

REBUTTAL TESTIMONY

of

SCOTT TOLSDORF

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. 16-0259

August 11, 2016

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1 **Witness Identification**

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

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

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

7 A. Yes. My direct testimony is ICC Staff Exhibit 1.0.

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

9 A. The purpose of my rebuttal testimony is to present:

- 10 1. The Staff of the Illinois Commerce Commission's ("Staff") adjusted
11 Statements of Operating Income and Rate Base for Commonwealth
12 Edison Company's ("Company" or "ComEd") electric utility delivery
13 service operations for the reconciliation year ("RY") and the filing year
14 ("FY");
- 15 2. Staff's determination of the Reconciliation Adjustment and the Return on
16 Equity ("ROE") Collar Computation; and
- 17 3. My recommendation for the Original Cost Determination.

18 **Schedule and Attachment Identification**

19 **Q. Are you sponsoring any schedules as part of ICC Staff Exhibit 4.0?**

20 Yes. I prepared the schedules listed below for the Company for the 2016
21 filing year and 2015 reconciliation year. The various parts of each schedule
22 are marked with letters following the schedule number to indicate the
23 revenue requirement to which the respective schedule part pertains. The
24 letters "FY" indicate the filing year revenue requirement on which delivery

25 service rates effective January 2017 will be based. The letters “RY” indicate
26 the reconciliation year revenue requirement, which is the *actual* revenue
27 requirement for 2015 as adjusted by Staff.

28 Revenue Requirement Schedules

29	Summary	Summary of Base Rate Revenue Change from Prior Case
30	Schedule 4.01	Statement of Operating Income with Adjustments
31	Schedule 4.02	Adjustments to Operating Income
32	Schedule 4.03	Rate Base
33	Schedule 4.04	Adjustments to Rate Base
34	Schedule 4.05	Revenue Effect of Adjustments
35	Schedule 4.06	Interest Synchronization Adjustment
36	Schedule 4.07	Gross Revenue Conversion Factor

37 Adjustment Schedules

38	Schedule 4.08 FY	Reconciliation Computation (Filing Year Only)
39	Schedule 4.09 FY	Return on Equity Collar Computation (Filing Year Only)
40	Schedule 4.10	Cash Working Capital Adjustment

41 Revenue Requirement Schedules

42 **Q. Please describe the Summary of Base Rate Revenue Change from**
43 **Prior Formula Rate Case (“Summary”).**

44 A. The Summary shows the total net revenue requirement from the prior year
45 formula rate case final order (column (b)), the changes proposed by the

46 Company in direct testimony (column (c)) and the associated percentage
47 change (column (d)), and the Company's total net revenue requirement
48 proposed in direct testimony in the current proceeding (column (e)). The
49 Summary also shows the impact of adjustments to the total net revenue
50 requirement proposed by the Company in its direct testimony in the current
51 proceeding as reflected in Staff's rebuttal testimony (column (f)) and the
52 associated percentage (column (g)). Staff's proposed total net revenue
53 requirement as reflected in its rebuttal testimony is then reflected in column
54 (h).

55 **Q. Please describe Schedule 4.01, Statement of Operating Income with**
56 **Adjustments.**

57 A. Schedule 4.01 is the same as ICC Staff Exhibit 1.0, Schedule 1.01,
58 described on pages 4-5 of ICC Staff Exhibit 1.0, except that it incorporates
59 Staff's rebuttal testimony positions and the Company's rebuttal testimony
60 positions to which Staff has no objection.

61 **Q. Please describe Schedule 4.02, Adjustments to Operating Income.**

62 A. Schedule 4.02 for each revenue requirement identifies Staff's adjustments
63 to Operating Income. The source of each adjustment is shown in the
64 heading of each column. Column (i) is carried forward to Schedule 4.01,
65 column (c).

66 **Q. Please describe Schedule 4.03, Rate Base.**

67 A. Schedule 4.03 is the same as ICC Staff Exhibit 1.0, Schedule 1.03,
68 described on page 7 of ICC Staff Exhibit 1.0, except that it incorporates
69 Company and Staff rebuttal testimony positions.

70 **Q. Please describe Schedule 4.04, Adjustments to Rate Base.**

71 A. Schedule 4.04 for each revenue requirement identifies Staff's adjustments
72 to Rate Base. The source of each adjustment is shown in the heading of
73 each column. Column (i) is carried forward to Schedule 4.03, column (c).

74 **Revenue Effect of Adjustments**

75 **Q. Please describe Schedule 4.05, Revenue Effect of Adjustments.**

76 A. Schedule 4.05 uses the same analysis as ICC Staff Exhibit 1.0, Schedule
77 1.05. The theory behind the analysis is discussed in ICC Staff Exhibit 1.0,
78 on page 7.

79 **Interest Synchronization**

80 **Q. Please describe Schedule 4.06, Interest Synchronization Adjustment.**

81 A. Schedule 4.06 uses the same computations as ICC Staff Exhibit 1.0,
82 Schedule 1.06. The mechanics of the computations are discussed in ICC
83 Staff Exhibit 1.0, on pages 7-8.

84 **Gross Revenue Conversion Factor**

85 **Q. Please describe Schedule 4.07, Gross Revenue Conversion Factor.**

86 A. Schedule 4.07 uses the same computations as ICC Staff Exhibit 1.0,
87 Schedule 1.07. The mechanics of the computations are discussed in ICC
88 Staff Exhibit 1.0, on page 8.

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

90 **Q. Please describe Schedule 4.08 FY, Reconciliation Computation.**

91 A. Schedule 4.08 uses the same computations as ICC Staff Exhibit 1.0,
92 Schedule 1.08. The mechanics of the computations are discussed in ICC
93 Staff Exhibit 1.0, on pages 8-9.

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

95 **Q. Please describe Schedule 4.09 FY, Return on Equity Collar**
96 **Computation.**

97 A. Schedule 4.09 uses the same computations as ICC Staff Exhibit 1.0,
98 Schedule 1.09 FY. The mechanics of the computations are discussed in
99 ICC Staff Exhibit 1.0, on pages 9-10. The Company did not take issue with
100 the mechanics of the computation although not all adjustments to the inputs,
101 addressed individually throughout Staff Direct testimony, were accepted by
102 the Company. The final inputs should reflect the Commission conclusions
103 on all issues.

104 **Cash Working Capital Adjustment**

105 **Q. Please describe Schedule 4.10, Cash Working Capital Adjustment.**

106 A. Schedule 4.10 presents the adjustment to Cash Working Capital (“CWC”)
107 to reflect Staff’s proposed level of operating expenses. The final CWC
108 balance should be calculated using the revenue requirement approved by
109 the Commission in this proceeding.

110 **Q. What are the differences between your calculations of CWC and the**
111 **Company’s calculation of CWC?**

112 A. There are no differences between the Company’s method and my method
113 of calculating CWC. My Schedule 4.10 produces a different result than the
114 Company’s CWC calculation because my schedule reflects Staff’s
115 adjustments to the Company’s proposed revenue requirement.

116 **Original Cost Determination**

117 **Q. Did the Company update its request for an original cost determination**
118 **in this proceeding?**

119 A. Yes. During the course of Staff’s discovery, it was determined that the
120 property usage allocation factor was calculated based upon an incorrectly
121 sourced percentage from a facilities allocation study. This also resulted in a
122 small derivative impact on the net plant allocator. The result of these
123 updates increases the original cost determination by \$2,427,000. This
124 update is reflected in the Company’s rebuttal testimony.

125 **Q. Do you agree with the Company’s calculation of the property usage**
126 **allocation factor and the resulting update to the original cost of plant?**

127 A. Yes. The calculation method for the property usage allocation factor has not
128 changed from previous formula rate proceedings. The Company's proposed
129 update simply incorporates the correct inputs into that calculation.

130 **Q. Do you have any other changes to your recommended original cost**
131 **determination?**

132 A. Yes. I recommend that the Company's requested original cost
133 determination be reduced by Staff's proposed disallowance of \$3,000 for
134 capitalized employee recognition costs. (Staff Exhibit 5.0, Schedule 5.01)

135 **Q. What is your recommendation for the original cost of plant in service**
136 **as of December 31, 2015?**

137 A. I recommend the Commission approve \$18,436,012,000¹ as the original
138 cost of plant as of December 31, 2015. If the Commission makes any
139 additional adjustments to plant, however, commensurate adjustments
140 should be reflected in the original cost determination. Further, I recommend
141 the Commission include the following language in the Findings and
142 Orderings paragraphs of its Order in this proceeding:

143 (#) the Commission, based on ComEd's proposed original
144 cost of plant in service as of December 31, 2015,
145 before adjustments, of \$18,436,012,000, and reflecting
146 the Commission's determination adjusting that figure,
147 approves \$_____ as the composite original
148 cost of jurisdictional distribution services plant in
149 service as of December 31, 2015.

¹ \$18,436,015,000 requested by ComEd less Staff disallowance of \$3,000 = \$18,436,012,000.

150 **Conclusion**

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

152 **A. Yes.**

Commonwealth Edison Company
Summary of Base Rate Revenue Change from Prior Case
For the Filing Year Ending December 31, 2016
(In Thousands)

Line	Description	Granted in Prior Case (15-0287)	Company Proposed Changes		Company DT Proposal FR A-1	Adjustments		Per Staff
			(e) - (b)	(c) / (b)		(h) - (e)	(f) / (e)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	Base Revenue Requirement - Filing Year	\$ 2,432,468 (1)	\$ 138,696		\$ 2,571,164 (2)	\$ (1,787)		\$ 2,569,377 (6)
2	Reconciliation Adjustment with Interest	82,869 (1)	(8,284)		74,585 (3)	(2,033)		72,552 (7)
3	ROE Collar Adjustment	- (1)	7,103		7,103 (4)	1		7,104 (8)
4	Total Net Revenue Requirement	<u>\$ 2,515,337 (1)</u>	<u>\$ 137,515</u>	5.47 %	<u>\$ 2,652,852 (5)</u>	<u>\$ (3,819)</u>	(0.14)%	<u>\$ 2,649,033 (9)</u>
5	Total \$ Change - Total Net Revenue Requirement							\$ 133,696 (10)
6	Total % Change - Total Net Revenue Requirement							5.32 % (11)

Notes

- (1) Commission Order in Docket No. 15-0287, December 9, 2015, Appendix A, Column (j)
- (2) ComEd Direct Testimony, ComEd Ex. 2.01, p. 2, Schedule FR A-1, line 23; filed 4/13/16
- (3) ComEd Direct Testimony, ComEd Ex. 2.01, p. 2, Schedule FR A-1, line 24
- (4) ComEd Direct Testimony, ComEd Ex. 2.01, p. 2, Schedule FR A-1, line 35
- (5) ComEd Direct Testimony, ComEd Ex. 2.01, p. 2, Schedule FR A-1, line 36
- (6) Staff Exhibit 4.0, Schedule1, col j, ln 1
- (7) Staff Exhibit 4.0, Schedule1, col j, ln 3
- (7) Staff Exhibit 4.0, Schedule1, col j, ln 4
- (7) Staff Exhibit 4.0, Schedule1, col j, ln 5
- (10) Column (h) line 4 minus Column (b) line 4
- (11) Line 5 divided by Column (b), line 4.

Commonwealth Edison Company
Rate Base
For the Filing Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Company Jurisdictional Rate Base (Co. Ex. 9.05, p. 7)	Adjustments (Sch 4 FY)	Jurisdictional Rate Base per Staff (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 18,181,969	\$ (3)	\$ 18,181,966
2	G & I Plant	2,206,657	-	2,206,657
3	Accumulated Depreciation on Distribution Plant	(6,177,864)	-	(6,177,864)
4	Accumulated Depreciation on G & I Plant	(988,686)	-	(988,686)
5	Net Plant	13,222,076	(3)	13,222,073
6	Construction Work in Progress	-		
7	Cash Working Capital	(52,752)	75	(52,677)
8	Materials & Supplies Inventories	72,065	-	72,065
9	Accumulated Deferred Income Taxes	(3,950,784)	-	(3,950,784)
10	Regulatory Assets & Liabilities, Net	193,873	-	193,873
11	Deferred Costs	34,034	-	34,034
12	Operating Reserves	(311,319)	-	(311,319)
13	Asset Retirement Obligation	(22,055)	-	(22,055)
14	Deferred Liabilities	(115,148)	-	(115,148)
15	Customer Deposits	(131,133)	-	(131,133)
16	Customer Advances	(107,807)	-	(107,807)
17				
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23		-	-	-
24	Rate Base	<u>\$ 8,831,050</u>	<u>\$ 72</u>	<u>\$ 8,831,122</u>

Commonwealth Edison Company
Revenue Effect of Adjustments
For the Filing Year Ending December 31, 2016
(In Thousands)

Line No.	Description (a)	Per Company (b)	Adjustments (c)	As Adjusted (d)
1	Present Revenues	\$ 2,566,210 ⁽¹⁾	\$ -	\$ 2,566,210 ⁽²⁾
2	Increase	<u>137,658 ⁽³⁾</u>	<u>(749) ⁽⁴⁾</u>	<u>136,909 ⁽⁵⁾</u>
3	Revenues	<u>\$ 2,703,868</u>	<u>\$ (749)</u>	<u>\$ 2,703,119</u>
4	% Increase	5.36%		5.34%
5	Adjustments:			
6	Employee Recognition Costs (Sch 5.01)		(744)	
7	Rate of Return (Applied to Company Rate Base)		(10)	
8	Gross Revenue Conversion Factor		-	
9	Interest Synchronization (Sch 6 FY)		(1)	
10	Cash Working Capital (Sch 10 FY)		7	
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27	Rounding		<u>(1)</u>	
28	Total Revenue Effect of Staff Adjustments		<u>\$ (749)</u>	

Sources:

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

Commonwealth Edison Company
Interest Synchronization Adjustment
 For the Filing Year Ending December 31, 2016
 (In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 8,831,122 (1)
2	Weighted Cost of Debt	2.77% (2)
3	Synchronized Interest Per Staff	244,622
4	Company Interest Expense	<u>244,620</u> (3)
5	Increase (Decrease) in Interest Expense	<u>2</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ -</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ (1)</u>

(1) Source: Sch. 3 FY, column (d), line 24.

(2) Source: ComEd Ex. 9.05, p. 23, line 2 + line 4.

(3) Source: ComEd Ex. 9.01, App 3, line 68.

Commonwealth Edison Company
Gross Revenue Conversion Factor
 For the Filing Year Ending December 31, 2016
 (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	7.7500%	<u>0.077500</u>	<u>0.077500</u>
5	Federal Taxable Income		0.922500	0.922500
6	Federal Income Tax	35.0000%	<u>0.322875</u>	<u>0.322875</u>
7	Operating Income		<u>0.599625</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.667709</u>	<u>1.667709</u>

Commonwealth Edison Company
Reconciliation Computation for the Reconciliation Year Ending December 31, 2015
For the Filing Year Ending December 31, 2016
(In Thousands)

Line No.	Description	Source	Amt	(d)	(e)	(f)	(g)
	(a)	(b)	(c)				
1a	Actual Revenue Requirement	Sch 1 RY, column (i), line 1	\$ 2,410,142				
	Revenue Requirement in effect during						
1b	Reconciliation Year	ComEd Ex. 9.01, p. 6, line 1b	\$ 2,347,553				
1c	Variance - Reconciliation Before Interest	(Ln 1a) - (Ln 1b)	\$ 62,589				
1d	ROE Collar Adjustment	Sch 9 FY, column b, line 36	\$ 7,104				
1e	Variance With Collar	(Ln 1c) + (Ln 1d)	\$ 69,693				
2	Overall Rate of Return (%)	ComEd Ex. 9.01, p. 14	6.69%				
			<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)
2015							
3	Jan		\$ 5,808	0.5575%	11.5	\$ 372	\$ 6,180
4	Feb		\$ 5,808	0.5575%	10.5	\$ 340	\$ 6,148
5	Mar		\$ 5,808	0.5575%	9.5	\$ 308	\$ 6,115
6	Apr		\$ 5,808	0.5575%	8.5	\$ 275	\$ 6,083
7	May		\$ 5,808	0.5575%	7.5	\$ 243	\$ 6,051
8	Jun		\$ 5,808	0.5575%	6.5	\$ 210	\$ 6,018
9	Jul		\$ 5,808	0.5575%	5.5	\$ 178	\$ 5,986
10	Aug		\$ 5,808	0.5575%	4.5	\$ 146	\$ 5,953
11	Sep		\$ 5,808	0.5575%	3.5	\$ 113	\$ 5,921
12	Oct		\$ 5,808	0.5575%	2.5	\$ 81	\$ 5,889
13	Nov		\$ 5,808	0.5575%	1.5	\$ 49	\$ 5,856
14	Dec		\$ 5,808	0.5575%	0.5	\$ 16	\$ 5,824
15	Total	Sum of (Ln 5) thru (Ln 16)	\$ 69,693			\$ 2,331	\$ 72,025
			<u>Balance</u>	<u>Interest Rate</u>	<u>Months</u>	<u>Interest</u>	<u>Balance</u>
				Ln 4/12		(c) * (d) * (e)	(c) + (f)
2016							
16	Jan - Dec	Col G Ln 15	\$ 72,025	0.5575%	12	\$ 4,818	\$ 76,843
			<u>Balance</u>	<u>Interest Rate</u>		<u>Amort</u>	<u>Balance</u>
				Ln 4/12		(2')	(c) + (c) * (d) - (f)
2017							
17	Jan	Col G Ln 16	\$ 76,843	0.5575%		\$ 6,638	\$ 70,634
18	Feb	Col G Ln 17	\$ 70,634	0.5575%		\$ 6,638	\$ 64,389
19	Mar	Col G Ln 18	\$ 64,389	0.5575%		\$ 6,638	\$ 58,110
20	Apr	Col G Ln 19	\$ 58,110	0.5575%		\$ 6,638	\$ 51,796
21	May	Col G Ln 20	\$ 51,796	0.5575%		\$ 6,638	\$ 45,447
22	Jun	Col G Ln 21	\$ 45,447	0.5575%		\$ 6,638	\$ 39,062
23	Jul	Col G Ln 22	\$ 39,062	0.5575%		\$ 6,638	\$ 32,642
24	Aug	Col G Ln 23	\$ 32,642	0.5575%		\$ 6,638	\$ 26,186
25	Sep	Col G Ln 24	\$ 26,186	0.5575%		\$ 6,638	\$ 19,694
26	Oct	Col G Ln 25	\$ 19,694	0.5575%		\$ 6,638	\$ 13,166
27	Nov	Col G Ln 26	\$ 13,166	0.5575%		\$ 6,638	\$ 6,601
28	Dec	Col G Ln 27	\$ 6,601	0.5575%		\$ 6,638	\$ -
29	Variance with Interest	Sum of (Ln 17) thru (Ln 28)				\$ 79,656	
30	Remove ROE Collar Adjustment (3')	Col C Ln 1d				\$ 7,104	To Sch 1 FY, col (i), line 4
31	Reconciliation with Interest	(Ln 29) - (Ln 30)				\$ 72,552	To Sch 1 FY, col (i), line 3

Commonwealth Edison Company
ROE Collar Computation for the Reconciliation Year Ending December 31, 2015
For the Filing Year Ending December 31, 2016
(In Thousands)

Line No.	Description (a)	Per Staff (b)	Source (c)
1	DS Rate Base Capital Structure	\$ 7,781,270	Sch 3 RY, Column (d), Ln 24
2	Common Equity %	45.62%	ComEd Ex. 9.05, p. 23 - Schedule D-1 F
3	Short-Term Debt %	0.27%	ComEd Ex. 9.05, p. 23 - Schedule D-1 F
4	Long-Term Debt %	54.11%	ComEd Ex. 9.05, p. 23 - Schedule D-1 F
5	DS Equity Balance	\$ 3,549,815	Ln 1 x Ln 2
6	DS Short-Term Debt Balance	\$ 21,009	Ln 1 x Ln 3
7	DS Long-Term Debt Balance	\$ 4,210,445	Ln 1 x Ln 4
8	Cost of Short-Term Debt (%)	0.53%	ComEd Ex. 9.05, p. 23 - Schedule D-1 F
9	Cost of Long-Term Debt (%)	5.06%	ComEd Ex. 9.05, p. 23 - Schedule D-1 F
10	DS Operating Revenue	\$ 2,424,397	FERC Fm 1, p. 450.2
11	Accrued Reconciliation & Collar Revenues	\$ 67,000	FERC Fm 1, p. 450.2
12	Updated Reconciliation Amount (Var. bef. Collar)	\$ 62,589	Sch. 8 FY, col (c), Ln 1c
13	LIHEAP & Uncollectibles Revenue	\$ 46,718	ComEd Schedule FR A-3, line 13
14	Other Revenue	\$ 133,742	Sch. 1 RY, col (i), Ln. 2
15	DS Applicable Operating Revenue	\$ 2,507,010	Ln 10 - Ln 11 + Ln 12 - Ln 13 + Ln 14
16	Total DS Operating Expenses	\$ 1,824,832	Sch 1 RY, Column (d), Ln 18
17	DS Operating Income Before Interest & Taxes	\$ 682,178	Ln 15 - Ln 16
18	DS Short-Term Interest Expense	\$ 111	Ln 6 x Ln 8
19	DS Long-Term Interest Expense	\$ 213,049	Ln 7 x Ln 9
20	Credit Facilities Expense	\$ 2,334	Ln 1 x Credit Facilities % from ROR
21	DS Operating Income before Taxes	\$ 466,684	Ln 17 - Ln 18 - Ln 19 - Ln 20
22	Income Tax Rate (%)	40.038%	
23	DS Income Taxes	\$ 186,848	Ln 21 x Ln 22
24	Impact of ITCs & Permanent Tax Differences	\$ (3,105)	Sch FR A-3
25	DS Net Income	\$ 282,940	Ln 21 - Ln 23 - Ln 24
26	DS ROE (%)	7.97%	Ln 25 / Ln 5
	ROE Collar		
27	Allowed ROE (%)	8.59%	ComEd Schedule FR A-1
28	Maximum Allowed ROE (%)	9.09%	Ln 27 + .5%
29	Minimum Allowed ROE (%)	8.09%	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 (%)	0.12%	Ln 29 - Ln 26
33	Amount Below Allowed ROE Collar	\$ 4,260	Ln 5 x Ln 32
34	ROE Collar Adj After Tax	\$ 4,260	Ln 31 + Ln 33
35	ROE Collar Tax Gross-up	\$ 2,844	Ln 34 x Ln 22/(1- Ln 22)
36	ROE Collar Adj	\$ 7,104	Ln 34 + Ln 35

Commonwealth Edison Company
Cash Working Capital Adjustment
For the Filing Year Ending December 31, 2016
(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	\$ 1,317,267	49.54	0.13573	\$ 178,787	Schedule 10 FY, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,736	0.00	0.00000	-	Line 32 below
4	Gross Receipts/Municipal Utility Tax	254,357	0.00	0.00000	-	Line 33 below
5	Illinois Excise Tax	252,710	34.33	0.09405	23,769	Line 34 below
6	City of Chicago Infrastructure Maintenance F	88,141	34.33	0.09405	8,290	Line 35 below
7	Total Receipts	<u>\$ 1,959,211</u>			<u>\$ 210,846</u>	Sum of Lines 1 through 6
8	Base Payroll and Withholdings	\$ 299,870	(16.19)	(0.04436)	\$ (13,301)	Schedule 10 FY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(16.19)	(0.04436)	-	
10	Incentive Pay Expense	41,683	(239.50)	(0.65616)	(27,351)	ComEd Ex. 9.01, APP 3, Line 50
11	Employee Benefits - Pension & OPEB	93,363	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 51
12	Employee Benefits - Other	56,241	(4.19)	(0.01148)	(646)	ComEd Ex. 9.01, APP 3, Line 52
13	Inter-Company billings - Less Pass-throughs	110,479	(45.21)	(0.12386)	(13,684)	ComEd Ex. 9.01, APP 3, Line 53
14	Inter-Company billings - Pass-throughs	48,136	(45.21)	(0.12386)	(5,962)	ComEd Ex. 9.01, APP 3, Line 54
15	Property Leases	24,790	(2.91)	(0.00797)	(198)	ComEd Ex. 9.01, APP 3, Line 55
16	Other Operations and Maintenance Expenses	392,171	(87.33)	(0.23926)	(93,831)	Schedule 10 FY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	16,047	(336.37)	(0.92156)	(14,788)	ComEd Ex. 9.01, APP 3, Line 57
18	FICA Tax	23,519	(16.19)	(0.04436)	(1,043)	ComEd Ex. 9.01, APP 3, Line 58
19	Federal Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 9.01, APP 3, Line 59
20	State Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 9.01, APP 3, Line 60
21	Electricity Distribution Tax	100,911	(31.13)	(0.08529)	(8,606)	ComEd Ex. 9.01, APP 3, Line 61
22	State Franchise Tax	1,709	(191.64)	(0.52504)	(897)	ComEd Ex. 9.01, APP 3, Line 62
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 63
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 64
25	State Public Utility Fund Tax	3,819	(38.64)	(0.10586)	(404)	ComEd Ex. 9.01, APP 3, Line 65
26	Illinois Sales and Use Tax	110	(2.51)	(0.00688)	(1)	ComEd Ex. 9.01, APP 3, Line 66
27	Chicago Sales and Use Tax	(93)	(228.50)	(0.62603)	58	ComEd Ex. 9.01, APP 3, Line 67
28	Interest Expense	244,622	(90.88)	(0.24899)	(60,908)	Schedule 6 FY, Column b, Line 3
29	State Income Tax	(7,982)	(37.88)	(0.10378)	828	Schedule 1 FY, Column i, Line 19
30	Federal Income Tax	(132,128)	(37.88)	(0.10378)	13,712	Schedule 1 FY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,736	(31.46)	(0.08619)	(4,028)	ComEd Ex. 9.01, APP 3, Line 72
33	Gross Receipts/Municipal Utility Tax	254,357	(37.35)	(0.10233)	(26,028)	ComEd Ex. 9.01, APP 3, Line 73
34	Illinois Excise Tax	252,710	(0.24)	(0.00066)	(166)	ComEd Ex. 9.01, APP 3, Line 74
35	City of Chicago Infrastructure Maintenance F	88,141	(26.00)	(0.07123)	(6,279)	ComEd Ex. 9.01, APP 3, Line 75
36	Other Outlays	-	0.00	0.00000	-	NA
37	Total Outlays	<u>\$ 1,959,211</u>			<u>\$ (263,523)</u>	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ (52,677)	Line 7 plus line 37
39	Cash Working Capital per Company				(52,752)	ComEd Ex. 9.01, APP 3, Line 80
40	Difference -- Adjustment per Staff				<u>\$ 75</u>	Line 38 minus Line 39

Commonwealth Edison Company
Cash Working Capital Adjustment
For the Filing Year Ending December 31, 2016
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 2,703,119	Schedule 1 FY , Column i, Line 5
2	Uncollectible Accounts	-	Schedule 1 FY , Column i, Line 6
3	Depreciation & Amortization	(569,140)	Schedule 1 FY , Column i, Line 12
4	Regulatory Debits	(52,633)	ComEd Ex. 9.02, WP 3-1b, Line 4
5	Less: Pension Asset Cost Funding	(48,882)	ComEd Ex. 9.02, WP 3-1b, Line 5
6	Less Deferred Taxes and ITC	(367,251)	Schedule 1 FY , Column i, Line 21
7	City of Chicago Dark Fiber Tax	-	NA
8	Return on Equity	(347,946)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,317,267</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 8,831,122	Schedule 3 FY , Column d, Line 24
11	Weighted Cost of Equity	3.94%	ICC Staff Ex. 6.0, p. 3
12	Return on Equity	<u>\$ 347,946</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,883,410	Schedule 1 FY , Column i, Line 18
14	Payroll Expense	(341,553)	ComEd Ex. 9.02, WP 3-1b, Line 14
15	Intercompany billings - Less Pass-throughs	(110,479)	ComEd Ex. 9.02, WP 3-1b, Line 15
16	Intercompany billings - Pass-throughs	(48,136)	ComEd Ex. 9.02, WP 3-1b, Line 16
17	Employee Benefits Expense - Pension and OPEB	(93,363)	ComEd Ex. 9.02, WP 3-1b, Line 17
18	Employee Benefits Expense - Other	(56,241)	ComEd Ex. 9.02, WP 3-1b, Line 18
19	Uncollectible Accounts	-	Schedule 1 FY , Column i, Line 6
20	Depreciation & Amortization	(569,140)	Schedule 1 FY , Column i, Line 12
21	Regulatory Debits	(52,633)	ComEd Ex. 9.02, WP 3-1b, Line 4
22	Pension Asset Cost Funding	(48,882)	ComEd Ex. 9.02, WP 3-1b, Line 5
23	Taxes Other Than Income	(146,022)	Schedule 10 FY, p. 1, Column b, sum line 17 through 27
24	Property Leases	(24,790)	ComEd Ex. 9.02, WP 3-1b, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 392,171</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 383,669	ComEd Ex. 9.02, WP 3-1b, Line 26
27	less: Power Production Payroll	(1,349)	ComEd Ex. 9.02, WP 3-1b, Line 27
28	less: Transmission Payroll	(40,663)	ComEd Ex. 9.02, WP 3-1b, Line 28
29	less: Payroll Taxes on Supply	(104)	ComEd Ex. 9.02, WP 3-1b, Line 29
30	less: Net Incentive Pay	(41,683)	ComEd Ex. 9.02, WP 3-1b, Line 30
31	Direct Payroll and Incentive Compensation	<u>\$ 299,870</u>	Sum of Lines 26 through 30

Commonwealth Edison Company
Rate Base
For the Reconciliation Year Ending December 31, 2015
(In Thousands)

Line No.	Description (a)	Company Jurisdictional Rate Base (Co. Ex. 9.03 p. 3) (b)	Adjustments (Sch 4 RY) (c)	Jurisdictional Rate Base per Order (Col. b+c) (d)
1	Distribution Plant	\$ 16,530,884	\$ (3)	\$ 16,530,881
2	G & I Plant	1,907,671	-	1,907,671
3	Accumulated Depreciation on Distribution Plant	(5,826,795)	-	(5,826,795)
4	Accumulated Depreciation on G & I Plant	(870,993)	-	(870,993)
5	Net Plant	<u>11,740,767</u>	<u>(3)</u>	<u>11,740,764</u>
6	Construction Work in Progress	40,654	-	40,654
7	Cash Working Capital	(50,373)	76	(50,297)
8	Materials & Supplies Inventories	72,065	-	72,065
9	Accumulated Deferred Income Taxes	(3,562,361)	-	(3,562,361)
10	Regulatory Assets & Liabilities, Net	193,873	-	193,873
11	Deferred Costs	34,034	-	34,034
12	Operating Reserves	(311,319)	-	(311,319)
13	Asset Retirement Obligation	(22,055)	-	(22,055)
14	Deferred Liabilities	(115,148)	-	(115,148)
15	Customer Deposits	(131,133)	-	(131,133)
16	Customer Advances	(107,807)	-	(107,807)
17				
18		-	-	-
19		-	-	-
20		-	-	-
21		-	-	-
22		-	-	-
23		<u>-</u>	<u>-</u>	<u>-</u>
24	Rate Base	<u>\$ 7,781,197</u>	<u>\$ 73</u>	<u>\$ 7,781,270</u>

Commonwealth Edison Company
Revenue Effect of Adjustments
For the Reconciliation Year Ending December 31, 2015
(In Thousands)

Line No.	Description (a)	Per Company (b)	Adjustments (c)	As Adjusted (d)
1	Present Revenues	\$ 2,393,098 ⁽¹⁾	\$ -	\$ 2,393,098 ⁽²⁾
2	Increase	<u>151,532 ⁽³⁾</u>	<u>(746) ⁽⁴⁾</u>	<u>150,786 ⁽⁵⁾</u>
3	Revenues	<u>\$ 2,544,630</u>	<u>\$ (746)</u>	<u>\$ 2,543,884</u>
4	% Increase	6.33%		6.30%
5	Adjustments:			
6	Employee Recognition Costs (Sch 5.01)		(744)	
7	Rate of Return (Applied to Company Rate Base)		(6)	
8	Gross Revenue Conversion Factor		(2)	
9	Interest Synchronization (Sch 6 RY)		(1)	
10	Cash Working Capital (Sch 10 RY)		7	
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27	Rounding		<u>-</u>	
28	Total Revenue Effect of Adjustments		<u>\$ (746)</u>	

Sources:

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

Commonwealth Edison Company
Interest Synchronization Adjustment
For the Reconciliation Year Ending December 31, 2015
(In Thousands)

Line No.	Description (a)	Amount (b)
1	Rate Base	\$ 7,781,270 (1)
2	Weighted Cost of Debt	2.77% (2)
3	Synchronized Interest Per Staff	215,541
4	Company Interest Expense	<u>215,539</u> (3)
5	Increase (Decrease) in Interest Expense	<u><u>2</u></u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.750%	<u>\$ -</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ (1)</u>

(1) Source: Sch. 3 RY, column (d), line 24
(2) Source: ComEd Ex. 9.03, p. 33, line 2.
(3) Source: ComEd Ex. 9.01, App 3, line 28.

Commonwealth Edison Company
Gross Revenue Conversion Factor
 For the Reconciliation Year Ending December 31, 2015
 (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	7.7500%	<u>0.077500</u>	<u>0.077500</u>
5	Federal Taxable Income		0.922500	0.922500
6	Federal Income Tax	35.0000%	<u>0.322875</u>	<u>0.322875</u>
7	Operating Income		<u>0.599625</u>	<u>0.599625</u>
8	Gross Revenue Conversion Factor Per Order		<u>1.667709</u>	<u>1.667709</u>

Commonwealth Edison Company
Cash Working Capital Adjustment
For the Reconciliation Year Ending December 31, 2015
(In Thousands)

<u>Line</u>	<u>Description</u>	<u>Amount</u>	<u>Lag (Lead)</u>	<u>CWC Factor</u>	<u>CWC Requirement</u>	<u>Column b Source</u>
	(a)	(b)	(c)	(d) (c/365)	(e) (b*d)	(f)
1	Revenues	\$ 1,259,530	49.54	0.13573	\$ 170,951	Schedule 10 RY, Page 2, Column b, Line 9
2	Collections of Pass-through Taxes:					
3	Energy Assistance/Renewable Energy	46,736	0.00	0.00000	-	Line 32 below
4	Gross Receipts/Municipal Utility Tax	254,357	0.00	0.00000	-	Line 33 below
5	Illinois Excise Tax	252,710	34.33	0.09405	23,769	Line 34 below
6	City of Chicago Infrastructure Maintenance Fi	88,141	34.33	0.09405	8,290	Line 35 below
7	Total Receipts	\$ 1,901,474			\$ 203,010	Sum of Lines 1 through 6
8	Base Payroll and Withholdings	\$ 299,870	(16.19)	(0.04436)	\$ (13,301)	Schedule 10 FY, Page 2, Column b, Line 31
9	Vacation Pay Expense	-	(16.19)	(0.04436)	-	
10	Incentive Pay Expense	41,683	(239.50)	(0.65616)	(27,351)	ComEd Ex. 9.01, APP 3, Line 10
11	Employee Benefits - Pension & OPEB	93,363	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 11
12	Employee Benefits - Other	56,241	(4.19)	(0.01148)	(646)	ComEd Ex. 9.01, APP 3, Line 12
13	Inter-Company billings - Less Pass-throughs	110,479	(45.21)	(0.12386)	(13,684)	ComEd Ex. 9.01, APP 3, Line 13
14	Inter-Company billings - Pass-throughs	48,136	(45.21)	(0.12386)	(5,962)	ComEd Ex. 9.01, APP 3, Line 14
15	Property Leases	24,790	(2.91)	(0.00797)	(198)	ComEd Ex. 9.01, APP 3, Line 15
16	Other Operations and Maintenance Expenses	392,171	(87.33)	(0.23926)	(93,831)	Schedule 10 FY, Page 2, Column b, Line 25
17	Property/Real Estate Tax	16,047	(336.37)	(0.92156)	(14,788)	ComEd Ex. 9.01, APP 3, Line 17
18	FICA Tax	23,519	(16.19)	(0.04436)	(1,043)	ComEd Ex. 9.01, APP 3, Line 18
19	Federal Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 9.01, APP 3, Line 19
20	State Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 9.01, APP 3, Line 20
21	Electricity Distribution Tax	100,911	(31.13)	(0.08529)	(8,606)	ComEd Ex. 9.01, APP 3, Line 21
22	State Franchise Tax	1,709	(191.64)	(0.52504)	(897)	ComEd Ex. 9.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 23
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 9.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,819	(38.64)	(0.10586)	(404)	ComEd Ex. 9.01, APP 3, Line 25
26	Illinois Sales and Use Tax	110	(2.51)	(0.00688)	(1)	ComEd Ex. 9.01, APP 3, Line 26
27	Chicago Sales and Use Tax	(93)	(228.50)	(0.62603)	58	ComEd Ex. 9.01, APP 3, Line 27
28	Interest Expense	215,541	(90.88)	(0.24899)	(53,667)	Schedule 6 FY, Column b, Line 3
29	State Income Tax	(13,528)	(37.88)	(0.10378)	1,404	Schedule 1 FY, Column i, Line 19
30	Federal Income Tax	(155,238)	(37.88)	(0.10378)	16,111	Schedule 1 FY, Column i, Line 20
31	Payments of Pass-through Taxes					
32	Energy Assistance/Renewable Energy	46,736	(31.46)	(0.08619)	(4,028)	ComEd Ex. 9.01, APP 3, Line 32
33	Gross Receipts/Municipal Utility Tax	254,357	(37.35)	(0.10233)	(26,028)	ComEd Ex. 9.01, APP 3, Line 33
34	Illinois Excise Tax	252,710	(0.24)	(0.00066)	(166)	ComEd Ex. 9.01, APP 3, Line 34
35	City of Chicago Infrastructure Maintenance Fi	88,141	(26.00)	(0.07123)	(6,279)	ComEd Ex. 9.01, APP 3, Line 35
36	not used	-	0.00	0.00000	-	NA
37	Total Outlays	\$ 1,901,474			\$ (253,307)	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ (50,297)	Line 7 plus line 37
39	Cash Working Capital per Company				(50,373)	ComEd Ex. 9.01, APP 3, Line 40
40	Difference -- Adjustment per Staff				\$ 76	Line 38 minus Line 39

Commonwealth Edison Company
Cash Working Capital Adjustment
For the Reconciliation Year Ending December 31, 2015
(In Thousands)

<u>Line</u>	<u>Description</u> (a)	<u>Amount</u> (b)	<u>Source</u> (c)
1	Total Operating Revenues	\$ 2,543,884	Schedule 1 RY, Column i, Line 5
2	Uncollectible Accounts	-	Schedule 1 RY, Column i, Line 6
3	Depreciation & Amortization	(510,562)	Schedule 1 RY, Column i, Line 12
4	Regulatory Debits	(52,633)	ComEd Ex. 9.02, WP 3-1a, Line 4
5	Less: Pension Asset Cost Funding	(48,882)	ComEd Ex. 9.02, WP 3-1a, Line 5
6	Less Deferred Taxes and ITC	(367,251)	Schedule 1 RY, Column i, Line 21
7	City of Chicago Dark Fiber Tax	-	NA
8	Return on Equity	(305,026)	Line 12 below
9	Total Revenues for CWC calculation	<u>\$ 1,259,530</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 7,781,270	Schedule 3 RY, Column d, Line 24
11	Weighted Cost of Equity	3.92%	ICC Staff Ex. 6.0, p. 4
12	Return on Equity	<u>\$ 305,026</u>	Line 10 times Line 11
13	Operating Expense Before Income Taxes	\$ 1,824,832	Schedule 1 RY, Column i, Line 18
14	Payroll Expense	(341,553)	ComEd Ex. 9.02, WP 3-1a, Line 14
15	Intercompany billings - Less Pass-throughs	(110,479)	ComEd Ex. 9.02, WP 3-1a, Line 15
16	Intercompany billings - Pass-throughs	(48,136)	ComEd Ex. 9.02, WP 3-1a, Line 16
17	Employee Benefits Expense - Pension and OPEB	(93,363)	ComEd Ex. 9.02, WP 3-1a, Line 17
18	Employee Benefits Expense - Other	(56,241)	ComEd Ex. 9.02, WP 3-1a, Line 18
19	Uncollectible Accounts	-	Schedule 1 RY, Column i, Line 6
20	Depreciation & Amortization	(510,562)	Schedule 1 RY, Column i, Line 12
21	Regulatory Debits	(52,633)	ComEd Ex. 9.02, WP 3-1a, Line 4
22	Pension Asset Cost Funding	(48,882)	ComEd Ex. 9.02, WP 3-1a, Line 5
23	Taxes Other Than Income	(146,022)	Schedule 10 RY, p. 1, Column b, sum line 17 through 27
24	Property Leases	(24,790)	ComEd Ex. 9.02, WP 3-1a, Line 24
25	Other Operations & Maintenance for CWC Calculation	<u>\$ 392,171</u>	Sum of Lines 13 through 24
26	Direct O & M Payroll per Company	\$ 383,669	ComEd Ex. 9.02, WP 3-1a, Line 26
27	less: Power Production Payroll	(1,349)	ComEd Ex. 9.02, WP 3-1a, Line 27
28	less: Transmission Payroll	(40,663)	ComEd Ex. 9.02, WP 3-1a, Line 28
29	less: Payroll Taxes on Supply	(104)	ComEd Ex. 9.02, WP 3-1a, Line 29
30	less: Net Incentive Pay	(41,683)	ComEd Ex. 9.02, WP 3-1a, Line 30
31	Direct Payroll and Incentive Compensation	<u>\$ 299,870</u>	Sum of Lines 26 through 30