

ILLINOIS
COMMERCE COMMISSION

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CHIEF CLERK'S OFFICE

Docket 00-0007
ICC STAFF EXHIBIT 3.0

REBUTTAL TESTIMONY

OF

ROBERT E. BISHOP

FINANCIAL ANALYSIS DIVISION

ILLINOIS COMMERCE COMMISSION

**Neutral Fact-Finder
DOCKET NO. 00-0007
March, 2000**

1 1. Q. Please state your name and business address.

2 A. My name is Robert E. Bishop. My business address is 527 East Capitol
3 Avenue, P.O. Box 19280, Springfield, Illinois 62794-9280.

4 2. Q. By whom are you employed and in what capacity?

5 A. I am the Assistant Manager of the Financial Analysis Division of the Illinois
6 Commerce Commission.

7 3. Q. Are you the same Robert E. Bishop who filed direct testimony in this
8 docket?

9 A. Yes I am.

10 4. Q. What is the purpose of your rebuttal testimony?

11 A. The purpose of my rebuttal testimony is to respond to items raised in the
12 direct testimony of **NewEnergy** witness Dr. O'Connor; Central Illinois
13 Public Service Company/Union Electric Company witness Miller; and
14 **ComEd** witness Geraghty. In addition, I again address the question of the
15 contract summary form that should be used for the 2000 neutral **fact-**
16 finder process.

1 5. Q **NewEnergy** witness Dr. O'Connor proposed some modifications to the
2 instructions for completing the contract summary form. Do you agree with
3 the modifications that are set forth in Attachment B to Dr. O'Connor's
4 testimony?

5 A. The modifications proposed by Dr. O'Connor are generally very similar to
6 language that was included in earlier versions of Staffs proposed
7 instructions. However, during the workshop/settlement process that
8 language was removed because one of the other parties objected to its
9 inclusion. Staff can go either way on whether or not such language
10 should be included in the instructions; however, if a decision is made that
11 such language should be included then Staff would recommend the
12 underlined language that is contained in Schedule D which is attached to
13 my testimony.

14 6. Q. Do you have any other comments regarding the language proposed in Dr.
15 O'Connor's Attachment B?

16 A. Yes. Dr. O'Connor has included the word "retail" in his proposed
17 modifications to Sections C.17 and G. (g) of the instructions. Dr.
18 O'Connor recommends that the Commission direct the neutral fact-finder
19 to calculate separate market values for wholesale and retail prices (See

1 Dr. O'Connor's testimony page 15, lines 20-22). If Dr. O'Connor's
2 proposed modifications to the instructions were to be adopted by the
3 Commission, it would be appropriate to include the word "retail" in those
4 two instructions if the Commission also adopted his recommendation to
5 direct the neutral fact-finder to calculate separate market values for
6 wholesale and retail prices.

7 7. Q. Do you agree with the modifications to the instructions proposed by Mr.
8 Miller which are contained in Schedule 4 attached to his testimony?

9 A. In part. Mr. Miller's proposed modifications to Sections **D.4(b)** and H.(b)
10 would be acceptable. However, I would not accept his proposed changes
11 to Section **D.3.(c)(i)** because I do not believe the suggested language
12 adds any clarity to the instructions.

13 8. Q. Based on the direct testimony of the parties do you have any proposed
14 changes to the instructions for completing the contract summary forms?

15 A. Yes. Based on the testimony of **ComEd** witness Geraghty I would
16 propose the modifications set forth in Schedule E which is attached to my
17 testimony.

1 9. Q. In your direct testimony you proposed that the Commission adopt a
2 contract summary form which would require usage and price data to be
3 reported on an hourly basis (8760 data points in a year). Has the direct
4 testimony of any of the parties changed your opinion?

5 A. No. It is still my opinion that the contract summary form attached to my
6 direct testimony as Schedule A should be adopted by the Commission for
7 the 2000 neutral fact-finder process.

8 10. Q. Does this complete your testimony?

9 A. Yes it does.

B. General Instructions

2. Reportable Contract Defined and Data Required

- (d) Finally, responding entities are encouraged to provide any additional information that contributes to the NFF's ability to more fully understand the terms of the contract and make the required determinations and that will enable the NFF to do so with greater detail, precision and differentiation.

C. Completion of General Contract Information

15. Purchaser's class of Service

*B Wholesale (Sale **FOR** Resale)*

If the wholesale contract is for the buy-back of electric power or energy from a generating facility (or facilities) sold by the purchaser, place a check in the appropriate space provided and also provide on Contract Summary Form Page 5/Excel Worksheet "Add'Info" a description of the **plant/facility** sold. The respondent should also provide an indication as to whether, in the opinion of the respondent, the price reflects true market value or some other value.

17. Bundled Service → Indicate in the space provided whether or not the reported contract provides for bundled service(s). If yes, also provide on Contract Summary Form Page 5/Excel Worksheet "Add'Info", a detailed description of those services and the methodology employed to unbundle the reported data (with sample calculation). Also indicate whether the contract reflects any consideration other than electricity and the price paid for electricity. The respondent should provide an indication as to whether, in the opinion of the respondent, the unbundled price of electric power is reflective of market value or some other value.

G. Additional Information

Completion of Summary Form -Page 5/Excel Worksheet "Add'Info"

Provide additional information, as appropriate and required, on the following items:

- (f) Description of facilities sold and opinion whether buy-back price reflects market value. (C15)
- (g) Description of Bundled Services and price unbundling methodology and respondent's opinion as to why or why not the unbundled price reflects market value. (C17)
- (n) Any other information that contributes to the NFF's ability to more fully understand the terms of the contract and that will enable the NFF to make the required determination or to do so with greater detail, precision and differentiation. (B2(d)).

3. Treatment of Bundled Service Contract Prices

As required by Section 16-1 12(c), reporting entities are to deduct delivery service charges (including transition charges as defined and set forth in applicable tariffs that are in effect at the time the reporting entity's data is submitted), and charges for services, if any, other than the provision of power and energy or delivery services, from bundled service contract prices reported to the NFF. For such contracts, reporting entities must:

- (a) describe (on Contract Summary Form Page S/Excel Worksheet "Add'l Info") the nature of the bundled services and explain in detail how the charges for services other than energy and power/capacity were determined and deducted from the contract price, and
- (b) report the price before (bundled) and after (unbundled) the deduction of Delivery Service, Transition (CTC), or other charges, separately identifying the component parts, their values, and their source(s), i.e., tariff citation.
- (c) when deducting delivery service charges:
 - (i) if the bundled contract expresses the price of electricity in terms of energy only, but the delivery service charge ~~is calculated on the basis of~~ includes a demand and/or customer service charge and energy, convert the demand and/or customer service charge in the delivery service tariff to an energy charge by calculating the total demand and/or customer service charge revenues in each pricing period and dividing by the total ~~peak or off peak kWh of usage, as appropriate,~~ in the pricing period applicable to the charge (i.e. all hours for a customer service charge or monthly demand charge, peak hours for a peak demand charge), and subtracting the calculated kWh charge from the bundled contract charge;
 - (ii) if the bundled contract and delivery service charge each have a demand, customer service and ~~an energy component charge~~, and an energy component charge, unbundle by deducting each component separately;
 - (iii) if the bundled contract expresses the price of electricity in terms of demand, customer service and energy, but the delivery services charge is calculated on the basis of energy only, unbundle by converting the demand and customer service component of the bundled charge into an energy charge as in (i) above, adding the calculated per kWh demand charge to the per kWh energy charge in the bundled contract and deducting the delivery service charge from the total bundled charge expressed on a per kWh basis;
 - (iv) if the bundled contract and the delivery services charge are both expressed in terms of energy charges only, deduct the delivery services charge from the bundled contract price.