

DIRECT TESTIMONY

of

SCOTT TOLSDORF

Accountant

Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Reconciliation of revenues collected under Rider EDA with the actual costs
associated with energy efficiency and demand response programs.

Commonwealth Edison Company

Docket No. 12-0509

November 14, 2013

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

2 A. My name is Scott Tolsdorf. My business address is 527 East Capitol
3 Avenue, Springfield, Illinois 62701.

4 **Q. What is your current position with the Illinois Commerce
5 Commission (“ICC” or “Commission”)?**

6 A. I am currently employed as an Accountant in the Accounting Department
7 of the Financial Analysis Division.

8 **Q. Please describe your qualifications and background.**

9 A. I received a Bachelors of Science in Liberal Studies from Excelsior
10 College in Albany, New York, and am nearing completion of a Master’s
11 degree in Accounting from the University of Illinois-Springfield. I am a
12 Certified Public Accountant and joined the staff of the Commission in
13 February 2010. Prior to the Commission, I was employed for four years
14 as a staff accountant for a public accounting firm, and nine years in the
15 U.S. Navy as an operator and instructor in the Naval Nuclear Power
16 Program.

17 **Q. What are your responsibilities in this case?**

18 A. I have been assigned to this case by the Manager of the Accounting
19 Department of the Commission. I am to review Commonwealth Edison
20 Company’s (“ComEd” or the “Company”) filing, analyze the underlying
21 data and make recommendations when appropriate.

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

23 A. The purpose of my testimony is to report the results of my review of
24 Commonwealth Edison Company's ("ComEd" or the "Company")
25 reconciliation of revenues collected under Rider EDA with the actual costs
26 associated with energy efficiency and demand-response programs.

27 **Schedule and Attachment Identification**

28 **Q. Are you sponsoring any schedules with your testimony?**

29 A. Yes. I prepared the following schedules relating to the Company, which
30 show data as of, or for, the Program Year 4 (PY 4) reconciliation period:

31 Schedule 1.1 Rider EDA – Reconciliation

32 Schedule 1.2 Rider EDA – Incentive Compensation Costs

33

34 **Q. Are you sponsoring any attachments with your testimony?**

35 A. Yes. I am attaching the Company's response to Staff Data Request ST
36 2.03 as Attachment A.

37 **Q. Please explain Staff Exhibit 1.0, Schedule 1.1.**

38 A. Schedule 1.1 presents the reconciliation statements proposed by the
39 Company, Staff adjustments, and the resulting Staff position. Page 1
40 represents a summary of Rider EDA while pages 2 through 4 are the
41 reconciliation statements for the applicable delivery classes EDA-R
42 (Residential), EDA-NS (Non-Residential-Small Load), and EDA-NL (Non-
43 Residential-Large Load). The total of the Staff adjustments result in a

44 \$224,887 refund for the three delivery classes as an Ordered
45 Reconciliation Adjustment.

46 **Incentive Compensation Costs**

47 **Q. Please explain Staff Exhibit 1.0, Schedule 1.2.**

48 A. Schedule 1.2 presents my adjustment to Rider EDA recoverable costs to
49 disallow incentive compensation costs that are not related to Energy
50 Efficiency (“EE”).

51 **Q. Why are you proposing to disallow incentive compensation costs?**

52 A. In the previous two reconciliation dockets, ICC Docket Nos. 10-0537 and
53 11-0646, the incentive compensation costs for EE employees have been
54 disallowed for recovery through Rider EDA. In this docket, ComEd has
55 voluntarily agreed to withdraw the incentive compensation costs as
56 evidenced by its response to Staff Data Request ST 2.03, included here
57 as Attachment A. My adjustment simply accounts for the removal of the
58 incentive compensation costs to which the Company has voluntarily
59 agreed.

60 **DCEO Cost Recovery**

61 **Q. Did ComEd recover any costs on behalf of the Department of**
62 **Commerce and Economic Opportunity (“DCEO”) during the**
63 **reconciliation period ended May 31, 2012?**

64 A. Yes. As explained by Mr. Brandt (ComEd Ex. 2.0 REV, lines 481 – 492),
65 ComEd collected, through Rider EDA charges, all DCEO EE costs related
66 to the Plan. Accordingly, ComEd reimbursed DCEO for incremental costs
67 incurred by DCEO in connection with DCEO's implementation of the Plan
68 measures. For the PY4 reconciliation period ended May 31, 2012,
69 ComEd reimbursed DCEO \$35,049,987. That amount is included in total
70 PY 4 Revenue shown on ComEd Ex. 1.0 REV, page 4.

71 **Recommendations**

72 **Q. Please summarize your recommendations.**

73 A. I recommend that the Commission approve the Rider EDA reconciliation
74 for PY4 as presented on ICC Staff Exhibit 1.0, Schedule 1.1. I also
75 recommend that the Commission direct ComEd to refund the PY4
76 Ordered Reconciliation Amount of \$224,887 through the EDA calculation
77 in its first filing following the date of the Order in this docket.

78 **Q. Does this end your prepared direct testimony?**

79 A. Yes.

Commonwealth Edison
 Rider EDA - Reconciliation
 Rider EDA - Summary Reconciliation
 For the Period June 1, 2011 through May 31, 2012 (PY-4)

Line No.	Description	Per Company	Staff Adjustment	Per Staff (B+C)
	(A)	(B)	(C)	(D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	PY-2 Ordered Reconciliation Factor (ORF) [Docket No. 10-0537]	\$ -	\$ (262,929)	\$ (262,929)
2	PY-3 Automatic Reconciliation Factor (ORF) [Docket No. 11-0646]	(17,206,510)	-	(17,206,510)
3	PY-3 ORF [Docket No. 11-0646]	-	(3,069,289)	(3,069,289)
4	(Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (17,206,510)</u>	<u>\$ (3,332,218)</u>	<u>\$ (20,538,728)</u>
<u>Current Year (Over)/Under Recovery</u>				
5	PY-4 Recoverable EDA Costs	\$141,345,551	\$ (224,887)	\$ 141,120,664
6	PY-4 EDA Revenue	<u>129,454,382</u>	<u>-</u>	<u>129,454,382</u>
7	(Over) /Under Recovery for PY-4 (Line 5 - Line 6)	<u>\$ 11,891,169</u>	<u>\$ (224,887)</u>	<u>\$ 11,666,282</u>
8	Cumulative (Over)/Under Recovery (Line 4 + Line 7)	<u><u>\$ (5,315,341)</u></u>	<u><u>\$ (3,557,105)</u></u>	<u><u>\$ (8,872,446)</u></u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
9	PY-2 ORF to be (Refunded)/Recovered in Future Filing	\$ -	\$ (262,929)	\$ (262,929)
10	PY-3 ORF to be (Refunded)/Recovered in Future Filing	-	(3,069,289)	(3,069,289)
11	PY-4 ARF to be (Refunded)/Recovered in PY-5	(5,315,341)	-	(5,315,341)
12	PY-4 ORF to be (Refunded)/Recovered in Future Filing	<u>-</u>	<u>(224,887)</u>	<u>(224,887)</u>
13	Cumulative (Over)/Under Recovery (Sum of Lines 9 thru 12)	<u><u>\$ (5,315,341)</u></u>	<u><u>\$ (3,557,105)</u></u>	<u><u>\$ (8,872,446)</u></u>

Sources:

Column (B): ComEd Exhibit 1.0 REV , Page 1 of 6
 Column (C): ICC Staff Ex. 1.0, Schedule 1.2
 Column (D): Per Staff [Column (B) + Column (C)]

Commonwealth Edison
 Rider EDA - Reconciliation
 Rider EDA-R - Reconciliation
 For the Period June 1, 2011 through May 31, 2012 (PY-4)

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	PY-2 Ordered Reconciliation Factor (ORF) [Docket No. 10-0537]	\$ -	\$ (108,327)	\$ (108,327)
2	PY-3 Automatic Reconciliation Factor (ORF) [Docket No. 11-0646]	(6,274,155)	-	(6,274,155)
3	PY-3 ORF [Docket No. 11-0646]	-	(1,138,080)	(1,138,080)
4	(Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (6,274,155)</u>	<u>\$ (1,246,407)</u>	<u>\$ (7,520,562)</u>
<u>Current Year (Over)/Under Recovery</u>				
5	PY-4 Recoverable EDA Costs	\$ 49,221,646	\$ (78,910)	\$ 49,142,736
6	PY-4 EDA Revenue	42,611,344	-	42,611,344
7	(Over) /Under Recovery for PY-4 (Line 5 - Line 6)	<u>\$ 6,610,302</u>	<u>\$ (78,910)</u>	<u>\$ 6,531,392</u>
8	Cumulative (Over)/Under Recovery (Line 4 + Line 7)	<u>\$ 336,147</u>	<u>\$ (1,325,317)</u>	<u>\$ (989,170)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
9	PY-2 ORF to be (Refunded)/Recovered in Future Filing	\$ -	\$ (108,327)	\$ (108,327)
10	PY-3 ORF to be (Refunded)/Recovered in Future Filing	-	(1,138,080)	(1,138,080)
11	PY-4 ARF to be (Refunded)/Recovered in PY-5	336,147	-	336,147
12	PY-4 ORF to be (Refunded)/Recovered in Future Filing	-	(78,910)	(78,910)
13	Cumulative (Over)/Under Recovery (Sum of Lines 9 thru 12)	<u>\$ 336,147</u>	<u>\$ (1,325,317)</u>	<u>\$ (989,170)</u>

Sources:

Column (B): ComEd Exhibit 1.0 REV , Page 1 of 6
 Column (C): ICC Staff Ex. 1.0, Schedule 1.2
 Column (D): Per Staff [Column (B) + Column (C)]

Commonwealth Edison
 Rider EDA - Reconciliation
 Rider EDA-NS - Reconciliation
 For the Period June 1, 2011 through May 31, 2012 (PY-4)

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	PY-2 Ordered Reconciliation Factor (ORF) [Docket No. 10-0537]	\$ -	\$ (85,978)	\$ (85,978)
2	PY-3 Automatic Reconciliation Factor (ORF) [Docket No. 11-0646]	(5,844,595)	-	(5,844,595)
3	PY-3 ORF [Docket No. 11-0646]	-	(1,098,532)	(1,098,532)
4	(Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	\$ (5,844,595)	\$ (1,184,510)	\$ (7,029,105)
<u>Current Year (Over)/Under Recovery</u>				
5	PY-4 Recoverable EDA Costs	\$ 53,239,472	\$ (84,107)	\$ 53,155,365
6	PY-4 EDA Revenue	46,357,106	-	46,357,106
7	(Over) /Under Recovery for PY-4 (Line 5 - Line 6)	\$ 6,882,366	\$ (84,107)	\$ 6,798,259
8	Cumulative (Over)/Under Recovery (Line 4 + Line 7)	\$ 1,037,771	\$ (1,268,617)	\$ (230,846)
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
9	PY-2 ORF to be (Refunded)/Recovered in Future Filing	\$ -	\$ (85,978)	\$ (85,978)
10	PY-3 ORF to be (Refunded)/Recovered in Future Filing	-	(1,098,532)	(1,098,532)
11	PY-4 ARF to be (Refunded)/Recovered in PY-5	1,037,771	-	1,037,771
12	PY-4 ORF to be (Refunded)/Recovered in Future Filing	-	(84,107)	(84,107)
13	Cumulative (Over)/Under Recovery (Sum of Lines 9 thru 12)	\$ 1,037,771	\$ (1,268,617)	\$ (230,846)

Sources:

Column (B): ComEd Exhibit 1.0 REV , Page 1 of 6
 Column (C): ICC Staff Ex. 1.0, Schedule 1.2
 Column (D): Per Staff [Column (B) + Column (C)]

Commonwealth Edison
 Rider EDA - Reconciliation
 Rider EDA-NL - Reconciliation
 For the Period June 1, 2011 through May 31, 2012 (PY-4)

Line No.	Description (A)	Per Company (B)	Staff Adjustment (C)	Per Staff (B+C) (D)
<u>(Over)/Under Recovery from Prior Years</u>				
1	PY-2 Ordered Reconciliation Factor (ORF) [Docket No. 10-0537]	\$ -	\$ (68,624)	\$ (68,624)
2	PY-3 Automatic Reconciliation Factor (ORF) [Docket No. 11-0646]	(5,087,760)	-	(5,087,760)
3	PY-3 ORF [Docket No. 11-0646]	-	(832,678)	(832,678)
4	(Over)/Under Recovery from Prior Periods (Line 1 + Line 2 + Line 3)	<u>\$ (5,087,760)</u>	<u>\$ (901,302)</u>	<u>\$ (5,989,062)</u>
<u>Current Year (Over)/Under Recovery</u>				
5	PY-4 Recoverable EDA Costs	\$ 38,884,433	\$ (61,871)	\$ 38,822,562
6	PY-4 EDA Revenue	40,485,932	-	40,485,932
7	(Over) /Under Recovery for PY-4 (Line 5 - Line 6)	<u>\$ (1,601,499)</u>	<u>\$ (61,871)</u>	<u>\$ (1,663,370)</u>
8	Cumulative (Over)/Under Recovery (Line 4 + Line 7)	<u>\$ (6,689,259)</u>	<u>\$ (963,173)</u>	<u>\$ (7,652,432)</u>
<u>Disposition of Cumulative (Over)/Under Recovery</u>				
9	PY-2 ORF to be (Refunded)/Recovered in Future Filing	\$ -	\$ (68,624)	\$ (68,624)
10	PY-3 ORF to be (Refunded)/Recovered in Future Filing	-	(832,678)	(832,678)
11	PY-4 ARF to be (Refunded)/Recovered in PY-5	(6,689,259)	-	(6,689,259)
12	PY-4 ORF to be (Refunded)/Recovered in Future Filing	-	(61,871)	(61,871)
13	Cumulative (Over)/Under Recovery (Sum of Lines 9 thru 12)	<u>\$ (6,689,259)</u>	<u>\$ (963,173)</u>	<u>\$ (7,652,432)</u>

Sources:

Column (B): ComEd Exhibit 1.0 REV , Page 1 of 6
 Column (C): ICC Staff Ex. 1.0, Schedule 1.2
 Column (D): Per Staff [Column (B) + Column (C)]

Commonwealth Edison
 Rider EDA - Incentive Compensation Costs
 For the Period June 1, 2011 through May 31, 2012 (PY-4)

Line No.	Description (A)	Amount (B)	Sources (C)
1	EE Employee Incentive Compensation to be Removed	\$ (224,887)	ComEd Response to DR ST 2.03
	PY4 Costs Incurred per Company		
2	Residential	\$ 49,602,970	ComEd Exhibit 1.0 REV , Page 1 of 6
3	Small Commercial and Industrial	52,869,921	ComEd Exhibit 1.0 REV , Page 1 of 6
4	Large Commercial and Industrial	38,892,291	ComEd Exhibit 1.0 REV , Page 1 of 6
5	Total	<u>\$ 141,365,182</u>	Sum of Lines 2-4
6	Residential percent of total	35.1%	Line 2 / Line 5
7	Small C&I percent of total	37.4%	Line 3 / Line 5
8	Large C&I percent of total	27.5%	Line 4 / Line 5
9	Disallowance Allocated to EDA-R	\$ (78,910)	Line 1 * Line 6
10	Disallowance Allocated to EDA-NS	(84,107)	Line 1 * Line 7
11	Disallowance Allocated to EDA-NL	(61,871)	Line 1 * Line 8
12	Total Staff Adjustment	<u>\$ (224,887)</u>	Sum of Lines 9-11

ICC Docket No. 12-0509

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

ST 2.01 – 2.07

Date Received: September 24, 2013

Date Served: October 8, 2013

REQUEST NO. ST 2.03:

Please provide details of the incremental costs associated with wages, salaries, and benefits of Company employees included in the calculation of Rider EDA costs. Details should include:

- a) a listing of all incremental positions associated with Rider EDA during PY4, including the following information: title, job description, hire date, and total compensation charged to programs during PY4; and
- b) the amount of incentive compensation, if any, included in the total compensation listed in response to (a).

RESPONSE:

- a) For the period beginning June 1, 2011 and ending May 31, 2012, total compensation for all incremental positions associated with Rider EDA was \$3,799,231.93. The following table lists the incremental positions:

Start Date	Number of Positions	Title	General Job Description
PY1	1	Energy Efficiency Portfolio Manager	Manages the portfolio of energy efficiency programs
PY1	1	Energy Efficiency Segment Manager	Manages the residential sector of energy efficiency programs
PY1 PY2 PY3	1 1 1	Energy Efficiency Marketing Specialist	Provides marketing support for the energy efficiency portfolio
PY4	1	Energy Efficiency Marketing Manager	Manages the marketing of energy efficiency programs
PY3	1	Energy Efficiency Quality Assurance	Provides quality assurance for the energy efficiency portfolio
PY1 PY2 PY4	3 4 3	Energy Efficiency Portfolio Manager	Manages the individual energy efficiency programs
PY1 PY2 PY4	4 2 1	Energy Efficiency Planning and Measurement Analyst	Provides planning, measurement and evaluation support for the energy efficiency portfolio
PY4	1	Energy Efficiency Technical Support	Provides technical support for energy efficiency programs
TOTAL	25		

In addition, based on a conversation with Staff following the service of this request, ComEd understands that Staff also seeks the breakdown of the compensation categories that comprise the total compensation for all incremental positions associated with Rider EDA during Plan Year 4, including the corresponding amounts and percentages. The table below sets forth the requested breakdown:

Compensation Category	Amount	Percent	Cumulative Percent
Salary	\$ 1,658,936.15	43.67%	43.67%
Pension	\$ 583,843.68	15.37%	59.03%
Post Retirement Benefits (2)	\$ 483,123.06	12.72%	71.75%
Fringe Benefits (1)	\$ 481,702.29	12.68%	84.43%
Incentive Compensation	\$ 224,887.02	5.92%	90.35%
Payroll Tax	\$ 207,321.04	5.46%	95.80%
Reimbursed Expenses	\$ 70,842.86	1.86%	97.67%
Employee Education	\$ 37,036.00	0.97%	98.64%
Contractor Costs	\$ 28,777.60	0.76%	99.40%
Employee Supplies/Equipment	\$ 22,762.23	0.60%	100.00%
Subtotal	\$ 3,799,231.93	100.00%	
Labor Allocation to Programs (3)	\$(1,050,000.00)		
Grand Total	\$ 2,749,231.93		

(1) Company expense for active employee benefits such as medical, dental and vision insurance, long-term disability and 401k match.

(2) Company expense for retired employee benefits such as healthcare benefits and stock options.

(3) A portion of the labor cost is allocated directly to the programs to be consistent with the Plan 2 Filing and as requested by ICC Staff.

- b) Please see ComEd's response to subpart (a), above. In light of the Commission's Orders in ICC Docket No. 10-0537 and ICC Docket No. 11-0646, ComEd agrees to voluntarily withdraw the incentive compensation costs at issue in order to narrow the issues in this docket.