

REBUTTAL TESTIMONY

of

Theresa Ebrey  
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. 14-0312

August 13, 2014

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1 **Witness Identification**

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

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

5 **Q. Are you the same Theresa Ebrey who previously provided direct**  
6 **testimony in this proceeding?**

7 A. Yes. I provided direct testimony in this case as ICC Staff Exhibit 1.0,  
8 which was filed on July 1, 2014.

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

10 A. I present the Staff of the Illinois Commerce Commission's ("Staff") rebuttal  
11 Revenue Requirement schedules for Commonwealth Edison Company  
12 ("ComEd" or "Company"). These schedules begin with the revenue  
13 requirement presented by the Company in its rebuttal testimony and  
14 incorporate Staff's adjustments thereto.

15 I also present testimony to:

16 1. Discuss my adjustments to the Statement of Operating Income  
17 and Rate Base concerning Cash Working Capital and the  
18 appropriate depreciation rate;

- 19                   2. Address adjustments for the Reconciliation Computation and  
20                   Return on Equity Computation;
- 21                   3. Discuss my recommendation for the Original Cost  
22                   Determination;
- 23                   4. Make a recommendation concerning participating utility  
24                   commitments and obligations under Section 16-108.5(b) of the  
25                   Public Utilities Act (“Act”); and
- 26                   5. Discuss my recommendation concerning ComEd’s General  
27                   Services Agreement.

28 **Q. Which of your adjustments from direct testimony has ComEd**  
29 **accepted?**

30 A. ComEd accepted in whole my adjustments for (1) 2013 Merger Costs,  
31 Schedule 1.12 (ComEd Ex.13.0, p. 2, lines 37 – 41); (2) Customer  
32 Advances, Schedule 1.13 (*Id.*, p. 8, lines 156 – 164); and (3) Accumulated  
33 Deferred Income Taxes (“ADIT”) on Regulatory Assets, Schedule 1.14  
34 (*Id.*, p. 2, lines 37 – 41) in the rebuttal testimony of ComEd witness  
35 Menon. In addition, the Company has accepted in part (1) my adjustment  
36 related to Cash Working Capital (*Id.*) and (2) my proposal for an original  
37 cost finding (*Id.*, lines 26-29), which will be discussed further in this  
38 testimony.

39 **Schedule Identification**

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

42 **A. Yes. I am sponsoring the following schedules, which show data for 2013:**

43 **Revenue Requirement Schedules**

- 44 Schedule 7.01 Statement of Operating Income with Adjustments
- 45 Schedule 7.02 Adjustments to Operating Income
- 46 Schedule 7.03 Rate Base
- 47 Schedule 7.04 Adjustments to Rate Base
- 48 Schedule 7.05 Revenue Effect of Adjustments
- 49 Schedule 7.06 Interest Synchronization Adjustment
- 50 Schedule 7.07 Gross Revenue Conversion Factor

51 **Adjustment Schedules**

- 52 Schedule 7.08FY Reconciliation Computation (Filing Year Only)
- 53 Schedule 7.09FY Return on Equity Collar Computation (Filing Year  
54 Only)
- 55 Schedule 7.10 Cash Working Capital
- 56 Schedule 7.11FY Adjustment for Depreciation Rate
- 57 Schedule 7.12 Original Cost Plant in Service

58 **Revenue Requirement Schedules**

59 **Q. Please describe Schedule 7.01, Statement of Operating Income with**  
60 **Adjustments.**

61 A. Schedule 7.01 is the same as ICC Staff Exhibit 1.0, Schedule 1.01,  
62 described on page 4 of ICC Staff Exhibit 1.0, except that it incorporates  
63 Company and Staff rebuttal testimony positions.

64 **Q. Please describe Schedule 7.02, Adjustments to Operating Income.**

65 A. Schedule 7.02 identifies Staff's adjustments to Operating Income. The  
66 source of each adjustment is shown in the heading of each column. The  
67 last column is carried forward to Schedule 7.01, column (c).

68 **Q. Please describe Schedule 7.03, Rate Base.**

69 A. Schedule 7.03 is the same as ICC Staff Exhibit 1.0, Schedule 1.03  
70 described on page 5 of ICC Staff Exhibit 1.0, except that it incorporates  
71 Company and Staff rebuttal testimony positions.

72 **Q. Please describe Schedule 7.04, Adjustments to Rate Base.**

73 A. Schedule 7.04 identifies Staff's adjustments to Rate Base. The source of  
74 each adjustment is shown in the heading of each column. The last  
75 column is carried forward to Schedule 7.03, column (c).

76 **Revenue Effect of Adjustments**

77 **Q. Please describe Schedule 7.05, Revenue Effect of Adjustments.**

78 A. Schedule 7.05 uses the same concept as ICC Staff Exhibit 1.0, Schedule  
79 1.05. The theory is discussed on ICC Staff Exhibit 1.0, page 6.

80 **Interest Synchronization**

81 **Q. Please describe Schedule 7.06, Interest Synchronization Adjustment.**

82 A. Schedule 7.06 uses the same concept as ICC Staff Exhibit 1.0, Schedule  
83 1.06. The theory is discussed on ICC Staff Exhibit 1.0, page 6.

84 **Gross Revenue Conversion Factor**

85 **Q. Please describe Schedule 7.07, Gross Revenue Conversion Factor.**

86 A. Schedule 7.07 uses the same concept as ICC Staff Exhibit 1.0, Schedule  
87 1.07. The theory is discussed on ICC Staff Exhibit 1.0, page 7.

88 **Reconciliation Computation (Filing Year Only)**

89 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.08 FY,  
90 Reconciliation Computation.**

91 A. Schedule 7.08 FY uses the same concept as ICC Staff Exhibit 1.0,  
92 Schedule 1.08 FY. The theory is discussed on ICC Staff Exhibit 1.0,  
93 pages 7-8.

94 **Return on Equity (ROE) Collar Computation (Filing Year Only)**

95 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.09, Return on  
96 Equity Collar Computation.**

97 A. Schedule 7.09 FY uses the same concept as ICC Staff Exhibit 1.0,  
98 Schedule 1.09 FY. The theory is discussed on ICC Staff Exhibit 1.0,  
99 pages 9-10. The Company did not take issue with the mechanics of the  
100 computation although not all adjustments to the inputs, addressed  
101 individually throughout Staff testimony, were accepted by the Company. It  
102 is my belief that Staff and the Company agree that the final inputs will  
103 reflect the Commission conclusions on all issues.

104 **Cash Working Capital**

105 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.10, Cash Working**  
106 **Capital (“CWC”) Adjustment.**

107 A. Schedule 7.10 updates my position on CWC as reflected on ICC Staff  
108 Exhibit 1.0, Schedule 1.10. My position on CWC has been updated to  
109 reflect the Company rebuttal position that agreed with my adjustment for  
110 certain payroll and withholding expense lead days and the related  
111 changes to the FICA tax lead and the employee benefits – other lead  
112 (ComEd Ex. 14.0, p. 2, lines 31 – 33).

113 My rebuttal CWC adjustment also corrects a formula error contained  
114 within my direct schedules noted by Company witness Mr. Hengtgen  
115 (ComEd Ex. 14.0, p. 18, lines 378 – 390.). The correction equalizes the  
116 overall level of receipts and outlays, so that the total receipts equal the  
117 total cash outlays.

118 **Q. Which parts of your CWC calculation did the Company not accept?**

119 A. The Company did not accept the following proposals presented in my  
120 direct testimony:

- 121 1) Application of my proposal for payment leads for pension and other  
122 post employment benefits (“OPEB”) expenses;  
123 2) Removal of certain service leads for pass-through tax revenues;  
124 3) Reflection of payment due dates for pass-through taxes rather than  
125 actual payment dates; and  
126 4) Adjustment of due dates for Inter-Company billings.

127 **A. Pension and OPEB Expense Lead**

128 **Q. How did the Company respond to your proposal regarding Pension  
129 and OPEB Expense Lead for CWC?**

130 A. Company witness Houtsma responds that the accounting accruals for  
131 pensions and OPEB expense cannot be assumed to be available to  
132 finance both the pension asset and rate base as well as the CWC  
133 requirement. She stated:

134 Although the \$153.5 million accounting accruals for pension and  
135 OPEB expense do provide a positive source of cash flow to  
136 ComEd, they cannot properly be assumed to be available to  
137 finance both the pension asset and rate base as well as the CWC  
138 requirement as Ms. Ebrey’s proposal would do. (ComEd Ex. 15.0,  
139 p. 4, lines 66 – 70)

140 **Q. Do you find merit in Ms. Houtsma’s response?**

141 A. While it is encouraging that Ms. Houtsma recognizes that there is a  
142 positive source of cash associated with the recovery of pension and OPEB  
143 expense in the operating revenues, she does not recognize that the use of  
144 cash for pension and OPEB costs is *not* included in the Company's CWC  
145 requirement.

146 The Company's total operating revenues (source of cash) includes a  
147 component for both the pension asset cost funding amount as well as the  
148 pension and OPEB expense since both are included in the Company's  
149 operating statement. However, the Company reduces the total operating  
150 revenues on ComEd Ex 3.02 WP3 for only the pension asset cost funding  
151 when deriving the total revenues for the CWC calculation and does not  
152 make a reduction for the pension and OPEB expense. Therefore, the  
153 source of cash in the CWC calculation includes pension and OPEB  
154 expense, yet according to the Company, the cash outlays or uses of cash  
155 for the CWC calculation should not reflect the pension and OPEB  
156 expense. Thus, the CWC calculated by the Company is overstated since  
157 it includes a component for the cash inflows (revenues) but not the cash  
158 outflows (expenses) associated with the pension and OPEB expense. My  
159 CWC calculation for pension and OPEB expense is more reasonable  
160 since it does provide a matching of cash inflows and cash outflows related  
161 to pension and OPEB expense.

162 **B. Pass-Through Taxes Revenue Lags**

163 **Q. How did the Company respond to your proposal regarding pass-**  
164 **through tax revenue lags for CWC?**

165 A. The Company indicated that it would be willing to eliminate the service *lag*  
166 of 15.21 days from the source of cash for the pass-through taxes at issue,  
167 if, and only if, the service *lead* is also eliminated from the use of cash for  
168 those taxes, consistent with the order in Docket No. 10-0467. (ComEd Ex.  
169 14.0, p. 7, lines 145 – 149.)

170 **Q. What is your response?**

171 A. Based on information in the record in Docket No. 10-0467, I am able to  
172 confirm that the service lag was eliminated for revenues but I am unable to  
173 find anything in the record that provides information on how the service  
174 lead was handled for the use of cash for those pass-through taxes.

175 However, there is specific testimony in Docket No. 11-0721 discussing the  
176 same position I am taking in this case with regards to the service lags and  
177 leads for the pass-through taxes (Docket No. 11-0721, Staff Ex. 3.0, pp. 6  
178 – 8 and Staff Ex. 15.0, p. 6), which the Commission ultimately approved.<sup>1</sup>

179 The Company has not offered any compelling argument in this case as to  
180 why the Commission should make a decision different than the one made  
181 three years ago based on record information. Since the Commission

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<sup>1</sup> The May 29, 2012 Order in Docket No. 11-0721 specifically concluded “The Commission also agrees with Staff’s use of 36.04 lag days for the pass-through taxes Illinois Excise Taxes and City of Chicago Infrastructure Maintenance Fees rather than the 51.25 days used by the Company.” (Order, Docket No. 11-0721, May 29, 2012, p. 46.)

182 specifically accepted the position I am proposing in this case in Docket  
183 No. 11-0721, that decision should bear more weight than the Company's  
184 characterization of the Order in Docket No. 10-0467 when the order itself  
185 is silent on this issue. Thus, I am not agreeable to eliminating the service  
186 *lag* of 15.21 days from the source of cash for the pass-through taxes at  
187 issue while also eliminating the service *lead* from the use of cash for those  
188 taxes. The Company's alternate proposal should be rejected.

189 **C. Pass-Through Taxes Expense Lead**

190 **Q. How did the Company respond to your proposal regarding pass-**  
191 **through taxes expense lead for CWC?**

192 A. The Company explained how payments made through Automatic Clearing  
193 House ("ACH") transactions occur. In addition, the Company claimed that  
194 because "ComEd was not asked about penalties or interest provisions . . .  
195 there was no reason to provide such information". (ComEd Ex. 14.0, p. 8-  
196 11, lines 169 – 227.) Finally, the Company offered explanations of how  
197 penalties and interest would be calculated on late payments for the taxes,  
198 indicating that is "plenty of support" for ComEd's position for using actual  
199 payment dates for the pass-through taxes rather than the payment due  
200 dates. (*Id.*)

201 **Q. How do you respond?**

202 A. I do not take issue with the explanations provided by Company witness  
203 Hengtgen regarding the processes for ACH transactions and penalty and  
204 interest calculations. However, Mr. Hengtgen never provided any  
205 evidence that such problems occur for ComEd with any payments that the  
206 Company remits.

207 In fact, a number of other payments that are made via electronic means<sup>2</sup>  
208 are not remitted “early” simply because “failure” might occur. Moreover,  
209 the Energy Assistance Charges/Renewable Energy Charges (“EAC/REC”)  
210 pass-through taxes as well as “Other Taxes” shown on ComEd Ex. 4.02,  
211 pp. 36 – 39 are all calculated based on payment due dates rather than  
212 actual payment dates. The Company has offered no explanation for the  
213 disparate treatment of payment lead measurement for pass-through taxes  
214 paid via the same electronic process.

215 **D. Inter-Company Billings Expense Lead**

216 **Q. How did the Company respond to your proposal regarding inter-**  
217 **Company billings expense lead for CWC?**

218 A. The Company responded that since its calculated lead is based on actual  
219 billing amounts and payment dates, then the inter-Company billing  
220 expense lead reflects the “actual cash working capital requirement of  
221 ComEd.” (ComEd Ex. 14.0, p. 14, lines 306 – 308) Mr. Hengtgen then

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<sup>2</sup> Among remittances that are made via electronic means and thus have zero bank float are: Payroll withholdings, Employee Benefits, Intercompany billings, property leases, Federal and State Income Taxes, Federal and State Unemployment Taxes, Electric Distribution Tax, State Franchise Tax,

222 explained why he disagrees with my understanding of statements from his  
223 testimony and other documentation provided in support of the Company's  
224 position on this issue. (*Id.*)

225 **Q. What is your response?**

226 A. The Company never directly addressed the main point of my adjustment –  
227 that the Company provides preferential treatment to its affiliates through  
228 the timing of payments to its service company (Staff Ex. 1.0, p. 26, lines  
229 534 – 541). The Company has offered no compelling reason for the  
230 Commission to depart from its decision in the last two cases where the  
231 same issue was considered and decided consistent with my position in  
232 this case. (*Id.*, pp. 27 – 29, lines 569 – 614) Thus, the Company's rebuttal  
233 testimony has not caused me to change my position that intercompany  
234 billing lags should be set at 45.21 days.

235 **Depreciation for the Filing Year Revenue Requirement**

236 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.11FY, Adjustment**  
237 **for Filing Year Depreciation Costs.**

238 A. Schedule 7.11 presents my adjustment to reflect the incremental amount  
239 of depreciation expense and related changes to rate base components in  
240 the filing year revenue requirement due to the utilization of depreciation  
241 rates that became effective January 2014. This schedule is the same  
242 format as Schedule 1.11 attached to my direct testimony, but has been

243 updated for certain information taken from the Company's rebuttal  
244 testimony and exhibits.

245 **Q. What was the Company's response to your adjustment?**

246 A. Company witness Brinkman argued that my adjustment should not be  
247 approved by the Commission because, in the Company's opinion, the  
248 adjustment would "violate the approved rate formula," is "inconsistent with  
249 a prior Staff position", and is "unnecessary." (ComEd Ex. 12.0 REV, p. 13,  
250 lines 225-268.) Ms. Brinkman, however, does not respond to my  
251 testimony regarding a prior Commission order addressing this very same  
252 issue. (Staff Ex. 1.0, pp. 35-36, lines 723 – 773.) I address each of her  
253 criticisms directly below.

254 **A. Approved Rate Formula**

255 **Q. Do you agree that your adjustment violates the approved rate**  
256 **formula?**

257 A. No. The issue of what is, or is not, the "approved rate formula" that cannot  
258 be changed within a formula rate proceeding but instead in a Section 9-  
259 201 proceeding is currently under consideration in Docket No. 14-0316, a  
260 proceeding initiated by ComEd for Commission approval for housekeeping  
261 revisions and a compliance change to the rate formula. While Ms.  
262 Brinkman claims that changes must be made to Schedules FR A-1 and

263 FR C-2 (ComEd Ex. 12.03) as well as Rate DSPP (ComEd Ex. 12.04) to  
264 accommodate my adjustment, these are matters that Staff anticipates will  
265 be addressed in Phase 2 of Docket No. 14-0316 as to whether changes  
266 on Schedules other than FR A-1 and FR A-1 REC can be made within a  
267 formula rate proceeding.

268 **Q. What is your opinion regarding changes that can be made to certain**  
269 **schedules included in the Company's formula rate filing?**

270 A. Section 16-108.5(c) of the Act provides that “[s]ubsequent changes to the  
271 performance-based formula rate *structure or protocols* shall be made as  
272 set forth in Section 9-201 of this Act.” 220 ILCS 5/16-108.5(c) (emphasis  
273 added). While I am not an attorney, I understand this to refer to changes  
274 in the structure of the formula rate or the protocols established by Section  
275 16-108.5(c) of the Act.

276 I understand ComEd's formula rate structure approved by the Commission  
277 to be set forth in the Rate DSPP tariff as Tariff Sheet Nos. 417 – 437 that  
278 were approved by the Commission in Docket No. 11-0721 and later  
279 revised in Docket No. 13-0386, the filing implementing the requirements of  
280 SB-9 (P.A. 98-0015). Only two schedules are included within those tariff  
281 sheets, Schedule FR A-1 (Net Revenue Requirement Computation on  
282 Sheet Nos. 423 - 424) and Schedule FR A-1 REC (Revenue Requirement  
283 Reconciliation Computation on Sheet No. 425). Additional schedules,

284 appendices and workpapers are listed by number and name on Sheet  
285 Nos. 426 and 427, but no specific information regarding what is to be  
286 included on those ancillary documents is presented in the Rate DSPP  
287 tariff, outside of titles for those documents.

288 **Q. What is the Company's view of the formula rate structure and**  
289 **protocols?**

290 A. In addition to Schedules FR A-1 and FR A-1 REC, the Company considers  
291 the rate formula and protocols to consist of all schedules, appendices, and  
292 workpapers *referenced* in the formula rate tariff (i.e., Schedule FR A-3  
293 through Schedule FR D-2, the appendices, App 1 through App11, and  
294 workpapers. WP 1 through WP 26.). (Docket No. 14-0316, ComEd Brief  
295 on Exceptions, p. 6, fn. 5.)

296 **Q. Has the Commission previously provided an opinion regarding a**  
297 **formula rate template?**

298 A. Yes, in Docket No. 12-0321 the Commission concluded:

299 It is not clear to the Commission what ComEd means by, "...the  
300 formula rate template should also be used in the Commission's final  
301 Order to ensure that the calculations are aligned." (ComEd Reply  
302 Brief at 42). *A template is merely a guideline*, not a fully realized  
303 creation. If ComEd means that Staff should consult the template as  
304 it prepares the final Order and its attached schedules, that is  
305 reasonable. The Commission understands that ComEd will include  
306 the formula rate schedules FR A-1 and FR A-1REC (and others) as  
307 part of the workpapers for its compliance filing. It appears to the  
308 Commission that it is more appropriate for ComEd to fill out the  
309 formula rate template with actual values derived from the Order at

310 that time, rather than ask Staff, who did not develop the very  
311 complex template, to do so as part of this Order. Having the fully  
312 populated formula rate included as part of the compliance filing  
313 rather than attached to this Order will decrease the likelihood of  
314 unintended errors. If ComEd desires further disclosure, the  
315 Company may include the formula rate schedules in its compliance  
316 filing rather than just in workpapers. The Commission notes that  
317 there will be a rulemaking in which ComEd and other interested  
318 parties are encouraged to address this and other relevant issues  
319 regarding future formula rate filings.

320 (Order, Docket No. 12-0321, December 19, 2013, p. 105 (emphasis  
321 added.))

322 While I am not an attorney, it is my understanding that the Commission  
323 conclusion above indicates it does not consider a formula rate template to  
324 be an “approved” document for the formula rate update cases. Further, I  
325 deduce from the above quote that by its reference to the “the very  
326 complex template,” the Commission likely contemplated the numerous  
327 formula rate schedules, appendices and workpapers as *supporting* the two  
328 schedules included in the formula rate tariff, i.e., Schedules FR A-1 and  
329 FR A-1 REC .

330 **Q. Has the Commission ever specifically approved changes to**  
331 **schedules other than FR A-1 and FR A-1 REC in a Section 9-201**  
332 **filing?**

333 A. Yes. In Docket No. 13-0339, on the heels of a newly revised formula rate  
334 law, ComEd requested that the Commission approve certain minor  
335 housekeeping and technical corrections to certain formula rate schedules  
336 and appendices. These changes were all of a ministerial nature and did

337 not have any impact on any issues in any ongoing case. In the June 26,  
338 2013 Commission Order in Docket No. 13-0339, ComEd was ordered to  
339 file the “revised rate formula as attached to the order as Attachment B.”  
340 (Order, Docket No. 13-0339, June 26, 2013, p. 3.) The record did not  
341 include any arguments that Commission approval for such changes might  
342 not be necessary. Thus, the Commission did not specifically address  
343 whether Commission approval was required for the changes to the  
344 schedules other than Schedule FR A-1 and Schedule FR A-1 REC, the  
345 appendices, or the workpapers.

346 It is my position that the approval of the minor changes to the ancillary  
347 schedules and appendices that are not in the formula rate tariff *per se* is  
348 unnecessary.

349 **B. Prior Staff Position**

350 **Q. Please respond to the claim that your proposed adjustment is**  
351 **inconsistent with a prior Staff position in Docket No. 11-0721.**

352 A. This criticism is unfounded because the initial formula rate filing for  
353 ComEd (Docket No. 11-0721) did not address the issue of how to reflect  
354 updated rates from a depreciation study in a filing year revenue  
355 requirement. While the Company and Staff agreed to add the footnote on  
356 App 8, that footnote does not indicate that rates from the most recent

357 depreciation study will be applied to *only* the projected plant additions.

358 Rather the footnote reads as follows:

359 If ComEd's FERC Form 1 does not reflect the most recent  
360 depreciation study, ComEd will update the formula with the most  
361 recent rates submitted to the ICC.

362 (ComEd Ex. 13.01, p. 28, App8)

363 I have interpreted that footnote to mean everything in the formula will be  
364 updated to reflect the most recent depreciation study rates. That  
365 understanding is not inconsistent with the adjustment I am proposing here.

366 **Q. What is your response to the argument that “the use of weighted**  
367 **additions in the calculation of projected depreciation expense was**  
368 **established as a result of a well vetted agreement between ComEd**  
369 **and Staff witnesses in Docket No. 11-0721?”**

370 A. Docket No. 11-0721 did not include either a depreciation study that  
371 established new depreciation rates or a reconciliation of a revenue  
372 requirement used to establish rates with the “actual” revenue requirement  
373 for a reconciliation year. Because both of those components are present  
374 in the ongoing formula rate case, my analysis and review took a critical  
375 view of how those components are impacted depending on the treatment  
376 in the formula rate revenue requirement. Therefore, my analysis was not  
377 dependent on the method of establishing depreciation expense that was  
378 used in Docket No. 11-0721.

379 **C. Necessity of the Adjustment**

380 **Q. Ms. Brinkman discounts your adjustment as being unnecessary.**

381 **How do you respond?**

382 A. Ms. Brinkman's states that since my proposal uses an estimate, it is  
383 unnecessary, claiming that the "true up" in a future reconciliation results in  
384 neutral customer impacts. She further opines that since my proposed  
385 adjustment in the pending case amounts to only 0.3% of the filing year  
386 revenue requirement, the immateriality of the current adjustment makes it  
387 unnecessary. (ComEd Ex. 12.0 REV, pp. 13 – 16, lines 255 – 318.)

388 I do not agree that the "true-up" in a future reconciliation neutralizes the  
389 customer impact. Ms. Brinkman overlooks the fact that the interest  
390 charged on the reconciliation balance for a three-year period negates her  
391 "neutrality" argument, since the interest calculated for a three-year period  
392 on the reconciliation balance will be collected from ratepayers in addition  
393 to the variance between the "actual revenue requirement" and the  
394 "revenue requirement in effect during the reconciliation year. (Staff  
395 Schedule 7.08 FY.)

396 By updating the depreciation expense on both the December 31, 2013  
397 embedded plant and the 2014 gross projected plant additions for an entire  
398 year's depreciation at the depreciation rates that became effective  
399 January 1, 2014, my adjustment minimizes the future reconciliation

400 balance (either positive or negative) that will impact customer rates. Ms.  
401 Brinkman's discussion about future reconciliations insinuates that, should  
402 the adjustment I am proposing now have a different impact on the  
403 reconciliation balance in future cases, the Company might then be in favor  
404 of making a change at that time. (ComEd Ex. 12.0 REV, p. 16, lines 319 –  
405 327.) The Company should not be allowed to arbitrarily decide when to  
406 make such adjustments.

407 Based on all the foregoing, the Company's rebuttal arguments have not  
408 caused me to change my position with regard to the adjustment to  
409 depreciation expense to reflect the depreciation rates that became  
410 effective in 2014 in the filing year revenue requirement.

411 **D. Revisions to Staff Adjustments**

412 **Q. The Company proposes certain revisions to your proposals (ComEd**  
413 **Ex. 12.05, lines 10 and 11) in the event the Commission approves**  
414 **your adjustments. Do you agree with those revisions?**

415 A. I do not agree with the adjustment to increase the depreciation reserve  
416 reflected on ComEd Ex. 12.05, line 10. The Company's response to Staff  
417 DR TEE 18.02 (Attachment A) indicates that the adjustment to  
418 accumulated depreciation would not include the amount associated with  
419 the depreciation change for transportation equipment because "the  
420 approved formula requires no offsetting adjustment to the accumulated

421 reserve for the depreciation expense related to transportation equipment.”  
422 However, the response also clearly indicates that, while the depreciation is  
423 reflected as “distribution expense”, the offsetting credit entry for  
424 depreciation on transportation equipment is made to accumulated  
425 depreciation. If the Commission approves my adjustment to reflect the  
426 updated depreciation rates in the revenue requirement in this case, then  
427 all of the impacts of that adjustment should be included, i.e. the  
428 accumulated depreciation adjustment.

429 I do agree with the adjustment that is shown on ComEd Ex. 12.05 line 11.  
430 This correction is reflected on my Schedule 7.11FY by simply reversing  
431 the adjustment from a decrease to ADIT to an increase.

432 **Original Cost Determination**

433 **Q. Please describe ICC Staff Exhibit 7.0, Schedule 7.12, Original Cost**  
434 **Determination.**

435 A. Schedule 7.12 reflects my recommendation for the Original Cost  
436 Determination to be included in the Commission’s final order in this case,  
437 which has not changed from my direct testimony.

438 **Q. Did the Company agree with your recommendation?**

439 A. Yes.

440 **Commitments and Obligations under Section 16-108.5(b) of the Act**

441 **Q. In your direct testimony, Staff Ex. 1.0, pp. 30 – 32, you discussed the**  
442 **Company’s reporting obligations regarding cumulative Energy**  
443 **Infrastructure Modernization Act (“EIMA”) investments and**  
444 **additional information that you were waiting for from the Company.**  
445 **What is the status of that information?**

446 **A.** In the Company’s response to discovery (Staff DR TEE 12.06) as well as  
447 rebuttal testimony (ComEd Ex. 13.0, pp. 6-7, lines 127 – 154), the  
448 Company provided more detailed information regarding the  
449 reclassifications which were actually made in 2014. No adjustments are  
450 necessary for the current formula rate update revenue requirement.

451 **Q. Do you have a recommendation regarding the need for the**  
452 **Commission to identify in its order the amount of incremental plant**  
453 **investment that is included in the revenue requirement in compliance**  
454 **with Section 16-108.5(b)(2) of the Act?**

455 **A.** Yes. To increase transparency, I recommend the Commission include in  
456 its order in this proceeding the following conclusion:

457 The Commission is setting a revenue requirement in this  
458 proceeding for the recovery of \$257.7 million in actual 2013 plant  
459 additions and \$449.0 million of projected 2014 plant additions in  
460 compliance with Section 16-108.5. The detail of these actual and  
461 projected plant additions by categories as required by Section 16-  
462 108.5(b)(2) are as follows:  
463

	<u>CATEGORY</u>	<u>ACTUAL 2012 (In Millions)</u> <sup>3</sup>	<u>ACTUAL 2013 (In Millions)</u> <sup>4</sup>	<u>PROJECTED 2014 (In Millions)</u> <sup>5</sup>	<u>CUMULATIVE 2014 (In Millions)</u>
(A) (i)	Distribution Infrastructure Improvements	\$92.8	\$128.4	\$153.8	\$374.9
(A) (ii)	Training Facility Construction or Upgrade Projects	2.4	0.4	0.0	2.8
(A) (iii)	Wood Pole Inspection, Treatment, and Replacement	9.4	18.7	19.9	48.1
(A) (iv)	Reducing the susceptibility of certain circuits to storm-related damage	<u>24.6</u>	<u>12.6</u>	<u>33.4</u>	70.6
	Total Electric System Upgrades, Modernization Projects, and Training Facilities	<u>\$129.2</u>	<u>\$160.2</u>	<u>\$207.1</u>	<u>\$496.4</u>
(B) (i)	Additional Smart Meters	\$0.1	\$31.7	\$148.4	\$180.1
(B) (ii)	Distribution Automation	37.8	60.5	62.8	161.0
(B) (iii)	Associated Cyber Secure Data Communications Network	0.0	0.0	0.0	0.0
(B) (iv)	Substation Micro-processor Relay Upgrades	<u>7.0</u>	<u>5.4</u>	<u>30.7</u>	<u>43.1</u>
	Total Upgrade and Modernization of Transmission and Distribution Infrastructure and Smart Grid Electric System Upgrades	<u>\$44.8</u>	<u>\$97.5</u>	<u>\$241.9</u>	<u>\$384.2</u>
	Total Plant Additions in Compliance with Section 16-108.5(b)(1) of the Act	<u>\$174.0</u>	<u>\$257.7</u>	<u>\$449.0</u>	<u>\$880.7</u>

464 **Other Recommendation**

465 **Q. What other recommendation did you make in your direct testimony**  
 466 **and how did the Company respond?**

467 **A. I recommended that the Company address its plans to update the Exelon**  
 468 **Business Services Company (“BSC”) General Services Agreement**

<sup>3</sup> ComEd Ex. 5.01.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

469 (“GSA”) in its rebuttal testimony due to some provisions that contain  
470 obsolete references. (Staff Ex. 1.0, pp. 41 – 42, lines 872 – 884)

471 Company witness Brinkman responded that the Company does not  
472 believe that any update is necessary because the obsolete provisions do  
473 not impact any transactions, procedures, or regulatory oversight under the  
474 GSA and because a change to the GSA would be burdensome to Exelon.  
475 (ComEd Ex. 12.0 REV, p. 18, lines 371 – 375.)

476 **Q. Does Ms. Brinkman’s response cause you to change your**  
477 **recommendation?**

478 A, No, for the seven reasons presented below.

479 First, the provisions of the GSA that provide for the authority for the  
480 allocation of costs of multi-state electric holding companies to individual  
481 operating subsidiaries are obsolete as the provisions refer to laws that are  
482 no longer effective and regulatory bodies that no longer have the stated  
483 authority. The introductory paragraphs of the GSA approved by the  
484 Commission in Docket No. 00-0295, include the following statements:

485 “...WHEREAS, Client Companies, including EXELON  
486 CORPORATION, which has **filed for registration under the**  
487 **terms of the Public Utility Holding Company Act of 1935 (the**  
488 **“Act”)** and its others subsidiaries, desire to enter into this  
489 agreement for providing for the performance by Service Company  
490 for the Client Companies of certain services as more particularly set  
491 forth herein;

492 WHEREAS, Service Company is organized, staffed and equipped  
493 and has **filed with the Securities and Exchange Commission**  
494 **(the “SEC”) to be a subsidiary company under Section 13 of**  
495 **the Act** to render to EXELON CORPORATION, and other  
496 subsidiaries of EXELON CORPORATION, certain services as  
497 herein provided;...”

498 (ComEd response to Staff DR 11.01 Attach 1.) (emphasis added)

499 Exelon Corporation, however, is no longer subject to the Public Utility  
500 Holding Company Act of 1935 (“PUHCA 1935”) and the Service Company  
501 is no longer registered with the SEC. The Service Company is now  
502 subject to the rules of the Federal Energy Regulatory Commission  
503 (“FERC”) under the Public Utility Holding Company Act of 2005 (“PUHCA  
504 2005”), 18 CFR 366. The PUHCA 1935 in relevant part was repealed on  
505 August 8, 2005. The PUHCA 2005 became effective February 8, 2006.  
506 Thus, the references to PUHCA 1935 and the governance by the SEC are  
507 no longer applicable. The introductory paragraphs of the GSA are not  
508 valid.

509 Second, Section 2 of the GSA derives its authority from Section 13 of the  
510 PUHCA 1935 which has been repealed. Section 2 states:

511 Section 2. Services to be Provided

512 “... **no change in the organization of the Service Company, the**  
513 **type and character of the companies to be serviced, the**  
514 **factors for allocating costs to associate companies, or in the**  
515 **broad general categories of services to be rendered subject to**  
516 **Section 13 of the Act**, or any rule, regulation or order thereunder,  
517 shall be made unless and until the Service Company shall **first**

518           **have given the SEC written notice of the proposed change** not  
519           less than 60 days prior to the proposed effectiveness of any such  
520           change. If, upon the receipt of any such notice, **the SEC shall**  
521           **notify the Services Company within the 60-day period that a**  
522           **question exists as to whether the proposed change is**  
523           **consistent with the provisions of Section 13 of the Act, or of**  
524           **any rule, regulation or order thereunder, then the proposed**  
525           **change shall not become effective unless and until the**  
526           **Services Company shall have filed with the SEC an**  
527           **appropriate declaration regarding such proposed change and**  
528           **the SEC shall have permitted such declaration to become**  
529           **effective.”**

530           *(Id.)* (emphasis added)

531           This section concerns the rules, regulations, and orders concerning  
532           changes in the Service Company, the type and character of the  
533           companies to be serviced, the factors for allocating costs to associate  
534           companies, and the broad general categories of services to be rendered  
535           by the Service Company to its affiliates. Contrary to the provisions of  
536           Section 2, the SEC no longer provides notification as to whether any  
537           changes can become effective under Section 13 of PUHCA 1935. The  
538           GSA no longer sets forth current procedures by which changes to the type  
539           and character of companies to be serviced, changes in the factors for  
540           allocating costs to associate companies or changes in the broad general  
541           categories of services are to be declared permissible by a governing  
542           regulatory body. Section 2 is void.

543           Third, Section 4 of the GSA establishes that the rules for the  
544           compensation of costs to the Service Company shall be permitted by the

545 SEC. But, the SEC no longer has regulatory authority over the Service  
546 Company. Thus, Section 4 (see below) is void.

547 Section 4. Compensation of Service Company

548 'As compensation for the services to be rendered hereunder, Client  
549 Companies listed in Attachment A hereto, as revised from time to  
550 time, shall pay to Services Company all costs which reasonably can  
551 be identified and related to particular services provided by Services  
552 Company for or on Client Company's behalf (**except as may**  
553 **otherwise be permitted by the SEC**). All other Client Companies  
554 and their affiliates and associates (see Attachment B) shall pay to  
555 Services Company charges for services that are to be no less than  
556 cost (**except as may otherwise be permitted by the SEC**), insofar  
557 as costs can reasonably be identified and related by Services  
558 Company to its performance of particular services for or on behalf  
559 of Client Company."

560 (*Id.*) (emphasis added)

561 Fourth, Section 5 of the GSA states that the determination of costs shall  
562 be consistent with the rules and regulations of the SEC. However, the  
563 parties to the GSA are no longer subject to the rules and regulations of the  
564 SEC governing compliance under the GSA. Thus Section 5 is void.

565 Section 5. Securities and Exchange Commission Rules

566 "It is the intent of the Parties that the determination of  
567 the costs as used in this Agreement shall be consistent with,  
568 and in compliance with, the rules and regulations of the SEC,  
569 as they now exist or hereafter may be modified by the  
570 Commission."

571 (*Id.*) (emphasis added)

572 Fifth, the SEC no longer has the authority to provide the rule, regulation,  
573 or order to effectuate Section 9 of the GSA that states that Exelon  
574 Corporation, or any person employed by Exelon Corporation may provide  
575 services for other Parties, or any companies associated with the Parties,  
576 except as authorized by rule, regulation, or order of the SEC.

577 Section 9. EXELON CORPORATION

578 **“Except as authorized by rule, regulation, or order of the SEC,**  
579 **nothing in this Agreement shall be read to permit EXELON**  
580 **CORPORATION, or any person employed by or acting for EXELON**  
581 **CORPORATION, to provide services for other Parties, or any**  
582 **companies associated with said Parties.”**

583 *(Id.)* (emphasis added)

584 Since the parties to the GSA are no longer subject to the rule, regulation,  
585 or order of the SEC governing compliance under the GSA, Section 9 of  
586 the GSA is void.

587 Sixth, the SEC no longer has the authority to effectuate Section 10 of the  
588 GSA that states that Client Companies, their subsidiaries, affiliates and  
589 associates may provide services described within the GSA to other Client  
590 Companies on the same terms and conditions as set out in the GSA for  
591 the Service Company as limited by law or order of the SEC.

592 Section 10. Client Companies

593                   **“Except as limited by law or order of the SEC, Client**  
594                   **Companies, their subsidiaries, affiliates and associates may**  
595                   **provide services described herein to other Client Companies, their**  
596                   **subsidiaries, affiliates and associates on the same terms and**  
597                   **conditions as set out for the Services Company.”**

598                   *(Id.)* (emphasis added)

599                   The GSA is no longer subject to the rule, regulation, or order of the SEC  
600                   governing compliance under the GSA. Therefore, the GSA is void.

601                   Seventh, the Commission does not review or approve the Service Level  
602                   Arrangements (“SLAs”) discussed by Ms. Brinkman that are established  
603                   as the operational documents governing services provided by BSC to  
604                   ComEd and reflect current services. (ComEd Ex. 12.0 REV, p. 19, lines  
605                   379 – 387.) While certain documents were provided to Staff via discovery  
606                   in Docket No. 13-0318, documents obtained through that means are not  
607                   normally made available for Commission review or approval.

608                   **Q.    Do you have a comment on Ms. Brinkman’s contention that updating**  
609                   **its GSA would be burdensome?**

610                   **A.**    Yes. The Commission takes its responsibilities under Section 7-101 of the  
611                   Act seriously and the Company should provide timely periodic updates to  
612                   the GSA to comply with current regulations. PUHCA 1935 is no longer  
613                   effective. Service Companies are no longer subject to the rules and  
614                   oversight by the SEC; Service Companies are subject to the regulation of

615 FERC. The GSA approved by the Commission in Docket No. 00-0295 on  
616 November 7, 2001 is nearly thirteen years old and needs to be updated to  
617 require compliance by the Service Company with the Uniform System of  
618 Accounts set forth in 18 CFR 367; require compliance with the  
619 preservation of records set forth in 18 CFR 368; require submission of the  
620 FERC Form 60 as required by 18 CFR 369; and require compliance with  
621 the cross-subsidization restrictions on affiliate transactions set forth in 18  
622 CFR 35.43 and 35.44. The contention that such an update would be  
623 burdensome does not excuse ComEd from periodically updating its GSA  
624 to be in compliance with current applicable laws and regulations.

625 **Conclusion**

626 **Q. Does this question end your prepared rebuttal testimony?**

627 **A. Yes.**

**ICC Docket No. 14-0312**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests  
TEE 18.01 – 18.03  
Date Received: August 7, 2014  
Date Served: August 11, 2014**

**REQUEST NO. TEE 18.02:**

Referring to the Company response to Staff DR 13.01, Attach 1, please explain why the change in depreciation rates for Transportation Equipment on lines 11 through 15 does not have corresponding impacts to the accumulated depreciation reserve.

**RESPONSE:**

The attachment to ComEd's Response to Staff Data Request TEE 13.01 labeled as TEE 13.01\_Attach 1 reflects an estimated impact of the change in depreciation expense on 12/31/13 plant in service balances related to updated depreciation rates in effect on 1/1/14 as it would be incorporated into the approved formula rate in this proceeding for the initial filing year only.

As it relates to Transportation Equipment, these costs are charged to internal ComEd departments via a Clearing Account methodology. Thus, depreciation expense is recorded for these assets and then re-characterized as a Distribution Expense via the clearing account rate. For example:

To record depreciation for the transportation assets:

Debit	Depreciation Expense
Credit	Accumulated Depreciation

To re-characterize depreciation expense and record in the clearing account:

Debit	Clearing Account
Credit	Depreciation Expense

To charge specific departments for use of company vehicles:

Debit	Distribution Expense
Credit	Clearing Account

As discussed in the attachment to ComEd's Response to Staff Data Request TEE 13.01 labeled as TEE 13.01\_Attach 1, footnote (7), the adjustment to forecasted Distribution expense related to transportation equipment would flow through to Distribution expense in the formula rate in Sch FR A-1, between Line 1 and Line 2. This adjustment would require inserting a new line in the formula on Sch FR A-1 and a tariff change.

Currently, the approved formula requires no offsetting adjustment to the accumulated reserve for the depreciation expense related to transportation equipment and therefore ComEd reflected the adjustment to the accumulated reserve consistent with the approved formula.

To record an adjustment to the accumulated reserve (a debit in this case) in the formula rate would require an additional change in App 1, adding a line between Line 46 and Line 47. This change to formula in App 1 is shown in the attachment labeled as TEE 18.02\_Attach 2.

**Commonwealth Edison Company**  
**Statement of Operating Income with Adjustments**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Ex 13.05 p. 18)	Adjustments (Sch 7.02 FY)	Pro Forma Present (Cols. b+c)	Company Proposed Increase (Co. Ex 13.05 p. 18)	Gross Revenue Conversion Factor	Proposed Rates With Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Operating Statement With Adjustments (Cols. g+h)	Net Revenue Requirement (Sch 7.08 FY, 7.09 FY)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Operating Revenues	\$ 2,187,317	\$ -	\$ 2,187,317	\$ 174,272	\$ (1)	\$ 2,361,588	\$ (6,054)	\$ 2,355,534	\$ 2,355,534
2	Other Revenues	129,785	-	129,785	-	-	129,785	-	129,785	-
3	Reconciliation Adjustment	-	-	-	-	-	-	-	-	244,346
4	Return on Equity Collar Adjustment	-	-	-	-	-	-	-	-	-
5	Total Operating Revenue	2,317,102	-	2,317,102	174,272	(1)	2,491,373	(6,054)	2,485,319	\$ 2,599,880
6	Uncollectibles Expense	-	-	-	-	-	-	-	-	-
7	Distribution	432,760	(3,150)	429,610	-	-	429,610	-	429,610	-
8	Customer Accounts Expenses	198,615	(505)	198,110	-	-	198,110	-	198,110	-
9	Customer Services and Informational Exp.	19,609	-	19,609	-	-	19,609	-	19,609	-
10	Sales Expenses	-	-	-	-	-	-	-	-	-
11	Administrative and General Expense	421,233	-	421,233	-	-	421,233	-	421,233	-
12	Depreciation and Amortization Expense	482,096	9,127	491,223	-	-	491,223	-	491,223	-
13	Taxes Other Than Income	147,950	-	147,950	-	-	147,950	-	147,950	-
14	Reg Asset Amort. & Other Expense Adj	10,718	-	10,718	-	-	10,718	-	10,718	-
15	Pension Asset Funding Cost	53,473	-	53,473	-	-	53,473	-	53,473	-
16	Other Expenses	-	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-	-
18	Before Income Taxes	1,766,454	5,472	1,771,926	-	-	1,771,926	-	1,771,926	-
19	State Income Tax	10,108	(211)	9,897	16,556	-	26,453	(575)	25,878	-
20	Federal Income Tax	(29,523)	(703)	(30,226)	55,201	(1)	24,974	(1,918)	23,056	-
21	Deferred Taxes and ITCs Net	152,346	-	152,346	-	-	152,346	-	152,346	-
22	Total Operating Expenses	1,899,385	4,558	1,903,943	71,757	(1)	1,975,699	(2,493)	1,973,206	-
23	NET OPERATING INCOME	\$ 417,717	\$ (4,558)	\$ 413,159	\$ 102,515	\$ -	\$ 515,674	\$ (3,561)	\$ 512,113	-
24	Rate Base (Sch 7.03 FY, column (d), line 24)								\$ 7,253,723	
25	Overall Rate of Return (ComEd Ex.13.05, p. 29)								7.06%	
26	Revenue Change (column (i), line 5 minus column (b), line 5)								\$ 168,217	
27	Percentage Change (column (i), line 26 divided by column (b), line 5)								7.26%	

**Commonwealth Edison Company**  
**Adjustments to Operating Income**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Interest Synchronization		Depreciation	Collection	Credit Card			Total
		(Sch 7.06 FY)	(Source)	Rate Change (Sch 7.11FY)	Agency Costs (Sch 8.01)	Expenditures (Sch 8.02)	(Source)	(Source)	Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Reconciliation Adjustment	-	-	-	-	-	-	-	-
4	Return on Equity Collar Adjustment	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Distribution	-	-	(2,896)	-	(254)	-	-	(3,150)
8	Customer Accounts Expenses	-	-	-	(505)	-	-	-	(505)
9	Customer Services and Informational Exp.	-	-	-	-	-	-	-	-
10	Sales Expenses	-	-	-	-	-	-	-	-
11	Administrative and General Expense	-	-	-	-	-	-	-	-
12	Depreciation and Amortization Expense	-	-	9,127	-	-	-	-	9,127
13	Taxes Other Than Income	-	-	-	-	-	-	-	-
14	Reg Asset Amort. & Other Expense Adj	-	-	-	-	-	-	-	-
15	Pension Asset Funding Cost	-	-	-	-	-	-	-	-
16		-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	-	-	6,231	(505)	(254)	-	-	5,472
19	State Income Tax	309	-	(592)	48	24	-	-	(211)
20	Federal Income Tax	1,031	-	(1,974)	160	80	-	-	(703)
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	1,340	-	3,665	(297)	(150)	-	-	4,558
23	NET OPERATING INCOME	\$ (1,340)	\$ -	\$ (3,665)	\$ 297	\$ 150	\$ -	\$ -	\$ (4,558)

**Commonwealth Edison Company**  
**Rate Base**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Rate Base (Co. Ex. 13.05, p. 11)	Adjustments (Sch 7.04 FY)	Pro Forma Rate Base per Staff (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 15,724,799	\$ -	\$ 15,724,799
2	G & I Plant	1,767,538	-	1,767,538
3	Accumulated Depreciation on Distribution Plant	(5,877,576)	(6,231)	(5,883,807)
4	Accumulated Depreciation on G & I Plant	(863,268)	-	(863,268)
5	Net Plant	10,751,493	(6,231)	10,745,262
6	Construction Work in Progress	-		
7	Cash Working Capital	(8,576)	(111,357)	(119,933)
8	Materials & Supplies Inventories	41,057	-	41,057
9	Accumulated Deferred Income Taxes	(2,833,725)	2,566	(2,831,159)
10	Regulatory Assets & Liabilities, Net	132,646	-	132,646
11	Deferred Costs	32,762	-	32,762
12	Operating Reserves	(429,569)	-	(429,569)
13	Asset Retirement Obligation	(21,832)	-	(21,832)
14	Deferred Liabilities	(94,401)	-	(94,401)
15	Customer Deposits	(133,094)	-	(133,094)
16	Customer Advances	(68,016)	-	(68,016)
17				
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23		-	-	-
24	Rate Base	<u>\$ 7,368,745</u>	<u>\$ (115,022)</u>	<u>\$ 7,253,723</u>



**Commonwealth Edison Company**  
**Revenue Effect of Adjustments**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description (a)	Per Company (b)	Adjustments (c)	Per Staff (d)
1	Present Revenues	\$ 2,317,102 <sup>(1)</sup>	\$ -	\$ 2,317,102 <sup>(2)</sup>
2	Increase	<u>174,272 <sup>(3)</sup></u>	<u>(6,055) <sup>(4)</sup></u>	<u>168,217 <sup>(5)</sup></u>
3	Revenues	<u>\$ 2,491,374</u>	<u>\$ (6,055)</u>	<u>\$ 2,485,319</u>
4	% Increase	7.52%		7.26%
5	Adjustments:			
6	Credit Card Charges		(255)	
7	Cash Working Capital		(11,190)	
8	Depreciation Rate Change		5,862	
9	-		-	
10	-		-	
11	-		-	
12	-		-	
13	-		-	
14	-		-	
15	-		-	
16	Collection Agency Costs		(505)	
17	-		-	
18	-		-	
19	-		-	
20	-		-	
21	-		-	
22	-		-	
23	-		-	
24	-		-	
25	-		-	
26	-		-	
27	Interest Synchronization		32	
28	Rate of Return (Applied to Company Rate Base)		3	
29	Gross Revenue Conversion Factor		(1)	
30	Rounding		<u>(1)</u>	
31	Total Revenue Effect of Staff Adjustments		<u>\$ (6,055)</u>	

Sources:

- (1) Schedule 7.01 FY, column (b), line 5
- (2) Schedule 7.01 FY, column (d), line 5
- (3) Schedule 7.01 FY, column (e), line 5
- (4) Schedule 7.01 FY, columns (f) + (h), line 5
- (5) Schedule 7.01 FY, column (i), line 26

**Commonwealth Edison Company**  
**Interest Synchronization Adjustment**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 7,253,723 (1)
2	Weighted Cost of Debt	2.83% (2)
3	Synchronized Interest Per Staff	205,280
4	Company Interest Expense	<u>208,535</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(3,255)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 309</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 1,031</u>

(1) Source: Sch. 7.03 FY, column (d), line 24.

(2) Source: ComEd Ex. 13.05, p. 28, line 2.

(3) Source: ComEd Ex. 13.05, p. 28, line 3.

**Commonwealth Edison Company**  
**Gross Revenue Conversion Factor**  
 For the Filing Year Ending December 31, 2014  
 (In Thousands)

Line No.	Description	Rate	With Bad Debts	Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.0000%	<u>0.000000</u>	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	9.5000%	<u>0.095000</u>	<u>0.095000</u>
5	Federal Taxable Income		0.905000	0.905000
6	Federal Income Tax	35.0000%	<u>0.316750</u>	<u>0.316750</u>
7	Operating Income		<u>0.588250</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.699958</u>	<u>1.699958</u>

**Commonwealth Edison Company**  
**Reconciliation Computation for the Reconciliation Year Ending December 31, 2013**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description	Source	Amt	(d)	(e)	(f)	(g)
	(a)	(b)	(c)				
1a	Actual Revenue Requirement	Sch 7.01 RY, column (i), line 1	\$ 2,239,830				
	Revenue Requirement in effect during						
1b	Reconciliation Year	ComEd Ex. 3.01, line 1b	\$ 2,027,500				
1c	Variance - Reconciliation Before Interest	(Ln 1a) - (Ln 1b)	\$ 212,330				
1d	ROE Collar Adjustment	Sch 7.09 FY, column b, line 36	\$ -				
1e	Variance With Collar	(Ln 1c) + (Ln 1d)	\$ 212,330				
2	Overall Rate of Return (%)	ComEd Ex. 3.03, p. 327.	7.04%				
			<u>Variance</u>	<u>Interest Rate</u>	<u>Months</u>	<u>Interest</u>	<u>Surcharge (Refund)</u>
			(Ln 1e) / 12	Ln 2/12		(c) * (d) * (e)	(c) + (f)
2013							
3	Jan		\$ 17,694	0.5867%	11.5	\$ 1,194	\$ 18,888
4	Feb		\$ 17,694	0.5867%	10.5	\$ 1,090	\$ 18,784
5	Mar		\$ 17,694	0.5867%	9.5	\$ 986	\$ 18,680
6	Apr		\$ 17,694	0.5867%	8.5	\$ 882	\$ 18,577
7	May		\$ 17,694	0.5867%	7.5	\$ 779	\$ 18,473
8	Jun		\$ 17,694	0.5867%	6.5	\$ 675	\$ 18,369
9	Jul		\$ 17,694	0.5867%	5.5	\$ 571	\$ 18,265
10	Aug		\$ 17,694	0.5867%	4.5	\$ 467	\$ 18,161
11	Sep		\$ 17,694	0.5867%	3.5	\$ 363	\$ 18,057
12	Oct		\$ 17,694	0.5867%	2.5	\$ 260	\$ 17,954
13	Nov		\$ 17,694	0.5867%	1.5	\$ 156	\$ 17,850
14	Dec		\$ 17,694	0.5867%	0.5	\$ 52	\$ 17,746
15	Total	Sum of (Ln 5) thru (Ln 16)	<u>\$ 212,330</u>			<u>\$ 7,474</u>	<u>\$ 219,804</u>
			<u>Balance</u>	<u>Interest Rate</u>	<u>Months</u>	<u>Interest</u>	<u>Balance</u>
				Ln 4/12		(c) * (d) * (e)	(c) + (f)
2014							
16	Jan - Dec	Col G Ln 15	<u>\$ 219,804</u>	0.5867%	12	\$ 15,474	\$ 235,278
			<u>Balance</u>	<u>Interest Rate</u>	<u>Months</u>	<u>Amort</u>	<u>Balance</u>
				Ln 4/12		(2')	(c) + (c) * (d) - (f)
2015							
17	Jan	Col G Ln 16	\$ 235,278	0.5867%		\$ 20,362	\$ 216,296
18	Feb	Col G Ln 17	\$ 216,296	0.5867%		\$ 20,362	\$ 197,203
19	Mar	Col G Ln 18	\$ 197,203	0.5867%		\$ 20,362	\$ 177,998
20	Apr	Col G Ln 19	\$ 177,998	0.5867%		\$ 20,362	\$ 158,680
21	May	Col G Ln 20	\$ 158,680	0.5867%		\$ 20,362	\$ 139,249
22	Jun	Col G Ln 21	\$ 139,249	0.5867%		\$ 20,362	\$ 119,703
23	Jul	Col G Ln 22	\$ 119,703	0.5867%		\$ 20,362	\$ 100,043
24	Aug	Col G Ln 23	\$ 100,043	0.5867%		\$ 20,362	\$ 80,268
25	Sep	Col G Ln 24	\$ 80,268	0.5867%		\$ 20,362	\$ 60,377
26	Oct	Col G Ln 25	\$ 60,377	0.5867%		\$ 20,362	\$ 40,369
27	Nov	Col G Ln 26	\$ 40,369	0.5867%		\$ 20,362	\$ 20,243
28	Dec	Col G Ln 27	\$ 20,243	0.5867%		\$ 20,362	\$ -
29	Variance with Interest	Sum of (Ln 17) thru (Ln 28)				\$ 244,346	
30	Remove ROE Collar Adjustment (3')	Col C Ln 1d				\$ -	To Sch 1.01 FY, col (i), line 4
31	Reconciliation with Interest	(Ln 29) - (Ln 30)				<u>\$ 244,346</u>	To Sch 1.01 FY, col (i), line 3

**Commonwealth Edison Company**  
ROE Collar Computation for the Reconciliation Year Ending December 31, 2013  
For the Filing Year Ending December 31, 2014  
(In Thousands)

Line No.	Description (a)	Per Staff (b)	Source (c)
1	DS Rate Base	\$ 6,483,976	Sch 7.03 RY, Column (c), Ln 24
	Capital Structure		
2	Common Equity %	45.77%	ComEd Schedule D-1 FY
3	Short-Term Debt %	0.22%	ComEd Schedule D-1 FY
4	Long-Term Debt %	54.01%	ComEd Schedule D-1 FY
5	DS Equity Balance	\$ 2,967,716	Ln 1 x Ln 2
6	DS Short-Term Debt Balance	\$ 14,265	Ln 1 x Ln 3
7	DS Long-Term Debt Balance	\$ 3,501,995	Ln 1 x Ln 4
8	Cost of Short-Term Debt (%)	0.40%	ComEd Schedule D-1 FY
9	Cost of Long-Term Debt (%)	5.16%	ComEd Schedule D-1 FY
10	DS Operating Revenue	\$ 2,320,635	FERC Fm 1 Pg 300
11	Accrued Reconciliation & Collar Revenues	\$ 230,000	FERC Fm 1 Pg 300
12	Updated Reconciliation Amount (Var. bef. Collar)	\$ 212,330	Sch. 1.08 FY, col (c), Ln 1c
13	LIHEAP & Uncollectibles Revenue	\$ 46,023	ComEd Schedule FR A-3
14	Other Revenue	\$ 129,785	Sch. 7.01 RY, col (i), Ln. 2
15	DS Applicable Operating Revenue	\$ 2,386,727	Ln 10 - Ln 11 + Ln 12 - Ln 13 + Ln 14
16	Total DS Operating Expenses	\$ 1,735,187	Sch 7.01 RY, Column (d), Ln 18
17	DS Operating Income Before Interest & Taxes	\$ 651,540	Ln 15 - Ln 16
18	DS Short-Term Interest Expense	\$ 57	Ln 6 x Ln 8
19	DS Long-Term Interest Expense	\$ 180,703	Ln 7 x Ln 9
20	Credit Facilities Expense	\$ 2,594	Ln 1 x Credit Facilities % from ROR
21	DS Operating Income before Taxes	\$ 468,186	Ln 17 - Ln 18 - Ln 19 - Ln 20
22	Income Tax Rate (%)	41.175%	
23	DS Income Taxes	\$ 192,776	Ln 21 x Ln 22
24	Impact of ITCs & Permanent Tax Differences	\$ (7,757)	
25	DS Net Income	\$ 283,168	Ln 21 - Ln 23 - Ln 24
26	DS ROE (%)	9.54%	Ln 25 / Ln 5
	ROE Collar		
27	Allowed ROE (%)	9.20%	ComEd Schedule FR A-3
28	Maximum Allowed ROE (%)	9.70%	Ln 27 + .5%
29	Minimum Allowed ROE (%)	8.70%	Ln 27 - .5%
30	Percent Above Maximum Allowed ROE (%)	0.00%	
31	Amount Above Allowed ROE Collar	\$ -	Ln 5 x Ln 30
32	Percent Below Minimum Allowed ROE (%)	0.00%	Ln 29 - Ln 26
33	Amount Below Allowed ROE Collar	\$ -	Ln 5 x Ln 32
34	ROE Collar Adj After Tax	\$ -	Ln 31 + Ln 33
35	ROE Collar Tax Gross-up	\$ -	Ln 34 x Ln 22/(1- Ln 22)
36	ROE Collar Adj	\$ -	Ln 34 + Ln 35

Commonwealth Edison Company  
Cash Working Capital Adjustment  
For the Filing Year Ending December 31, 2014  
(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	\$ 1,443,989	49.54	0.13573	\$ 195,987	Schedule 7.10 FY, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,037	0.00	0.00000	-	Line 32 below
4	Gross Receipts/Municipal Utility Tax	251,439	0.00	0.00000	-	Line 33 below
5	Illinois Excise Tax	259,399	34.33	0.09405	24,398	Line 34 below
6	City of Chicago Infrastructure Maintenance Fee	90,337	34.33	0.09405	8,497	Line 35 below
7	Total Receipts	<u>\$ 2,091,201</u>			<u>\$ 228,882</u>	Sum of Lines 1 through 6
8	Base Payroll and Withholdings	\$ 283,545	(16.19)	(0.04436)	\$ (12,577)	Schedule 7.10 FY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(16.19)	(0.04436)	-	
10	Incentive Pay Expense	33,413	(239.50)	(0.65616)	(21,924)	ComEd Ex. 3.01, APP 3, Line 10
11	Employee Benefits - Pension & Benefits	153,456	(203.24)	(0.55682)	(85,448)	ComEd Ex. 3.01, APP 3, Line 11
12	Employee Benefits - Other	51,234	(4.19)	(0.01148)	(588)	ComEd Ex. 3.01, APP 3, Line 12
13	Inter-Company billings - Less Pass-throughs	84,552	(45.21)	(0.12386)	(10,473)	ComEd Ex. 3.01, APP 3, Line 13
14	Inter-Company billings - Pass-throughs	40,214	(45.21)	(0.12386)	(4,981)	ComEd Ex. 3.01, APP 3, Line 14
15	Property Leases	27,001	(2.91)	(0.00797)	(215)	ComEd Ex. 3.01, APP 3, Line 15
16	Other Operations and Maintenance Expenses	368,389	(87.33)	(0.23926)	(88,141)	Schedule 7.10 FY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	14,446	(336.37)	(0.92156)	(13,313)	ComEd Ex. 3.01, APP 3, Line 17
18	FICA Tax	21,752	(16.19)	(0.04436)	(965)	ComEd Ex. 3.01, APP 3, Line 18
19	Federal Unemployment Tax	199	(76.38)	(0.20926)	(42)	ComEd Ex. 3.01, APP 3, Line 19
20	State Unemployment Tax	442	(76.38)	(0.20926)	(92)	ComEd Ex. 3.01, APP 3, Line 20
21	Electricity Distribution Tax	104,958	(31.13)	(0.08529)	(8,952)	ComEd Ex. 3.01, APP 3, Line 21
22	State Franchise Tax	1,671	(191.64)	(0.52504)	(877)	ComEd Ex. 3.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 3.01, APP 3, Line 23
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 3.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,828	(38.64)	(0.10586)	(405)	ComEd Ex. 3.01, APP 3, Line 25
26	Illinois Sales and Use Tax	639	(2.51)	(0.00688)	(4)	ComEd Ex. 3.01, APP 3, Line 26
27	Chicago Sales and Use Tax	35	(228.50)	(0.62603)	(22)	ComEd Ex. 3.01, APP 3, Line 27
28	Interest Expense	205,280	(90.88)	(0.24899)	(51,112)	Schedule 7.06 FY, Column b, Line 3
29	State Income Tax	25,878	(37.88)	(0.10378)	(2,686)	Schedule 7.01 FY, Column i, Line 19
30	Federal Income Tax	23,056	(37.88)	(0.10378)	(2,393)	Schedule 7.01 FY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,037	(35.71)	(0.09784)	(4,504)	ComEd Ex. 3.01, APP 3, Line 32
33	Gross Receipts/Municipal Utility Tax	251,439	(41.22)	(0.11293)	(28,395)	ComEd Ex. 3.01, APP 3, Line 33
34	Illinois Excise Tax	259,399	(4.44)	(0.01216)	(3,155)	ComEd Ex. 3.01, APP 3, Line 34
35	City of Chicago Infrastructure Maintenance Fee	90,337	(30.51)	(0.08359)	(7,551)	ComEd Ex. 3.01, APP 3, Line 35
36						
37	Total Outlays	<u>\$ 2,091,200</u>			<u>\$ (348,815)</u>	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ (119,933)	Line 7 plus line 37
39	Cash Working Capital per Company				(8,576)	ComEd Ex. 13.05, p. 11
40	Difference -- Adjustment per Staff				<u>\$ (111,357)</u>	Line 38 minus Line 39

**Commonwealth Edison Company**  
**Cash Working Capital Adjustment**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 2,485,319	Schedule 7.01 FY , Column i, Line 5
2	Uncollectible Accounts	-	Schedule 7.01 FY , Column i, Line 6
3	Depreciation & Amortization	(491,223)	Schedule 7.01 FY , Column i, Line 12
4	Regulatory Debits	(37,456)	ComEd Ex. 3.02, WP 3, Line 4
5	Less: Pension Asset Cost Funding	(53,473)	ComEd Ex. 3.02, WP 3, Line 5
6	Less Deferred Taxes and ITC	(152,346)	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	(306,832)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,443,989</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 7,253,723	Schedule 7.03 FY , Column d, Line 24
11	Weighted Cost of Capital	4.23%	ComEd Ex. 3.02, WP 3, Line 11
12	Return on Equity	<u>\$ 306,832</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,771,926	Schedule 7.01 FY , Column i, Line 18
14	Payroll Expense	(316,958)	ComEd Ex. 3.02, WP 3, Line 14
15	Intercompany billings - Less Pass-throughs	(84,552)	ComEd Ex. 3.02, WP 3, Line 15
16	Intercompany billings - Pass-throughs	(40,214)	ComEd Ex. 3.02, WP 3, Line 16
17	Employee Benefits Expense - Pension and OPEB	(153,456)	ComEd Ex. 3.02, WP 3, Line 17
18	Employee Benefits Expense - Other	(51,234)	ComEd Ex. 3.02, WP 3, Line 18
19	Uncollectible Accounts	-	Schedule 7.01 FY , Column i, Line 6
20	Depreciation & Amortization	(491,223)	Schedule 7.01 FY , Column i, Line 12
21	Regulatory Debits	(37,456)	ComEd Ex. 3.02, WP 3, Line 4
22	Pension Asset Funding Cost	(53,473)	ComEd Ex. 3.02, WP 3, Line 5
23	Taxes Other Than Income	(147,970)	Schedule 7.10 FY, p. 1, Column b, sum line 17 through 27
24	Property Leases	(27,001)	ComEd Ex. 3.02, WP 3, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 368,389</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 353,988	ComEd Ex. 3.02, WP 3, Line 26
27	less: Power Production Payroll	(1,389)	ComEd Ex. 3.02, WP 3, Line 27
28	less: Transmission Payroll	(35,527)	ComEd Ex. 3.02, WP 3, Line 28
29	less: Payroll Taxes on Supply	(114)	ComEd Ex. 3.02, WP 3, Line 29
30	less: Incentive Pay Expense	(33,413)	ComEd Ex. 3.02, WP 3, Line 30
31	Direct Payroll	<u>\$ 283,545</u>	Sum of Lines 26 through 30

**Commonwealth Edison Company**  
**Adjustment for Depreciation Rate Changes**  
For the Filing Year Ending December 31, 2014  
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Depreciation Expense on Projected Plant Additions Per Staff	\$ 37,558		Ebrey WP 1.11 FY pp. 1 and 2
2	Depreciation Expense on Projected Plant Additions Per Company	<u>30,508</u>		Company Ex. 13.05, p. 20, col. (B)
3	Staff adjustment to Depreciation Expense on Projected Plant Additions		<u>\$ 7,050</u>	Line 1 minus line 2
4	Staff adjustment to Accumulated Depreciation for Projected Plant Additions		<u>\$ (7,050)</u>	Minus line 3
5	ADIT on Projected Plant Additions per Staff	\$ (13,381)		Ebrey WP 1.11 FY p 3
6	ADIT on Projected Plant Additions per Company	<u>(16,284)</u>		Company Ex. 13.05, p. 13, col. (E)
7	Staff adjustment to ADIT on Projected Plant Additions		<u>\$ 2,903</u>	Line 5 minus line 6
8	Change in depreciation expense on 2013 Plant in Service per Staff	\$ 2,077		Company Response to TEE 13.01 Attach 1, Col (G), line 24
9	Change in O&M expense on 2013 Plant in Service per Staff	(2,896)		Company Response to TEE 13.01 Attach 1, Col (H), line 24
10	Change in expense per Company	<u>-</u>		
11	Staff adjustment for change in depreciation rates on 12/31/2013 Plant in Service		<u>\$ (819)</u>	Line 8 plus line 9 minus line 10
12	Staff adjustment to Accumulated Depreciation for Change in depreciation rate for 12/31/2013 Plant in Service		<u>\$ 819</u>	Company Response to TEE 13.01 Attach 1, Col (L), line 24
13	ADIT for Change in Depreciation Rate for 12/31/13 Plant in Service per Staff	\$ (337)		Line 11 time 41.175%
14	ADIT for Change in Depreciation Rate for 12/31/13 Plant in Service per Company	<u>-</u>		
15	Staff adjustment to ADIT for Change in Depreciation Rate for 12/31/13 Plant in Service		<u>\$ (337)</u>	Line 13 minus line 14

Commonwealth Edison Company  
Original Cost Determination  
For the Filing Year Ending December 31, 2014  
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Original Cost Plant in Service per Company	\$ 16,299,131	ComEd Ex. 3.0, p. 14
2	Rider EDA	(3,269)	ComEd Ex. 3.02, p. 2, WP 1
3	Rider PORCB	(16,503)	ComEd Ex. 3.02, p. 2, WP 1
4	Supply Administration Costs	<u>(3,769)</u>	ComEd Ex. 3.02, p. 2, WP 1
5	Original Cost Plant in Service per Staff	<u>\$ 16,275,590</u>	Sum of lines 1 through 4



**Commonwealth Edison Company**  
**Adjustments to Operating Income**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description	Interest			Collection	Credit Card			Total
		Synchronization (Sch 7.06 RY)	(Source)	(Source)	Agency Costs (Sch 8.01)	Expenditures (Sch 8.02)	(Source)	(Source)	Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	Reconciliation Adjustment	-	-	-	-	-	-	-	-
4	Return on Equity Collar Adjustment	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Distribution	-	-	-	-	(254)	-	-	(254)
8	Customer Accounts Expenses	-	-	-	(505)	-	-	-	(505)
9	Customer Services and Informational Exp.	-	-	-	-	-	-	-	-
10	Sales Expenses	-	-	-	-	-	-	-	-
11	Administrative and General Expense	-	-	-	-	-	-	-	-
12	Depreciation and Amortization Expense	-	-	-	-	-	-	-	-
13	Taxes Other Than Income	-	-	-	-	-	-	-	-
14	Reg Asset Amort. & Other Expense Adj	-	-	-	-	-	-	-	-
15	Pension Asset Funding Cost	-	-	-	-	-	-	-	-
16		-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	-	-	-	(505)	(254)	-	-	(759)
19	State Income Tax	351	-	-	48	24	-	-	423
20	Federal Income Tax	1,171	-	-	160	80	-	-	1,411
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	<u>1,522</u>	-	-	<u>(297)</u>	<u>(150)</u>	-	-	<u>1,075</u>
23	NET OPERATING INCOME	\$ (1,522)	\$ -	\$ -	\$ 297	\$ 150	\$ -	\$ -	\$ (1,075)

**Commonwealth Edison Company**  
**Rate Base**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Rate Base (Co. Ex. 13.03 p. 7)	Adjustments (Sch 7.04 RY)	Adjusted Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 14,719,705	\$ -	\$ 14,719,705
2	G & I Plant	1,558,270	-	1,558,270
3	Accumulated Depreciation on Distribution Plant	(5,570,463)	-	(5,570,463)
4	Accumulated Depreciation on G & I Plant	(758,357)	-	(758,357)
5	Net Plant	<u>9,949,155</u>	-	<u>9,949,155</u>
6	Construction Work in Progress	11,219	-	11,219
7	Cash Working Capital	(6,860)	(111,650)	(118,510)
8	Materials & Supplies Inventories	41,057	-	41,057
9	Accumulated Deferred Income Taxes	(2,817,441)	-	(2,817,441)
10	Regulatory Assets & Liabilities, Net	132,646	-	132,646
11	Deferred Costs	32,762	-	32,762
12	Operating Reserves	(429,569)	-	(429,569)
13	Asset Retirement Obligation	(21,832)	-	(21,832)
14	Deferred Liabilities	(94,401)	-	(94,401)
15	Customer Deposits	(133,094)	-	(133,094)
16	Customer Advances	(68,016)	-	(68,016)
17				
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23		<u>-</u>	<u>-</u>	<u>-</u>
24	Rate Base	<u>\$ 6,595,626</u>	<u>\$ (111,650)</u>	<u>\$ 6,483,976</u>



**Commonwealth Edison Company**  
**Revenue Effect of Adjustments**  
For the Reconciliation Year Ending December 31, 2013  
(In Thousands)

Line No.	Description (a)	Per Company (b)	Adjustments (c)	Per Staff (d)
1	Present Revenues	\$ 2,262,328 <sup>(1)</sup>	\$ -	\$ 2,262,328 <sup>(2)</sup>
2	Increase	<u>118,822 <sup>(3)</sup></u>	<u>(11,535) <sup>(4)</sup></u>	<u>107,287 <sup>(5)</sup></u>
3	Revenues	<u>\$ 2,381,150</u>	<u>\$ (11,535)</u>	<u>\$ 2,369,615</u>
4	% Increase	5.25%		4.74%
5	Adjustments:			
6				
7		-	-	
8	Collection Agency Costs		(505)	
9			-	
10		-		
11	Cash Working Capital		(11,182)	
12		-	-	
13		-	-	
14		-	-	
15		-	-	
16		-	-	
17		-	-	
18		-	-	
19		-	-	
20	Credit Card Expenditures		(255)	
21		-	-	
22		-	-	
23		-	-	
24		-	-	
25		-	-	
26		-	-	
27	Interest Synchronization		407	
28	Rate of Return (Applied to Company Rate Base)		-	
29				
30	Rounding			
31	Total Revenue Effect of Staff Adjustments		<u>\$ (11,535)</u>	

Sources:

- (1) Schedule 7.01 RY, column (b), line 5
- (2) Schedule 7.01 RY, column (d), line 5
- (3) Schedule 7.01 RY, column (e), line 5
- (4) Schedule 7.01 RY, columns (f) + (h), line 5
- (5) Schedule 7.01 RY, column (i), line 26

**Commonwealth Edison Company**  
**Interest Synchronization Adjustment**  
 For the Reconciliation Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 6,483,976 (1)
2	Weighted Cost of Debt	2.83% (2)
3	Synchronized Interest Per Staff	183,497
4	Company Interest Expense	<u>187,195</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(3,698)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 9.500%	<u>\$ 351</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 1,171</u>

(1) Source: Sch. 7.03 FY, column (d), line 24

(2) Source: ComEd Ex. 13.03, p. 29, lines 2.

(3) Source: ComEd Ex. 13.03, p. 29, line 3.

**Commonwealth Edison Company**  
**Gross Revenue Conversion Factor**  
 For the Reconciliation Year Ending December 31, 2013  
 (In Thousands)

Line No.	Description	Rate	With Bad Debts	Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	
2	Uncollectibles	0.0000%	<u>0.000000</u>	
3	State Taxable Income		1.000000	1.000000
4	State Income Tax	9.5000%	<u>0.095000</u>	<u>0.095000</u>
5	Federal Taxable Income		0.905000	0.905000
6	Federal Income Tax	35.0000%	<u>0.316750</u>	<u>0.316750</u>
7	Operating Income		<u>0.588250</u>	<u>0.588250</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.699958</u>	<u>1.699958</u>

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

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Lag (Lead)</u> (c)	<u>CWC Factor</u> (d) (c/365)	<u>CWC Requirement</u> (e) (b*d)	<u>Column b Source</u> (f)
1	Revenues	\$ 1,401,777	49.54	0.13573	\$ 190,258	Schedule 7.10, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,037	0.00	0.00000	-	Line 32 below
4	Gross Receipts/Municipal Utility Tax	251,439	0.00	0.00000	-	Line 33 below
5	Illinois Excise Tax	259,399	34.33	0.09405	24,398	Line 34 below
6	City of Chicago Infrastructure Maintenance Fee	90,337	34.33	0.09405	8,497	Line 35 below
7	<b>Total Receipts</b>	<b><u>\$ 2,048,989</u></b>			<b><u>\$ 223,153</u></b>	Sum of Lines 1 through 6
8	Base Payroll and Withholdings	\$ 283,545	(16.19)	(0.04436)	\$ (12,577)	Schedule 7.10 FY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(16.19)	(0.04436)	-	
10	Incentive Pay Expense	33,413	(239.50)	(0.65616)	(21,924)	ComEd Ex. 3.01, APP 3, Line 10
11	Employee Benefits - Pension & OPEB	153,456	(203.24)	(0.55682)	(85,448)	ComEd Ex. 3.01, APP 3, Line 11
12	Employee Benefits - Other	51,234	(4.19)	(0.01148)	(588)	ComEd Ex. 3.01, APP 3, Line 12
13	Inter-Company billings - Less Pass-throughs	84,552	(45.21)	(0.12386)	(10,473)	ComEd Ex. 3.01, APP 3, Line 13
14	Inter-Company billings - Pass-throughs	40,214	(45.21)	(0.12386)	(4,981)	ComEd Ex. 3.01, APP 3, Line 14
15	Property Leases	27,001	(2.91)	(0.00797)	(215)	ComEd Ex. 3.01, APP 3, Line 15
16	Other Operations and Maintenance Expenses	371,285	(87.33)	(0.23926)	(88,834)	Schedule 7.10 FY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	14,446	(336.37)	(0.92156)	(13,313)	ComEd Ex. 3.01, APP 3, Line 17
18	FICA Tax	21,752	(16.19)	(0.04436)	(965)	ComEd Ex. 3.01, APP 3, Line 18
19	Federal Unemployment Tax	199	(76.38)	(0.20926)	(42)	ComEd Ex. 3.01, APP 3, Line 19
20	State Unemployment Tax	442	(76.38)	(0.20926)	(92)	ComEd Ex. 3.01, APP 3, Line 20
21	Electricity Distribution Tax	104,958	(31.13)	(0.08529)	(8,952)	ComEd Ex. 3.01, APP 3, Line 21
22	State Franchise Tax	1,671	(191.64)	(0.52504)	(877)	ComEd Ex. 3.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 3.01, APP 3, Line 23
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 3.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,828	(38.64)	(0.10586)	(405)	ComEd Ex. 3.01, APP 3, Line 25
26	Illinois Sales and Use Tax	639	(2.51)	(0.00688)	(4)	ComEd Ex. 3.01, APP 3, Line 26
27	Chicago Sales and Use Tax	35	(228.50)	(0.62603)	(22)	ComEd Ex. 3.01, APP 3, Line 27
28	Interest Expense	183,497	(90.88)	(0.24899)	(45,688)	Schedule 7.06 FY, Column b, Line 3
29	State Income Tax	20,496	(37.88)	(0.10378)	(2,127)	Schedule 7.01 FY, Column i, Line 19
30	Federal Income Tax	5,114	(37.88)	(0.10378)	(531)	Schedule 7.01 FY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,037	(35.71)	(0.09784)	(4,504)	ComEd Ex. 3.01, APP 3, Line 32
33	Gross Receipts/Municipal Utility Tax	251,439	(41.22)	(0.11293)	(28,395)	ComEd Ex. 3.01, APP 3, Line 33
34	Illinois Excise Tax	259,399	(4.44)	(0.01216)	(3,155)	ComEd Ex. 3.01, APP 3, Line 34
35	City of Chicago Infrastructure Maintenance Fee	90,337	(30.51)	(0.08359)	(7,551)	ComEd Ex. 3.01, APP 3, Line 35
36						
37	<b>Total Outlays</b>	<b><u>\$ 2,048,989</u></b>			<b><u>\$ (341,663)</u></b>	Sum of Lines 8 through 36
38	Cash Working Capital per Order				\$ (118,510)	Line 7 plus line 37
39	Cash Working Capital per Company				(6,860)	ComEd Ex. 13.03, p. 7
40	Difference -- Adjustment per Order				<b><u>\$ (111,650)</u></b>	Line 38 minus Line 39

**Commonwealth Edison Company**  
**Cash Working Capital Adjustment**  
For the Reconciliation 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	\$ 2,369,615	Schedule 7.01 RY , Column i, Line 5
2	Uncollectible Accounts	-	
3	Depreciation & Amortization	(451,588)	Schedule 7.01 RY , Column i, Line 12
4	Regulatory Debits	(37,456)	ComEd Ex. 3.04, p. 23
5	Less: Pension Asset Cost Funding	(53,473)	ComEd Ex. 3.04, p. 23
6	Less Deferred Taxes and ITC	(152,346)	Schedule 7.01 RY , Column i, Line 21
7	City of Chicago Dark Fiber Tax	-	ComEd Ex. 3.02, WP 3, Line 7
8	Return on Equity	(272,975)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,401,777</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 6,483,976	Schedule 7.03 RY , Column d, Line 24
11	Weighted Cost of Capital	4.21%	ComEd Ex. 3.03, p. 327.
12	Return on Equity	<u>\$ 272,975</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,735,187	Schedule 7.01 RY , Column i, Line 18
14	Payroll & Incentive Compensation Expense	(316,958)	ComEd Ex. 3.02, WP 3, Line 14
15	Intercompany billings - Less Pass-throughs	(84,552)	ComEd Ex. 3.02, WP 3, Line 15
16	Intercompany billings - Pass-throughs	(40,214)	ComEd Ex. 3.02, WP 3, Line 16
17	Employee Benefits Expense - Pension and OPEB	(153,456)	ComEd Ex. 3.02, WP 3, Line 17
18	Employee Benefits Expense - Other	(51,234)	ComEd Ex. 3.02, WP 3, Line 18
19	Uncollectible Accounts	-	Schedule 7.01 RY , Column i, Line 6
20	Depreciation & Amortization	(451,588)	Schedule 7.01 RY , Column i, Line 12
21	Regulatory Debits	(37,456)	ComEd Ex. 3.02, WP 3, Line 4
22	Pension Asset Cost Funding	(53,473)	ComEd Ex. 3.02, WP 3, Line 5
23	Taxes Other Than Income	(147,970)	Schedule 7.10 RY, p. 1, Column b, sum line 17 through 27
24	Property Leases	(27,001)	ComEd Ex. 3.02, WP 3, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 371,285</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 353,988	ComEd Ex. 3.02, WP 3, Line 26
27	less: Power Production Payroll	(1,389)	ComEd Ex. 3.02, WP 3, Line 27
28	less: Transmission Payroll	(35,527)	ComEd Ex. 3.02, WP 3, Line 28
29	less: Payroll Taxes on Supply	(114)	ComEd Ex. 3.02, WP 3, Line 29
30		(33,413)	ComEd Ex. 3.02, WP 3, Line 30
31	Direct Payroll and Incentive Compensation	<u>\$ 283,545</u>	Sum of Lines 26 through 30