

REBUTTAL TESTIMONY

of

DANIEL KAHLE  
Accountant

Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

Commonwealth Edison Company  
Annual formula rate update and revenue requirement  
reconciliation under Section 16-108.5 of the Public Utilities Act

Docket No. 13-0318

September 13, 2013

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**SCHEDULES**

- Schedule 8.01 FY – Cash Working Capital Adjustment
- Schedule 8.01 RY – Cash Working Capital Adjustment

**Attachment**

- Attachment A – Company Response to Staff Data Request DGK-7.02

1 **Witness Identification**

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

3 A. My name is Daniel G. Kahle. My business address is 527 East Capitol Avenue,  
4 Springfield, Illinois 62701.

5 **Q. Have you previously filed testimony in this proceeding?**

6 A. Yes, my revised direct testimony was filed as ICC Staff Ex. 2.0 on July 19, 2013.

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

8 A. The purpose of my testimony is to:

- 9 1. Reply to Mr. Martin G. Fruehe (ComEd Ex. 14.0) regarding a  
10 recommendation for the Commission to order an original cost finding for  
11 plant at December 31, 2012;
- 12 2. Reply to the rebuttal testimony of Mr. Ross C. Hemphill, Ph. D. (ComEd  
13 Ex. 12.0) regarding my proposal for Commonwealth Edison Company's  
14 ("ComEd" or "Company") reporting of EIMA investment data under  
15 Section 16-108.5(b)(1) of the Public Utilities Act ("Act");
- 16 3. Reply to Ms. Christine M. Brinkman, CPA (ComEd Ex. 13.0) regarding  
17 my proposal for a second Cash Working Capital ("CWC") calculation for  
18 the filing year;
- 19 4. Reply to Mr. Michael L. Brosch (AG Ex. 1.0) regarding his alternative  
20 proposal to include accumulated deferred income taxes ("ADIT") related  
21 to the reconciliation balance in rate base; and

22                   5. Reply to Mr. David J. Efron (AG Ex. 2.0) regarding his proposal to  
23                   impute ADIT on the deferred debit related to accrued vacation pay.

24 **Q.    Are there any recommendations from your direct testimony that were**  
25 **accepted by the Company?**

26 A.    Yes. As discussed below, the Company accepted my recommendations for an  
27 original cost determination and for reporting of EIMA investment requirements in  
28 future formula rate proceedings.

29 **Schedule Identification**

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

31 A.    Yes. I am sponsoring:  
32        Schedule 8.01 RY – Cash Working Capital Adjustment; and  
33        Schedule 8.01 FY – Cash Working Capital Adjustment.

34 **Q.    Do you have any attachments as part of your rebuttal testimony?**

35 A.    Yes. My rebuttal testimony includes Attachment A – Company Response to Staff  
36 Data Request DGK-7.02.

37 **Q.    Please explain the FY and RY suffixes that appear with your adjustment**  
38 **schedules.**

39 A.    These suffixes indicate to which revenue requirement the respective schedule  
40 pertains. The letters “FY” indicate the filing year revenue requirement on which  
41 delivery service rates effective January 2014 will be based. The letters “RY”  
42 indicate the reconciliation filing year revenue requirement, which is the actual  
43 revenue requirement for 2012, as adjusted by Staff.

44 **Original Cost Determination**

45 **Q. Did the Company accept your recommendation relating to original cost?**  
46 **(Staff Ex. 2.0, 7:106-120.)**

47 A. Yes. The Company accepted my recommendation and proposed language that  
48 the Commission approve \$15,654,123,000 as the original cost of plant as of  
49 December 31, 2012, with commensurate adjustments should the Commission  
50 made additional adjustments to plant. (ComEd Ex. 14.0, 12-13:262-268.)

51 **Reporting EIMA Investment Requirements**

52 **Q. Did the Company accept your recommendation relating reporting EIMA**  
53 **investment requirements?**

54 A. Yes. (ComEd Ex. 12.0, 9-10:183-209.)

55 **Q. What were your recommendations for reporting EIMA investment**  
56 **requirements?**

57 A. I made two recommendations which would allow the Commission to assess the  
58 Company's compliance with the investment requirements under the Act.

59 My first recommendation was that, beginning with the next formula rate update,  
60 the Company's filing should include cumulative actual investments by category  
61 made under Section 16-108.5(b)(1) of the Act in addition to the annual actual  
62 investments for each year. Cumulative reporting would allow the Commission to  
63 assess the Company's compliance with the investment requirements for total  
64 investments to be made under the Act. The Company accepted this  
65 recommendation. (ComEd 12.0, 10:202-204.)

66 My recommendation is that a year of actual investments by category would be  
67 added each year, for the 10 years of EIMA. Also, projected investments for the  
68 next year would replace the previous year's projected investments. The  
69 cumulative totals would be replaced with new cumulative totals including all  
70 previous actual investments and the projected investments for the next year. In  
71 response to Staff Data Request DGK-7.02, the Company provided a reporting  
72 format for reporting future EIMA investments. (See Attachment A, attached  
73 hereto testimony.) This reporting format is acceptable to Staff.

74 My second recommendation was that, beginning with the current proceeding, the  
75 Company should file an investment summary by category of cumulative actual  
76 and projected investments for each of the 10 years of EIMA. With consideration  
77 of the data to be submitted in the format of Attachment A, I have accepted the  
78 Company's provision of a table in its annual Infrastructure Investment Plan  
79 reports, due by April 1 each year as satisfying my recommendation.

80 The Company also accepted my recommendation that the Commission include in  
81 its order in this proceeding the following conclusion:

82 The Commission is setting a revenue requirement in this  
83 proceeding for the recovery of \$174.0 million in actual 2012  
84 plant additions and \$244.6 million of projected 2013 plant  
85 additions in compliance with EIMA. The detail of these actual  
86 and projected plant additions by categories as required by  
87 Section 108.5(b)(1) are as follows:

	<u>CATEGORY</u>	<u>ACTUAL 2012 (In Millions)<sup>1</sup></u>	<u>PROJECTED 2013 (In Millions)<sup>2</sup></u>	<u>CUMULATIVE 2013 (In Millions)</u>
(A) (i)	Distribution Infrastructure Improvements	\$92.8	\$126.5	\$219.3
(A) (ii)	Training Facility Construction or Upgrade Projects	2.4	0.0	2.4
(A) (iii)	Wood Pole Inspection, Treatment, and Replacement	9.4	20.9	30.3
(A) (iv)	Reducing the susceptibility of certain circuits to storm-related damage	<u>24.6</u>	<u>19.7</u>	44.3
	Total Electric System Upgrades, Modernization Projects, and Training Facilities	<u>\$129.2</u>	<u>\$167.1</u>	<u>\$296.3</u>
(B) (i)	Additional Smart Meters	\$0.1	\$0.0	\$0.1
(B) (ii)	Distribution Automation	37.8	61.7	99.5
(B) (iii)	Associated Cyber Secure Data Communications Network	0.0	0.0	0.0
(B) (iv)	Substation Micro-processor Relay Upgrades	<u>7.0</u>	<u>15.8</u>	22.8
	Total Upgrade and Modernization of Transmission and Distribution Infrastructure and Smart Grid Electric System Upgrades	<u>\$44.8</u>	<u>\$77.5</u>	<u>\$122.4</u>
	Total Plant Additions in Compliance with Section 16-108.5(b)(1) of the Act	<u>\$174.0</u>	<u>\$244.6</u>	<u>\$418.6</u>

88 (Staff Ex. 2.0, 6: 92-100)

89 **Cash Working Capital Adjustment**

90 **Q. Please describe Schedule 8.01: Cash Working Capital Adjustment.**

91 A. Schedule 8.01 presents the adjustment to Cash Working Capital (“CWC”) reflecting Staff’s proposed revenue requirements for the reconciliation year and

92

<sup>1</sup> ComEd Ex. 11.0 CORR., p. 6.

<sup>2</sup> Id., p. 7.

93 the filing year. The final balance of CWC should be calculated using the revenue  
94 requirements approved by the Commission in this proceeding.

95 **Q. Did the Company accept your proposal to calculate a second CWC**  
96 **calculation for the filing year that is different from the Company's proposal**  
97 **to use the same CWC in the filing year that it calculated for the**  
98 **reconciliation year?**

99 A. No. The Company rejected my proposal (Staff Ex. 2.0, 7-9) primarily because it  
100 is a departure from the prior formula rate case (Docket No. 12-0321) in which the  
101 reconciliation year ("RY") CWC was used for both the reconciliation year and the  
102 filing year ("FY"). The Company also sees the second CWC as unnecessary  
103 because, in its opinion, using the FY CWC has little effect on rate base and  
104 would not be cost effective. (ComEd Ex. 13.0, 13-14:273-298.)

105 **Q. Should your proposal be rejected solely because it is a change from the**  
106 **prior formula rate case?**

107 A. No. Having the most accurate FY CWC should be a higher priority than having  
108 an incorrect FY CWC even if it involves a change to the established rate  
109 formulas.

110 The RY revenue requirement supports the reconciliation adjustment and must be  
111 based on the actual results of operations for the 2012 reconciliation year. A RY  
112 CWC based upon the RY revenue requirement does not consider projected plant  
113 additions and the associated derivative changes; therefore, it is not as accurate  
114 as the FY CWC which does consider plant additions and the derivate changes.

115 The FY revenue requirement, however, supports rates in the 2014 filing year.  
116 Accordingly, the FY CWC should be based on the FY revenue requirement. A  
117 CWC based upon the reconciliation year is not representative of the CWC  
118 requirement in the filing year.

119 For the revenue requirements for the FY and RY to be representative of their  
120 respective years it is necessary for each to be based on the CWC calculations  
121 that are representative of the costs and revenues associated with each revenue  
122 requirement.

123 **Q. Should your proposal be rejected because the using the FY CWC produces**  
124 **a small change in rate base?**

125 A. No. The correct FY CWC should be used regardless of its effect on rate base.  
126 The impact of my proposal in the current case should not be the criteria on which  
127 to make this decision. While the Company calculated that CWC makes up  
128 approximately .01% of rate base and that my proposal would have a lesser  
129 impact (ComEd Ex. 13.0, 14:289-291), the Company cannot guarantee that the  
130 difference will always be a small amount. Increases in the rate of plant additions  
131 will increase the impact of an FY CWC.

132 **Q. Is it costly to adopt your proposal?**

133 A. I am not aware of any great cost associated with my proposal. ComEd has  
134 provided no analysis or studies which show that implementing the small changes  
135 necessary to calculate the correct RY CWC would be costly or burdensome.

136 **Q. Would your proposal require a tariff change?**

137 A. Yes, I believe it would, but my proposal would not be a significant tariff change.  
138 My proposal would only require a change to references in the schedules in the  
139 tariff and to references in the schedules attached as an appendix to the tariff.  
140 Such a tariff change would likely not be contested, and Staff would likely  
141 recommend that the tariff not be suspended.

142 In addition, my proposal would only require the following two revisions to the  
143 formula rate template to accommodate the second CWC for the filing year.

144 1. The cash working capital calculation for the filing year could be added as  
145 page 2 of App-3 with new lines 41 through 80 in the same format as lines  
146 1 through 40. The new page 2 of App-3 would have its own WP 3 for  
147 inputs.

148 2. Schedule FR B-1 would require an additional line below the current line  
149 28, "DS Rate Base Before Projected Plant Adjs," to subtract the cash  
150 working capital from the current line 16, "CWC," and an additional line  
151 immediately following to input the cash working capital calculation for the  
152 filing year.

153 **Outstanding Issues**

154 **Q. Are there any issues that were outstanding at the time your direct**  
155 **testimony was filed that you are now addressing?**

156 A. Yes. Since filing my direct testimony, I received the Company's responses to a  
157 data request regarding supporting documentation for 2012 plant additions. I am  
158 concerned at the amount of time it takes for the Company to provide the detailed

159 plant additions transactions and related supporting documentation. Since this  
160 process of addressing the reasonableness of the Company's reconciliation plant  
161 additions will occur annually, I believe that the process should be improved.  
162 Therefore, I recommend that the Company provide to the Manager of the  
163 Commission's Accounting Department, no later than April 1, a listing of the  
164 reconciliation year plant additions. This will allow Staff to select a sample from  
165 such listing much earlier in the formula rate process than is currently possible.  
166 Thus, ComEd's supporting documentation would be received earlier, allowing  
167 more time for analysis of the reasonableness of the plant additions. Since  
168 ComEd should have the reconciliation year plant additions finalized for its FERC  
169 Form 1 filing which is due March 31, it should not be burdensome to provide the  
170 listing by April 1.

171 **Reconciliation Deferred Taxes**

172 **Q. Do you support the alternative proposal made by Mr. Brosch (AG Ex. 1.0,**  
173 **26:578-587) to include the ADIT related to the reconciliation balance in rate**  
174 **base?**

175 A. No. Based on my understanding of the mechanics of the formula template, I  
176 believe this proposal would result in a circular reference within the calculation. In  
177 addition, the alternate proposal would be contrary to the treatment of certain  
178 other ADIT amounts recorded by the Company yet are not reflected in rate base.

179 **Q. Please explain how the alternate proposal would create a circular**  
180 **reference.**

181 A. The reconciliation calculation is a comparison of the revenue requirement in  
182 effect (set by cost inputs for the prior rate year) with the actual revenue  
183 requirement for the prior rate year. There is no indication either in the Act or in  
184 the formula template as presented by the Company, that a reconciliation of any  
185 over-/under-recovery balance from a prior period would be carried-forward into  
186 the next year's reconciliation. Including a component that is based on the  
187 reconciliation balance resulting from the reconciliation revenue requirement  
188 would create a circular calculation.

189 **Q. Please explain how the alternate proposal would be contrary to the**  
190 **treatment of certain other ADIT amounts recorded by the Company but are**  
191 **not reflected in rate base.**

192 A. Appendix 4 (Accumulated Deferred Income Taxes Information), marked for  
193 identification as ComEd Ex. 14.01, reflects the removal from ADIT of amounts  
194 recovered through other tariffs, disallowed in previous ICC Orders and other  
195 adjustments. Thus to the extent that certain items (properly accounted for by the  
196 Company) are not included in the revenue requirement, neither are the  
197 associated ADIT values reflected in rate base. The \$132,000,000 reconciliation  
198 balance (ComEd Ex. 14.01, Sch. FR A-3:11) is not included in the reconciliation  
199 computation (ComEd Ex. 14.01, Sch. FR A-4) or in the actual revenue  
200 requirement (ComEd Ex. 14.01, Sch. FR A-1 and Sch. FR A-1 REC). Since the  
201 Company has not included the reconciliation balance in the 2012 reconciliation  
202 revenue calculation, the associated ADIT also should not be included in the 2012  
203 reconciliation revenue calculation.

204 **Deferred Taxes Relating to Vacation Pay**

205 **Q. Do you support the proposal made by Mr. Effron to reduce rate base for an**  
206 **imputed deferred tax liability related to accrued vacation pay? (AG Ex. 2.0;**  
207 **3-6:50-129.)**

208 A. No. It is my understanding that no such deferred tax liability exists on the  
209 Company's books. (ComEd Ex 2.0 Rev., 21:438-443; 23:493-494; 24:497-499.)  
210 Additionally, it is my understanding that no such deferred tax liability exists on the  
211 Company's FERC Form 1. (Id.) For the purposes of the formula rate  
212 proceeding, I agree with the Company that it is not appropriate to create an ADIT  
213 that does not otherwise appear in the Company's FERC Form 1 or the  
214 Company's books. (ComEd Ex. 13.0, 25-26:547-557.)

215 **Conclusion**

216 **Q. Does this conclude your prepared rebuttal testimony?**

217 A. Yes.

Commonwealth Edison Company  
 Cash Working Capital Adjustment  
 For the Filing Year Ending December 31, 2013  
 (In Thousands)

Line	Description (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	\$ 1,308,905	51.25	0.14041	\$ 183,785	Schedule 8.01 FY, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,252	0.00	0.00000	-	Line 28 below
4	Gross Receipts/Municipal Utility Tax	249,794	0.00	0.00000	-	Line 29 below
5	Illinois Excise Tax	259,512	36.04	0.09874	25,624	Line 30 below
6	City of Chicago Infrastructure Maintenance Fee	90,982	36.04	0.09874	8,984	Line 31 below
7	Total Receipts	<u>\$ 1,955,445</u>			<u>\$ 218,393</u>	Sum of Lines 2 through 6
8	Base Payroll and Withholdings	\$ 280,669	(15.05)	(0.04123)	\$ (11,573)	Schedule 8.01 FY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(15.05)	(0.04123)	-	
10	Incentive Pay Expense	21,326	(228.50)	(0.62603)	(13,351)	ComEd Ex. 14.01, APP 3, Line 10
11	Employee Benefits - Amort. Of Sever.	148,867	0.00	0.00000	-	ComEd Ex. 14.01, APP 3, Line 17
12	Employee Benefits - Other	52,782	(4.95)	(0.01356)	(716)	ComEd Ex. 14.01, APP 3, Line 18
13	Inter-Company billings - Less Pass-throughs	88,711	(45.55)	(0.12479)	(11,071)	ComEd Ex. 14.01, APP 3, Line 15
14	Inter-Company billings - Pass-throughs	31,489	(45.55)	(0.12479)	(3,930)	ComEd Ex. 14.01, APP 3, Line 16
15	Property Leases	38,455	(6.33)	(0.01734)	(667)	ComEd Ex. 14.01, APP 3, Line 24
16	Other Operations and Maintenance Expenses	326,270	(66.82)	(0.18307)	(59,730)	Schedule 8.01 FY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	13,346	(339.12)	(0.92910)	(12,400)	ComEd Ex. 14.01, APP 3, Line 17
18	FICA Tax	21,340	(15.05)	(0.04123)	(880)	ComEd Ex. 14.01, APP 3, Line 18
19	Federal Unemployment Tax	143	(75.63)	(0.20721)	(30)	ComEd Ex. 14.01, APP 3, Line 19
20	State Unemployment Tax	773	(75.63)	(0.20721)	(160)	ComEd Ex. 14.01, APP 3, Line 20
21	Electricity Distribution Tax	101,175	(30.13)	(0.08255)	(8,352)	ComEd Ex. 14.01, APP 3, Line 21
22	State Franchise Tax	1,580	(190.67)	(0.52238)	(825)	ComEd Ex. 14.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 14.01, APP 3, Line 23
24	401K Match	-	(241.50)	(0.66164)	-	ComEd Ex. 14.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,788	(37.67)	(0.10321)	(391)	ComEd Ex. 14.01, APP 3, Line 25
26	Illinois Sales and Use Tax	656	(2.66)	(0.00729)	(5)	ComEd Ex. 14.01, APP 3, Line 26
27	Chicago Sales and Use Tax	68	(37.46)	(0.10263)	(7)	ComEd Ex. 14.01, APP 3, Line 27
28	Interest Expense	200,383	(91.13)	(0.24967)	(50,030)	Schedule 7.06 FY, Column b, Line 3
29	State Income Tax	4,585	(37.88)	(0.10378)	(476)	Schedule 7.01 FY, Column i, Line 19
30	Federal Income Tax	(27,501)	(37.88)	(0.10378)	2,854	Schedule 7.01 FY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,252	(40.69)	(0.11148)	(5,156)	ComEd Ex. 14.01, APP 3, Line 30
33	Gross Receipts/Municipal Utility Tax	249,794	(36.02)	(0.09868)	(24,651)	ComEd Ex. 14.01, APP 3, Line 31
34	Illinois Excise Tax	259,512	(4.12)	(0.01129)	(2,929)	ComEd Ex. 14.01, APP 3, Line 32
35	City of Chicago Infrastructure Maintenance Fee	90,982	(26.00)	(0.07123)	(6,481)	ComEd Ex. 14.01, APP 3, Line 33
36						
37	Total Outlays	<u>\$ 1,955,445</u>			<u>\$ (210,957)</u>	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ 7,436	Line 7 plus line 37
39	Cash Working Capital per Company				8,022	ComEd Ex. 14.01, APP 3, Line 40
40	Difference -- Adjustment per Staff				<u>\$ (586)</u>	Line 38 minus Line 39

**Commonwealth Edison Company**  
**Cash Working Capital Adjustment**  
 For the Filing Year Ending December 31, 2013  
 (In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 2,315,698	Schedule 7.01 FY , Column i, Line 5
2	Uncollectible Accounts	-	Schedule 7.01 FY , Column i, Line 6
3	Depreciation & Amortization	(461,035)	Schedule 7.01 FY , Column i, Line 12
4	Regulatory Debits	(24,380)	ComEd Ex. 14.02, WP 3, Line 4
5	Less: Pension Asset Cost Funding	(59,339)	ComEd Ex. 14.02, WP 3, Line 5
6	Less Deferred Taxes and ITC	(197,319)	Schedule 7.01 FY , Column i, Line 21
7	City of Chicago Dark Fiber Tax	-	ComEd Ex. 14.02, WP 3, Line 7
8	Return on Equity	(264,720)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,308,905</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 6,701,778	Schedule 7.03 FY , Column d, Line 24
11	Weighted Cost of Capital	3.95%	Schedule 12.0
12	Return on Equity	<u>\$ 264,720</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,676,192	Schedule 7.01 FY , Column i, Line 18
14	Payroll Expense	(301,995)	ComEd Ex. 14.02, WP 3, Line 14
15	Intercompany billings - Less Pass-throughs	(88,711)	ComEd Ex. 14.02, WP 3, Line 15
16	Intercompany billings - Pass-throughs	(31,489)	ComEd Ex. 14.02, WP 3, Line 16
17	Employee Benefits Expense - Pension and OPEB	(148,867)	ComEd Ex. 14.02, WP 3, Line 17
18	Employee Benefits Expense - Other	(52,782)	ComEd Ex. 14.02, WP 3, Line 18
19	Uncollectible Accounts	-	Schedule 7.01 FY , Column i, Line 6
20	Depreciation & Amortization	(461,035)	Schedule 7.01 FY , Column i, Line 12
21	Regulatory Debits	(24,380)	ComEd Ex. 14.02, WP 3, Line 4
22	Incentive Pay Expense	(59,339)	ComEd Ex. 14.02, WP 3, Line 22
23	Taxes Other Than Income	(142,869)	Schedule 2.01 FY, p. 1, Column b, sum line 17 - 27
24	Property Leases	(38,455)	ComEd Ex. 14.02, WP 3, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 326,270</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 335,533	ComEd Ex. 14.02, WP 3, Line 26
27	less: Power Production Payroll	(1,359)	ComEd Ex. 14.02, WP 3, Line 27
28	less: Transmission Payroll	(32,094)	ComEd Ex. 14.02, WP 3, Line 28
29	less: Payroll Taxes on Supply	(85)	ComEd Ex. 14.02, WP 3, Line 29
30	less: Incentive Pay Expense	(21,326)	ComEd Ex. 14.02, WP 3, Line 30
31	Direct Payroll per Staff	<u>\$ 280,669</u>	Sum of Lines 26 through 30

**Commonwealth Edison Company**  
**Cash Working Capital Adjustment**  
 For the Reconciliation Year Ending December 31, 2012  
 (In Thousands)

Line	Description (a)	Amount (b)	Lag (Lead) (c)	CWC Factor (d) (c/365)	CWC Requirement (e) (b*d)	Column b Source (f)
1	Revenues	\$ 1,290,924	51.25	0.14041	\$ 181,260	Schedule 8.01 RY, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,252	0.00	0.00000	-	Line 28 below
4	Gross Receipts/Municipal Utility Tax	249,794	0.00	0.00000	-	Line 29 below
5	Illinois Excise Tax	259,512	36.04	0.09874	25,624	Line 30 below
6	City of Chicago Infrastructure Maintenance Fee	90,982	36.04	0.09874	8,984	Line 31 below
7	<b>Total Receipts</b>	<b>\$ 1,937,464</b>			<b>\$ 215,868</b>	Sum of Lines 2 through 6
8	Base Payroll and Withholdings	\$ 280,669	(15.05)	(0.04123)	\$ (11,573)	Schedule 8.01 RY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(15.05)	(0.04123)	-	
10	Incentive Pay Expense	21,326	(228.50)	(0.62603)	(13,351)	ComEd Ex. 14.01, APP 3, Line 10
11	Employee Benefits - Amort. Of Sever.	148,867	0.00	0.00000	-	ComEd Ex. 14.01, APP 3, Line 17
12	Employee Benefits - Other	52,782	(4.95)	(0.01356)	(716)	ComEd Ex. 14.01, APP 3, Line 18
13	Inter-Company billings - Less Pass-throughs	88,711	(45.55)	(0.12479)	(11,071)	ComEd Ex. 14.01, APP 3, Line 15
14	Inter-Company billings - Pass-throughs	31,489	(45.55)	(0.12479)	(3,930)	ComEd Ex. 14.01, APP 3, Line 16
15	Property Leases	38,455	(6.33)	(0.01734)	(667)	ComEd Ex. 14.01, APP 3, Line 24
16	Other Operations and Maintenance Expenses	326,270	(66.82)	(0.18307)	(59,730)	Schedule 8.01 RY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	13,346	(339.12)	(0.92910)	(12,400)	ComEd Ex. 14.01, APP 3, Line 17
18	FICA Tax	21,340	(15.05)	(0.04123)	(880)	ComEd Ex. 14.01, APP 3, Line 18
19	Federal Unemployment Tax	143	(75.63)	(0.20721)	(30)	ComEd Ex. 14.01, APP 3, Line 19
20	State Unemployment Tax	773	(75.63)	(0.20721)	(160)	ComEd Ex. 14.01, APP 3, Line 20
21	Electricity Distribution Tax	101,175	(30.13)	(0.08255)	(8,352)	ComEd Ex. 14.01, APP 3, Line 21
22	State Franchise Tax	1,580	(190.67)	(0.52238)	(825)	ComEd Ex. 14.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 14.01, APP 3, Line 23
24	401K Match	-	(241.50)	(0.66164)	-	ComEd Ex. 14.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,788	(37.67)	(0.10321)	(391)	ComEd Ex. 14.01, APP 3, Line 25
26	Illinois Sales and Use Tax	656	(2.66)	(0.00729)	(5)	ComEd Ex. 14.01, APP 3, Line 26
27	Chicago Sales and Use Tax	68	(37.46)	(0.10263)	(7)	ComEd Ex. 14.01, APP 3, Line 27
28	Interest Expense	191,041	(91.13)	(0.24967)	(47,697)	Schedule 7.06 RY, Column b, Line 3
29	State Income Tax	2,592	(37.88)	(0.10378)	(269)	Schedule 7.01 RY, Column i, Line 19
30	Federal Income Tax	(34,147)	(37.88)	(0.10378)	3,544	Schedule 7.01 RY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,252	(40.69)	(0.11148)	(5,156)	ComEd Ex. 14.01, APP 3, Line 30
33	Gross Receipts/Municipal Utility Tax	249,794	(36.02)	(0.09868)	(24,651)	ComEd Ex. 14.01, APP 3, Line 31
34	Illinois Excise Tax	259,512	(4.12)	(0.01129)	(2,929)	ComEd Ex. 14.01, APP 3, Line 32
35	City of Chicago Infrastructure Maintenance Fee	90,982	(26.00)	(0.07123)	(6,481)	ComEd Ex. 14.01, APP 3, Line 33
36						
37	<b>Total Outlays</b>	<b>\$ 1,937,464</b>			<b>\$ (207,727)</b>	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ 8,141	Line 7 plus line 37
39	Cash Working Capital per Company				8,022	ComEd Ex. 14.01, APP 3, Line 40
40	Difference -- Adjustment per Staff				<b>\$ 119</b>	Line 38 minus Line 39

**Commonwealth Edison Company**  
**Cash Working Capital Adjustment**  
 For the Reconciliation Year Ending December 31, 2012  
 (In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 2,260,925	Schedule 7.01 RY , Column i, Line 5
2	Uncollectible Accounts	-	Schedule 7.01 RY , Column i, Line 6
3	Depreciation & Amortization	(436,585)	Schedule 7.01 RY , Column i, Line 12
4	Regulatory Debits	(24,380)	ComEd Ex. 14.02, WP 3, Line 4
5	Less: Pension Asset Cost Funding	(59,339)	ComEd Ex. 14.02, WP 3, Line 5
6	Less Deferred Taxes and ITC	(197,319)	Schedule 7.01 RY , Column i, Line 21
7	City of Chicago Dark Fiber Tax	-	ComEd Ex. 14.02, WP 3, Line 7
8	Return on Equity	(252,378)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,290,924</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 6,389,324	Schedule 7.03 RY , Column d, Line 24
11	Weighted Cost of Capital	3.95%	Schedule 12.0
12	Return on Equity	<u>\$ 252,378</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,651,742	Schedule 7.01 RY , Column i, Line 18
14	Payroll Expense	(301,995)	ComEd Ex. 14.02, WP 3, Line 14
15	Intercompany billings - Less Pass-throughs	(88,711)	ComEd Ex. 14.02, WP 3, Line 15
16	Intercompany billings - Pass-throughs	(31,489)	ComEd Ex. 14.02, WP 3, Line 16
17	Employee Benefits Expense - Pension and OPEB	(148,867)	ComEd Ex. 14.02, WP 3, Line 17
18	Employee Benefits Expense - Other	(52,782)	ComEd Ex. 14.02, WP 3, Line 18
19	Uncollectible Accounts	-	Schedule 7.01 RY , Column i, Line 6
20	Depreciation & Amortization	(436,585)	Schedule 7.01 RY , Column i, Line 12
21	Regulatory Debits	(24,380)	ComEd Ex. 14.02, WP 3, Line 4
22	Incentive Pay Expense	(59,339)	ComEd Ex. 14.02, WP 3, Line 22
23	Taxes Other Than Income	(142,869)	Schedule 8.01 FY, p. 1, Column b, sum line 17 - 27
24	Property Leases	(38,455)	ComEd Ex. 14.02, WP 3, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 326,270</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 335,533	ComEd Ex. 14.02, WP 3, Line 26
27	less: Power Production Payroll	(1,359)	ComEd Ex. 14.02, WP 3, Line 27
28	less: Transmission Payroll	(32,094)	ComEd Ex. 14.02, WP 3, Line 28
29	less: Payroll Taxes on Supply	(85)	ComEd Ex. 14.02, WP 3, Line 29
30	less: Incentive Pay Expense	(21,326)	ComEd Ex. 14.02, WP 3, Line 30
31	Direct Payroll per Staff	<u>\$ 280,669</u>	Sum of Lines 26 through 30

**ICC Docket No. 13-0318**

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

**DGK 7.01 – 7.02**

**Date Received: September 4, 2013**

**Date Served: September 5, 2013**

**REQUEST NO. DGK 7.02:**

(EIMA Reporting) If the response to DGK-7.01 is yes, does the Company agree to make the filing in the format provided in the attachment to DGK 7.02? If no, please provide the format proposed by the Company.



13-0318 DGK-7.02  
Attachment.xlsx

**RESPONSE:**

Yes. ComEd agrees to use the format provided in the attachment to Staff Data Request DGK 7.02. ComEd also would add a row above the periods identifying which years' data are provided for historical documentary purposes and which data relates to the specific years under review in that formula rate update proceeding. The attachment labeled as DGK 7.02\_Attach 1 reflects that table for exemplar years 2013 and 2014.

Commonwealth Edison Company  
 Example for EIMA Reliability-Related Investments  
 For the Reconciliation Year Ending December 31, 2013  
 (In Millions)

Section (a)	Category (b)	Historical Data	Included in Pending Case		2014
		2012 Plant Placed in Service (c)	2013 Plant Placed in Service (d)	2014 Projected Plant Placed in Service (e)	2014 Projected Cumulative Plant Placed in Service (f) (c + d + e)
(A) (i)	Distribution Infrastructure Improvements	\$ 92.8	\$ -	\$ -	\$ 92.8
(A) (ii)	Training Facility Construction or Upgrade Projects	2.4	-	-	2.4
(A) (iii)	Wood Pole Inspection, Treatment, and Replacement	9.4	-	-	9.4
(A) (iv)	Reducing the susceptibility of certain circuits to storm-related damage	<u>24.6</u>	<u>-</u>	<u>-</u>	<u>24.6</u>
	Total Electric System Upgrades, Modernization Projects, and Training Facilities	<u>\$ 129.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129.2</u>
(B) (i)	Additional Smart Meters	0.1	-	-	0.1
(B) (ii)	Distribution Automation	37.8	-	-	37.8
(B) (iii)	Associated Cyber Secure Data Communications Network	-	-	-	-
(B) (iv)	Substation Micro-processor Relay Upgrades	<u>7.0</u>	<u>-</u>	<u>-</u>	<u>7.0</u>
	Total Upgrade and Modernization of Transmission and Distribution Infrastructure and Smart Grid Electric System Upgrades	<u>\$ 44.9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44.9</u>
	Total Plant Additions in Compliance with Section 16-108.5(b)(1) of the Act	<u>\$ 174.1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174.1</u>