

**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 :

Surrebuttal Testimony of

**KEVIN B. BROOKINS**

Senior Vice President  
Strategy and Administration  
Commonwealth Edison Company

**TABLE OF CONTENTS**

<b>Section</b>	<b>Page</b>
I. INTRODUCTION .....	1
A. Witness Identification .....	1
B. Summary of Surrebuttal Testimony.....	1
II. ANNUAL INCENTIVE PROGRAM.....	1
III. CONCLUSION.....	4

1 **I. INTRODUCTION**

2 **A. Witness Identification**

3 **Q. What is your name and prior participation in this docket?**

4 A. My name is Kevin B. Brookins. I am the Senior Vice President, Strategy and  
5 Administration for Commonwealth Edison Company (“ComEd”). I previously submitted  
6 pre-filed rebuttal testimony in this docket. My background, professional qualifications,  
7 duties, and responsibilities are unchanged.

8 **B. Summary of Surrebuttal Testimony**

9 **Q. What issues do you address in this testimony?**

10 A. I respond to the proposals and arguments made by Illinois Commerce Commission Staff  
11 (“Staff”) witness Mr. Richard Bridal and the Illinois Attorney General’s Office (“AG”)  
12 witness Mr. Brosch concerning ComEd’s Annual Incentive Program (“AIP”).

13 **II. ANNUAL INCENTIVE PROGRAM**

14 **Q. Mr. Brosch and Mr. Bridal testify that ComEd’s AIP is “based on” both allowable**  
15 **operational and cost control metrics on the one hand and prohibited Exelon**  
16 **Corporation (“Exelon”) Earnings Per Share (“EPS”) metrics on the other hand. Do**  
17 **you agree with their assessment?**

18 A. No. I will leave interpretation of the phrase “based on” to the lawyers. Indeed, in my  
19 rebuttal testimony I inadvertently used the phrase “related to” when I should have used  
20 the phrase “based on.” Brookins Reb., ComEd Ex. 19.0, 5:82. But I can speak to the  
21 factual issue of how ComEd manages and incentivizes its employees by the way ComEd  
22 manages and implements its AIP. In that factual sense, the operational and cost control

23 metrics as specified in the portion of the Public Utilities Act (“Act”) known as the Energy  
24 Infrastructure and Modernization Act (“EIMA”), also known as the AIP Key  
25 Performance Indicators (“KPIs”), are what ComEd employees are working towards on a  
26 daily basis.

27 **Q. How does ComEd manage its employees to achieve those AIP KPIs?**

28 A. On a monthly basis, ComEd requires its employees to provide evidentiary support of  
29 operational performance through the use of a centralized database. The database tracks  
30 not only all of the AIP KPIs, but also other key metrics that drive performance related to  
31 the KPIs. On the 9th business day of the following business month, a report is distributed  
32 to ComEd at large illustrating the performance. For example, the December 2013 KPI  
33 report was distributed to employees on the 9th day of January 2014. *See* ComEd Ex.  
34 32.01.

35 **Q. How does this management tool focus ComEd employees on achieving the KPIs?**

36 A. The report acts as a tool to provide business insight regarding areas of opportunity that  
37 can be leveraged for improvement. ComEd expects its management team, at all levels, to  
38 meet on a regular, defined basis to assess the KPI performance, identify variances, correct  
39 the deficiencies, share information and lessons learned, and to make decisions. Each  
40 month, employees are responsible for providing the actual performance, a projection for  
41 the remaining months within the fiscal year, comments on variances against the yearly  
42 goal, and/or mitigation plans. The focus is solely on the collection and comparison of  
43 metric and statistical information that can be used to improve ComEd operational and  
44 cost control performance.

45 Q. **Do these reports also contain information about Exelon's EPS?**

46 A. No. ComEd employees do not have monthly line of sight to Exelon's EPS performance.  
47 Instead, they are focused on operational and cost control success.

48 Q. **Can you provide an example of how ComEd focuses its employees on operational  
49 success?**

50 A. Yes. On page 55 of the report, ComEd's Call Center provides support for its Service  
51 Level, which is an AIP component that measures the percent of calls answered within 30  
52 seconds. *See* ComEd Ex. 32.01, p. 55. If Service Level is not on track with the goal for  
53 the year, the Call Center organization would develop and execute a plan that would  
54 enable it to quickly and efficiently improve this performance and achieve the goal.

55 Q. **Mr. Brosch argues that it would not make sense for ComEd employees to strive to  
56 exceed target performance of the AIP metrics if they reasonably expect that EPS  
57 would fail to meet threshold levels. Do you agree?**

58 A. No. The AIP calculation also includes an individual performance multiplier as discussed  
59 at page 7 of the Exelon plan. AG Ex. 1.7, p. 7. For the non-represented employees, this  
60 is recognition of individual performance towards achieving the AIP goals for the year and  
61 impacts their individual AIP payout. Individual recognition is also given through merit  
62 increases and mobility within the company. Regardless of where EPS ultimately lands,  
63 employees are motivated to achieve the operational and cost control metrics for more  
64 reasons than just ComEd's AIP.

65 **III. CONCLUSION**

66 **Q. Does this conclude your surrebuttal testimony?**

67 **A. Yes.**