

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

COMMONWEALTH EDISON COMPANY :
 :
Annual formula rate update and revenue : Docket No. 16-_____
requirement reconciliation authorized by Section :
16-108.5 of the Public Utilities Act. :

Direct Testimony of
CHRIST T. SIAMBEKOS
Director, Finance
Commonwealth Edison Company

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1 **I. INTRODUCTION, BACKGROUND AND SUMMARY**

2 **A. Witness Identification**

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

4 A. My name is Christ T. Siambekos. My business address is Two Lincoln Centre, Oak
5 Brook Terrace, Illinois 60181.

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Commonwealth Edison Company (“ComEd”) as Director, Finance.

8 **B. Purpose of Direct Testimony**

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

10 A. The purpose of my direct testimony is to support the delivery service revenue
11 requirements (2015 Reconciliation Revenue Requirement and 2017 Initial Rate Year
12 Revenue Requirement), which are set forth in the testimony of ComEd witnesses
13 Ms. Christine M. Brinkman (ComEd Exhibit (“Ex.”) 1.0) and Mr. Chad Newhouse
14 (ComEd Ex. 2.0), and which form the basis of rates set under Section 16-108.5(b) of the
15 Public Utilities Act (“PUA”). Specifically, in Section II, I provide information
16 concerning ComEd’s (1) capital structure, (2) cost of debt, and (3) cost of equity, upon
17 which the revenue requirements are based. In Section III, I describe the costs charged to
18 ComEd by Exelon Business Services Company (“BSC”) in its provision of certain
19 services to ComEd, and explain why these costs are prudent and reasonable. In Section
20 IV, I identify certain Administrative and General (“A&G”) expenses and support their
21 prudence and reasonableness. In Section V of my testimony, I discuss how ComEd
22 employees who support operations tasks contributed toward the achievement of the

23 metrics in ComEd’s 2015 incentive compensation plans. And finally, in Section VI, I
24 identify and describe the capital investments ComEd placed in service during 2015 and
25 the capital investments that it plans to place in service during 2016. The amount of
26 investment placed in service in 2015 is included in the 2015 Reconciliation Revenue
27 Requirement, and the amount of investment projected to be placed in service in 2016 is
28 included in the 2017 Initial Rate Year Revenue Requirement, each of which is described
29 in more detail in the direct testimony of ComEd witness Mr. Newhouse (ComEd Ex. 2.0).

30 **C. Attachments to Direct Testimony**

31 **Q. What are the attachments to your direct testimony?**

32 A. Attached to my direct testimony as ComEd Ex. 3.01 is a table that provides information
33 regarding the historical investments funded under the commitments ComEd made in
34 EIMA¹ that have been placed into service in prior years (“EIMA investment”), as well as
35 the analogous EIMA investment ComEd placed into service during 2015 and the EIMA
36 investment that ComEd plans to place into service during 2016.

37 **D. Background and Qualifications**

38 **Q. Mr. Siambekos, what are your duties as Director, Finance?**

39 A. As Director, Finance, I am responsible for financial planning and reporting of ComEd’s
40 operations and maintenance (“O&M”) and capital expenses. My responsibilities also
41 include overseeing project authorization and processing monthly journal entries.

¹ “EIMA” is the common short name of the Energy Infrastructure Modernization Act. EIMA refers to the changes and additions made to the Illinois PUA by Public Acts (“PAs”) 97-0616 and 97-0646, as further amended by PA 98-0015 and PA 98-1175.

42 Q. **What were your prior positions with ComEd and its affiliates?**

43 A. Before assuming my current position, from December 2006 to July 2009 I was Manager,
44 Financial Analysis, supporting ComEd Operations, and from November 2004 to July
45 2009 I was Manager, Financial Analysis, supporting Exelon Energy Delivery Technical
46 Services. In both of these roles, I oversaw planning and reporting of O&M and capital
47 expenses as well as monthly journal entry processing for each respective area.

48 From February 2001 to November 2004, I held positions as a Senior Financial
49 Analyst, Principal Financial Analyst, and Finance Manager for Exelon Corporation. In
50 these roles, my responsibilities included consolidating budgets, analyzing financial
51 results and cost savings initiatives.

52 Q. **What is your educational background?**

53 A. I hold a Bachelor of Science degree and a Master of Science degree in Mechanical
54 Engineering from the University of Illinois at Urbana-Champaign and a Master of
55 Business Administration from the University of Chicago with a concentration in Finance.

56 **II. CAPITAL STRUCTURE AND COST OF CAPITAL**

57 Q. **What capital structure is ComEd using to support its revenue requirements for the
58 2015 Reconciliation and 2017 Initial Rate Year?**

59 A. ComEd proposes to use the same capital structure – ComEd’s actual capital structure as
60 of December 31, 2015 – to support the 2015 Reconciliation and 2017 Initial Rate Year
61 revenue requirements. This capital structure excludes goodwill.

62 Q. **What were the components of ComEd’s capital structure in 2015?**

63 A. As of December 31, 2015, ComEd's capital structure was comprised of 45.62% equity
64 (excluding goodwill), 54.11% long-term debt, and 0.27% short-term debt.

65 Q. **Is ComEd's 2015 actual capital structure prudent and reasonable?**

66 A. Yes. The 2015 actual capital structure is consistent with sound financial practice, and
67 reflects a degree of leverage that includes an appropriate level of risk while also
68 maintaining a level of financial strength and integrity that investors view as sufficient for
69 access to capital markets. Specifically, this capital structure appropriately balances the
70 interests of (i) customers to have reliable service at the lowest possible cost, (ii) debt
71 holders to be assured that their interest payments will be made as promised and their
72 principal will be repaid at maturity, and (iii) equity investors to receive competitive
73 dividends and earnings that justify their continued capital commitments. I also note that
74 the capital structure is consistent with capital structures found prudent and reasonable for
75 ComEd in the past.

76 Q. **What is the cost of the long-term debt component in ComEd's 2015 capital
77 structure?**

78 A. The 2015 cost of long-term debt is 5.06%, as shown on Schedule ("Sch") FR D-1
79 (ComEd Ex. 2.01, Sch FR D-1, line 12).

80 Q. **What is the cost of the short-term debt component in ComEd's 2015 capital
81 structure?**

82 A. The 2015 cost of short-term debt is 0.53%, as shown on Sch FR D-1 (ComEd Ex. 2.01,
83 Sch FR D-1, line 13).

84 Q. **How has ComEd calculated the cost of equity (“COE”) for purposes of deriving the**
85 **actual 2015 revenue requirement for the reconciliation in this case that is reflected**
86 **on Sch FR A-1 REC (ComEd Ex. 2.01)?**

87 A. The COE is the sum of: 1) the average for the applicable calendar year (2015) of the
88 monthly average yields of 30-year United States Treasury bonds published by the Board
89 of Governors of the Federal Reserve System in its Statistical Release of Selected Interest
90 Rates – H.15; and 2) 580 basis points. Pursuant to Section 16-108.5 of the PUA and
91 Rider DSPM – Delivery Service Performance Metrics, ComEd reduces the calculated
92 COE if ComEd fails to meet the performance metrics outlined in Section 16-108.5.

93 Q. **What is the COE that results from applying that formula?**

94 A. Because the average treasury yield was 2.84%, the total allowed COE is 8.64%. In 2015,
95 however, ComEd did not achieve its annual service reliability target and pursuant to
96 Section 16-108.5(f-5)(4) applied a five basis point reduction to the allowed COE,
97 resulting in a total COE of 8.59% for purposes of deriving the actual 2015 Reconciliation
98 Revenue Requirement. The calculation of the 2015 average yield and the resulting COE
99 can be found on Sch FR D-1 (ComEd Ex. 2.01, Sch FR D-1, line 8, line 11).

100 Q. **How has ComEd calculated the COE for purposes of deriving the initial revenue**
101 **requirement for delivery service charges for the 2017 Rate Year?**

102 A. The COE calculation supporting this revenue requirement is identical to the COE
103 calculation supporting the Reconciliation Revenue Requirement; however, the five basis
104 point penalty is not applied to the initial revenue requirement for the 2017 Rate Year
105 because the penalty only applies to the reconciliation period. The calculation of COE for

106 the Reconciliation Revenue Requirement and the 2017 Rate Year is reflected in Sch FR
107 D-1. See ComEd Ex. 2.01.

108 III. **CHARGES FOR SERVICES PROVIDED BY BSC**

109 Q. **What is BSC?**

110 A. BSC is the service company within the Exelon family of affiliated companies that
111 provides services such as information technology (“IT”), supply, finance, and human
112 relations to ComEd and Exelon’s other business units. The service company model is
113 widely used throughout the electric utility industry and, in fact, the Public Utility Holding
114 Company Act of 1935 (“PUHCA”) (as amended by the Energy Policy Act of 2005)
115 generally required any employee serving multiple operating companies in a utility
116 holding company system to be an employee of a service company. Given this history, it
117 is common for utilities to receive similar services from service companies.

118 Q. **Did ComEd incur costs in 2015 for services provided by BSC?**

119 A. Yes, it did. During 2015, ComEd incurred costs for services provided by BSC that
120 totaled \$295.8 million, as quantified in ComEd Ex. 2.10, page 4, column (b).

121 Q. **Were the charges incurred by ComEd during 2015 for the services provided to it by
122 BSC prudent and reasonable?**

123 A. Yes. In my professional opinion, the costs ComEd incurred for services provided by
124 BSC are prudent and reasonable. The services that BSC provides to ComEd allow
125 ComEd to provide efficient and reliable delivery services. I discuss these conclusions in
126 more detail below.

127 Q. **How were the costs of these BSC services allocated to ComEd?**

128 A. In many instances, the costs for these services are “directly assigned” to ComEd based on
129 the conclusion that the underlying services were provided specifically to ComEd. In
130 those instances where the services are provided on behalf of more than one Exelon
131 company and the costs cannot be directly assigned, BSC uses several allocation factors,
132 which are set forth in the General Services Agreement approved by the Illinois
133 Commerce Commission (“ICC” or “Commission”) in ICC Docket No. 00-0295 and
134 which also have been accepted by the Securities and Exchange Commission (“SEC”).²
135 These allocation methodologies are designed to assign the costs to the entity that caused
136 the costs to be incurred (the cost causation principle) and provide a high degree of
137 assurance that ComEd’s customers pay only for BSC services provided on their behalf.

138 Q. **Are you familiar with the budgeting and cost control processes employed by ComEd
139 and BSC for costs of services provided to ComEd by BSC?**

140 A. Yes, I am familiar with these processes.

141 Q. **Are these budgeting and cost control processes effective means of controlling BSC
142 costs?**

143 A. Yes. These processes allow for proper planning and assessment of ComEd’s needs
144 before any services are provided by BSC or costs are incurred by ComEd. Once the
145 budgets are established for a given year and the baseline levels of services are
146 established, ongoing coordination between ComEd and BSC assures that costs are kept

² In compliance with the Commission’s order in Docket No. 14-0312, ComEd will be submitting a revised General Services Agreement reflecting statutory citation updates and the addition of new entities following the merger between Exelon and PEPCO Holdings.

147 within budget and no unnecessary services are provided. This process generally allows
148 ComEd to fully understand and influence the work priorities and activities to be
149 undertaken by BSC, as well as the costs to be incurred by ComEd. Any variances
150 between budgeted amounts and dollars actually spent are reviewed on a regular basis to
151 ensure that the variances are completely explained and justified. Overall, it is my opinion
152 that these budgeting and cost control processes are effective means of controlling BSC
153 costs.

154 **Q. Do BSC employees perform all of the services provided on behalf of ComEd by**
155 **BSC?**

156 **A.** No. Certain services are outsourced by BSC to third-parties when it is more cost-
157 effective or beneficial to do so, and BSC regularly analyzes outsourcing opportunities to
158 ensure that ComEd receives the most value for the dollars it pays to BSC.

159 **Q. How does the cost to ComEd of BSC services for 2015 compare to the analogous cost**
160 **in 2014?**

161 **A.** The \$298.6 million cost of services provided by BSC includes specific one-time costs to
162 complete the merger between Exelon and PEPCO Holdings. I understand that these costs
163 relate to activities supporting the integration and efficient functioning of the combined
164 companies and achieving related cost reductions. Excluding one-time costs to achieve
165 (“CTA”) these benefits, the cost of the services provided by BSC for 2015 were \$288.3
166 million, compared to \$239.0 million in BSC charges incurred during 2014 (excluding
167 CTA), which was the historical period at issue in the reconciliation in ICC Docket No.
168 15-0287. The key drivers of the increase in BSC charges year-over-year relate to IT costs

169 required to comply with implementation of North American Electric Reliability
170 Corporation (“NERC”) Version 5 Critical Infrastructure Protection Reliability Standards
171 and Part 280 changes.

172 **Q. What reports of BSC costs did ComEd provide to Staff in the past year?**

173 A. ComEd furnishes a number of reports to Staff throughout the year regarding BSC costs.
174 During 2015, ComEd provided the following internal audit and other reports to Staff:

- 175 • 2014 BSC’s Federal Energy Regulatory Commission (“FERC”) Form No. 60
176 Annual Report of Centralized Service Companies: this form is submitted annually
177 as a result of the final Order in ICC Docket No. 05-0597.
- 178 • ComEd’s 2014 ILCC Form 21 Annual Report and supplemental schedules
179 thereto: the schedules are a report of BSC’s corporate governance charges by
180 function, along with certain schedules that were previously filed as part of the U-
181 13-60 report filed with the SEC prior to the repeal of the PUHCA, with detail
182 provided for items that exceed \$100,000 in amount.

183 **Q. Have you reached an opinion regarding the prudence and reasonableness of BSC's**
184 **charges?**

185 A. Yes. In my role as ComEd’s Director, Finance, I supervise all activities related to
186 financial reporting, budgeting and analysis. Based on this experience and the information
187 I review in the course of performing these duties, it is my professional opinion that the
188 services provided by BSC to ComEd provide substantial benefits to ComEd and
189 contribute to ComEd’s provision of delivery services to its retail customers. In addition
190 to the cost control and allocation processes that I described earlier, ComEd benefits from

191 BSC's ability to leverage greater savings by procuring and providing services not only
192 for ComEd but also for the other Exelon companies. Based on these economies of scale,
193 it is my opinion that ComEd's relationship with BSC is economically advantageous to
194 ComEd compared to the alternative of ComEd performing the BSC functions itself or
195 having to outsource these functions to third-party vendors. For all of these reasons, the
196 costs of the BSC services paid by ComEd were prudently incurred and reasonable in
197 amount.

198 IV. **ADMINISTRATIVE AND GENERAL EXPENSES**

199 Q. **What types of expenses are included in the A&G Expenses category?**

200 A. A&G costs generally represent a wide variety of corporate support and overhead costs
201 that benefit or derive from more than one business function. Major A&G support areas
202 include the Human Resources, Finance, Legal, Supply Management, Information
203 Technology, and Corporate Governance functions. Additionally, the costs of employee
204 pensions and benefits, including health care for active and retired employees, as well as
205 rents, injuries and damages expenses, and regulatory expenses, are included in these
206 A&G Accounts. All of these types of costs represent expenses ComEd incurs in
207 providing delivery services to its retail customers. They are managed carefully and with
208 systems of cost control and review similar to those applied to distribution and customer
209 operational expenses, as described by ComEd witnesses Jennifer Montague (ComEd Ex.
210 4.0) and Michael C. Moy (ComEd Ex. 5.0).

211 Q. **Who provides the services included within A&G expenses?**

212 A. In general, services are provided either internally by ComEd employees or by other
213 service providers, including BSC. BSC provides corporate governance, technical, and
214 numerous other support services to the Exelon companies. As I explained earlier, the
215 BSC charges to ComEd are for necessary services and are reasonable in amount; this
216 includes the charges for A&G expenses incurred on behalf of ComEd by BSC.

217 Q. **How are A&G expenses reviewed for reasonableness and prudence?**

218 A. The majority of A&G expenses relate to operations and customer operations functions,
219 such as the costs of providing communications services to the line crews in the field or
220 information services to ComEd engineers. Those costs are reviewed carefully, as are the
221 functions that support them, by the operations and customer operations areas that they
222 support, and their prudence and reasonableness is addressed by ComEd witnesses Ms.
223 Montague (ComEd Ex. 4.0) and Mr. Moy (ComEd Ex. 5.0). In addition, corporate
224 governance, technical, financial, and support services are provided to ComEd by BSC, as
225 previously discussed in Section III of my testimony. What remains are costs, such as
226 building leases, facilities maintenance, insurance, environmental and safety support,
227 general communication services, and the vehicle fleet, that are expenses of operating a
228 delivery services business, but are not included in Distribution or Customer accounts.
229 Also, certain costs recorded in customer accounts (*e.g.*, Accounts 908-909) include
230 communication and support systems that are not managed by Customer Operations.
231 These customer accounts costs are \$34.7 million after adjustments and are described as
232 Customer Service and Informational costs in ComEd Ex. 2.01, Sch FR C-1, Col (E),
233 Line 3.

234 Q. **How does ComEd, in the regular course of its business, monitor and control the**
235 **A&G costs that are not directly supervised by the operations functions, such as the**
236 **communication and support systems, to ensure that they are prudently incurred**
237 **and that their costs are reasonable?**

238 A. First of all, the same types of processes, supply management functions, and financial
239 controls that are in place in the operational areas of ComEd are implemented to control
240 these costs. In order to be incurred, costs and activities must be reviewed and approved
241 not only at the functional, but also at the financial level. In addition, ComEd employees
242 are incentivized to reduce these expenses wherever possible. Based on my knowledge,
243 gained in my current position, of ComEd's costs of service and my general knowledge of
244 ComEd's financial controls, it is my opinion that these costs were prudently incurred in
245 connection with the provision of delivery services and are reasonable in amount.

246 Q. **Are the pension and other post-employment benefits (“OPEB”) prudently incurred**
247 **and reasonable in amount?**

248 A. Yes. Pension and OPEB expenses are based upon actuarial studies performed by Towers
249 Watson. The magnitude of the expenses is primarily driven by the market return on
250 investments underlying the plans, interest rates used in determining the plans'
251 obligations, and the funded status of the plans. ComEd's goal is to provide adequate
252 funding for the plans on which its employees' retirement benefits depend at a prudent and
253 reasonable cost. Also, by assuring adequate funding, ComEd reduces the expense that
254 will be recognized in future periods, while alleviating uncertainty surrounding funding
255 for future contributions. Based on my personal direct knowledge, it is my opinion that

256 ComEd properly manages its Pension and OPEB obligations, and the expenses incurred
257 are prudent and reasonable.

258 V. **INCENTIVE COMPENSATION**

259 Q. **What points concerning incentive compensation does your testimony address?**

260 A. The testimony of Ms. Brinkman (ComEd Ex. 1.0), in addition to that of ComEd witnesses
261 Ms. Montague and Mr. Moy (ComEd Exs. 4.0 and 5.0), generally describes how ComEd
262 performed under ComEd’s annual incentive plan (“AIP”) metrics during 2015. My
263 testimony is limited to addressing the AIP contributions made by employees who may
264 not perform “operations” tasks, but who support operations through their important
265 positions in departments such as Finance, Human Resources, Legal and Information
266 Technology. Indeed, operations work cannot be performed without personnel performing
267 important financial, computer support, and hiring and retaining functions.

268 Q. **How did these employees contribute toward ComEd’s incentive metrics?**

269 A. As discussed by Ms. Brinkman (ComEd Ex. 1.0), the 2015 AIP plan had nine operational
270 metrics – two related to ComEd’s cost control and seven related to ComEd’s operations.
271 Employees in departments such as Finance, Human Resources, Legal and Information
272 Technology are responsible for ensuring that their respective organizations remain within
273 their allotted O&M and capital spend for the year. Work plans and budgets are prepared
274 in all organizations and are evaluated routinely to ensure that expenditures are prudent
275 and appropriate. Employees not in Operations or Customer Operations departments lead
276 the process for creating the annual budget, tracking and monitoring costs, and managing
277 portfolios of company assets. They are also responsible for the technology resources that

278 enable accurate tracking of costs, raising of capital, and ensuring that materials, supplies
279 and human resources are efficiently provided. We expect our employees to recognize
280 areas for savings, create viable solutions to decrease costs, and implement process
281 improvements. Further, these employees play roles regarding ComEd’s storm response,
282 providing both direct and indirect support to the Operations area during restoration
283 planning and execution. For example, employees in the External Affairs and Large
284 Customer Services groups have primary liaison responsibilities with local government
285 authorities and large customers. In that role, they are a critical source of information to
286 the operations personnel about restoration progress and where resources should be
287 deployed to speed restoration. Additionally, employees in the Marketing and
288 Environmental Programs group impact Customer Satisfaction metrics through direct
289 interaction with ComEd customers; they do so through the promotion of ComEd’s energy
290 conservation programs. Regarding the Occupational Safety and Health Administration
291 (“OSHA”) metrics, it is the responsibility of all employees to ensure that their co-workers
292 are working safely and to point out safety concerns or issues when they are identified.
293 Workplace accidents are not limited to employees working in the field.

294 VI. **CATEGORIZATION OF EIMA INVESTMENT**

295 Q. **What points about ComEd’s investment in response to its EIMA commitments are**
296 **you addressing in your direct testimony?**

297 A. My testimony addresses the following Commission conclusion from its final Order in
298 ICC Docket No.12-0321:

299 ... ComEd is required by Section 16-108.5 to provide specific
300 evidence, in every Section 16-108.5 proceeding, in its case-in-chief,

301 as to what it intends to spend Section 16-108.5 money on ... for
302 reconciliation purposes. It is also required to clearly segregate the
303 evidence regarding its projected plant additions from its evidence
304 regarding its reconciliation of the previous years' expenditures.
305 While separate evidence is not required regarding these two types of
306 evidence, a clear identification (e.g., subheadings as to what the
307 evidence is probative of) is the only type of evidence that the
308 Commission will accept from ComEd in future formula rate case
309 filings.

310 *Commonwealth Edison Co.*, ICC Docket No. 12-0321 (Order December 19, 2012) at 98.

311 To these ends, my testimony identifies: (i) the investments satisfying ComEd's EIMA
312 commitments under Section 16-108.5(b) of the PUA in the 2015 Reconciliation Revenue
313 Requirement, and (ii) the EIMA investment projected to be made under Section 16-
314 108.5(b) of the PUA in 2016 for the purposes of establishing the 2017 Initial Rate Year
315 Revenue Requirement. In each case, I report the actual or projected plant in service
316 amounts, as applicable.

317 Furthermore, in ICC Docket No. 13-0318, the Commission concluded:

318 In direct testimony, Staff recommended that ComEd (1) beginning
319 with the next formula rate update, identify by category cumulative
320 actual investments made under Section 16-108.5(b)(1) of the Act in
321 addition to the annual actual investments for each year, and (2) in the
322 current proceeding, file an investment summary by category of
323 cumulative actual and projected investments for each of the 10 years
324 of EIMA. ComEd accepted Staff's recommendations, and has
325 worked with Staff to develop agreed reporting templates. No other
326 intervenor contested this issue. Therefore, the Commission approves
327 ComEd's reporting of Reconciliation Plant Year Additions.

328 *Commonwealth Edison Co.*, ICC Docket No. 13-0318, (Order Dec. 18, 2013) at 85. To
329 that end, I have attached ComEd Ex. 3.01 to my testimony to show ComEd's cumulative
330 investment, as well as the actual annual investments, made to meet ComEd's
331 commitments under Section 16-108.5(b)(1) of the PUA.

332 Q. **What is the nature of the EIMA-related investments identified in your testimony?**

333 A. As I describe in more detail below and in ComEd Ex. 3.01, ComEd made capital
334 investments in a variety of EIMA programs that were placed into service during 2015,
335 and ComEd plans to make additional capital investments in EIMA programs to be placed
336 into service during 2016. These capital investments are grouped into two broad
337 categories: (i) “Reliability-Related Investments” which comprises EIMA electric system
338 upgrades, modernization programs, and training facilities; and (ii) “Smart Grid-Related
339 Investments” which comprises EIMA upgrade and modernization of the transmission and
340 distribution system and Smart Grid electric system upgrades. Each of these categories, in
341 turn, includes specific areas of investment, which can be summarized as follows:

342 • *Reliability-Related Investments*

- 343 ○ Distribution infrastructure improvements, including underground
344 residential distribution cable injection and replacement and mainline cable
345 system refurbishment and replacement programs.
- 346 ○ Construction of training facilities.
- 347 ○ Wood pole inspection, treatment, and replacement programs.
- 348 ○ Programs reducing the susceptibility of certain circuits to storm-related
349 damage.

350 • *Smart Grid-Related Investments*

- 351 ○ Additional smart meters.
- 352 ○ Distribution automation.
- 353 ○ Associated cyber secure data communication network.

354 ○ Substation micro-processor relay upgrades.

355 I provide below a summary of these investment totals in the same format
356 presented in Findings 12 and 13 of the Commission’s final Order in ICC Docket No. 13-
357 0318.

358 **Q. What information is included in ComEd Ex. 3.01 for each EIMA program?**

359 A. ComEd Ex. 3.01 contains the following information for each EIMA program: (i) the
360 dollar amount of historical plant placed into service prior to 2015; (ii) the dollar amount
361 of the plant placed into service during 2015; (iii) the dollar amount of the plant projected
362 to be placed into service during 2016; and (iv) the cumulative dollar amount of the
363 EIMA-funded plant projected to be placed into service by the end of 2016.

364 **Q. How does ComEd track these investments?**

365 A. ComEd tracks investments in each of these programs through Investment Tracking
366 Numbers (“ITNs”). For each investment made by ComEd or projected to be made by
367 ComEd, an ITN tracks the cost of assets placed (or to be placed) in service.

368 **Q. Can you provide tables for the plant additions made in 2015 in a format similar to**
369 **the tables found in Findings Paragraphs 12 and 13 of the Commission’s final Order**
370 **in Docket No. 13-0318?**

371 A. Yes. Set forth below in Table 1 is a summary of the investment amounts by category of
372 the \$666,144,031 placed in service in 2015 by ComEd under Section 16-108.5(b) of the
373 PUA:

374

375

Table 1

Distribution Infrastructure Improvements	\$274,653,289
Training Facility Construction or Upgrade Projects	\$6,040,222
Wood Pole Inspection, Treatment, and Replacement	\$20,711,951
Reducing the susceptibility of certain circuits to storm-related damage	\$72,942,880
Total electric system upgrades, modernization programs, and training facilities	\$374,348,343
Additional smart meters	\$230,400,343
Distribution automation	\$54,369,358
Substation micro-processor relay upgrades	\$7,025,988
Total upgrade and modernization of transmission and distribution infrastructure and Smart Grid electric system upgrades	\$291,795,689
Total projected incremental 2015 plant additions in compliance with Section 16-108.5(b)(1) of the PUA	\$666,144,031

376 Q. **Can you also provide a similar table for the plant additions to be made in 2016?**

377 A. Yes. Set forth below in Table 2 is a summary of the investment amounts by category of
 378 the \$641,515,121 projected to be placed in service in 2016 by ComEd under Section 16-
 379 108.5(b) of the PUA:

380

Table 2

Distribution Infrastructure Improvements	\$249,501,210
Training Facility Construction or Upgrade Projects	\$0
Wood Pole Inspection, Treatment, and Replacement	\$26,128,150
Reducing the susceptibility of certain circuits to storm-related damage	\$62,693,322
Total electric system upgrades, modernization programs, and training facilities	\$338,322,682
Additional smart meters	\$239,102,369
Distribution automation	\$36,148,330
Substation micro-processor relay upgrades	\$27,941,740
Total upgrade and modernization of transmission and distribution infrastructure and Smart Grid electric system upgrades	\$303,192,439
Total projected incremental 2016 plant additions in compliance with Section 16-108.5(b)(1) of the PUA	\$641,515,121

381 VII. **CONCLUSION**

382 Q. **Does this conclude your direct testimony?**

383 A. Yes.