ComEd Ex. 13.0

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY	:	
	:	No. 14-0312
Annual formula rate update and revenue	:	
requirement reconciliation under	:	
Section 16-108.5 of the Public Utilities Act	:	

Rebuttal Testimony of

SANDEEP S. MENON

Manager,

Revenue Policy

Commonwealth Edison Company

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I. INTRODUCTION

A. Witness Identification

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

A. My name is Sandeep S. Menon. My business address is Three Lincoln Centre, Oakbrook Terrace, Illinois 60181.

Q. **Are you the same Sandeep S. Menon who submitted revised direct testimony on behalf of ComEd?**

A. Yes.

B. Purpose of Testimony

Q. **What is the purpose of your testimony?**

A. The purpose of my rebuttal testimony is to respond to the direct testimony of Attorney General ("AG") witness David Effron; and Staff of the Illinois Commerce Commission ("Staff") witnesses Theresa Ebrey, Richard Bridal and Phil Hardas.

C. Summary of Conclusions

Q. **What are the primary conclusions in your rebuttal testimony?**

A. In summary, I present ComEd's updated rate base and operating expenses, and in addition I conclude the following:

1. (1) ComEd's 2013 Reconciliation Revenue Requirement based upon actual 2013 costs is $2,251,365,000; (2) ComEd's 2015 Initial Rate Year Revenue Requirement is $2,361,589,000; and (3) ComEd's 2015 Rate Year Net Revenue Requirement, to go into effect in January 2015 is $2,619,210,000.

2. ComEd does not accept Staff witness Ms. Ebrey's proposal to revise the company's reporting of 2013 cumulative EIMA investments.

3. Mr. Effron's recommendations concerning the disallowance of $189,000 of customer advances should be rejected.

4. ComEd accepts Staff witness Ms. Ebrey's adjustments to the original cost calculation with the understanding that the Commission will allow ComEd to seek an original cost finding for the capital investments recovered through Rider EDA, Rider PORCB, and Rider PE in those respective reconciliation proceedings.

5. ComEd does not object to Staff witness Mr. Bridal's recommendation regarding the recovery of collection agency costs related to Rider PORCB with the understanding that the Commission should make a final definitive determination on this issue in the final Order in this docket.

6. ComEd accepts Staff witness Mr. Bridal's recommendation to include specific language pertaining to Rider PE and Rider BESH in the Commission's Order subject to the review of the wages and salaries allocator provided in my testimony.

7. Staff has made several other recommendations pertaining to Accumulated Deferred Income Taxes on Regulatory Assets, merger costs, rate case expenses, credit card charges, and cash working capital that ComEd either believes are appropriate or agrees to in order to limit the issues in this formula rate update proceeding, without waiving any right to object to the same or similar proposals in a future proceeding.

D. <u>Itemized Attachments to Rebuttal Testimony</u>

Q. **What are the attachments to your rebuttal testimony?**

A. The attachments to my rebuttal testimony are:

(1) **ComEd Ex. 13.01** contains the following applicable schedules and appendices of ComEd's revenue requirement formula, populated with data reflecting ComEd's 2015 Rate Year Net Revenue Requirement and its components for charges to become effective with the January 2015 monthly billing period:

- Revenue Requirement Formula Schedule ("Sch") FR A-1, Sch FR A-1 - REC, Sch FR A-2, Sch FR A-3, Sch FR A-4, Sch FR B-1, Sch FR B-2, Sch FR C-1, Sch FR C-2, Sch FR C-3, Sch FR C-4, Sch FR D-1, Sch FR D-2, Appendix ("App") 1, App 2, App 3, App 4, App 5, App 6, App 7, App 8, App 9, App 10, and App 11.

The amounts presented are largely the same as presented in ComEd Ex. 3.01 adjusted for the issues discussed later in my rebuttal testimony

(2) **ComEd Ex. 13.02** contains the workpapers that have been updated from ComEd Ex. 3.02 to support the schedules and appendices in ComEd Ex. 13.01:

- WP1, WP3, WP4, WP5, WP7, WP8, WP11, WP13 and WP19;

(3) **ComEd Ex. 13.03** contains the following "Part 285" schedules that have been updated from ComEd Ex. 3.03 and are required to be submitted in a general rate case under Part 285 to support the revenue requirement calculations associated with Sch FR A-1 – REC:

- Part 285 Schedule As: A-2 RY, A-4 RY, and A-5 RY;
- Part 285 Schedule Bs: B-1 RY, B-2 RY, B-2.7, B-8 RY, B-9, and B-15;
- Part 285 Schedule Cs: C-1 RY, C-2 RY, C-2.2, C-2.4, C-5 RY, C-5.4 RY, C-16, and C-26; and
- Part 285 Schedule Ds: D-1 RY, D-2, and D-3.

(4) **ComEd Ex. 13.04** contains workpapers that have been updated from ComEd Ex. 3.04 to support the Part 285 schedules included in ComEd Ex. 13.03:

- WPB-8 RY, WPC-1a, WPC-1h,WPC-1o and WPC-2.2;

(5) **ComEd Ex. 13.05** contains the following Part 285 schedules that have been updated from ComEd Ex. 3.05 to support the 2015 Rate Year Net Revenue Requirement presented on Sch FR A-1 to the extent that they differ from the Part 285 schedules that support the 2013 Reconciliation Revenue Requirement presented in Sch FR A-1 – REC:

- Part 285 Schedule As: A-1 FY, A-2 FY, A-4 FY, and A-5 FY;
- Part 285 Schedule Bs: B-1 FY, B-2 FY, B-2.4 FY, B-2.5 FY, and B-8 FY;
- Part 285 Schedule Cs: C-1 FY, C-2 FY, C-2.1 FY, C-5 FY, and C-5.4 FY; and
- Part 285 Schedule Ds: D-1 FY

(6) **ComEd Ex. 13.06** contains workpapers that have been updated from ComEd Ex. 3.06 to support the Part 285 schedules included in ComEd Ex. 13.05:

- WPB-2.4 FY, WPB-8 FY, and WPC-2.1 FY;

(7) **ComEd Ex 13.07** contains a detailed bridge of the changes from ComEd's revenue requirement as presented in ComEd Ex. 3.01 to its revenue requirement as presented in ComEd Ex. 13.01.

(8) **ComEd Ex 13.08** includes data request responses referenced in my rebuttal testimony.

(9) **ComEd Ex 13.09** includes exemplar tariff revision to Rate BESH.

(10) **ComEd Ex 13.10** includes exemplar tariff revision to Rider PE.

(11) **ComEd Ex 13.11** includes exemplar tariff revision to Rider PORCB.

(12) **ComEd Ex 13.12** includes the wages and salaries applicable to Rider PE and Rate BESH as calculated by ComEd.

II. DELIVERY SERVICE REVENUE REQUIREMENT

A. 2013 Reconciliation Year Revenue Requirement

Q. **Have you updated ComEd's 2013 Reconciliation Year revenue requirement?**

A. Yes. As shown in ComEd Ex. 13.01, Sch FR A-1 REC, line 23, ComEd's updated 2013 Reconciliation Year revenue requirement is $2,251,365,000. This amount incorporates adjustments, including adjustments to operating expense, rate base and cost of capital, agreed to by ComEd described later in my rebuttal testimony.

B. 2015 Initial Rate Year Revenue Requirement

Q. **Have you updated ComEd's 2015 Initial Rate Year revenue requirement?**

A. Yes. As shown in ComEd Ex. 13.01, Sch FR A-1, line 23, ComEd's updated 2015 Initial Rate Year revenue requirement is $2,361,589,000. This amount incorporates adjustments, including adjustments to operating expense, rate base and cost of capital, agreed to by ComEd described later in my rebuttal testimony.

C. 2015 Net Rate Year Revenue Requirement

Q. **Have you updated ComEd's 2015 Net Rate Year revenue requirement?**

A. Yes. As shown in ComEd Ex. 13.01, Sch FR A-1, line 36, ComEd's updated 2015 Net Rate Year revenue requirement is $2,619,210,000. This amount incorporates adjustments, including adjustments to operating expense, rate base and cost of capital, agreed to by ComEd described later in my rebuttal testimony and is the revenue requirement to go into effect in January, 2015.

III. RATE BASE

A. 2013 Reconciliation Year Rate Base

Q. **Have you updated ComEd's 2013 Reconciliation Year rate base?**

A. Yes. As I describe below, ComEd has made several adjustments to its 2013 Reconciliation Year rate base. After making these adjustments, ComEd's updated 2013 Reconciliation Year rate base is $6,595,626,000. See ComEd Ex. 13.01, Sch FR B-1, line 28.

B. 2015 Initial Rate Year Rate Base

Q. **Have you updated ComEd's 2015 Initial Rate Year rate base?**

A. Yes. The adjustments to the 2013 Reconciliation Year rate base also impacts ComEd's 2015 Initial Rate Year rate base. After making these adjustments, ComEd's 2015 Initial Rate Year rate base is $7,368,745,000. See ComEd Ex. 13.01, Sch FR B-1, line 36.

C. 2013 Plant in Service

Q. **Does Staff witness Ms. Ebrey propose any revisions to 2013 plant additions?**

A. Yes. Ms. Ebrey recommends that ComEd provide an update to ComEd Ex. 5.01 to reflect certain reclassifications of 2013 plant additions between EIMA and non-EIMA investments. (–Ebrey Dir., Staff Ex. 1.0, 32:664-72).

Q. **Has ComEd identified any 2013 plant addition that warrants further elaboration with respect to this recommendation?**

A. Yes, through the discovery process ComEd identified an amount of approximately $200,000 that was recorded on ComEd's books in 2013. The amount was related to network interface cards (NIC's) which are a component of AMI meters. The NIC cards

were unable to be utilized within the newly designed General Electric meters. In May 2014, General Electric issued a credit to ComEd for the full amount of the purchase including supply costs. This credit was recorded on ComEd's books in June 2014.

Q. **Did ComEd make any other adjustments regarding the above mentioned credit?**

A. No. The June 2014 credit reverses the impacts of the original purchase and therefore no further accounting adjustment was made.

Q. **Does the above mentioned credit have an impact to the revenue requirement in the current proceeding?**

A. No. The revenue requirement in the current proceeding is based on 2013 actual plant additions as shown in ComEd's 2013 FERC Form 1.

Q. **Will the above mentioned credit be reflected in the 2015 Distribution Formula Rate Update (FRU) filing?**

A. Yes. The credit recorded in June 2014 will be reflected in ComEd's 2015 Distribution FRU filing as a reduction to 2014 rate base.

Q. **Does the purchase and subsequent credit of this asset impact EIMA reliability investment reporting as shown on ComEd Ex. 5.01?**

A. No. The project that this purchase was originally recorded to in 2013 was appropriately excluded in the reporting as shown on ComEd Ex. 5.01 and therefore no update to this exhibit is required.

D. <u>Customer Advances for Construction</u>

Q. **Staff Witness Ms. Ebrey (Ebrey Dir., Staff Ex. 1.0, 38: 808-15) and AG witness Mr. Effron (Effron Dir., AG Ex. 2.0, 4:70-77) discuss an adjustment to customer advances that the Company agreed to correct in its rebuttal testimony. Does ComEd agree with this adjustment?**

A. Yes. ComEd agrees that the adjustment to the balance of customer advances (the adjustment had the effect of increasing rate base), as shown on ComEd Ex. 3.01, App 1, Line 25, was overstated by $6,983,000, primarily due to the inadvertent inclusion of two material deposits. ComEd has reflected this adjustment on ComEd Ex. 13.02, WP 11, page 1.

Q. **AG witness Mr. Effron also recommends that an additional $189,000 of customer advances should be deducted from rate base. Do you agree with Mr. Effron's adjustment?**

A. No. The $189,000 is made up of two categories of customer deposits. $49,000 represents the jurisdictional portion of a deposit for a project which is included in ComEd's 2014 projected plant additions. The amount included in projected plant additions is already reduced to reflect the application of the deposit amount as a reduction to rate base. To deduct this amount again, as Mr. Effron suggests, would be reducing rate base twice for this deposit.

The second category of deposits, the remaining $140,000, represents deposits for fully reimbursable projects classified as non-utility. It would be inappropriate to reduce rate base for such deposits because the underlying projects are not included in delivery service rate base. The expenses incurred for this work are recorded below the line, and

the deposit amount is recorded as non–utility revenue as work on the project is accomplished.

E. <u>Accumulated Deferred Income Taxes (ADIT) on Regulatory Asset</u>

Q. **Staff Witness Ms. Ebrey (Ebrey Dir., Staff Ex. 1.0, 38:818 – 39:828) discusses an adjustment to ADIT associated with the distribution formula rate reconciliation that the Company agreed to correct in its rebuttal testimony. Does ComEd agree with this adjustment?**

A. Yes. ComEd agrees that $12,375,000 was inadvertently included in the ADIT balance associated with the distribution formula rate reconciliation and should have been broken out as a separate line item on WP4 as: "Regulatory (Asset)/Liab: Distribution – Merger Costs" consistent with prior cases. ComEd has reflected this adjustment on ComEd Ex. 13.02, WP 4, page 3.

F. <u>Original Cost Finding</u>

Q. **In your direct testimony, you advocated that the Commission make an Original Cost Determination of $16,299,131,000. Have any other parties suggested a different amount?**

A. Yes. In her direct testimony, Staff witness Ms. Ebrey has recommended an original cost determination of $16,275,590,000 (Ebrey Dir., Staff Ex. 1.0, 39:830 – 41:862), a reduction of $23,541,000 from the amount I presented in my direct testimony.

Q. **What are the components of the proposed $23,541,000 reduction?**

A. The difference represents the removal from the original cost determination of certain capital costs recovered through Rider EDA, Rider PORCB and Rider PE. These costs are

not included in ComEd's delivery service rate base. We accept the language proposed by Ms. Ebrey, (Ebrey Dir., Staff Ex. 1.0, 40:856-41:862), for insertion into the Commission's Order in this proceeding.

Q. **Does Ms. Ebrey suggest that these costs are unreasonable or imprudent?**

A. No. She is simply identifying costs that are recovered through a mechanism apart from delivery services charges and recommending that they be removed from the consideration of an Original Cost Determination in this proceeding.

Q. **Does ComEd agree with the original cost determination of $16,275,590 proposed by Staff witness Ms. Ebrey?**

A. Yes, however with certain considerations. While ComEd agrees that recovery of these costs occurs outside of delivery service charges and are not included in ComEd's delivery service rate base, historically, they have been included in the original cost findings in delivery service dockets (the amount of $23,541,000 was included in the original cost findings in ICC Docket 12-0321 and ICC Docket 13-0318). The reason for including such assets in prior original cost findings is due to the simplicity of keeping the original cost finding review all in one docket and not bifurcating into multiple other dockets. If Staff's adjustment is accepted in the original cost finding in this case, ComEd requests that the Commission find in its Order that an original cost finding will be made in future non-FRU dockets where plant assets apply. This will result in multiple original cost findings as opposed to one for assets that come under the jurisdiction of the ICC.

G. <u>Other Rate Base Adjustments</u>

Q. **Has ComEd made any additional changes to rate base in rebuttal?**

A. Yes. In the response to Staff data request TEE 4.06 (See ComEd Ex. 13.08, page 1), ComEd indicated that a correction was necessary to ComEd Ex. 3.03, Schedule B-2.7 for ADIT related to Supply Administration Intangible Assets resulting in an increase to rate base of $34,000. ComEd has reflected this adjustment on ComEd Ex. 13.02, WP 4, page 4.

IV. OPERATING EXPENSES

A. Collection Agency Costs

Q. **In your direct testimony, you proposed that ComEd recover the portion of its collection agency costs related to providing PORCB service ($505,000) through its delivery service charges. Have any parties proposed an alternative recovery mechanism?**

A. Yes. In his direct testimony, Staff witness Mr. Bridal advocates that the PORCB related collection agency costs be recovered through Rider PORCB rather than through delivery service charges. (Bridal Dir., Staff Ex. 2.0, 10:223 – 12:255).

Q. **Does Mr. Bridal or any other party challenge the prudence or reasonableness of the collection agency costs?**

A. No. Neither Mr. Bridal, nor any other party suggested that these costs are either imprudent or unreasonable.

Q. **How does Mr. Bridal support this position?**

A. In his direct testimony, Mr. Bridal states that collection agency costs associated with PORCB are an administrative cost associated with PORCB service and that this cost would not be incurred if not for ComEd's provision of PORCB service. Therefore Mr.

Bridal proposes that all costs associated with the provision of PORCB service be recovered through Rider PORCB rather than delivery service rates. (Bridal Dir., Staff Ex. 2.0, 10:225 – 11:236).

Q. **Do you agree with Mr. Bridal that the Collection Agency Costs associated with providing PORCB service be recovered through Rider PORCB rather than delivery service charges?**

A. Given that these costs are not currently identified in Rider PORCB, I will leave it to the Commission to decide where these costs should be recovered. ComEd will not object to Mr. Bridal's proposal to recover these costs through Rider PORCB, if the Commission approves that means.

Q. **Mr. Bridal also recommends that the Collection Agency costs related to ComEd supply service ($647,000) be recovered through Rider PE (Id. at 12:256-63). Do you agree?**

A. Yes.[1]

Q. **Mr. Bridal recommends that the Commission make an affirmative finding in this docket regarding the appropriate recovery mechanisms for collection agency costs related to PORCB service and ComEd supply service. (Id. at 12:264-72). Do you support Mr. Bridal's recommendation?**

A. Yes. In order to avoid these costs being "trapped" between delivery service, Rider PE and Rider PORCB, ComEd supports Mr. Bridal's recommendation that the Commission

[1] While my direct testimony discussed how these costs should be recovered through Rider PE, the actual recovery, upon Commission approval, will occur through Rider PE and Rate BESH, as discussed further, below.

make an affirmative finding regarding where each of these costs are appropriately recovered.

Q. **Has ComEd adjusted its revenue requirement in rebuttal to reflect Mr. Bridal's recommendation to recover collection agency costs related to PORCB service and ComEd Supply service through their respective Riders?**

A. No. ComEd will adjust the revenue requirement if the Commission makes an affirmative finding in this docket regarding the appropriate recovery mechanism for collection agency costs related to PORCB service and ComEd supply service.

Q. **Lastly, Mr. Bridal states "Further, I recommend that in its rebuttal testimony in this proceeding ComEd should set forth the necessary tariff language changes to Rider PORCB, if any, required to effectuate the recovery of collection agency costs through Rider PORCB. (Id. at 13:273-76). Have you provided a draft revised version of Rider PORCB which incorporates the necessary tariff language changes?**

A. Yes. See ComEd Ex. 13.11.

Q. **Are any other tariff changes necessary to incorporate Mr. Bridal's recommendations?**

A. Yes. ComEd and Mr. Bridal are in agreement that the collection agency costs associated with ComEd supply should be recovered through Rider PE, although it should be noted that some ComEd supply related collection agency costs are related to customers taking hourly service and this portion of the costs should be recovered through Rate BESH. In order to effectuate this change, ComEd believes that revisions to Rider PE and Rate BESH are also necessary. These changes are shown in red-line format in ComEd Ex.

13.09 and ComEd Ex. 13.10. ComEd requests that these changes be approved by the Commission in this proceeding.

Q. **Are there any other issues that will be addressed regarding this issue?**

A. Yes. Mr. Donovan (ComEd Ex. 16.0) discusses in more detail why these collection agency fees are distinct from other "customer care" costs and are appropriately included in Rider PE, Rate BESH, and Rider PORCB.

B. <u>Merger Costs</u>

Q. **Staff witness Ms. Ebrey recommends specific adjustments (–Ebrey Dir., Staff Ex. 1.0, 37:793 – 38:805) to reflect merger costs adjustments agreed to in ICC Docket No. 13-0318. What is your position on these adjustments?**

A. ComEd agrees that Staff's adjustment from ICC Docket No. 13-0318 should continue to be reflected for 2013 Merger Costs. This adjustment includes a reduction to the merger related regulatory asset, along with the related amortization expense impact for 2012 and 2013. The adjustment to the regulatory asset has been reflected at ComEd Ex. 13.02, WP5, page 1, the adjustment to the 2013 merger related amortization expense has been reflected at ComEd Ex. 13.02, WP8, page 1, and the adjustment to the 2012 merger related amortization expense has been reflected at ComEd Ex. 13.02, WP7, page 15.

C. <u>Rate Case Expense</u>

Q. **Staff witness Mr. Bridal recommends disallowance of certain Company-identified invoice line items for external legal services (–Bridal Dir., Staff Ex. 2.0, 3:67 – 4:73) related to non-rate case matters. What is your position on these adjustments?**

A. As explained in Ms. O'Brien's Affidavit (ComEd Ex. 2.07), ComEd identified a few billing entries that were not related to rate case expenses incurred in 2013. As stated in Ms. Brinkman's direct testimony (Brinkman Dir., ComEd Ex. 2.0, 46:963-67), ComEd agrees to not seek recovery of these expenses totaling $6,042 in this Docket and has reflected these adjustments on ComEd Ex. 13.02, WP5, page 1 and ComEd Ex. 13.02, WP7, pages 8 and 15.

Q. **Mr. Bridal proposes further disallowances related to rate case expense invoice line items which were completely redacted within the provided supporting documentation and charges for attorney and witness meals. What is your position on these adjustments?**

A. In order to limit the issues in this proceeding, ComEd is no longer seeking recovery of $12,002 related to invoice line items which were completely redacted as well as $904 of miscellaneous charges for attorney and witness meals. ComEd has reflected these adjustments on ComEd Ex. 13.02, WP7, page 8. Mr. Bridal's adjustment is overstated by $98, a result of including a redacted line item identified in ComEd Ex. 2.07 APO 11 on Staff Ex. 2.0, Sch. 2.01, Page 5 of 5, line 8.

D. <u>Credit Card Charges</u>

Q. **Staff witness Mr. Bridal recommends adjustments to Company credit card charges (Bridal Dir., Staff Ex. 2.0, 7:137 – 9:208). What is your position on these adjustments?**

A. In order to limit the issues in this proceeding, and without waiving any right to object to the same or a similar proposal in a future proceeding, ComEd has voluntarily excluded certain credit card charges from the revenue requirement in this proceeding as stated in

ComEd's response to Staff data requests RWB 1.01-1.02, RWB 6.01-6.02 and RWB 10.01-10.02. See Mr. Siambekos rebuttal testimony (ComEd Ex. 22.0) for further detail about credit card charges. ComEd has reflected the voluntary adjustments to credit card charges on ComEd Ex. 13.02, WP7, page 19.

V. OTHER ISSUES

A. Cash Working Capital

Q. **Staff witness Ms. Ebrey recommends specific adjustments (Ebrey Dir., Staff Ex. 1.0, 29:617 – 30:625) to the Payroll and Withholding expense lead days. What is your position on these adjustments?**

A. ComEd agrees to adjust certain Payroll and Withholding expense lead days as stated in ComEd's response to Staff data request TEE 5.04. These adjustments have been reflected on ComEd Ex. 13.02, WP3, pages 1a and 1b.

B. Cost of Long-term Debt

Q. **Does ComEd have any changes to Part 285 Schedule D-3?**

A. No. However, as identified by Staff witness Mr. Hardas in his direct testimony (Hardas Dir., Staff Ex. 3.0, 2:31), ComEd has included an adjustment of $6,000 in the annualized amortization of debt expense, related to a debt issuance cost for Series 113 bonds.

Q. **Please further explain this adjustment for $6,000.**

A. In 2012, an accrual of $6,000 was recorded on ComEd's books for estimated miscellaneous costs related to Series 113 bonds. In 2013, this accrual was identified as not necessary and as a result, the amount was reversed, leaving no net impact between the two years.

Q. **Has ComEd adjusted its cost of debt schedule D-3 as a result of identifying this issue?**

A. Yes. Since this $6,000 adjustment represents the reversal of a recorded expense and not amortization, ComEd has adjusted the Part 285 Schedule (ComEd Ex. 13.03, Sch. D-3, page 1) and the workpaper supporting the formula (ComEd Ex. 13.02, WP 13, page 1) reducing the amortization expense for Series 113 bonds from $122,510 down to $116,510. Reducing the annualized amortization by $6,000 has no impact on the cost of debt or the revenue requirement as stated in Mr. Hardas' (Hardas Dir., Staff Ex. 3.0, 3:42-45) testimony. This is a one-time adjustment and will have no effect on future years.

C. <u>W&S Allocator for Rider PE and Rider BESH</u>

Q. **Has the ICC Staff made any recommendations in their direct testimony concerning the wages and salaries allocator that should be used in determination of rates under Rider PE and Rate BESH?**

Yes. In his direct testimony, Staff witness Mr. Bridal recommends the following language (Bridal Dir., Staff Ex. 2.0, 14:318 – 15:325) be included in the Order subject to the explanation and review of the calculated percentage: "*The Commission finds that the wages and salaries allocator applicable to supply of 0.XX%, as calculated in this proceeding, should be used to develop charges determined and filed with the Commission under Rider PE and Rate BESH to be effective with the January 2015 monthly billing period. Subsequent calculations of the wages and salaries allocator applicable to supply made in subsequent ComEd Formula Rate Update proceedings must be applied in the corresponding subsequent determination and filing of charges under Rider PE and Rate BESH.*"

Q. **Has ComEd provided a supporting calculation of the wages and salaries allocator applicable to Rider PE and Rate BESH for the ICC Staff to review and include in the above recommended language?**

A. Yes. The wages and salaries applicable to Rider PE and Rate BESH as calculated by ComEd is 0.44% and the supporting calculation is provided in ComEd Ex. 13.12.

Q. **Does ComEd agree with the above recommended language to be included by the Commission in the Order?**

A. Yes. ComEd agrees with inclusion of the recommended language in the Order subject to updating the wages and salaries allocator of 0.44%.

D. Other Operating Expense Adjustments

Q. **Has ComEd made any additional changes to any formula rate inputs as a result of the discovery process?**

A. Yes. In ComEd's response to Staff data request TEE 8.03 (See ComEd Ex. 13.08, page 3), it was identified that in ComEd Ex. 3.01, App 8, Column (C), Line 29, an incorrect amount was entered into the formula rate that impacts the forecasted depreciation expense calculation. In ComEd Ex. 13.01, this amount has been updated to agree with ComEd's 2013 FERC Form 1. This adjustment reduces the net revenue requirement by $16,000.

E. Conclusion

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

A. Yes.