

REBUTTAL TESTIMONY

of

THERESA EBREY

Accountant  
Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission

Commonwealth Edison Company

Reconciliation of Revenues Collected  
under PORCB Rider with Actual and  
Prudent Associated Costs

Docket No. 14-0313

May 28, 2015

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Attachments

Attachment A      Company response to Staff Data Request TEE 6.04

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 Avenue,  
4 Springfield, Illinois 62701.

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

7 A. Yes. I provided direct testimony in this case as ICC Staff Exhibit 1.0 on February  
8 26, 2015.

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

10 A. The purpose of my rebuttal testimony is to respond to the rebuttal testimony of  
11 ComEd witnesses Martin Fruehe (ComEd Ex. 4.0) and Toni Garza (ComEd Ex.  
12 5.0).

13 Schedule Identification

14 Q. Are you sponsoring any schedules with your testimony?

15 A. Yes. I prepared Schedule 2.1 which presents the Staff reconciliation for Rider  
16 PORCB for the period January 2011 through December 2013 as updated in this  
17 rebuttal testimony.

18 Q. Did the Company accept your adjustment for "Payment Review, Verification, and  
19 Other" proposed in direct testimony?

20 A. Yes, the Company accepted my proposal that the requested amount for Payment  
21 Review, Verification, and Other be reduced for

22 a) Legal fees associated with Docket No. 09-0592;

23 b) Legal fees associated with Docket No. 11-0435; and

24 c) Duplication of certain fees to Mr. Daniel Kowalewski.

25 The sum of these three adjustments total \$46,956. (ComEd Ex. 4.0, p. 2, lines  
26 32-34)

27 Electronic Data Interface and Information Technology Support

28 Q. How did the Company respond to your adjustment for Electronic Data Interface  
29 (“EDI”) and Information Technology (“IT”) Support?

30 A. The Company rejected my proposed adjustment to disallow the entire  
31 \$4,103,440 included in the Company’s reconciliation for EDI and IT Support  
32 costs and provided additional explanation of the EDI and IT Support costs, as  
33 well as an alternative proposal regarding the recovery of those costs.

34 Q. What did the Company provide to further explain the EDI and IT Support costs  
35 for the reconciliation period?

36 A. The Company provided a more in depth analysis of the EDI and IT support costs  
37 which shows the amount of such costs that are incurred as a result of the  
38 PORCB Program to be those related to three specific transaction codes in their  
39 computer system (810 Outbound, 820 Outbound, and 824 Financial  
40 Description).(ComEd Ex 4.0, pp. 8-09, lines 179 – 195; ComEd Ex. 5.0, p. 6,

41 lines 106 – 111) I agree that these costs would be incremental to the PORCB  
42 Program and thus recoverable under the Rider.

43 Q. What is the alternative proposal offered by the Company?

44 A. The Company proposed that the full amount of EDI and IT support costs included  
45 in its direct testimony, (\$4.1 million) be recovered in this initial reconciliation only.  
46 Hereafter, the amount to be included for recovery in the Rider would be based on  
47 the three transaction codes identified in Mr. Fruehe’s testimony as incremental to  
48 PORCB. (ComEd Ex. 4.0, p. 12, lines 230 – 250)

49 Q. What is your opinion of that alternative proposal?

50 A. With the additional explanation provided in the Company’s rebuttal testimony, I  
51 recommend that the Commission accept that alternative proposal. While the  
52 specific study of the EDI costs provided in rebuttal testimony is more precise than  
53 the simple allocation used in direct testimony to assign costs to the Rider, the  
54 overall costs themselves are neither unreasonable nor imprudent. Since this  
55 reconciliation is a backward looking process, there would be no other means for  
56 the Company to collect these costs from any party if the Commission disallowed  
57 them in this reconciliation. The Company has made a good faith effort to identify  
58 “incremental” costs based on my definition of that term and further has reflected  
59 this approach concerning the EDI and IT support costs in its most recent Rider  
60 PORCB Annual Report and the pending delivery service formula rate update  
61 case. Therefore, I have reflected the \$4.1 million in costs to be recovered under

62 Rider PORCB in the schedules attached to this testimony and recommend that  
63 only the specific identification of costs to the three identified transaction codes be  
64 included for recovery in future Rider PORCB reconciliations.

65 Resolution of the POR Application Period Net Under Recovery

66 Q. What do you recommend with regards to the POR Application Period net under-  
67 recovery from this proceeding?

68 A. I recommend that the net under-recovery of costs from this initial POR  
69 Application Period be recovered through the future applications of the Cost  
70 Recovery Amount ("CRA") as discussed in the Company's response to Staff data  
71 request TEE 6.04 (Attachment A). The Cost Recovery Summary included in that  
72 response is in accordance with Rider PORCB, 2nd Revised Sheet No. 399, fifth  
73 paragraph, which explains how the excess CRA used in the Determination of the  
74 Discounted Receivables should be applied.

75 The Commission should order the Company to file a new CRA which would  
76 provide for the collection of the total net under-recovery of \$1,472,926 resulting  
77 from this initial reconciliation proceeding.

78 Original Cost Finding

79 Q. Do you agree with the Company's request for an original Cost finding in this  
80 docket?

81 A. Yes, as the Commission directed in Docket No. 14-0312<sup>1</sup>, an original cost  
82 determination will be made in this case concerning the PORCB plant in service. I  
83 agree with the Company that the original cost of PORCB plant in service at  
84 December 31, 2013 is \$16,503,391.

85 Summary of Conclusions and Recommendations

86 Q. Please summarize your recommendations.

87 A. I recommend that the Commission approve:

- 88 1) The Total Implementation Costs to be recovered through the Rider  
89 PORCB to be \$18,513,342 as shown on Schedule 2.1, page 2, line 7;  
90 2) The reconciliation for the period January 2011 through December 2013  
91 as reflected on Schedule 2.01, page 1, line 9, reflecting a total net  
92 under recovery of \$1,472,926;  
93 3) The revision of the Cost Recovery Amount, Factor CRA in the  
94 determination of the Discounted Receivables calculation in such a  
95 manner to apply the under recovery of \$1,472,926; and  
96 4) An original cost determination finding that the original cost of PORCB  
97 plant in service at December 31, 2013 is \$16,503,391.

98 I further recommend that Schedule 2.01 be attached to the Final Order in this  
99 proceeding as an appendix.

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<sup>1</sup> Commonwealth Edison Co., Order, Docket No. 14-0312, p. 8.

100 Conclusion

101 Q. Does this question end your prepared rebuttal testimony?

102 A. Yes.

**REQUEST NO. TEE 6.04:**

Referring to the revised schedules provided in response to TEE 6.03 above, please provide a schedule reflecting the resolution of the over or under recovery.

**RESPONSE:**

At this time, ComEd does not have a schedule reflecting the “resolution of the over or under recovery” to which Staff Data Request TEE 6.04 refers. Resolution of the over or under recovery of costs that are recovered in accordance with the provisions of Rider PORCB – Purchase of Receivables with Consolidated Billing (“Rider PORCB”) will be accomplished through the future applications of Cost Recovery Amount (“CRA”).

As identified in ComEd Ex. 4.01, at the end of the first POR Application Period (January 2011 through December 2013), ComEd was in a position of a net under recovery of \$1,472,927 with respect to costs that are allowed to be recovered in accordance with the provisions of Rider PORCB. (ComEd Ex. 4.01, page 1, line 27). The following table provides a summary of the applicable costs and revenues associated with the first POR Application Period.

| Rider PORCB<br>First POR Application Period (2011 - 2013)<br>Cost Recovery Summary |   |                       |
|--|---|-----------------------|
| 1  | DIC/AOC <sup>1</sup>  | \$ (17,232,350)       |
| 2  | Revenue From RESs   | \$ 18,999,459         |
| 3  | Subtotal (ln 1 + ln 2)  | \$ 1,767,109          |
| 4  | BSMICs/BSAOCs <sup>2</sup>  | \$ (5,229,789)        |
| 5  | Subtotal (ln 3 + ln 4)  | \$ (3,462,680)        |
| 6  | CB Adj Revenue From Retail Customers <sup>3</sup>   | \$ 1,989,754          |
| 7  | <b>Total Over/(Under) Recovery<sup>4</sup></b> (ln 5 + ln 6)  | <b>\$ (1,472,926)</b> |
| Notes  |   |                       |
| 1  | DIC = Development and Implementation Costs<br>AOC = Administrative and Operational Costs  |                       |
| 2  | BSMICs = Billing System Modification and Implementation Costs<br>BSOACs = Billing System Admin and Operational Costs<br>(ComEd incurred \$0 BSOACs during first POR Application Period) |                       |
| 3  | CB Adj = Consolidated Billing Adjustment  |                       |
| 4  | Minor rounding exists   |                       |

Pursuant to Rider PORCB, if an excess amount exists after subtracting the DICs and AOCs from the revenue from RESs, then the excess is applied to the recovery of the BSMICs and BSAOCs. If an excess amount still exists after the subtraction of the BSMICs and BSAOC, then it would be used to reimburse retail customers for amounts previously recovered from such customers through the CB Adjustment. Given that the revenue from RESs did not recover an amount in excess of the DIC/AOCs and BSMICs/BSOACs (as shown on line 5 in the table) no reimbursements are made to retail customers at this time.

The application of the current CRA and future revised CRAs, as applicable, will provide for the recovery of heretofore unrecovered costs associated with the first POR Application Period and the amounts recovered from retail customers via the previously applied CB Adjustment. If an excess amount of revenues from RESs exists after the second POR Application Period (2014 – 2016) through the application of such CRAs – after subtraction of accrued DICs, AOCs, BSMICs and BSAOCs – then the excess amount will be used to reimburse retail customers for amounts previously recovered from such customers through the CB Adjustment.

Note that revenues from RESs vary depending upon customer switching activity between RES-provided and ComEd-provided electric supply.

Commonwealth Edison Company  
 Rider PORCB - Reconciliation  
 For the Period January 1, 2011 through December 31, 2013

| Line No.   | Description<br>(a)   | Balance/Cumulative Totals for First Application Period<br>Ended 12/31/13 |                |              |
|--|--|--|----------------|--------------|
|  |  | Total Per<br>Reconciliation<br>(b)<br>(c + d)                            | DIC/AOC<br>(c) | BSMIC<br>(d) |
| <u>Initial Period (Over)/Under Recovery</u>            |  |  |                |              |
| COSTS  |  |  |                |              |
| 1  | Implementation Costs (page 2, line 13)                             | \$ 7,961,244   | \$ 1,106,990   | \$ 6,854,254 |
| 2  | Administrative and Operations Costs (page 2, line 20)              | 16,125,360   | 16,125,360     | -            |
| 3  | Total Costs (Sum - lines 1 and 2)                                  | \$ 24,086,604  | \$ 17,232,350  | \$ 6,854,254 |
| REVENUES   |  |  |                |              |
| 4  | Customer Billing Adjustments through Rider RCA (page 2, line 21)   | \$ 1,989,754   | \$ -           | \$ 1,989,754 |
| 5  | POR Adjustment (\$.50 per Bill charge to RESs) (page 2, line 22)   | 18,999,459   | 18,999,459     | -            |
| 6  | Amounts recovered through other jurisdictions (page 2, line 23)    | 1,624,465  | -              | 1,624,465    |
| 7  | Total Revenues (Sum lines 4 through 6)                             | \$ 22,613,678  | \$ 18,999,459  | \$ 3,614,219 |
| 8  | Rounding   | -  | -              | -            |
| 9  | (Over) /Under Recovery for Current Year (line 3 - line 7 + line 8) | \$ 1,472,926   | \$ (1,767,109) | \$ 3,240,035 |
| <u>Disposition of Cumulative (Over)/Under Recovery</u> |  |  |                |              |
| 10   | Application to Under recovered BSMICs                              | \$ -   | \$ (1,767,109) | \$ 1,767,109 |
| 11   | Revision to Cost Recovery Amount (CRA)                             | 1,472,926  | -              | 1,472,926    |
| 12   | Cumulative (Over)/Under Recovery (Sum of lines 10 through 12)      | \$ 1,472,926   | \$ (1,767,109) | \$ 3,240,035 |

Commonwealth Edison Company  
 Rider PORCB - Reconciliation  
 For the Period January 1, 2011 through December 31, 2013

| Line   | Costs and Revenues<br>(a)   | Source<br>(b)           | Implementation<br>Costs 12/31/11<br>(c) | Balance/Cumulative Totals for First Application Period<br>Ended 12/31/13 |                      |                       |
|--|---|-------------------------|---|--|----------------------|-----------------------|
|  |   |                         |   | Total Per<br>Reconciliation<br>(d)<br>(e + f)                            | DIC/AOC<br>(e)       | BSMIC<br>(f)          |
| <u>Costs:</u>  |   |                         |   |  |                      |                       |
| <u>Implementation Costs:</u>   |   |                         |   |  |                      |                       |
| 1  | DICs and BSMICs -   |                         |   |  |                      |                       |
| 2  | Plant in Service - POR Development & Implementation Costs (DIC)   | Co Sched 1 Revised      | \$ 2,061,913                            | 12.5%  |                      |                       |
| 3  | Plant in Service - CB Billing Systems Modification Implementation Costs (BSMIC)   | Co Sched 1 Revised      | 14,441,478                              | 87.5%  |                      |                       |
| 4  | Net Plant in Service Balance at end of Period   | L. 2 + L. 3             | <u>\$ 16,503,391</u>                    | 100.0%   | \$ 11,571,868        | \$ 1,445,775          |
| 5  | Deferred O&M Expense POR (DIC)  | Co Sched 1 Revised      | \$ 512,012                              | 25.5%  |                      |                       |
| 6  | Deferred O&M Expense CB (BSMIC)   | Co Sched 1 Revised      | 1,497,939                               | 74.5%  |                      |                       |
| 7  | Unamortized Deferred O&M Balance at end of Period   | L. 5 + L. 6             | <u>\$ 2,009,951</u>                     | 100.0%   | \$ 1,408,723         | 358,856               |
| 8  | Total Implementation Costs  | L. 4 + L. 7             | <u>\$ 18,513,342</u>                    |  | <u>\$ 12,980,591</u> | <u>\$ 1,804,631</u>   |
| <u>POR Application Period Costs:</u>   |   |                         |   |  |                      |                       |
| <u>Implementation Costs:</u>   |   |                         |   |  |                      |                       |
| 9  | Depreciation of Plant in Service  | Co Sched 2 Revised      |   |  | \$ 4,931,523         | \$ 616,138            |
| 10   | Carrying Charges on Net Plant in Service  | Co Sched 2 Revised      |   |  | 2,164,373            | 270,414               |
| 11   | Amortization of Deferred O&M Costs  | Co Schedule 3           |   |  | 601,228              | 153,156               |
| 12   | Carrying Charges on Unamortized Deferred O&M Costs  | Co Schedule 3           |   |  | 264,120              | 67,282                |
| 13   | Total POR Application Period Implementation Costs   | SUM (L9:L12)            |   |  | <u>\$ 7,961,244</u>  | <u>\$ 1,106,990</u>   |
| <u>Administrative and Operational Costs:</u>                                       |   |                         |   |  |                      |                       |
| <u>On-Going O&amp;M Expenses - Administrative and Operational Costs (AOCs):</u>    |   |                         |   |  |                      |                       |
| 14   | Payment Review, Verification and Other  | Co Schedule 4 (Revised) |   |  | \$ 43,431            | \$ 43,431             |
| 15   | EDI and IT Support  | Co Schedule 4 (Revised) |   |  | 4,103,440            | 4,103,440             |
| 16   | Collection Agency Costs   | Co Schedule 12          |   |  | 505,221              | 505,221               |
| <u>Bad Debt Charge Offs and Discounts - Net Actual Uncollectible Costs (NAUC):</u> |   |                         |   |  |                      |                       |
| 17   | Amount of Write-offs Associated with Purchased Receivables  | Co Schedule 5           |   |  | 10,620,873           | 10,620,873            |
| 18   | Discounts on Purchased Receivables  | Co Schedule 6           |   |  | 852,395              | 852,395               |
| 19   | Total Bad Debt Charge Offs and Discounts - Net Actual Uncollectible Costs (NAUC)  | L. 17 + L. 18           |   |  | <u>11,473,268</u>    | <u>11,473,268</u>     |
| 20   | Total Administrative and Operations Costs:  | SUM(L14:L16)+L. 19      |   |  | <u>\$ 16,125,360</u> | <u>\$ 16,125,360</u>  |
| <u>Revenues:</u>   |   |                         |   |  |                      |                       |
| 21   | Revenues Associated with the Application of Customer Billing Adjustments (CB Adjustment) Billed through Rider RCA (Retail Customer Assessments) | Co Schedule 7           |   |  | \$ 1,989,754         | \$ -                  |
| 22   | Revenues Associated with the Application of POR Adjustment as a Result of the \$0.50 per Bill Transaction Charge to the RESs                    | Co Schedule 8           |   |  | 18,999,459           | 18,999,459            |
| 23   | Amounts Recovered through Other Jurisdictions   | Co Schedule 11          |   |  | 1,624,465            | -                     |
| 24   | Total Revenues  | SUM(L21:L23)            |   |  | <u>\$ 22,613,678</u> | <u>\$ 18,999,459</u>  |
| 25   | POR Application Period Under/(Over) Recoveries  | L. 13 + L. 20 - L. 24   |   |  | <u>\$ 1,472,926</u>  | <u>\$ (1,767,109)</u> |
|  |   |                         |   |  |                      | <u>\$ 3,240,035</u>   |