



## Table of Contents

I.	INTRODUCTION / STATEMENT OF THE CASE .....	1
II.	OVERVIEW OF THE RATE FORMULA AND UPDATE.....	4
III.	OVERALL REVENUE REQUIREMENT .....	5
A.	2017 Initial Rate Year Revenue Requirement.....	5
B.	2015 Reconciliation Adjustment.....	5
C.	ROE Collar and ROE Penalty Calculation.....	6
D.	2017 Rate Year Net Revenue Requirement.....	6
IV.	RATE BASE .....	7
A.	Overview .....	7
1.	2015 Reconciliation Rate Base.....	7
2.	2017 Initial Rate Year Rate Base.....	7
B.	Potentially Uncontested Issues .....	7
1.	Plant in Service .....	7
a.	Distribution Plant.....	7
b.	General and Intangible Plant .....	7
2.	Regulatory Assets and Liabilities .....	7
3.	Deferred Debits.....	7
4.	Other Deferred Charges .....	7
5.	Accumulated Provisions for Depreciation and Amortization.....	7
6.	Accumulated Miscellaneous Operating Provisions .....	7
7.	Asset Retirement Obligation .....	7
8.	Customer Advances.....	8
9.	Customer Deposits .....	8
10.	Cash Working Capital .....	8
11.	Construction Work in Progress .....	8
12.	Accumulated Deferred Income Taxes.....	8
13.	Materials and Supplies.....	8
C.	OPERATIONS AND PLANNING.....	8
1.	Voltage Optimization (“VO”).....	8
2.	Data Analytics – Cloud Computing .....	8
V.	OPERATING EXPENSES.....	8

A.	Overview .....	8
B.	Potentially Uncontested Issues .....	8
1.	Distribution O&M Expenses .....	8
2.	Customer-Related O&M Expenses .....	8
3.	Uncollectibles Expense .....	8
4.	Administrative and General Expenses .....	8
5.	Charitable Contributions .....	8
6.	Merger Expenses .....	8
7.	Charges for Services provided by BSC.....	8
8.	Depreciation and Amortization Expense .....	9
9.	Taxes .....	9
10.	Lobbying Expense .....	9
11.	Rate Case Expense .....	9
12.	Employee Recognition .....	10
13.	Incentive Compensation Program Expenses .....	12
a.	Annual Incentive Program (“AIP”) .....	12
b.	Key Manager Long Term Performance Plan (“LTPP”) .....	12
c.	Long Term Performance Cash Award (“LTPCAP”) .....	12
14.	Gross Revenue Conversion Factor.....	12
15.	#SmartMeetsSweet (“SMS”) Initiative .....	12
C.	Potentially Contested Issues .....	13
1.	Telephone Consumer Protection Act (“TCPA”) Settlement.....	13
VI.	RATE OF RETURN.....	13
A.	Overview .....	13
B.	Capital Structure .....	13
C.	Cost of Capital Components .....	13
1.	Rate of Return on Common Equity .....	13
2.	Cost of Long-Term Debt .....	14
3.	Cost of Short-Term Debt.....	14
4.	Overall Weighted Cost of Capital .....	14
VII.	REVENUES .....	15
VIII.	COST OF SERVICE AND RATE DESIGN.....	15
IX.	OTHER FINDINGS .....	15
A.	Original Cost Finding.....	15

- B. Wages and Salaries Allocator Utilized in Rider PE and Rate BESH ..... 16
- C. Reporting Requirements ..... 16
  - 1. EIMA Investments ..... 16
  - 2. Reconciliation Year Plant Additions ..... 17
  - 3. Contributions to Energy Low-Income and Support Programs ..... 18
- X. CONCLUSION ..... 18

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

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**Commonwealth Edison Company** :  
: **Docket No. 16-0259**  
: **Annual formula rate update and revenue** :  
**requirement reconciliation under Section** :  
**16-108.5 of the Public Utilities Act.** :

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**INITIAL BRIEF OF THE STAFF  
OF THE ILLINOIS COMMERCE COMMISSION**

Staff of the Illinois Commerce Commission (“Staff”), by and through its counsel, pursuant to the direction of the Administrative Law Judges (“ALJs”) and Section 200.800 of the Illinois Administrative Code (83 Ill. Adm. Code 200.800), respectfully submits its initial brief in the above-captioned matter.

**I. INTRODUCTION / STATEMENT OF THE CASE**

On April 13, 2016, ComEd filed its annual update of cost inputs and reconciliation pursuant to Section 16-108.5 of the Public Utilities Act (“Act”).

Section 16-108.5(d) of the Act provides in relevant part:

(d) Subsequent to the Commission’s issuance of an order approving the utility’s performance-based formula rate structure and protocols, and initial rates under subsection (c) of this Section, the utility shall file, on or before May 1 of each year, with the Chief Clerk of the Commission its updated cost inputs to the performance-based formula rate for the applicable rate year and the corresponding new charges. Each such filing shall conform to the following requirements and include the following information:

220 ILCS 5/16-108.5(d) (emphasis added).

Subsection 16-108.5(d)(1) of the Act further provides that:

The inputs to the performance-based formula rate for the applicable rate year shall be based on final historical data reflected in the utility's most recently filed annual FERC Form 1 plus projected plant additions and correspondingly updated depreciation reserve and expense for the calendar year in which the inputs are filed.

220 ILCS 5/16-108.5(d)(1) (emphasis added).

Subsection 16-108.5(d)(1) of the Act, also provides that:

The filing shall also include a reconciliation of the revenue requirement that was in effect for the prior rate year (as set by the cost inputs for the prior rate year) with the actual revenue requirement for the prior rate year (determined using a year-end rate base) that uses amounts reflected in the applicable FERC Form 1 that reports the actual costs for the prior rate year. Any over-collection or under-collection indicated by such reconciliation shall be reflected as a credit against, or recovered as an additional charge to, respectively, with interest calculated at a rate equal to the utility's weighted average cost of capital approved by the Commission for the prior rate year, the charges for the applicable rate year.

220 ILCS 5/16-108.5(d)((1) (emphasis added).

Subsection 16-108.5(d) of the Act further provides that:

Notwithstanding anything that may be to the contrary, the intent of the reconciliation is to ultimately reconcile the revenue requirement reflected in rates for each calendar year, beginning with the calendar year in which the utility files its performance-based formula rate tariff pursuant to subsection (c) of this Section, with what the revenue requirement determined using a year-end rate base for the applicable calendar year would have been had the actual cost information for the applicable calendar year been available at the filing date.

220 ILCS 5/16-108.5(d) (emphasis added).

Subsection 16-108.5(d) of the Act also provides that:

Within 45 days after the utility files its annual update of cost inputs to the performance-based formula rate, the Commission shall have the authority, either upon complaint or its own initiative, but with reasonable notice, to enter upon a hearing concerning the prudence and reasonableness of the costs incurred by the utility to be recovered during the applicable rate year that are reflected in the inputs to the performance-based formula rate derived from the utility's FERC Form 1. During the course of the hearing, each objection shall be stated with particularity and evidence provided in

support thereof, after which the utility shall have the opportunity to rebut the evidence. Discovery shall be allowed consistent with the Commission's Rules of Practice, which Rules shall be enforced by the Commission or the assigned hearing examiner. The Commission shall apply the same evidentiary standards, including, but not limited to, those concerning the prudence and reasonableness of the costs incurred by the utility, in the hearing as it would apply in a hearing to review a filing for a general increase in rates under Article IX of this Act.

Id. (emphasis added.)

With respect to the data contained on a utility's FERC Form 1, Subsection 16-108.5(c) of the Act provides that:

Nothing in this Section is intended to allow costs that are not otherwise recoverable to be recoverable by virtue of inclusion in FERC Form 1.

220 ILCS 5/16-108.5(c) (emphasis added).

The FERC Form 1 for the year ended December 31, 2015 ("2015 FERC Form 1") was used by ComEd to reconcile the revenue requirement in effect during 2015 (the prior rate year) with the actual revenue requirement. The 2015 FERC Form 1 along with projected plant additions and correspondingly updated depreciation reserve and expense were used by ComEd to determine rates to be in effect during the 2017 rate year (applicable rate year). (ComEd Ex. 2.0, 1-2.)

Finally, with respect to the formula rate structure, subsection 16-108.5(c) of the Act provides in part that:

Subsequent changes to the performance-based formula rate structure or protocols shall be made as set forth in Section 9-201 of this Act,

and Subsection 16-108.5(d) of the Act further provides in part that:

The Commission shall not, however, have the authority in a proceeding under this subsection (d) to consider or order any changes to the structure or protocols of the performance-based formula rate approved pursuant to subsection (c) of this Section.

220 ILCS 5/16-108.5(d).

The Commission has defined formula rate structure for purposes of Section 16-108.5(c) and (d) to mean ComEd's Schedules FR A-1 and FR A-1 REC and determined that only changes to the format of Schedules FR A-1 and FR A-1 REC require Commission approval through a Section 9-201 filing. The Commission's definition for formula rate structure was recently affirmed by the Appellate Court. (Commonwealth Edison Company v. Illinois Commerce Comm'n, 2016 IL App (1<sup>st</sup>) 150425)

On May 10, 2016, an initial status hearing was held in this matter. The parties agreed to a schedule setting forth dates for prefiled testimony, briefs and motions regarding prefiled testimony. (Tr., May 10, 2016, 12-14; Notice of Hearing, Notice of Schedule and Notice of Administrative Law Judges; Ruling, May 11, 2016.)

The following Staff witnesses submitted testimony in this case: Scott Tolsdorf (Staff Exs. 1.0 and 4.0), Richard W. Bridal II (Staff Exs. 2.0 and 5.0) Janis Freetly (Staff Exs. 3.0 and 6.0). In addition to Staff and ComEd, the People of the State of Illinois by Attorney General Lisa Madigan ("AG") submitted testimony in this case.

An evidentiary hearing was held in this matter in Chicago, Illinois on August 24, 2016. Pursuant to the direction of the ALJs, Staff's initial brief follows.

## **II. OVERVIEW OF THE RATE FORMULA AND UPDATE**

ComEd's annual update of cost inputs and reconciliation filing for rates to be charged in 2017 is in essence composed of three parts. The three parts when netted together make up a net revenue requirement for 2017. The first part<sup>1</sup> is the inputs to the

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<sup>1</sup> Staff refers to the first part as the Initial Rate Year Revenue Requirement.

performance-based formula rate. ComEd, as a participating utility<sup>2</sup>, filed inputs (based upon its 2015 FERC Form 1) to its performance-based formula rate, for rates to be effective in January 2017. The second part<sup>3</sup> is a reconciliation for 2015 revenue requirements. The reconciliation is a true up. The true up is attributable to the difference between the costs used to set ComEd's revenue requirement for 2015 and the actual costs for 2015. (Staff Ex. 1.0, 8.) The third part<sup>4</sup> of the rates to be charged in 2017 is related to Return on Equity ("ROE"). Consistent with the PUA, included in ComEd's filing for rates to be charged in 2017 is consideration of an ROE Collar adjustment. For rates in effect for 2017, there is an ROE Collar adjustment, since ComEd's earned ROE for 2015 fell below the parameters of the earnings collar. (Staff Ex. 1.0, 10.) Finally, there is a financial penalty<sup>5</sup> reflected in ComEd's rates to be charged in 2017 because ComEd failed to achieve certain performance metric(s) outlined in Section 16-108.5 of the PUA as required under Section 16-108.5(f-5) of the PUA. (Staff Ex. 3.0, 7.)

### **III. OVERALL REVENUE REQUIREMENT**

#### **A. 2017 Initial Rate Year Revenue Requirement**

Staff's recommends 2017 Initial Rate Year Revenue Requirement presented in Appendix A, Schedule 1 FY, line 1 is \$2,568,745,000.

#### **B. 2015 Reconciliation Adjustment**

Appendix A, Schedule 8 FY computes the variance between the actual revenue requirement for 2015 and the revenue requirement that was reflected in delivery service

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<sup>2</sup> "Participating Utility" is defined at Section 16-108.5(b) of the PUA.

<sup>3</sup> Staff refers to the second part as the "Reconciliation Adjustment."

<sup>4</sup> Staff refers to the third part as the ROE Collar.

<sup>5</sup> The financial penalty reflected is a five basis point reduction to ComEd's ROE.

charges applied during 2015. Interest for the period January 2015 through December 2017 is added to the variance and the total reconciliation adjustment of \$71,829,000 is incorporated into the revenue requirement, which provides the basis for the 2017 delivery service rates. Staff's method of calculating the reconciliation adjustment presented on this schedule is identical to that included in the appendix to the Commission Orders in Docket Nos. 12-0321, 13-0318, 14-0312 and 15-0287. Only the amounts for the actual revenue requirement from Schedule 1 RY (line 1a), revenue requirement in effect during Reconciliation Year (line 1b), and the overall rate of return (line 2) are changed to reflect the values in this proceeding.

#### C. ROE Collar and ROE Penalty Calculation

Appendix A, Schedule 9 FY computes the adjustment necessary when the Company's earned return on common equity falls outside of the parameters of the earnings collar established by the Energy Infrastructure Modernization Act ("EIMA"). The calculation utilizes the actual operating expenses, rate base, and capital structure for 2015, inclusive of ratemaking adjustments and Commission disallowances as proposed by Staff. The delivery service revenues reflect actual revenues reported by the Company on the 2015 FERC Form 1. The resulting adjustment is incorporated into the revenue requirement which is the basis for the 2017 delivery service rates. Appendix A, Schedule 9 FY demonstrates that ComEd's Delivery Service ("DS") ROE during 2015 fell below the ROE collar by 0.12%; therefore, an ROE collar adjustment of \$7,104,000 is necessary.

#### D. 2017 Rate Year Net Revenue Requirement

Appendix A, Schedule 1 FY, line 5 presents the overall 2017 Rate Year Net Revenue Requirement per Staff of \$2,647,679,000.

#### **IV. RATE BASE**

##### **A. Overview**

###### **1. 2015 Reconciliation Rate Base**

Staff's proposed 2015 reconciliation Rate Base is \$ 7,781,270,000 as presented on Appendix B, Schedule 3 RY.

###### **2. 2017 Initial Rate Year Rate Base**

Staff's proposed 2017 initial rate year Rate Base is \$8,831,123,000 as presented on Appendix A, Schedule 3 FY.

##### **B. Potentially Uncontested Issues**

1. Plant in Service
  - a. Distribution Plant
  - b. General and Intangible Plant
2. Regulatory Assets and Liabilities
3. Deferred Debits
4. Other Deferred Charges
5. Accumulated Provisions for Depreciation and Amortization
6. Accumulated Miscellaneous Operating Provisions
7. Asset Retirement Obligation

8. Customer Advances
9. Customer Deposits
10. Cash Working Capital
11. Construction Work in Progress
12. Accumulated Deferred Income Taxes
13. Materials and Supplies

**C. OPERATIONS AND PLANNING**

1. Voltage Optimization (“VO”)
2. Data Analytics – Cloud Computing

**V. OPERATING EXPENSES**

A. Overview

B. Potentially Uncontested Issues

1. Distribution O&M Expenses
2. Customer-Related O&M Expenses
3. Uncollectibles Expense
4. Administrative and General Expenses
5. Charitable Contributions
6. Merger Expenses
7. Charges for Services provided by BSC

In response to AG data requests AG 5.05 and AG 13.01, ComEd identified certain Business Service Company (“BSC”) costs that were inadvertently included in FERC Account 923 and that ComEd intended to remove in rebuttal testimony. Further, in

response to AG data request AG 11.07, ComEd identified certain additional BSC costs the Company stated are related to lobbying activities and transmission services and which ComEd stated that it would remove from the revenue requirement in rebuttal testimony. (Staff Ex. 2.0, 9-10.) In its rebuttal testimony, ComEd removed the costs in question from the revenue requirement. (ComEd Ex. 9.0, 21.) As such, Charges for Services provided by BSC are no longer contested in this proceeding.

8. Depreciation and Amortization Expense
9. Taxes
10. Lobbying Expense
11. Rate Case Expense

In direct testimony, Staff proposed adjustments to Rate Case Expense to remove certain expenses that are not reasonable to prepare and litigate a rate case filing. Staff's adjustment disallowed (1) Company-identified rate case expense amounts for which ComEd states it is no longer requesting recovery and which ComEd states are not associated with rate case expense; (2) rate case expense invoice line items which were completely redacted within the provided supporting documentation; and (3) miscellaneous charges for attorney and witness meals. (Staff Ex. 2.0, 10-12.) For purposes of this proceeding, ComEd accepted Staff's adjustment to Rate Case Expense. (ComEd Ex. 9.0, 21.)

#### **Section 9-229 Recommendation Regarding Rate Case Expense**

Section 9-229 of the Act (220 ILCS 5/9-229) requires the Commission to specifically assess the justness and reasonableness of any amount expended by a public utility to compensate attorneys or technical experts to prepare and litigate a general rate

case filing in the Commission's final order and to expressly address the issue in the Commission's final order. Staff recommends that the Order in this proceeding express a Commission conclusion as follows:

The Commission has considered the costs expended by the Company during 2015 to compensate attorneys and technical experts to prepare and litigate rate case proceedings and assesses that the amount included as rate case expense in the revenue requirements of \$713,366 is just and reasonable. This amount includes the following costs: (1) \$89,685 amortized rate case expense associated with the initial formula rate proceeding, Docket No. 11-0721; (2) \$492,706 associated with Docket No. 15-0287; and (3) \$130,975 associated with the litigation of Dockets No. 12-0321, 13-0318, and 14-0312.

If the Commission makes any adjustments to rate case expense beyond Staff's proposed adjustment, those adjustments should also be considered in the Commission's statement that sets forth the amount of rate case expense included in the revenue requirement. (Staff Ex. 2, 13.)

## 12. Employee Recognition

The Commission should adopt Staff's adjustment to remove from the revenue requirement employee recognition costs associated with safety awards and service/longevity awards. The costs associated with employee safety and employee service/longevity awards have not been shown to be prudent, reasonable, or necessary for the provision of delivery services and have not been shown to have any direct benefit to customers. (Staff Ex. 5.0, 5-6.) Further, the safety awards at issue represent a duplicative layer of compensation beyond normal wages and the safety-related incentive compensation plans allowed under section 16-108.5(c)(4)(A) of the Public Utilities Act. 220 ILCS 5/16-108.5(c)(4)(A).

The Commission has consistently disallowed employee recognition expenditures that: 1) have not been shown to be reasonable and prudent costs necessary for the provision of delivery services; and 2) have no direct benefit to customers. (Staff Ex. 2.0, 7-9.) In response to Staff DR RWB 7.01, the Company further categorized the types of employee recognition expenditures it incurred. (Id., Attachment B.) One cost category, employee achievement/performance awards, was sufficiently supported to show that it was reasonable, prudent and necessary for the provision of utility services and had a direct customer benefit. Therefore, Staff reduced its adjustment to recognize that this specific sub-category of employee recognition costs should be reflected in rates.

In response to Staff data request RWB 8.01, in order to limit the issues in the current proceeding, and without waiving ComEd's right to seek recovery of employee recognition expenses in future proceedings, the Company agreed with Staff's adjustment to remove the costs of safety awards and service/longevity awards from ComEd's requested revenue requirements. (Id., Attachment C.) The costs of awards which ComEd claims are for employee performance above and beyond what is required in the ordinary course of employment are not included in Staff's adjustment and will be recovered from ratepayers. (Id., 5.) No other party testified regarding this issue. As such, the issue of Employee Recognition Costs is now uncontested.

13. Incentive Compensation Program Expenses

- a. Annual Incentive Program (“AIP”)
- b. Key Manager Long Term Performance Plan (“LTPP”)
- c. Long Term Performance Cash Award (“LTPCAP”)

14. Gross Revenue Conversion Factor

15. #SmartMeetsSweet (“SMS”) Initiative

In direct testimony, Staff proposed an adjustment to disallow all costs of the SMS initiative that had not already been self-excluded by the Company. (Staff Ex. 2.0, 2-5.) In rebuttal testimony, ComEd provided additional evidence supporting the costs of the SMS initiative which Staff sought to disallow. (ComEd Ex. 9.0, 10-15.) After reviewing ComEd’s rebuttal testimony and subsequent data request responses, Staff withdrew its adjustment to disallow SMS costs. (Staff Ex. 5.0, 3-4.) No other party provided testimony on this issue. As such, the #SmartMeetsSweet Initiative issue is now uncontested.

C. Potentially Contested Issues

1. Telephone Consumer Protection Act (“TCPA”) Settlement

**VI. RATE OF RETURN**

A. Overview

Staff witness Janis Freetly presented the fair rate of return on rate base for ComEd pursuant to Section 16-108.5(c) of the Public Utilities Act (“Act”). (ICC Staff Ex. 6.0, 3.) The Company and Staff ultimately agreed on the fair rate of return on rate base for ComEd is 6.71% for the filing year and 6.69% for the reconciliation year. (ICC Staff Ex. 6.0, 3-4.)

B. Capital Structure

Staff and the Company agree that an end-of-year 2015 capital structure comprising 0.27% short-term debt, 54.11% long-term debt, and 45.62% common equity (excluding goodwill) is appropriate for setting rates for the filing year and the reconciliation year.

C. Cost of Capital Components

1. Rate of Return on Common Equity

Staff and the Company agree that the cost of equity is 8.64% for the 2017 revenue requirement and 8.59% for the 2015 reconciliation year revenue requirement. The 8.64% return equals the 2.84% monthly average 30-year U.S. Treasury bond yield, plus 580 basis points, as required under Section 16-108.5 of the Act. ComEd did not meet a service reliability target outlined in Section 16-108.5, therefore it incurred a five basis point penalty reduction to the cost of equity for the 2015 reconciliation revenue requirement. (ComEd Ex. 3.0, 5; Staff Ex. 3.0, 6-7)

## 2. Cost of Long-Term Debt

Staff and the Company agree that a cost of long-term debt of 5.06% is appropriate for both the 2017 rate setting and the 2015 reconciliation. (ComEd Ex. 3.0, 4; Staff Ex. 6.0, 4)

## 3. Cost of Short-Term Debt

Staff and the Company agree that a cost of short-term debt of 0.53% is appropriate for both the 2017 rate setting and the 2015 reconciliation. (ComEd Ex. 3.0, 4; Staff Ex. 6.0, 4) In addition, ComEd's annual credit facility commitment fees, when divided by total capitalization, produce a credit facility fee of 3 basis points, which should be added to ComEd's overall cost of capital. (ComEd Ex. 9.02, 79; Staff Ex. 6.0, 4)

## 4. Overall Weighted Cost of Capital

Staff and the Company agree that the fair rate of return on rate base for ComEd is 6.71% for the filing year (based on a 8.64% return on common equity) and 6.69% for the reconciliation year (based on a 8.59% return on common equity), as shown below:

### Filing Year:

Component	Balance (in thousands)	Weight	Cost	Weighted Cost
Short-Term Debt	\$ 32,144	0.27%	0.53%	0.00%
Long-Term Debt	6,526,399	54.11%	5.06%	2.74%
Common Equity	5,502,198	45.62%	8.64%	3.94%
Bank Facility Costs				0.03%
<b>Total</b>	<b>\$ 12,060,741</b>	<b>100.00%</b>		<b>6.71%</b>

### Reconciliation Year:

Component	Balance (in thousands)	Weight	Cost	Weighted Cost
Short-Term Debt	\$ 32,144	0.27%	0.53%	0.00%
Long-Term Debt	6,526,399	54.11%	5.06%	2.74%
Common Equity	5,502,198	45.62%	8.59%	3.92%

Bank Facility Costs			0.03%
Total	\$ 12,060,741	100.00%	6.69%

(ICC Staff Ex. 6.0, 4.)

**VII. REVENUES**

**VIII. COST OF SERVICE AND RATE DESIGN**

**IX. OTHER FINDINGS**

A. Original Cost Finding

Staff recommends that the Commission approve \$18,436,012,000<sup>6</sup> as the original cost of plant as of December 31, 2015. If the Commission makes any additional adjustments to plant, however, commensurate adjustments should be reflected in the original cost determination. Further, Staff recommends the Commission include the following language in the Findings and Orderings paragraphs of its Order in this proceeding:

(#) the Commission, based on ComEd’s proposed original cost of plant in service as of December 31, 2015, before adjustments, of \$18,436,012,000, and reflecting the Commission’s determination adjusting that figure, approves \$\_\_\_\_\_ as the composite original cost of jurisdictional distribution services plant in service as of December 31, 2015.

(Staff Ex. 4.0, 7.)

<sup>6</sup> \$18,436,015,000 requested by ComEd less Staff disallowance of \$3,000 = \$18,436,012,000.

## B. Wages and Salaries Allocator Utilized in Rider PE and Rate BESH

Rider PE, the tariff under which ComEd recovers the costs of purchased power and the costs of procuring the purchased power, utilizes a wages and salaries (“W&S”) allocator applicable to supply, the value of which is to be approved in each formula rate update proceeding. Staff does not object to ComEd’s calculation of the W&S allocator applicable to supply. Staff recommended the language below be included in the Order entered by the Commission in this proceeding:

The Commission finds that the wages and salaries allocator applicable to supply of 0.40%, as calculated in this proceeding, should be used to develop charges determined and filed with the Commission under Rider PE and Rate BESH to be effective with the January 2017 monthly billing period. Subsequent calculations of the wages and salaries allocator applicable to supply made in subsequent ComEd Formula Rate Update proceedings must be applied in the corresponding subsequent determination and filing of charges under Rider PE and Rate BESH.

(Staff Ex. 1.0, 17.)

ComEd addressed this subject in its rebuttal testimony and did not object to the inclusion of this language in the Order. (ComEd Ex. 9.0, 25.)

## C. Reporting Requirements

### 1. EIMA Investments

The Commission is setting a revenue requirement in this proceeding for the recovery of \$666.1 million in actual 2015 plant additions and \$641.5 million of projected 2016 plant additions in compliance with Section 16-108.5(b) of the Act. Actual 2015 plant additions and projected 2016 plant additions, combined with actual 2012 through 2014 plant additions of \$894.9, total \$2,202.5 million of actual and projected 2016 plant

additions. The detail of these actual and projected plant additions by categories as required by Section 108.5(b)(1) are as follows:

	<u>CATEGORY</u>	<u>ACTUAL 2012 – 2014 (In Millions)</u>	<u>ACTUAL 2015 (In Millions)</u>	<u>PROJECTED 2016 (In Millions)</u>	<u>CUMULATIVE 2016 (In Millions)</u>
(A) (i)	Distribution Infrastructure Improvements	\$391.0	\$274.7	\$249.5	\$915.2
(A) (ii)	Training Facility Construction or Upgrade Projects	2.8	6.0	0.0	8.8
(A) (iii)	Wood Pole Inspection, Treatment, and Replacement	49.8	20.7	26.1	96.6
(A) (iv)	Reducing the susceptibility of certain circuits to storm-related damage	67.1	<u>72.9</u>	62.7	202.7
	Total Electric System Upgrades, Modernization Projects, and Training Facilities	<u>\$510.7</u>	<u>\$374.3</u>	<u>\$338.3</u>	<u>\$1223.3</u>
(B) (i)	Additional Smart Meters	\$176.9	\$230.4	\$239.1	646.4
(B) (ii)	Distribution Automation	163.2	54.4	36.1	253.7
(B) (iii)	Associated Cyber Secure Data Communications Network	0.0	0.0	0.0	-
(B) (iv)	Substation Micro-processor Relay Upgrades	44.1	<u>7.0</u>	<u>27.9</u>	79.1
	Total Upgrade and Modernization of Transmission and Distribution Infrastructure and Smart Grid Electric System Upgrades	<u>\$384.2</u>	<u>\$291.8</u>	<u>\$303.2</u>	<u>979.2</u>
	Total Plant Additions in Compliance with Section 16-108.5(b)(1) of the Act	<u>\$894.9</u>	<u>\$666.1</u>	<u>\$641.5</u>	<u>2,202.5</u>

(ICC Staff Ex. 1.0, 15-16.)

## 2. Reconciliation Year Plant Additions

In the Commission's final Order in Docket No. 14-0312, Findings paragraph 11 set forth a table with details for the plant additions placed in service in 2013. Commonwealth Edison Co., ICC Final Order Docket No. 14-0312, 107-8 (Dec. 10, 2015) ComEd also

provided a similar table for the \$654,813,654 of plant additions projected to be placed in service in 2015. Commonwealth Edison Co., ICC Final Order Docket No. 15-0287, 76 (Dec. 9, 2015) In this proceeding, ComEd provided a similar summary of the \$641,515,121 investment amount by category placed in service in 2016 by ComEd under Section 16-108.5(b) of the Act. (ComEd Ex. 3.0, 19.)

No party contests that ComEd has satisfied its obligation to provide the required information. Accordingly, the Commission should find that ComEd has satisfied its obligation to provide the required plant addition information.

### 3. Contributions to Energy Low-Income and Support Programs

## X. CONCLUSION

WHEREFORE, for all of the following reasons, Staff respectfully requests that the Commission's order in this proceeding reflect all of Staff's recommendations regarding the Company's tariffs and charges submitted pursuant to Section 16-108.5 of the Public Utilities Act.

Respectfully submitted,

/s/\_\_\_\_\_

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September 9, 2016

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Illinois Commerce Commission*

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

Line	Description	Staff Direct Testimony (DT)		Company		Company DT Proposal FR A-1	Adjustments		Per Staff
		Granted in Prior Case (15-0287)		Proposed Changes (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) \$ (2,419)		\$ 2,568,745	
2	Reconciliation Adjustment with Interest	82,869	(1) (8,284)		74,585	(3) (2,756)		71,829	
3	ROE Collar Adjustment	-	(1) 7,103		7,103	(4) 1		7,104	
4	Total Net Revenue Requirement	<u>\$ 2,515,337</u>	(1) <u>\$ 137,515</u>	5.47 %	<u>\$ 2,652,852</u>	(5) <u>\$ (5,173)</u>	(0.20)%	<u>\$ 2,647,679</u>	
5	Total \$ Change - Total Net Revenue Requirement							\$ 132,342	
6	Total % Change - Total Net Revenue Requirement							5.26 %	

**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) Appendix A, Schedule1 FY, col j, ln 1
- (7) Appendix A, Schedule1 FY, col j, ln 3
- (7) Appendix A, Schedule1 FY, col j, ln 4
- (7) Appendix A, Schedule1 FY, 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 (a)	Company Jurisdictional Rate Base (Co. Ex. 13.05, p. 1) (b)	Adjustments (Sch 4 FY) (c)	Jurisdictional Rate Base per Staff (Col. b+c) (d)
1	Distribution Plant	\$ 18,181,966	\$ -	\$ 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	13,222,073	-	13,222,073
6	Construction Work in Progress	-	-	-
7	Cash Working Capital	(52,676)	-	(52,676)
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>\$ 8,831,123</u>	<u>\$ -</u>	<u>\$ 8,831,123</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	\$ 2,566,851 <sup>(1)</sup>	\$ -	\$ 2,566,851 <sup>(2)</sup>
2	Increase	<u>136,279</u> <sup>(3)</sup>	<u>(2)</u> <sup>(4)</sup>	<u>136,277</u> <sup>(5)</sup>
3	Revenues	<u>\$ 2,703,130</u>	<u>\$ (2)</u>	<u>\$ 2,703,128</u>
4	% Increase	5.31%		5.31%
5	Adjustments:			
6	Rate of Return (Applied to Company Rate Base)		2	
7	Gross Revenue Conversion Factor		(2)	
8	Interest Synchronization (Sch 6 FY)		-	
9			-	
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26	Rounding		<u>(2)</u>	
27	Total Revenue Effect of Staff Adjustments		<u>\$ (2)</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	\$ 8,831,123 (1)
2	Weighted Cost of Debt	2.77% (2)
3	Synchronized Interest Per Staff	244,622
4	Company Interest Expense	<u>244,622</u> (3)
5	Increase (Decrease) in Interest Expense	<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>\$ -</u>

(1) Source: Sch. 3 FY, column (d), line 24.  
(2) Source: ComEd Ex. 13.05, p. 14, line 2.  
(3) Source: ComEd Ex. 13.01, 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	\$ 2,409,510				
	Revenue Requirement in effect during						
1b	Reconciliation Year	ComEd Ex. 13.01, p. 6, line 1b	\$ 2,347,553				
1c	Variance - Reconciliation Before Interest	(Ln 1a) - (Ln 1b)	\$ 61,957				
1d	ROE Collar Adjustment	Sch 9 FY, column b, line 36	\$ 7,104				
1e	Variance With Collar	(Ln 1c) + (Ln 1d)	\$ 69,061				
2	Overall Rate of Return (%)	ComEd Ex. 13.01, 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		\$ 5,755	0.5575%	11.5	\$ 369	\$ 6,124
4	Feb		\$ 5,755	0.5575%	10.5	\$ 337	\$ 6,092
5	Mar		\$ 5,755	0.5575%	9.5	\$ 305	\$ 6,060
6	Apr		\$ 5,755	0.5575%	8.5	\$ 273	\$ 6,028
7	May		\$ 5,755	0.5575%	7.5	\$ 241	\$ 5,996
8	Jun		\$ 5,755	0.5575%	6.5	\$ 209	\$ 5,964
9	Jul		\$ 5,755	0.5575%	5.5	\$ 176	\$ 5,932
10	Aug		\$ 5,755	0.5575%	4.5	\$ 144	\$ 5,900
11	Sep		\$ 5,755	0.5575%	3.5	\$ 112	\$ 5,867
12	Oct		\$ 5,755	0.5575%	2.5	\$ 80	\$ 5,835
13	Nov		\$ 5,755	0.5575%	1.5	\$ 48	\$ 5,803
14	Dec		\$ 5,755	0.5575%	0.5	\$ 16	\$ 5,771
15	Total	Sum of (Ln 5) thru (Ln 16)	\$ 69,061			\$ 2,310	\$ 71,372
			<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	\$ 71,372	0.5575%	12	\$ 4,775	\$ 76,146
			<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	\$ 76,146	0.5575%		\$ 6,578	\$ 69,993
18	Feb	Col G Ln 17	\$ 69,993	0.5575%		\$ 6,578	\$ 63,805
19	Mar	Col G Ln 18	\$ 63,805	0.5575%		\$ 6,578	\$ 57,583
20	Apr	Col G Ln 19	\$ 57,583	0.5575%		\$ 6,578	\$ 51,327
21	May	Col G Ln 20	\$ 51,327	0.5575%		\$ 6,578	\$ 45,035
22	Jun	Col G Ln 21	\$ 45,035	0.5575%		\$ 6,578	\$ 38,708
23	Jul	Col G Ln 22	\$ 38,708	0.5575%		\$ 6,578	\$ 32,346
24	Aug	Col G Ln 23	\$ 32,346	0.5575%		\$ 6,578	\$ 25,949
25	Sep	Col G Ln 24	\$ 25,949	0.5575%		\$ 6,578	\$ 19,515
26	Oct	Col G Ln 25	\$ 19,515	0.5575%		\$ 6,578	\$ 13,046
27	Nov	Col G Ln 26	\$ 13,046	0.5575%		\$ 6,578	\$ 6,541
28	Dec	Col G Ln 27	\$ 6,541	0.5575%		\$ 6,578	\$ (0)
29	Variance with Interest	Sum of (Ln 17) thru (Ln 28)				\$ 78,934	
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)				\$ 71,829	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	<b>\$ 7,781,270</b>	Sch 3 RY, Column (d), Ln 24
	Capital Structure		
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)	\$ 61,957	Sch. 8 FY, col (c), Ln 1c
13	LIHEAP & Uncollectibles Revenue	\$ 46,718	ComEd Schedule FR A-3, line 13
14	Other Revenue	<b>\$ 134,383</b>	Sch. 1 RY, col (i), Ln. 2
15	DS Applicable Operating Revenue	\$ 2,507,019	Ln 10 - Ln 11 + Ln 12 - Ln 13 + Ln 14
16	Total DS Operating Expenses	<b>\$ 1,824,832</b>	Sch 1 RY, Column (d), Ln 18
17	DS Operating Income Before Interest & Taxes	\$ 682,187	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	<b>\$ 2,334</b>	Ln 1 x Credit Facilities % from ROR
21	DS Operating Income before Taxes	\$ 466,693	Ln 17 - Ln 18 - Ln 19 - Ln 20
22	Income Tax Rate (%)	<b>40.038%</b>	
23	DS Income Taxes	\$ 186,852	Ln 21 x Ln 22
24	Impact of ITCs & Permanent Tax Differences	<b>\$ (3,105)</b>	Sch FR A-3
25	DS Net Income	\$ 282,946	Ln 21 - Ln 23 - Ln 24
26	DS ROE (%)	7.97%	Ln 25 / Ln 5
	ROE Collar		
27	Allowed ROE (%)	<b>8.59%</b>	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	\$ 1,317,276	49.54	0.13573	\$ 178,789	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>\$ 1,959,220</u>			<u>\$ 210,848</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. 13.01, APP 3, Line 50
11	Employee Benefits - Pension & OPEB	93,363	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 51
12	Employee Benefits - Other	56,241	(4.19)	(0.01148)	(646)	ComEd Ex. 13.01, APP 3, Line 52
13	Inter-Company billings - Less Pass-throughs	110,479	(45.21)	(0.12386)	(13,684)	ComEd Ex. 13.01, APP 3, Line 53
14	Inter-Company billings - Pass-throughs	48,136	(45.21)	(0.12386)	(5,962)	ComEd Ex. 13.01, APP 3, Line 54
15	Property Leases	24,790	(2.91)	(0.00797)	(198)	ComEd Ex. 13.01, 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. 13.01, APP 3, Line 57
18	FICA Tax	23,519	(16.19)	(0.04436)	(1,043)	ComEd Ex. 13.01, APP 3, Line 58
19	Federal Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 13.01, APP 3, Line 59
20	State Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 13.01, APP 3, Line 60
21	Electricity Distribution Tax	100,911	(31.13)	(0.08529)	(8,606)	ComEd Ex. 13.01, APP 3, Line 61
22	State Franchise Tax	1,709	(191.64)	(0.52504)	(897)	ComEd Ex. 13.01, APP 3, Line 62
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 63
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 64
25	State Public Utility Fund Tax	3,819	(38.64)	(0.10586)	(404)	ComEd Ex. 13.01, APP 3, Line 65
26	Illinois Sales and Use Tax	110	(2.51)	(0.00688)	(1)	ComEd Ex. 13.01, APP 3, Line 66
27	Chicago Sales and Use Tax	(93)	(228.50)	(0.62603)	58	ComEd Ex. 13.01, 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	(132,119)	(37.88)	(0.10378)	13,711	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. 13.01, APP 3, Line 72
33	Gross Receipts/Municipal Utility Tax	254,357	(37.35)	(0.10233)	(26,028)	ComEd Ex. 13.01, APP 3, Line 73
34	Illinois Excise Tax	252,710	(0.24)	(0.00066)	(166)	ComEd Ex. 13.01, APP 3, Line 74
35	City of Chicago Infrastructure Maintenance F	88,141	(26.00)	(0.07123)	(6,279)	ComEd Ex. 13.01, APP 3, Line 75
36	Other Outlays	-	0.00	0.00000	-	NA
37	Total Outlays	<u>\$ 1,959,220</u>			<u>\$ (263,524)</u>	Sum of Lines 8 through 36
38	Cash Working Capital per Staff				\$ (52,676)	Line 7 plus line 37
39	Cash Working Capital per Company				(52,676)	ComEd Ex. 13.01, APP 3, Line 80
40	Difference -- Adjustment per Staff				<u>\$ -</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	\$ 2,703,128	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. 13.02, WP 3-1b, Line 4
5	Less: Pension Asset Cost Funding	(48,882)	ComEd Ex. 13.02, 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>\$ 1,317,276</u>	Sum of Lines 1 through 8
10	Total Rate Base	\$ 8,831,123	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. 13.02, WP 3-1b, Line 14
15	Intercompany billings - Less Pass-throughs	(110,479)	ComEd Ex. 13.02, WP 3-1b, Line 15
16	Intercompany billings - Pass-throughs	(48,136)	ComEd Ex. 13.02, WP 3-1b, Line 16
17	Employee Benefits Expense - Pension and OPEB	(93,363)	ComEd Ex. 13.02, WP 3-1b, Line 17
18	Employee Benefits Expense - Other	(56,241)	ComEd Ex. 13.02, 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. 13.02, WP 3-1b, Line 4
22	Pension Asset Cost Funding	(48,882)	ComEd Ex. 13.02, 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. 13.02, 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. 13.02, WP 3-1b, Line 26
27	less: Power Production Payroll	(1,349)	ComEd Ex. 13.02, WP 3-1b, Line 27
28	less: Transmission Payroll	(40,663)	ComEd Ex. 13.02, WP 3-1b, Line 28
29	less: Payroll Taxes on Supply	(104)	ComEd Ex. 13.02, WP 3-1b, Line 29
30	less: Net Incentive Pay	(41,683)	ComEd Ex. 13.02, 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	Company Jurisdictional Rate Base (Co. Ex. 13.03 p. 1)	Adjustments (Sch 4 RY)	Jurisdictional Rate Base per Order (Col. b+c)
	(a)	(b)	(c)	(d)
1	Distribution Plant	\$ 16,530,881	\$ -	\$ 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	11,740,764	-	11,740,764
6	Construction Work in Progress	40,654	-	40,654
7	Cash Working Capital	(50,297)	-	(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		-	-	-
24	Rate Base	<u>\$ 7,781,270</u>	<u>\$ -</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	\$ 2,393,739 <sup>(1)</sup>	\$ -	\$ 2,393,739 <sup>(2)</sup>
2	Increase	<u>150,154 <sup>(3)</sup></u>	<u>- <sup>(4)</sup></u>	<u>150,154 <sup>(5)</sup></u>
3	Revenues	<u>\$ 2,543,893</u>	<u>\$ -</u>	<u>\$ 2,543,893</u>
4	% Increase	<u>6.27%</u>		<u>6.27%</u>
5	Adjustments:			
6	(Source)		-	
7	Rate of Return (Applied to Company Rate Base)		2	
8	Gross Revenue Conversion Factor		(2)	
9	Interest Synchronization (Sch 6 RY)		-	
10	Cash Working Capital (Sch 10 RY)		-	
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>\$ -</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	Amount
	(a)	(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>215,541 (3)</u>
5	Increase (Decrease) in Interest Expense	<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>\$ -</u>

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

(2) Source: ComEd Ex. 13.03, p. 14, line 2.

(3) Source: ComEd Ex. 13.01, 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	\$ 1,259,539	49.54	0.13573	\$ 170,952	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	<b>Total Receipts</b>	<b>\$ 1,901,483</b>			<b>\$ 203,011</b>	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. 13.01, APP 3, Line 10
11	Employee Benefits - Pension & OPEB	93,363	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 11
12	Employee Benefits - Other	56,241	(4.19)	(0.01148)	(646)	ComEd Ex. 13.01, APP 3, Line 12
13	Inter-Company billings - Less Pass-throughs	110,479	(45.21)	(0.12386)	(13,684)	ComEd Ex. 13.01, APP 3, Line 13
14	Inter-Company billings - Pass-throughs	48,136	(45.21)	(0.12386)	(5,962)	ComEd Ex. 13.01, APP 3, Line 14
15	Property Leases	24,790	(2.91)	(0.00797)	(198)	ComEd Ex. 13.01, 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. 13.01, APP 3, Line 17
18	FICA Tax	23,519	(16.19)	(0.04436)	(1,043)	ComEd Ex. 13.01, APP 3, Line 18
19	Federal Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 13.01, APP 3, Line 19
20	State Unemployment Tax	-	(76.38)	(0.20926)	-	ComEd Ex. 13.01, APP 3, Line 20
21	Electricity Distribution Tax	100,911	(31.13)	(0.08529)	(8,606)	ComEd Ex. 13.01, APP 3, Line 21
22	State Franchise Tax	1,709	(191.64)	(0.52504)	(897)	ComEd Ex. 13.01, APP 3, Line 22
23	City of Chicago Dark Fiber Tax	-	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 23
24	401K Match	-	0.00	0.00000	-	ComEd Ex. 13.01, APP 3, Line 24
25	State Public Utility Fund Tax	3,819	(38.64)	(0.10586)	(404)	ComEd Ex. 13.01, APP 3, Line 25
26	Illinois Sales and Use Tax	110	(2.51)	(0.00688)	(1)	ComEd Ex. 13.01, APP 3, Line 26
27	Chicago Sales and Use Tax	(93)	(228.50)	(0.62603)	58	ComEd Ex. 13.01, 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	(155,229)	(37.88)	(0.10378)	16,110	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. 13.01, APP 3, Line 32
33	Gross Receipts/Municipal Utility Tax	254,357	(37.35)	(0.10233)	(26,028)	ComEd Ex. 13.01, APP 3, Line 33
34	Illinois Excise Tax	252,710	(0.24)	(0.00066)	(166)	ComEd Ex. 13.01, APP 3, Line 34
35	City of Chicago Infrastructure Maintenance Fi	88,141	(26.00)	(0.07123)	(6,279)	ComEd Ex. 13.01, APP 3, Line 35
36	not used	-	0.00	0.00000	-	NA
37	<b>Total Outlays</b>	<b>\$ 1,901,483</b>			<b>\$ (253,308)</b>	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				(50,297)	ComEd Ex. 13.01, APP 3, Line 40
40	Difference -- Adjustment per Staff				<u>\$ -</u>	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	\$ 2,543,893	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. 13.02, WP 3-1a, Line 4
5	Less: Pension Asset Cost Funding	(48,882)	ComEd Ex. 13.02, 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>\$ 1,259,539</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. 13.02, WP 3-1a, Line 14
15	Intercompany billings - Less Pass-throughs	(110,479)	ComEd Ex. 13.02, WP 3-1a, Line 15
16	Intercompany billings - Pass-throughs	(48,136)	ComEd Ex. 13.02, WP 3-1a, Line 16
17	Employee Benefits Expense - Pension and OPEB	(93,363)	ComEd Ex. 13.02, WP 3-1a, Line 17
18	Employee Benefits Expense - Other	(56,241)	ComEd Ex. 13.02, 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. 13.02, WP 3-1a, Line 4
22	Pension Asset Cost Funding	(48,882)	ComEd Ex. 13.02, 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. 13.02, 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. 13.02, WP 3-1a, Line 26
27	less: Power Production Payroll	(1,349)	ComEd Ex. 13.02, WP 3-1a, Line 27
28	less: Transmission Payroll	(40,663)	ComEd Ex. 13.02, WP 3-1a, Line 28
29	less: Payroll Taxes on Supply	(104)	ComEd Ex. 13.02, WP 3-1a, Line 29
30	less: Net Incentive Pay	(41,683)	ComEd Ex. 13.02, WP 3-1a, Line 30
31	Direct Payroll and Incentive Compensation	<u>\$ 299,870</u>	Sum of Lines 26 through 30