**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

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

**COMMONWEALTH EDISON COMPANY**
**CROSS EXAMINATION EXHIBIT 3**

Office of the Illinois Attorney General's
Data Request Responses
to Commonwealth Edison Company's
Second Set of Data Requests
ICC Docket No. 14-0312
Date Issued: July 7, 2014
Date Responded: July 21, 2014

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**ComEd→AG 2.03.** Mr. Brosch states "After KPI performance levels have been measured and weighted within ComEd and each of Exelon's other Operating Companies and Business Units, the Shareholder Protection Feature is applied "(AG Ex. 1.0 22:508-510).

a. Please explain Mr. Brosch's understanding of what the impact to ComEd's total payout would have been had ComEd not met threshold performance on its Funding KPI metrics?

**AG Response:** Mr. Brosch understands that according to ComEd's response to data request RWB 7.01, Attach 1, page 5, "[t]here are three levels of performance associated with each Operating Company / Business Unit AIP Funding KPI" and the "Threshold" level is the "…minimum acceptable level of performance that must be achieved for employees to receive any payout (i.e., 50 percent payout) on a Funding KPI. No payout will occur on a Funding KPI that does not achieve a threshold level of performance." Mr. Brosch notes that the 2013 ComEd KPIs are listed in the table at page 4 of RWB 7.01 Attach 1 and in ComEd Ex. 2.01 at pages 3 and 4.

b. What does Mr. Brosch believe the impact to ComEd's total payout would have been had the ComEd AIP plan not been limited by the Exelon Shareholder Protection Feature?

**AG Response:** Mr. Brosch believes the AIP payout for 2013 would have been higher had the Shareholder Protection Feature not been applied.

c. Does Mr. Brosch believe that the Shareholder Protection Feature discussed in the Exelon AIP document can have any impact on ComEd's total AIP payout other than reducing the total payout calculated based on Funding KPI metrics?

**AG Response:** No. According to the Company's response to data request RWB 7.01, Attach 1 at page 6, the Shareholder Protection Feature is an overall constraint on payouts, as shown in the "Payout Percentage" examples table on that page. According to page 6, "The AIP includes a feature that limits payout for Operating Company and Business Unit KPIs based

upon EPS performance" as more fully described on that page. Mr. Brosch believes that if Exelon EPS threshold targets are not achieved, there can be no payouts under the AIP pursuant to the Shareholder Protection Feature.

d. State with specificity how based on the statement above, Mr. Brosch believes ComEd's AIP Plan is "based on net income or an affiliate's earnings per share" per Section 108.5 (c)(4)(A) of the EIMA Act.

**AG Response:** Mr. Brosch is not offering any legal opinion regarding Section 108.5(c)(4)(A) of the EIMA Act, but he understands that Exelon Corporation's Earnings per Share ("EPS") is the overarching variable that serves as an overall constraint on AIP payouts. According to the Company's response to data request RWB 7.01, Attach 1 at page 3:

> Corporate performance will be assessed using Exelon's Earnings Per Share (EPS). EPS measures net income per share of Exelon Corporation common stock. It is the value by which we are judged by Wall Street and our shareholders and has a direct impact on our stock price. Achieving our EPS goal supports our commitment to shareholders and provides opportunities to reinvest in the business and/or reduce debt. Payment levels for Operating Company and Business Unit KPIs are contingent on EPS performance.

Please refer also to the AG response to parts (a) and (c), above.

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**ComEd→AG 2.04.** Mr. Brosch describes the Shareholder Protection Feature of the Exelon AIP as an "overall constraining element" (AG Ex. 1.0 21:467).

a. State with specificity how based on the statement above, Mr. Brosch believes ComEd's AIP Plan is "based on net income or an affiliate's earnings per share" per Section 108.5 (c)(4)(A) of the EIMA Act.

**AG Response:** Mr. Brosch is not offering any legal opinion regarding Section 108.5(c)(4)(A) of the EIMA, but he understands that Exelon Corporation's Earnings per Share ("EPS") is the overarching variable that serves as an overall constraint on AIP payouts. According to the Company's response to data request RWB 7.01, Attach 1 at page 3:

> Corporate performance will be assessed using Exelon's Earnings Per Share (EPS). EPS measures net income per share of Exelon Corporation common stock. It is the value by which we are judged by Wall Street and our shareholders and has a direct impact on our stock price. Achieving our EPS goal supports our commitment to shareholders and provides opportunities to reinvest in the business and/or reduce debt. Payment levels for Operating Company and Business Unit KPIs are contingent on EPS performance.

Because there can be no payouts under the AIP unless Exelon's EPS threshold is achieved, the costs incurred by ComEd under the AIP are based on the net income and earnings per share achieved by each of the Exelon companies affiliated with ComEd, which ultimately determine the net income and EPS of the parent/affiliate, Exelon Corporation.

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**ComEd→AG 2.05.** Regarding pages 3-4 of the Exelon AIP plan:

a. In preparing his testimony, did Mr. Brosch read where it states "Note: Employees participating in the ComEd or BGE KPIs do not have Exelon EPS as a performance measure, but are subject to the EPS shareholder protection feature"? What is Mr. Brosch's understanding of that sentence?

**AG Response:** Yes. Mr. Brosch understands that sentence to mean only what it says, that ComEd and BGE KPIs do not directly incorporate Exelon EPS as a Funding KPI. The table appearing on page 4 of the Company's response to data request RWB 7.01, Attach 1 shows the entities and positions outside ComEd and BGE that do incorporate Exelon EPS as a weighted corporate performance measure, with entries in the "Corporate (Exelon) Earnings per Share (EPS) column within the table on that page.

b. In preparing his testimony, did Mr. Brosch read in Exelon's AIP plan where it states that "A brief overview of each Operating Company/Business unit's KPIs is provided below. Your Operating Company/Business unit AIP Supplement will provide additional, detailed information related to your specific KPIs"? What is Mr. Brosch's understanding of those sentences as they relate to the administration of Exelon's AIP plan?

**AG Response:** Mr. Brosch understands that the Exelon AIP plan and the AIP Supplement for each Operating Company / Business Unit will be used together to administer the overall AIP plan. Mr. Brosch understands that if the Exelon EPS criteria defined in the Shareholder Protection Feature of the AIP are not met, there will be no payouts under the AIP to any employees of Exelon's subsidiaries.

c. In preparing his testimony, did Mr. Brosch read in Exelon's AIP plan where it states "Employees are tied to the goals of the Operating Company/Business unit where they are assigned in

Peoplesoft…"? What is Mr. Brosch's understanding of that sentence as it relates to the administration of Exelon's AIP plan?

**AG Response:** No reference is provided for where the quoted language appears. Mr. Brosch is not certain whether or not he read this language or formulated any understanding of specific impacts upon "the administration of Exelon's AIP plan" with respect to such language.

d. If any of your answers to subparts (a) – (c) are affirmative, please explain with specificity why Mr. Brosch believes that AIP paid to ComEd employees is "based on net income or an affiliate's earnings per share".

**AG Response:** Please see the responses to subparts (a) through (c). As noted in the Office of the Attorney General's response to data request ComEd->AG 2.04, "Mr. Brosch is not offering any legal opinion regarding Section 108.5(c)(4)(A) of the EIMA, but he understands that Exelon Corporation's Earnings per Share ("EPS") is the variable that serves as an overall constraint on AIP payouts. According to the Company's response to data request RWB 7.01, Attach 1 at page 3:

> Corporate performance will be assessed using Exelon's Earnings Per Share (EPS). EPS measures net income per share of Exelon Corporation common stock. It is the value by which we are judged by Wall Street and our shareholders and has a direct impact on our stock price. Achieving our EPS goal supports our commitment to shareholders and provides opportunities to reinvest in the business and/or reduce debt. Payment levels for Operating Company and Business Unit KPIs are contingent on EPS performance."

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
COMMONWEALTH EDISON'S FOURTH SET OF DATA REQUESTS
DIRECTED TOWARDS MICHAEL L. BROSCH
ICC DOCKET No. 14-0312
Date Issued: August 5, 2014
Date Responded: August 11, 2014

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ComEd→AG 4.02. Is Mr. Brosch aware of any regulatory commission order, regulatory literature, empirical research, economic literature, accounting literature, financial literature or other published authority where the inclusion in rate base of deferred revenue requirement balances is addressed? If Mr. Brosch's answer is anything but an unqualified "no," please provide citations to all such sources. If any such sources are not readily and publicly available to ComEd (i.e., from local libraries or on-line sites accessible by ComEd and its counsel), please provide copies thereof.

**AG Response:** OBJECTION: The People of the State of Illinois object to this data request on the grounds that it is overbroad, unduly burdensome, and/or not reasonably calculated to lead to the discovery of admissible evidence. In particular, and without limitation, the People of the State of Illinois object to the extent this data request seeks documents or information beyond the scope of their testimony in this proceeding. Without waiving this objection, the People respond as follows:

No. Outside of EIMA regulation in Illinois and the HECO Companies' deferral of target versus actual revenue variances, Mr. Brosch is not aware of a comparable factual situation where deferred revenue reconciliation balances are allowed an interest return pursuant to rule, order or statute. See the response to data request AG 4.01. Because the HECO Companies' application of interest to the accrued revenue regulatory asset balance has been implemented, which is comparable to the Effron recommendation in ICC Docket No. 14-0312, it is <u>not</u> appropriate or necessary to include the HECO Companies' deferred revenue requirement-related ADIT balances in rate base. Mr. Brosch has not surveyed or researched regulatory commission orders or literature on this narrow topic and does not believe that general accounting or financial literature would be instructive or relevant. Mr. Effron and Mr. Brosch explain in their direct testimonies why the Illinois Commerce Commission should either reduce the reconciliation balance to which interest is applied for offsetting ADIT amounts or, in the alternative, should reduce rate base to reflect the 100% DST jurisdictional nature of such balances.

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ComEd→AG 4.12. Does Mr. Brosch contend that ComEd finances its unrecovered reconciliation balances entirely through the issuance of debt?

**AG Response**: No. Mr. Brosch did not require and has not formed any contentions regarding how (with debt, equity, internally generate cash, etc.) ComEd has financed "its unrecovered reconciliation balances" except to note that the amount that was required to be financed is actually a net of income tax balance, as explained in his direct testimony, AG Exhibit 1.0, at lines 234-254.

If Mr. Brosch's answer is anything other than an unqualified "no," please:

a. Explain how ComEd can determine the amount of the debt required to fund the reconciliation balance in advance of the determination of ComEd's actual rate year revenue requirement or the Initial Revenue Requirement attributable for that Rate Year;

**AG Response:** Not applicable.

b. Identify the specific debt issuances used or accessed by ComEd to finance any unrecovered reconciliation balance since 2011;

**AG Response**: Not applicable.

c. For each such debt issuance or draw, produce any documentation supporting the claim that it was used to finance an unrecovered reconciliation balance

**AG Response:** Not applicable.

d. State whether such debt is included in ComEd's actual capital structure used to calculate ComEd's proposed return on rate base in this Docket?

**AG Response**: Not applicable.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 4.16. Mr. Brosch testifies at AG Ex. 1.0, page 8, lines 185 – 88 that "ComEd shareholders are being allowed recovery of interest at the utility's full weighted average cost of capital ('WACC') on the Regulatory Asset investment associated with the reconciliation balance, with no offset for the related income tax deferral benefits that are recorded as ADIT." Does Mr. Brosch agree that the total income tax ComEd will pay increases as a result of the revenues from such interest? If Mr. Brosch's answer is anything but an unqualified "yes," please explain in detail how the increased revenues from such interest do not result in a corresponding increase in ComEd's tax liability. Please produce all documents Mr. Brosch relies upon in support of his response or which he believes support or corroborate his response.

**AG Response**: Yes. However, the receipt of interest income on the reconciliation balance implies that ComEd may incur incremental interest expense to finance its foregone cash flows while awaiting rate recovery. Any interest expense arising from such financing activities may produce incremental income tax deductions that offset the referenced interest income.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 4.24. Referring to AG Ex. 2.0, page 6, line 121 through page 9, line 200, Mr. Effron proposes that ADIT related to the reconciliation balance should be "netted against the reconciliation balance before calculating the reconciliation interest."

a. Does Mr. Effron agree that Mr. Brosch's proposal to deduct such ADIT from rate base and Mr. Effron's proposal to deduct it from the reconciliation balance accruing interest are mutually exclusive even under Mr. Effron's assumptions and arguments? If Mr. Effron's answer is anything but an unqualified "yes," please explain why Mr. Effron does not regard this as a duplicative disallowance?

**Response**: Yes.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
COMMONWEALTH EDISON'S FIFTH SET OF DATA REQUESTS
DIRECTED TOWARDS MICHAEL L. BROSCH
ICC DOCKET No. 14-0312
Date Issued: August 6, 2014
Date Responded: August 11, 2014

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ComEd→AG 5.01. (a) Does Mr. Brosch contend that all or any portion of the 2013 Annual Incentive Compensation expense included in the revenue requirement in this proceeding was imprudently incurred?

**AG Response**: Mr. Brosch has not examined the "prudence" of the Company's AIP expense and has formulated no opinions regarding whether such expenses were prudently incurred.

(b) If the answer to subpart (a) is anything other than an unqualified "no," please explain the entire rationale for any claim that any portion of the 2013 Annual Incentive Compensation was imprudently incurred and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response:** Not applicable.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
COMMONWEALTH EDISON'S FIFTH SET OF DATA REQUESTS
DIRECTED TOWARDS MICHAEL L. BROSCH
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ComEd→AG 5.02. (a) Does Mr. Brosch contend that all or any portion of the 2013 Annual Incentive Compensation expense included in the revenue requirement in this proceeding was unreasonable in amount?

**AG Response**: Mr. Brosch has not examined the "reasonableness" of the Company's AIP expense levels, except with regard to whether the AIP is compliant with the recovery guidelines established in Section 16-108.5(c)(4)(A) of the Act, as more fully discussed in his testimony (AG Exhibit 1.0, pages 19-24). Mr. Brosch has formulated no opinions regarding whether 2013 AIP capitalized costs or expenses are reasonable, except in this context.

(b) If the answer is to subpart (a) anything other than an unqualified "no," please explain the entire rationale for any claim that any portion of the 2013 Annual Incentive Compensation was unreasonable in amount and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response**: Not Applicable.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 5.04. (a) Does Mr. Brosch agree that, as currently stated in the 2013 Exelon Annual Incentive Compensation Plan, application of the Shareholder Protection Feature alone can only result in lower incentive compensation costs included in the revenue requirement?

**AG Response**: Yes, if by "lower" one recognizes the possibility of zero AIP costs being incurred when Exelon Corporation EPS falls below the established Threshold level.

(b) If the answer to subpart (a) is anything other than an unqualified "yes", please explain fully and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response**: Not applicable.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 5.05. (a) Does Mr. Brosch agree that the application of the Shareholder Protection Feature to ComEd's 2013 Annual Incentive Compensation expense resulted in a reduction to that expense and therefore its application provided a benefit to ComEd customers in the form of lower rates?

**AG Response**: Yes. Application of the Shareholder Protection Feature in 2013 reduced the AIP costs that would have been incurred but for that Feature. Mr. Brosch has not examined whether ComEd customers have been provided "a benefit" other than with respect to reduced AIP costs that will impact the revenue requirement determination in this Docket No. 14-0312.

(b) If the answer to subpart (a) is anything other than an unqualified "yes", please explain fully and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response**: Not applicable.

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 5.07. (a) Is it Mr. Brosch's non-legal opinion that ComEd's 2013 Annual Incentive Compensation Expense was "based on" Exelon EPS as the phrase "based on" is used in Section 16-108.5(c)(4)(A) of the Illinois Public Utilities Act?

**AG Response**: Yes, as well as the other factors set forth in AG Exhibit 1.7 and the corresponding ComEd 2013 AIP Information Guide.

(b) If the answer to subpart (a) is anything other than an unqualified "yes", please explain fully and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response**: See the response to part (a).

OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S RESPONSES TO
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ComEd→AG 5.08. (a) Is it Mr. Brosch's non-legal opinion that the 2013 Annual Incentive Compensation expense that ComEd incurred was exclusively "based on" an affiliate's Earnings Per Share as the phrase "based on" is used in Section 16-108.5(c)(4)(A) of the Illinois Public Utilities Act?

**AG Response**: No. 2013 AIP costs (capitalized and expensed) were based upon all of the factors set forth in AG Exhibit 1.7 and the corresponding ComEd 2013 AIP Information Guide, including the Shareholder Protection Feature which is driven by an affiliate (Exelon Corporation's) Earnings Per Share.

(b) If the answer to subpart (a) is anything other than an unqualified "no," please explain fully and produce all documents that Mr. Brosch believes support such a conclusion.

**AG Response**: See the response to part (a).

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.01.** Referring to AG Exhibit 4.0, lines 54-56, where Mr. Effron testifies that "[t]he revenue requirement that ComEd will recover in 2015 is the 2013 revenue requirement *plus projected 2014 plant additions*, not the actual 2013 revenue requirement." Does Mr. Effron agree that the projected 2014 plant additions included in the calculation of rates collected in 2015 are reflected in those by virtue of being included in the calculation of 2015 Initial Rate Year Revenue Requirement, as those terms are defined in Ms. Brinkman's Direct Testimony? If your answer is anything other than an unqualified "yes," please :

a. Identify the plant additions that Mr. Effron does believe are used to calculate the 2015 Initial Rate Year Revenue Requirement; and

b. Cite by description and sheet and line number where in the approved rate formula the 2015 Initial Rate Year Revenue Requirement is calculated.

**Response:** Yes.

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.02.** Referring to AG Exhibit 4.0, lines 54-56, where Mr. Effron testifies that "[t]he revenue requirement that ComEd will recover in 2015 is the 2013 revenue requirement *plus projected 2014 plant additions*, not the actual 2013 revenue requirement." Does Mr. Effron agree that the projected 2014 plant additions included in the calculation of rates collected in 2015 have no role in the calculation of the 2013 Reconciliation Revenue Requirement? If your answer is anything other than an unqualified "yes," please:

a. Explain in detail how 2014 projected plant additions are included in the calculation of the 2013 Reconciliation Revenue Requirement; and

b. Cite by description and sheet and line number where in the approved rate formula 2014 projected plant additions are used to calculate the 2013 Reconciliation Revenue Requirement.

**Response:** Yes.

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.03.** Referring to AG Exhibit 4.0, lines 54-56, where Mr. Effron testifies that "[t]he revenue requirement that ComEd will recover in 2015 is the 2013 revenue requirement *plus projected 2014 plant additions*, not the actual 2013 revenue requirement." Does Mr. Effron agree that the 2015 Initial Rate Year Revenue Requirement will be reconciled with ComEd's actual costs in the 2016 formula rate update proceeding and that the balance will be recovered or refunded as part of rates collected in 2017? If your answer is anything other than an unqualified "yes," please explain you answer in detail with citations, by sheet and line number, to the approved rate formula.

**Response:** Yes.

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.04.** Refer to AG Exhibit 4.0, lines 188-220. Does Mr. Effron contend that ComEd in fact finances its unrecovered reconciliation balances entirely through the issuance of debt? If Mr. Effron's answer is anything other than an unqualified "no," then

a. Explain how ComEd can determine the amount of the debt required to fund the reconciliation balance in advance of the determination of ComEd's actual rate year revenue requirement or the Initial Revenue Requirement attributable for that Rate Year;

b. Identify the specific debt issuances used or accessed by ComEd to finance any unrecovered reconciliation balance since 2011;

c. For each such debt issuance or draw, produce any documentation supporting the claim that it was used to finance an unrecovered reconciliation balance;

d. State whether such debt is included in ComEd's actual capital structure used to calculate ComEd's proposed return on rate base in this Docket?

**Response**: As Mr. Effron stated in his rebuttal testimony, AG Exhibit 4.0, at lines 193-199, he relied on the Commission's finding in Docket No. 11-0721 that the reconciliation balance "will be collected within the year following the determination of the reconciliation amount. This represents a short term obligation (as it can be a credit or a charge). These balances therefore do not require permanent financing by ComEd, and should not be expected to require new ComEd common stock issuances or parent company equity infusions for financing." Docket No. 11-0721, Order on Rehearing, October 3, 2012, at 35.

Regarding subparts (a) through (d), Mr. Effron did not conduct an independent review of how ComEd finances the assets on its balance sheet.

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.06.** Does Mr. Effron agree that the total cash income tax payments made by ComEd in any given calendar year is affected by a variety of factors, including the availability of tax deductions and tax credits, the income and tax estimation methodology used, the timing of ComEd's receipt of revenues and earnings in the rate year, and the degree to which revenues are treated as income in the tax year? If Mr. Effron's answer is anything other than an unqualified "yes," please state in detail the basis of Mr. Effron's disagreement and identify and provide citations to all external sources, if any, that he relies upon. If any such sources are not readily and publicly available to ComEd (i.e., from local libraries or on-line sites accessible by ComEd and its counsel), please provide copies thereof.

**Response:** Yes. Please see the AG's response to data request ComEd->AG 4.21.

**OFFICE OF THE ILLINOIS ATTORNEY GENERAL'S (AG) RESPONSES TO COMMONWEALTH EDISON COMPANY'S SIXTH SET OF DATA REQUESTS RESPONSES ANSWERED BY DAVID J. EFFRON ICC DOCKET No. 14-0312 Date Received: August 14, 2014 Date Responded: August 19, 2014**

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**ComEd→AG 6.07.** Does Mr. Effron agree that the reconciliation process established under EIMA and implemented through ComEd's approved formula rate reconciles revenue requirements (i.e., compares a calculated projected *revenue requirement* to a calculated actual *revenue requirement*) as opposed to reconciling revenues received? If Mr. Effron's answer to this subpart anything other than an unqualified "yes," please explain Mr. Effron's answer in detail and cite by description and sheet and line number where in the approved rate formula revenues received are reconciled.

**Response**: Yes. Footnote 7 in the rebuttal testimony of AG witness Michael L. Brosch, AG Exhibit 3.0, can be read to be equally applicable to Mr. Effron's testimony.