> million

67

68 **Recommendation for Information to be Filed in Future Formula Rate Update**
69 **Cases**

70 **Q. Provide the rationale for your recommendation that ComEd file with**
71 **its direct case in future formula rate update cases schedules in the**
72 **same format as ICC Staff Exhibits 4.0, Attachments A and B,**
73 **Company Responses to Staff DRs DLH-14.01 and 14.02.**

74 **A.** To ensure that the BSC data which is included in future formula rate
75 update cases is timely available for analysis, I recommend the
76 Commission order ComEd to file in direct testimony in future formula rate

⁴ *Id.*, pp. 2, 5.
⁵ Attachment A, ICC Staff Ex. 4.0.
⁶ Attachment B, ICC Staff Ex. 4.0.

77 filings schedules in the same format as ICC Staff Exhibit 4.0, Attachments
78 A and B, that represent the Company Responses to Staff DRs DLH-
79 14.01 and 14.02, respectively, which reflect the specific amounts of BSC
80 costs included in rate base and operating expenses for the formula rate
81 case.

82

83 **Q. Were the BSC costs included in ComEd's formula rates in this case**
84 **readily apparent from the testimony and schedules filed by the**
85 **Company?**

86 A. No; the BSC data was initially provided at a very high level. There was no
87 information provided to identify the BSC costs recorded to capital
88 accounts versus operating expenses, the level of BSC costs related to
89 jurisdictional delivery services, the extent of any BSC costs included within
90 Company sponsored ratemaking adjustments, or the quantification of BSC
91 direct and indirect charges. This lack of information resulted in a delay of
92 my analysis of the BSC allocated costs due to the need to first gather the
93 detailed information that I recommend be provided with future filings.

94

95 **Recommendation for ComEd to complete and provide MMF documentation**
96 **procedures to the Manager of the Commission's Accounting Department**

97 **Q. Provide the rationale for your recommendation for ComEd to**
98 **complete and provide a copy of its MMF documentation procedures**

- 99 **immediately upon completion to the Manager of the Commission’s**
100 **Accounting Department and no later than March 1, 2014.**
- 101 A. Presently, ComEd does not have a formalized and documented process in
102 place for the calculation of the MMF, but expects to have this
103 documentation available in early 2014.⁷ My recommendation is necessary
104 to ensure that the Company meets its timetable for completing these
105 necessary procedures. Therefore, to ensure that the Company’s planned
106 completion date of early 2014 is not further delayed, I recommend the
107 Commission order the Company to provide a copy of the procedures
108 immediately upon completion to the Manager of the Commission’s
109 Accounting Department. In no event shall these procedures be completed
110 and provided any later than March 1, 2014, so that 2013 charges from
111 BSC to ComEd can be tested to insure compliance with the MMF
112 documented procedures for inclusion in ComEd’s next formula update
113 filing due to be filed prior to May 1, 2014.
- 114
- 115 **Q. Please discuss your concern regarding the lack of written**
116 **procedures for calculating and updating the MMF allocation factor.**
- 117 A. As discussed above, the use of the MMF allocator results in over \$100
118 million in allocated costs from BSC to ComEd jurisdictional delivery

⁷ ComEd Response to Staff DR DLH 8.05.

119 service costs for 2012 to be automatically recovered from ratepayers
120 through the formula rate process. It is unreasonable that such a
121 significant allocation method is not documented. Without a formalized and
122 documented process, the charges to the ComEd delivery service
123 jurisdiction will be allocated pursuant to the varied interpretations and
124 understandings of each employee involved in calculating and applying the
125 MMF allocator to the allocation of BSC costs.

126 Further, ComEd conducts analysis of the MMF, which is based on
127 estimates, and determines if revisions are necessary based on actual
128 results.⁸ This part of the process is also undocumented and is subject to
129 varied interpretations and understandings by each employee involved.

130 ComEd's documentation of the MMF process should also document the
131 review of the results of the MMF process.

132 **Recommendation that ComEd file for Commission approval at least 30**
133 **days prior to the filing of ComEd's annual formula rate update of a plan of**
134 **action as to the incorporation of the results of a BSC FERC Form 60 not**
135 **timely filed with FERC on the formula rate update if such circumstance**
136 **exists**

137 **Q. Provide the rationale for your recommendation for ComEd to file for**
138 **Commission approval at least 30 days prior to the filing of ComEd's**
139 **annual formula rate update a plan of action as to the incorporation of**

⁸ ComEd Response to Staff DR DLH 6.03.

140 **the results of a BSC FERC Form 60⁹ not timely filed with the FERC on**
141 **the formula rate update if such circumstance exists.**

142 A. The costs allocated to ComEd from BSC are reported in both BSC's
143 FERC Form 60 and ComEd's FERC Form 1. BSC received approval from
144 FERC for an extension to file its FERC Form 60 from the due date of May
145 1 to July 17, 2013, only two days prior to the date that Staff and Intervenor
146 direct testimony was scheduled to be filed in this proceeding.¹⁰ BSC only
147 recently determined that no changes were necessary to ComEd's 2012
148 cost data submitted as part of the formula rate update revenue
149 requirement in this proceeding.¹¹ Thus, the FERC Form 60 used as the
150 basis for costs allocated from BSC to ComEd in this proceeding could not
151 be relied upon. Until BSC made the definitive determination that its draft
152 BSC FERC Form 60 data would not change, Staff could not rely upon the
153 draft BSC FERC Form 60 data submitted by ComEd in its formula rate
154 case filing as the basis for the BSC 2012 costs allocated to ComEd of
155 \$286 million.

156 As a practical matter, the extension of filing FERC Form 60 is an
157 extension of filing the FERC Form 1. Thus, in order to ensure that future
158 formula rate update cases are not hindered again by such an extension,
159 the Company should be required to file a plan of action as to the
160 incorporation of the results of a BSC FERC Form 60 not timely filed with

⁹ Federal Energy Regulatory Commission's Annual Report of Centralized Services Companies.

¹⁰ ComEd Responses to Staff DR DLH 11.01, 16.01.

¹¹ ComEd Supplemental Response to Staff DR 17.01.

161 the FERC on the formula rate update if such circumstance exists. The
162 filing should be made at least 30 days prior to the filing of ComEd's annual
163 rate update if a BSC FERC Form 60 will not be timely filed.

164

165 **Q. How does the information reported in BSC's FERC Form 60 affect the**
166 **annual update of formula rates?**

167 A. The Energy Infrastructure Modernization Act ("EIMA")¹² requires that the
168 updated cost inputs be filed on or before May 1 annually based on the
169 utility's most recently filed annual FERC Form 1.¹³ Since the costs
170 allocated from BSC to ComEd are reported in both the FERC Form 60 and
171 the FERC Form 1 and directly affect the inputs to the formula rates, the
172 cost inputs cannot be considered final until both reports are filed. I am
173 concerned that without adoption of my recommendation, future reporting
174 of ComEd's allocated costs from BSC reported in BSC FERC Form 60s
175 could be delayed and potentially contain material differences when
176 eventually filed, which would render any analysis of such cost in future
177 formula rate update proceedings to be moot.

178

179 **Conclusion**

180 **Q. Does this question end your prepared direct testimony?**

181 A. Yes.

¹² "EIMA" refers to the changes made to the Public Utilities Act ("Act") by PA 97-0616, as amended by PA 97-0646 and PA 98-0015.

¹³ 220 ILCS 5/16-108.5(c)(6)(d)(1).

ICC Docket No. 13-0318

**Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
DLH 14.01 – 14.02
Date Received: May 15, 2013
Date Served: June 5, 2013**

REQUEST NO. DLH 14.01:

Ref: DLH 10.02 Attach 1, DAS 1.08 i) and Attach 14 (2012 BSC Charges and Allocators) The response to DAS 1.08 i) states in part "there were hundreds of allocators in use in 2012 that applied to thousands of transactions."

- a) For all amounts in DLH 10.02, Attach 2, p. 2, col. (J), please provide the amount that was i) directly charged, ii) indirectly charged by use of the MMF (any derivation), or iii) allocated by a method other than MMF.
- b) For the amounts in part a iii) above, please identify the top five allocators (by amount of dollars charged).
- c) If any of the five allocators are not listed or are different than those in the response to DAS 1.08 Attach 15, please explain why and provide all supporting calculations for the 2012 allocators.

RESPONSE:

ComEd's Response to Staff Data Request DLH 10.02 provides the total amount charged to ComEd from EBSC in 2012, and how much of that amount was included in the revenue requirement related to operating expenses in ICC Docket No. 13-0318.

Subpart (i) of ComEd's Response to DAS 1.08 provides a draft listing of total direct and indirect revenues received at EBSC from affiliates as well as a break out of those revenues received from ComEd. In addition, ComEd provided a listing of all allocators used by EBSC to bill costs to affiliates in 2012 as well as the specific practice areas they were attributable to.

- a) Page 1 of the attachment labeled as DLH 14.01_Attach 1 shows the total EBSC amounts charged on ComEd's general ledger by FERC Account split by direct and indirect charges.

Page 2 of the attachment labeled as DLH 14.01_Attach 1 presents additional detail to Page 2 of the attachment to ComEd's Corrected Response to Staff Data Request DLH 10.02 labeled as DLH 10.02 CORRECTED_Attach 1 by providing additional columns to show amounts included in the revenue requirement operating expenses in ICC Docket No. 13-0318 that were i) directly charged, ii) indirectly charged via the MMF, and iii) indirectly charged via a non-MMF allocator.

The indirect billed data split between MMF allocators and non-MMF allocators presented in this response is not available in ComEd's ledger, so ComEd made certain assumptions in order to present these amounts for this response. The attachment labeled as DLH 14.01_Attach 2 shows that MMF allocators represented 67% and non-MMF allocators 33% of the total indirect EBSC billings to ComEd. These percentages were then applied to column (L) and column (M) on page 2 of the attachment labeled as DLH 14.01_Attach 1 to represent a reasonable breakout of the jurisdictional amounts.

- b) The attachment labeled as DLH 14.01_Attach 2 shows a break out of total costs billed to ComEd by EBSC in 2012, by MMF allocator as well as the five (5) top EBSC allocators other than MMF.
- c) All five (5) of the allocators listed in the attachment labeled as DLH 14.01_Attach 2 are listed in the attachment to ComEd's Response to Staff Data Request DAS 1.08 labeled as DAS 1.08_Attach 14 (CONFIDENTIAL).

Commonwealth Edison Company
 Summary of BSC Costs Charged to ComEd
 For the Year 2012
 (In Thousands)

Line No.	FERC Account(s)		Total Amount Charged from BSC to ComEd	Additional Detail		Comment/Description of Allocation
	(A)	(B)		Directs	Indirects	
			(C)			(D)
1	107000	Construction Work in Progress	\$ 84,836	\$ 61,364	23,472	Applied to Delivery Service Plant in Service or Projected Additions. See ComEd's Response to Staff Data Request DLH 10.03
2	108100	Retirement work in progress-removal	2,063	1,547	516	Applied to Delivery Service Plant in Service or Projected Additions. See ComEd's Response to Staff Data Request DLH 10.03
3	163000	Stores expense	3,918	625	3,293	Allocated to Delivery Service Operating Expenses (Page 2) and Rate Base (DLH 10.03)
4	182300	Other Regulatory Assets	30,949	-	30,949	Applied to Deferred Debit. See ComEd's Response to Staff Data Request DLH 10.03.
5	184000	Deferred Charges - Clearing	277	277	-	Allocated to Delivery Service Operating Expenses (Page 2) and Rate Base (DLH 10.03)
6	254000	Other Regulatory Liabilities	26	26	-	Excluded from Delivery Services
7	407400	Reclass to Regulatory Asset	(30,949)	-	(30,949)	Included in Delivery Service Operating Expenses. Related to Merger Costs. See Page 2
8	416000	Expense of merchandising, jobbing/contracting	78	8	70	Excluded from Delivery Services Operating Expenses. See Page 2.
9	416004	3rd Party Billing	5	1	4	Excluded from Delivery Services Operating Expenses. See Page 2.
10	426100	Donations	2,109	5	2,105	Included in Delivery Services Operating Expenses after adjustments. See Page 2.
11	426300	Penalties	58	-	58	Excluded from Delivery Services Operating Expenses. See Page 2.
12	426400	Expenses of civic and political activities	440	0	440	Excluded from Delivery Services Operating Expenses. See Page 2.
13	426500	Other deductions	13	-	13	Excluded from Delivery Services Operating Expenses. See Page 2.
14	557000	Other expenses	70	70	0	Excluded from Delivery Services Operating Expenses. See Page 2.
15	560-573	Transmission	5,900	2,103	3,797	Excluded from Delivery Services Operating Expenses. See Page 2.
16	580-598	Distribution	10,850	7,851	2,999	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
17	901-903	Customer	29,235	12,901	16,334	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
18	908000	Cust Accts	507	483	24	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
19	920-935	A&G	144,890	36,254	108,636	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
20		Total (1)	\$ 285,275	\$ 123,514	\$ 161,761	

(1) Does not include \$552K billed to ComEd of Indiana and other, minor accounting differences of approximately \$6K.

Commonwealth Edison Company
 BSC Expense included in Operating Expenses
 For the Year 2012
 (In Thousands)

Line No.	FERC Account(s)	Sch C-1 FY, Page 1, Line Reference	Description	Included in DLH 10.02_Attach 1 p. 2					Additional Detail					
				BSC Costs Charged to ComEd included in Operating Expenses	Exclude Non-Delivery Service Accounts	Exclude Amounts for which Recovery is Not Requested	Adjusted BSC Costs Cols (D) thru (F)	Jurisdictional BSC Costs Included in Operating Expenses, Before Sch C-2 Adjustments (a)	Additional Adjustments Included in Sch C-1 FY, page 1, Col (C)	Jurisdictional BSC Costs Included in Operating Expenses (b) Cols (H) + (I)	Jurisdictional BSC Costs Included in Operating Expenses Direct	Jurisdictional BSC Costs Included in Operating Expenses - Indirect MMF	Jurisdictional BSC Costs Included in Operating Expenses - Indirect Non-MMF	Total
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	
1			Balance Sheet Accounts (With Amounts Allocated to Expense)											
2	163000	Line 8	Stores expense	\$ 3,918	\$ -	\$ -	\$ 3,918	\$ 365 (f)	\$ -	\$ 365	\$ 58	\$ 206	\$ 101	\$ 365
3	184000	Line 8	Deferred Charges	277	-	-	277	112 (g)	-	112	112	-	-	112
4				\$ 4,195	\$ -	\$ -	\$ 4,195	\$ 478	\$ -	\$ 478	\$ 171	\$ 206	\$ 101	\$ 478
5			Operating Expenses											
6	557000	Line 5	Production	\$ 70	\$ (70)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	560-573	Line 6	Transmission	5,900	(5,900)	-	-	-	-	-	-	-	-	-
8	580-598	Line 8	Distribution	10,850	-	-	10,850	10,850	(78) (i)	10,772	7,794	1,995	983	10,772
9	901-903	Line 9	Customer Accounts Expenses	29,235	-	-	29,235	29,235	-	29,235	12,901	10,944	5,390	29,235
10	908000	Line 10	Customer Service and Informational Exp.	507	-	-	507	507	-	507	483	16	8	507
11	920-935	Line 12	Administrative and General Expenses	144,890	-	(13,571) (d)	131,318	116,191 (h)	(5,082) (i)	111,109	27,802	55,816	27,491	111,109
12			Total Operating Expenses	\$ 191,451	\$ (5,970)	\$ (13,571)	\$ 171,910	\$ 156,782	\$ (5,160)	\$ 151,622	\$ 48,980	\$ 68,771	\$ 33,872	\$ 151,622
13			Other Income and Deductions											
14	407400	Line 15	Regulatory Amortization	\$ (30,949)	\$ 3,078 (c)	\$ 27,871	\$ -	\$ -	\$ (22,297) (j)	\$ (22,297)	\$ -	\$ (14,939)	\$ (7,358)	\$ (22,297)
15	416000	N/A	Expense of merchandising, jobbing/contracting	78	(78)	-	-	-	-	-	-	-	-	-
16	416004	N/A	3rd Party Billing	5	(5)	-	-	-	-	-	-	-	-	-
17	426100	Line 12	Donations	2,109	-	(174) (e)	1,935	1,712 (h)	-	1,712	4	1,145	564	1,712
18	426300	N/A	Penalties	58	(58)	-	-	-	-	-	-	-	-	-
19	426400	N/A	Expenses of civic and political activities	440	(440)	-	-	-	-	-	-	-	-	-
20	426500	N/A	Other Deductions	13	(13)	-	-	-	-	-	-	-	-	-
21			Total Other Income and Deductions	\$ (28,246)	\$ 2,484	\$ 27,697	\$ 1,935	\$ 1,712	\$ (22,297)	\$ (20,585)	\$ 4	\$ (13,794)	\$ (6,794)	\$ (20,585)
22		Total		\$ 167,401	\$ (3,485)	\$ 14,125	\$ 178,040	\$ 158,972	\$ (27,457)	\$ 131,515	\$ 49,154	\$ 55,182	\$ 27,179	\$ 131,515

Notes:

- (a) Amount included each line of Schedule C-1 FY, Page 1, Column (B) . Represents the amounts before jurisdictional adjustments on Schedule C-2.
- (b) Amount included each line of Schedule C-1 FY, Page 1, Column (D) . Represents the amounts after jurisdictional adjustments on Schedule C-2.
- (c) Transmission related Merger costs.
- (d) BSC amounts included in the Adjustments made to O&M as shown on WPC-1a:
 - (i) BSC allocated general advertising expenses included in adj shown on WPC -1a, Line 11, Col. (J). \$ (182)
 - (ii) BSC allocated executive compensation included in adj. shown on WPC-1a, Line 15, Col. (J). See also WPC-1c. (12,958)
 - (iii) BSC allocated EDA expenses included in WPC-1a, Line 19, Col. (I). (26)
 - (iv) 50% of BSC allocated corporate jet costs included in adj. shown on WPC-1a, Line 23, Col. (J). (406)
- (e) BSC allocated donations excluded from the adjustment shown on WPC-1a, Line 10, Col. (J) because the recipient is outside the service territory. \$ (174)
- (f) Undistributed Stores Expenses are allocated 10.54% to O&M Expense. Expense amount then multiplied by the Wages and Salary Allocator. The amount indicated in Column (H) is included in Distribution expense.
- (g) Deferred Charges are allocated 45.74% to O&M Expense. Expense amount then multiplied by the Wages and Salary Allocator. The amount indicated in Column (H) is included in Distribution expense.
- (h) Included in A&G expenses. Allocated to delivery services using the Wages and Salaries Allocator.
- (i) Incentive Compensation Related to Net Income for BSC. See Schedule C-2.5.
- (j) Of the jurisdictional related Deliver Service merger costs of \$31,912, the amount billed from BSC is \$27,871. The \$27,871 is amortized over 5 years and included in Schedule FR C-1 FY, page 1, Col 15. The amount of the adjustment is (\$27,871) minus amortization of \$5,574 equals the adjustment (\$22,297) which is reflected in Schedule C-2.2, line 2.

Top Allocators used to bill costs to ComEd by BSC

	BSC Revenues		BSC Revenues			
	Total Revenues from ComEd	Revenue as a % of Total Revenue	Indirect Revenues from ComEd	Revenue as a % of Total Indirect Revenue		
Modified Massachusetts Formula (MMF)	(99,637,592)	34.9%	(99,637,592)	61.5%		
EED MMF	(8,911,604)	3.1%	(8,911,604)	5.5%		
Sub-Total: MMF Indirect Revenues from ComEd	(108,549,196)	38.0%	(108,549,196)	67.0%		
Non- MMF Allocators:						
1 Number of Customers-EED Client Companies Only (ComEd & PECO)	(8,139,204)	2.8%	(8,139,204)	5.0%		
2 All Client Companies - Total Employee Headcount	(4,158,215)	1.5%	(4,158,215)	2.6%		
3 Actual Service Company Billings - Total Company	(3,782,492)	1.3%	(3,782,492)	2.3%		
4 IT Infrastructure Services Billings	(3,452,069)	1.2%	(3,452,069)	2.1%		
Management Support Costs are allocated to the various Supply departments, including embedded departments, based on their budgeted total expenditures. Then for BSC Supply departments, such Costs are allocated to Client Companies based on the particular expenditure/spend methodology of the department's						
5 Supply Services group.	(2,679,072)	0.9%	(2,679,072)	1.7%		
Other Allocators	(31,152,998)	10.9%	(31,152,998)	19.2%		
Sub-Total: Non-MMF Indirect Revenues from ComEd	(53,364,050)	18.7%	(53,364,050)	33.0%		
Direct Billed	(123,920,641)	43.4%				
Total Revenues from ComEd		(285,833,887)	100.0%	Total Indirect Revenues from ComEd	(161,913,246)	100.0%

ICC Docket No. 13-0318

**Commonwealth Edison Company's Response to
Illinois Commerce Commission ("STAFF") Data Requests
DLH 14.01 – 14.02
Date Received: May 15, 2013
Date Served: June 5, 2013**

REQUEST NO. DLH 14.02:

Ref: DLH 10.03 Attach 1, DAS 1.08 i) and Attach 14 (2012 BSC Charges and Allocators) The response to DAS 1.08 i) states in part "there were hundreds of allocators in use in 2012 that applied to thousands of transactions."

- a) For all amounts in DLH 10.03, Attach 2, p. 2, col. (J), please provide the amount that was i) directly charged, ii) indirectly charged by use of the MMF (any derivation), or iii) allocated by a method other than MMF.
- b) For the amounts in part a iii) above, please identify the top five allocators (by amount of dollars charged).
- c) If any of the five allocators are not listed or are different than those in the response to DAS 1.08 Attach 15, please explain why and provide all supporting calculations for the 2012 allocators.

RESPONSE:

ComEd's Response to Staff Data Request DLH 10.03 provides the total amount charged to ComEd from EBSC in 2012, and how much of that amount was included in the rate base in ICC Docket No. 13-0318.

Subpart (i) of ComEd's Response to Staff Data Request DAS 1.08 provides a draft listing of total direct and indirect revenues received at EBSC from affiliates as well as a break out of those revenues received from ComEd. In addition, ComEd provided a listing of all allocators used by EBSC to bill costs to affiliates in 2012 as well as the specific practice areas they were attributable to.

- a) Page 1 of the attachment labeled as DLH 14.02_Attach 1 shows the total EBSC amounts charged on ComEd's general ledger by FERC Account split by direct and indirect charges.

Page 2 of the attachment labeled as DLH 14.02_Attach 1 presents additional detail to Page 2 of the attachment to ComEd's Corrected Response to Staff Data Request DLH 10.03 labeled as DLH 10.03 CORRECTED_Attach 1 by providing additional columns to show amounts included in the rate base in ICC Docket No. 13-0318 that were i) directly charged, ii) indirectly charged via the MMF, and iii) indirectly charged via a non-MMF allocator.

The indirect billed data split between MMF allocators and non-MMF allocators presented in this response is not available in ComEd's ledger, so ComEd made certain assumptions in order to present these amounts for this response. The attachment to ComEd's Response to Staff Data Request DLH 14.01 labeled as DLH 14.01_Attach 2 shows that MMF allocators represented 67% and non-MMF allocators 33% of the total indirect EBSC billings to ComEd. These percentages were then applied to column (L) and column (M) on page 2 of the attachment labeled as DLH 14.02_Attach 1 to represent a reasonable breakout of the jurisdictional amounts.

- b) See the attachment to ComEd's Response to Staff Data Request DLH 14.01 labeled as DLH 14.01_Attach 2 which shows a break out of total costs billed to ComEd by EBSC in 2012, by MMF allocator as well as the five (5) top EBSC allocators other than MMF.
- c) All five (5) of the allocators listed in the attachment to ComEd's Response to Staff Data Request DLH 14.01 labeled as DLH 14.01_Attach 2 are listed in the attachment to ComEd's Response to Staff Data Request DAS 1.08 labeled as DAS 1.08_Attach 14 (CONFIDENTIAL).

Commonwealth Edison Company
 Summary of BSC Costs Charged to ComEd
 For the Year 2012
 (In Thousands)

Line No.	FERC Account(s)	Total Amount Charged from BSC to ComEd	Additional Detail		Comment/Description of Allocation	
			Directs	Indirects		
(A)	(B)	(C)			(D)	
1	107000	Construction Work in Progress	\$ 84,836	\$ 61,364	\$ 23,472	Applied to Delivery Service Plant in Service or Projected Additions. See ComEd's Response to Staff Data Request DLH 10.03
2	108100	Retirement work in progress-removal	2,063	1,547	516	Applied to Delivery Service Plant in Service or Projected Additions. See ComEd's Response to Staff Data Request DLH 10.03
3	163000	Stores expense	3,918	625	3,293	Allocated to Delivery Service Operating Expenses (Page 2) and Rate Base (DLH 10.03)
4	182300	Other Regulatory Assets	30,949	-	30,949	Applied to Deferred Debit. See ComEd's response to DLH 10.03.
5	184000	Deferred Charges - Clearing	277	277	-	Allocated to Delivery Service Operating Expenses (Page 2) and Rate Base (DLH 10.03)
6	254000	Other Regulatory Liabilities	26	26	-	Excluded from Delivery Services
7	407400	Reclass to Regulatory Asset	(30,949)	-	(30,949)	Included in Delivery Service Operating Expenses. Related to Merger Costs. See Page 2
8	416000	Expense of merchandising, jobbing/contracting	78	8	70	Excluded from Delivery Services Operating Expenses. See Page 2.
9	416004	3rd Party Billing	5	1	4	Excluded from Delivery Services Operating Expenses. See Page 2.
10	426100	Donations	2,109	5	2,105	Included in Delivery Services Operating Expenses after adjustments. See Page 2.
11	426300	Penalties	58	-	58	Excluded from Delivery Services Operating Expenses. See Page 2.
12	426400	Expenses of civic and political activities	440	0	440	Excluded from Delivery Services Operating Expenses. See Page 2.
13	426500	Other deductions	13	-	13	Excluded from Delivery Services Operating Expenses. See Page 2.
14	557000	Other expenses	70	70	0	Excluded from Delivery Services Operating Expenses. See Page 2.
15	560-573	Transmission	5,900	2,103	3,797	Excluded from Delivery Services Operating Expenses. See Page 2.
16	580-598	Distribution	10,850	7,851	2,999	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
17	901-903	Customer	29,235	12,901	16,334	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
18	908000	Cust Accts	507	483	24	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
19	920-935	A&G	144,890	36,254	108,636	Included in Delivery Service Operating Expenses after adjustments. See Page 2.
20		Total (1)	\$ 285,275	\$ 123,514	\$ 161,761	

(1) Does not include \$552K billed to ComEd of Indiana and other, minor accounting differences of approximately \$6K.

Commonwealth Edison Company
 BSC Charges included in Rate Base
 For the Year 2012
 (In Thousands)

Line No.	FERC Account(s)	Sch B-1 FY, Page 1, Line Reference	Description	Included in DLH 10.03_Attach 1 p. 2					Additional Detail					
				BSC Costs Charged to ComEd included in Rate Base	Exclude Non-Delivery Service Accounts	Exclude Amounts for Projected Plant Additions to be placed in Service in 2014 and beyond	Adjusted BSC Costs Cols (D) thru (F)	Jurisdictional BSC Costs Included in Rate Base, Before Sch B-2 Adjustments (a)	Additional Adjustments Included in Sch B-1 FY, page 1, Col (C)	Jurisdictional BSC Costs Included in Rate Base (b) Cols (H) + (I)	Jurisdictional BSC Costs Included in Rate Base - Direct	Jurisdictional BSC Costs Included in Rate Base - Indirect MMF	Jurisdictional BSC Costs Included in Rate Base- Indirect Non-MMF	Total
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	
1			Balance Sheet Accounts (With Amounts Allocated to CapEx)											
2	163000	Lines 2 & 3	Stores expense	\$ 3,918			\$ 3,918	\$ 3,101 (f)	\$ -	\$ 3,101	\$ 495	\$ 1,746	\$ 860	\$ 3,101
3	184000	Lines 2 & 3	Deferred Charges- Clearing	277			277	133 (g)	-	133	133	-	-	133
4				\$ 4,195	\$ -	\$ -	\$ 4,195	\$ 3,234	\$ -	\$ 3,234	\$ 628	\$ 1,746	\$ 860	\$ 3,234
5			Capital Expenditures											
6	107000	Lines 2 & 3	Construction Work in Progress	\$ 84,836	\$ (20,254) (c)	\$ (2,546)	\$ 62,036	\$ 62,036	\$ (1,395) (h)	\$ 60,641	\$ 43,863	\$ 11,241	\$ 5,537	\$ 60,641
7	108100	Lines 6 & 7	Retirement Work in Progress	2,063	(340) (c)		1,723	1,723		1,723	1,293	289	142	1,724
8			Total capital Expenditures	\$ 86,899	\$ (20,593)	\$ (2,546)	\$ 63,759	\$ 63,759	\$ (1,395)	\$ 62,364	\$ 45,156	\$ 11,530	\$ 5,679	\$ 62,365
9	182300	Line 13	Regulatory Asset	\$ 30,949	\$ (30,949) (d)(e)		\$ -	\$ -	\$ 22,297	\$ 22,297	\$ -	\$ 14,939	\$ 7,358	\$ 22,297
10		Total		\$ 122,043	\$ (51,542)	\$ (2,546)	\$ 67,954	\$ 66,993	\$ 20,902	\$ 87,895	\$ 45,784	\$ 28,215	\$ 13,897	\$ 87,896

Notes:

- (a) Amount included each line of Schedule B-1 FY, Page 1, Column (B) . Represents the amounts before jurisdictional adjustments on Schedule B-2, and only includes BSC costs which closed to plant in service in 2012, such costs included in ComEd's 2013 projected plant additions and certain 2012 deferred BSC merger-related O&M.
- (b) Amount included each line of Schedule B-1 FY, Page 1, Column (D) . Represents the amounts after jurisdictional adjustments on Schedule B-2.
- (c) Adjustment includes amount directly charged to and the portion of general and intangible plant allocated to Transmission.
- (d) Includes BSC related Merger costs for Transmission of \$3,078 and Distribution of \$27,871. The Distribution amount of \$27,871 less one year of amortization of \$5,574 is adjusted in Column (I) and is reflected in B-2 FY, Column G, Line 12.
- (e) Of the jurisdictional related Deliver Service merger costs of \$31,912, the amount billed from BSC is \$27,871.
- (f) Undistributed Stores Expenses are allocated 89.46% to Capital. Capital amount then multiplied by the Wages and Salary Allocator. The amount indicated in Column (H) is included in Distribution rate base.
- (g) Deferred Charges- Clearing are allocated 54.26% to Capital. Capital amount then multiplied by the Wages and Salary Allocator. The amount indicated in Column (H) is included in Distribution rate base.
- (h) Capitalized Incentive Compensation Related to Net Income for BSC. See Schedule B-2.6.