

Revenue Requirement Schedules

Statement of Operating Income with Adjustments

Schedule 1.1 is an income statement that derives the Company's required revenue with Staff's proposed adjustments at the Staff proposed rate of return. Column (b) presents the Company's pro forma operating statement for the test year as reflected on the Company's Schedule C-1. Column (c) reflects the total of all Staff adjustments shown on ICC Staff Exhibit 1.0, Schedule 1.2. Column (d) reflects the Company's operating statement at present revenues after Staff's adjustments. Column (e) presents the necessary change to the Company's proposed revenues to arrive at Staff's proposed revenue requirement as reflected in Column (i). Net Operating Income in Column (i), line 23, is the product of Rate Base, line 24, and Rate of Return, line 25. Column (i), line 27, presents Staff's calculated percentage change in revenues.

Adjustments to Operating Income

Schedule 1.2 identifies Staff's adjustment to Operating Income. The source of each adjustment is shown in the heading of each column. Column (y) from page 3 of 3 is the Total Operating Statement Adjustments for each Income Statement line item and is carried forward to ICC Staff Exhibit 1.0, Schedule 1.1, Column (c).

Rate Base

Schedule 1.3 compiles Staff's rate base. Column (b) reflects the Company's proposed rate base. Column (c) summarizes Staff's adjustments to rate base. Column (d) is the net of Columns (b) and (c), and reflects Staff's computed rate base.

Adjustments to Rate Base

Schedule 1.4 identifies Staff's adjustments to rate base. The source of each adjustment is shown in the heading of each column. Column (q) from page 2 of 2 is carried forward to ICC Staff Exhibit 1.0, Schedule 1.3, Column (c).

Interest Synchronization

Schedule 1.5 computes the interest component of the revenue requirement. The interest expense (component) is computed by multiplying the rate base by weighted cost of debt. The calculated interest expense is then compared against the interest expense used by the Company in its computation of test year income tax expense. The tax effect of the difference in interest expense is the adjustment for interest synchronization. The effect of this adjustment is to ensure that the revenue requirement reflects the tax savings generated by the interest component of the revenue requirement.

Gross Revenue Conversion Factor

Schedule 1.6 presents the gross revenue conversion factor (“GRCF”). Providing for additional revenues to address a revenue deficiency as part of a rate increase automatically results in an increase in income tax expense and uncollectible expense for a utility. The GRCF is a factor based on the applicable income tax rates and uncollectible factor that derives the increased expense attributable to a revenue deficiency. The GRCF is multiplied by the income deficiency to determine the total amount of revenue required for the income deficiency and the associated increase in income tax expense and uncollectible expense. It is based upon the applicable federal tax rate, state income tax rate, and ComEd’s uncollectible rate.

Commonwealth Edison Company
Statement of Operating Income with Adjustments
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Operating Income (Sch. C-1)	Staff Adjustments (Sch 1. 2)	Staff Pro Forma Present (Cols. b+c)	Company Proposed Increase (Co. Sch. C-1)	Staff Gross Revenue Conversion Factor	Proposed Rates With Staff Adjustments (Cols. d+e+f)	Adjustment To Proposed Increase	Staff Pro Forma Proposed (Cols. g+h)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ 1,687,492	\$ -	\$ 1,687,492	\$ 361,334	\$ -	\$ 2,048,826	\$ (249,337)	\$ 1,799,489
2	Other Revenues	132,418	-	132,418	-	-	132,418	-	132,418
3		-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	1,819,910	-	1,819,910	361,334	-	2,181,244	(249,337)	1,931,907
6	Uncollectibles Expense	12,437	-	12,437	2,638	-	15,075	(1,820)	13,255
7	Distribution	309,310	(6,431)	302,879	-	-	302,879	-	302,879
8	Customer Accounts	133,416	(7,725)	125,691	-	-	125,691	-	125,691
9	Customer Services and Informational Services	8,462	-	8,462	-	-	8,462	-	8,462
10	Sales	-	-	-	-	-	-	-	-
11	Administrative and General	341,301	(25,849)	315,452	-	-	315,452	-	315,452
12	Depreciation and Amortization	359,027	(25,880)	333,147	-	-	333,147	-	333,147
13	Taxes Other Than Income	156,469	(1,331)	155,138	-	-	155,138	-	155,138
14	Regulatory Debits	34,468	-	34,468	-	-	34,468	-	34,468
15		-	-	-	-	-	-	-	-
16		-	-	-	-	-	-	-	-
17	Total Operating Expense								
18	Before Income Taxes	1,354,890	(67,215)	1,287,675	2,638	-	1,290,313	(1,820)	1,288,493
19	State Income Tax	1,225	8,553	9,778	26,185	12	35,975	(18,069)	17,906
20	Federal Income Tax	20,530	38,018	58,548	116,397	(11)	174,934	(80,307)	94,627
21	Deferred Taxes and ITCs Net	54,788	-	54,788	-	-	54,788	-	54,788
22	Total Operating Expenses	1,431,433	(20,644)	1,410,789	145,220	1	1,556,010	(100,196)	1,455,814
23	NET OPERATING INCOME	\$ 388,477	\$ 20,644	\$ 409,121	\$ 216,114	\$ (1)	\$ 625,234	\$ (149,141)	\$ 476,093
24	Staff Rate Base (Schedule 1.3, column (d), line 23)								\$ 5,705,550
25	Staff Overall Rate of Return (ICC Staff Exhibit 4.0, Schedule 4.1)								8.34%
26	Revenue Change (column (i), line 5 minus column (d), line 5)								\$ 111,997
27	Percentage Change (column (i), line 26 divided by column (d), line 5)								6.15%

Commonwealth Edison Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Interest Synchronization (Sch.1.5)	Incentive Compensation (Sch.1.7)	Merger Costs (Sch.1.8)	IT Costs (Sch. 1.9)	Pro Forma Additions (Sch. 2.1)	Internal Use Software (Sch. 2.3)	Departmental Overheads (Sch. 2.4)	Subtotal Operating Statement Adjustments
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Distribution	-	(4,079)	-	(3,424)	-	-	-	(7,503)
8	Customer Accounts	-	(3,274)	-	(4,451)	-	-	-	(7,725)
9	Customer Services and Informational Services	-	-	-	-	-	-	-	-
10	Sales	-	-	-	-	-	-	-	-
11	Administrative and General	-	(8,800)	(2,529)	(6,255)	-	-	-	(17,583)
12	Depreciation and Amortization	-	(269)	-	(1,487)	(17,400)	(369)	(22)	(19,547)
13	Taxes Other Than Income	-	(1,321)	(10)	-	-	-	-	(1,331)
14	Regulatory Debits	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	-	(17,742)	(2,539)	(15,616)	(17,400)	(369)	(22)	(53,688)
19	State Income Tax	3,647	1,295	185	1,140	1,270	27	2	7,566
20	Federal Income Tax	16,210	5,756	824	5,067	5,645	120	7	33,629
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	19,857	(10,691)	(1,530)	(9,409)	(10,485)	(222)	(13)	(12,493)
23	NET OPERATING INCOME	\$ (19,857)	\$ 10,691	\$ 1,530	\$ 9,409	\$ 10,485	\$ 222	\$ 13	\$ 12,493

Commonwealth Edison Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Stores Clearing (Sch. 2.5)	Property Unit Catalog Changes (Sch. 2.6)	Original Cost Audit Exp. (Sch. 2.7)	Rate Case Expense (Sch. 2.8)	Advertising Expense (Sch. 3.2)	Charitable Contributions (Sch. 3.3)	Subtotal Operating Statement Adjustments
	(a)	(j)	(l)	(m)	(n)	(o)	(p)	(p)	(q)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Distribution	(7,503)	(519)	-	-	-	-	-	(8,022)
8	Customer Accounts	(7,725)	-	-	-	-	-	-	(7,725)
9	Customer Services and Informational Services	-	-	-	-	-	-	-	-
10	Sales	-	-	-	-	-	-	-	-
11	Administrative and General	(17,583)	-	-	(265)	(3,887)	(181)	(298)	(22,214)
12	Depreciation and Amortization	(19,547)	(38)	(2,210)	-	-	-	-	(21,795)
13	Taxes Other Than Income	(1,331)	-	-	-	-	-	-	(1,331)
14	Regulatory Debits	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	(53,688)	(557)	(2,210)	(265)	(3,887)	(181)	(298)	(61,086)
19	State Income Tax	7,566	41	161	19	284	13	22	8,106
20	Federal Income Tax	33,629	181	717	86	1,261	59	97	36,030
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	(12,493)	(335)	(1,332)	(160)	(2,342)	(109)	(179)	(16,950)
23	NET OPERATING INCOME	\$ 12,493	\$ 335	\$ 1,332	\$ 160	\$ 2,342	\$ 109	\$ 179	\$ 16,950

Commonwealth Edison Company
Adjustments to Operating Income
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Lobbying Expense (Sch. 3.4)	Storm Costs (Sch. 3.5)	Non-Recurring Expense (Sch. 3.6)	Underground Lines & Services (Sch. 5.2)	Plant in Service (Sch. 2.2)	(Source)	Total Operating Statement Adjustments
	(a)	(r)	(m)	(n)	(o)	(o)	(o)	(o)	(y)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectibles Expense	-	-	-	-	-	-	-	-
7	Distribution	(8,022)	-	1,591	-	-	-	-	(6,431)
8	Customer Accounts	(7,725)	-	-	-	-	-	-	(7,725)
9	Customer Services and Informational Services	-	-	-	-	-	-	-	-
10	Sales	-	-	-	-	-	-	-	-
11	Administrative and General	(22,214)	(31)	-	(3,604)	-	-	-	(25,849)
12	Depreciation and Amortization	(21,795)	-	-	-	(2,741)	(1,344)	-	(25,880)
13	Taxes Other Than Income	(1,331)	-	-	-	-	-	-	(1,331)
14	Regulatory Debits	-	-	-	-	-	-	-	-
15	-	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-	-
17	Total Operating Expense	-	-	-	-	-	-	-	-
18	Before Income Taxes	(61,086)	(31)	1,591	(3,604)	(2,741)	(1,344)	-	(67,215)
19	State Income Tax	8,106	2	(116)	263	200	98	-	8,553
20	Federal Income Tax	36,030	10	(516)	1,169	889	436	-	38,018
21	Deferred Taxes and ITCs Net	-	-	-	-	-	-	-	-
22	Total Operating Expenses	(16,950)	(19)	959	(2,172)	(1,652)	(810)	-	(20,644)
23	NET OPERATING INCOME	\$ 16,950	\$ 19	\$ (959)	\$ 2,172	\$ 1,652	\$ 810	\$ -	\$ 20,644

Commonwealth Edison Company
Rate Base
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Company Pro Forma Jurisdictional Rate Base (Co. Sch. B-1)	Staff Adjustments (Sch.1.4)	Staff Pro Forma Rate Base (Col. b+c)
	(a)	(b)	(c)	(d)
1	Gross Utility Plant	\$ 13,220,736	\$ (987,754)	\$ 12,232,982
2	Accumulated Provision for Depreciation and Amortization	(4,598,992)	(376,396)	(4,975,388)
3	-	-	-	-
4	Net Plant	8,621,744	(1,364,150)	7,257,594
5	Additions to Rate Base			
6	Materials and Supplies	37,396	(9,650)	27,746
7	Construction Work in Progress	39,502	-	39,502
8	Regulatory Assets	9,432	-	9,432
9	Deferred Debits	-	-	-
10	-	-	-	-
11	-	-	-	-
12	Deductions From Rate Base			
13	Accumulated Deferred Income Taxes	(1,325,618)	8,116	(1,317,502)
14	Non-Pension Post Retirement Benefit Obligations	(155,995)	-	(155,995)
15	Other Accumulated Provisions for Pensions and Benefits	(32,182)	-	(32,182)
16	Accumulated Provision for Injuries and Damages	(56,360)	-	(56,360)
17	Accumulated Misc. Operating Provisions	(8,496)	-	(8,496)
18	Asset Retirement Obligation	(36,195)	-	(36,195)
19	Other Deferred Credits	(16,898)	-	(16,898)
20	Customer Advances	(5,076)	-	(5,076)
21	Accumulated Investment Tax Credits	(20)	-	(20)
22		-	-	-
23	Rate Base	\$ 7,071,234	\$ (1,365,684)	\$ 5,705,550

Commonwealth Edison Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Incentive Compensation (Sch. 1.7)	Merger Costs (Sch. 1.8)	IT Costs (Sch. 1.9)	Pro Forma Additions (Sch. 2.1)	Internal Use Software (Sch. 2.3)	Departmental Overheads (Sch. 2.4)	Stores Clearing (Sch. 2.5)	Subtotal Rate Base Adjustments
	(a)	(b)	(d)	(e)	(f)	(g)	(g)	(k)	(i)
1	Gross Utility Plant	\$ (11,007)	\$ (53)	\$ -	\$ (704,465)	\$ (14,951)	\$ (901)	\$ (1,556)	\$ (732,933)
2	Accumulated Provision for Depreciation and Amortization	415	-	1,487	(64,181)	547	13	19	(61,700)
3	-	-	-	-	-	-	-	-	-
4	Net Plant	(10,592)	(53)	1,487	(768,646)	(14,404)	(888)	(1,537)	(794,633)
5	Additions to Rate Base								
6	Materials and Supplies	-	-	-	-	-	-	-	-
7	Construction Work in Progress	-	-	-	-	-	-	-	-
8	Regulatory Assets	-	-	-	-	-	-	-	-
9	Deferred Debits	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-	-
12	Deductions From Rate Base								
13	Accumulated Deferred Income Taxes	143	-	-	5,831	118	7	12	6,111
14	Non-Pension Post Retirement Benefit Obligations	-	-	-	-	-	-	-	-
15	Other Accumulated Provisions for Pensions and Benefits	-	-	-	-	-	-	-	-
16	Accumulated Provision for Injuries and Damages	-	-	-	-	-	-	-	-
17	Accumulated Misc. Operating Provisions	-	-	-	-	-	-	-	-
18	Asset Retirement Obligation	-	-	-	-	-	-	-	-
19	Other Deferred Credits	-	-	-	-	-	-	-	-
20	Customer Advances	-	-	-	-	-	-	-	-
21	Accumulated Investment Tax Credits	-	-	-	-	-	-	-	-
22	-	-	-	-	-	-	-	-	-
23	Rate Base	\$ (10,449)	\$ (53)	\$ 1,487	\$ (762,815)	\$ (14,286)	\$ (881)	\$ (1,525)	\$ (788,522)

Commonwealth Edison Company
Adjustments to Rate Base
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Subtotal Rate Base Adjustments	Property Unit Catalog Changes (Sch. 2.6)	Materials & Supplies (Sch. 3.1)	Underground Lines & Services (Sch. 5.2)	Plant in Service (Sch. 2.2)	(Source)	(Source)	Total Rate Base Adjustments
	(a)	(j)	(l)	(n)	(o)	(o)	(o)	(p)	(q)
1	Gross Utility Plant	\$ (732,933)	\$ (89,457)	\$ -	\$ (110,954)	\$ (54,410)	\$ -	\$ -	\$ (987,754)
2	Accumulated Provision for Depreciation and Amortization	(61,700)	3,356	-	5,481	(323,533)	-	-	(376,396)
3		-	-	-	-	-	-	-	-
4	Net Plant	(794,633)	(86,101)	-	(105,473)	(377,943)	-	-	(1,364,150)
5	Additions to Rate Base	-	-	-	-	-	-	-	-
6	Materials and Supplies	-	-	(9,650)	-	-	-	-	(9,650)
7	Construction Work in Progress	-	-	-	-	-	-	-	-
8	Regulatory Assets	-	-	-	-	-	-	-	-
9	Deferred Debits	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12	Deductions From Rate Base	-	-	-	-	-	-	-	-
13	Accumulated Deferred Income Taxes	6,111	704	-	873	428	-	-	8,116
14	Non-Pension Post Retirement Benefit Obligations	-	-	-	-	-	-	-	-
15	Other Accumulated Provisions for Pensions and Benefits	-	-	-	-	-	-	-	-
16	Accumulated Provision for Injuries and Damages	-	-	-	-	-	-	-	-
17	Accumulated Misc. Operating Provisions	-	-	-	-	-	-	-	-
18	Asset Retirement Obligation	-	-	-	-	-	-	-	-
19	Other Deferred Credits	-	-	-	-	-	-	-	-
20	Customer Advances	-	-	-	-	-	-	-	-
21	Accumulated Investment Tax Credits	-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (788,522)	\$ (85,397)	\$ (9,650)	\$ (104,600)	\$ (377,515)	\$ -	\$ -	\$ (1,365,684)

Commonwealth Edison Company
Interest Synchronization Adjustment
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Amount
	(a)	(b)
1	Rate Base	\$ 5,705,550 ⁽¹⁾
2	Weighted Cost of Debt	<u>3.71%</u> ⁽²⁾
3	Synchronized Interest Per Staff (Line 1 x Line 2)	211,676
4	Company Interest Expense	<u>261,636</u> ⁽³⁾
5	Increase (Decrease) in Interest Expense	<u>(49,960)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 3,647</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 16,210</u>

(1) Source: Schedule 1.3, column (d), line 23

(2) Source: ICC Staff Exhibit 4.0, Schedule 4.1

(3) Source: Company Schedule C-5.4 page 2, line 3

Commonwealth Edison Company
Gross Revenue Conversion Factor
For the Test Year Ending December 31, 2006
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(a)	(b)	(c)	(d)
1	Revenues		1.000000	1.000000
2	Uncollectibles	0.7300%	<u>0.007300</u>	
3	State Taxable Income		0.992700	
4	State Income Tax	7.3000%	<u>0.072500</u>	<u>0.073000</u>
5	Federal Taxable Income		0.920200	0.927000
6	Federal Income Tax	35.0000%	<u>0.322100</u>	<u>0.324450</u>
7	Operating Income		<u>0.598100</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff (Line 1 / Line 7)		<u>1.671960</u>	<u>1.659613</u>