

DIRECT TESTIMONY  
OF  
JOHN V. STUTSMAN

RELIABILITY ASSESSMENT PROGRAM  
ENERGY DIVISION  
ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company  
Proposed General Increase in Rates for Delivery Service

DOCKET NO. 05-0597

December 23, 2005

1 1. Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2

3 A. My name is John Vance Stutsman. My business address is 527 East Capitol  
4 Avenue, Springfield, Illinois, 62701.

5

6 2. Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

7

8 A. I am employed by the Illinois Commerce Commission (“Commission”) as  
9 Manager of the Reliability Assessment Program in the Energy Division.

10

11 3. Q. PLEASE DESCRIBE YOUR QUALIFICATIONS AND EXPERIENCE.

12

13 A. I received a Bachelor of Science in Electrical Engineering degree from the Uni-  
14 versity of Missouri – Rolla in 1977. In 1983 I received my Master of Science in  
15 Management degree from Purdue University – Calumet. I am a Registered  
16 Professional Engineer in Indiana and Illinois and a Certified Public Accountant in  
17 Indiana and Illinois. I am a Senior Member of the Institute of Electrical and  
18 Electronics Engineers (“IEEE”) and a Member of IEEE Power Engineering  
19 Society.

20

21 From June 1977 to January 1987, I was employed by Northern Indiana Public  
22 Service Company ("NIPSCO"). I began my career with NIPSCO as a field  
23 engineer in the technical services department. Over time my duties and  
24 responsibilities at NIPSCO included generation planning, engineering and  
25 financial analysis, capital budget estimates, load forecasts, rate studies,  
26 acquisition planning, strategic planning, and engineering project management &  
27 supervision. For three years I represented NIPSCO on the East Central Area  
28 Reliability Coordination Agreement Generation Reserve Panel.

29  
30 From January 1987 to June 1989, I was employed by the consulting firm J.H.  
31 Ellwood and Associates, Inc. as Systems Director. My duties included  
32 responsibility for the company's management information systems ("MIS"), MIS  
33 personnel, and computer modeling/processing efforts.

34  
35 From July 1989 to December 1991, I was employed by the consulting firm BRS  
36 Technologies, Inc. as Project Manager. My duties included responsibility for  
37 client engineering and design projects in power generation, transmission, and  
38 distribution systems. I was also responsible for all client projects in computer  
39 and control systems.

40

41 From January 1991 to December 1991, I was employed by Purdue University as  
42 a Guest Lecturer. I taught two undergraduate accounting courses at Purdue  
43 University-Calumet: Financial Accounting and Managerial (Cost) Accounting.

44  
45 I joined the Commission Staff ("Staff") as a Senior Analyst in the Least Cost  
46 Planning Program of the Energy Programs Division in December 1991. In  
47 September 1992 I was promoted to the position of Director of the Integrated  
48 Resource Planning Program in the Energy Programs Division and served in that  
49 position until December 1997 when I became Director of Nuclear Policy Program  
50 in the Energy Division until July 2000 when I started my current position. I have  
51 testified before the Commission several times.

52  
53 4. Q. WHAT ARE YOUR RESPONSIBILITIES IN THIS PROCEEDING?

54  
55 A. In this proceeding, the Director of the Energy Division of the Commission  
56 assigned me to introduce Staff's assessment of ComEd's Reliability Report and  
57 Reliability Performance for 2004 which is included with this testimony as  
58 Attachment 10.1.

59  
60 5. Q. WHO DRAFTED THE ATTACHED REPORT?

61

62 A. I was the principal author of the Staff assessment except for Appendix A of the  
63 attached report. I have not included Appendix A with my report. Staff witness  
64 Spencer is the author of the vegetation management report that makes up  
65 Appendix A and Mr. Spencer will be sponsoring that report in separate testimony  
66 (ICC Staff Exhibit 9.0).

67

68 6. Q. HOW IS THE ATTACHED REPORT RELATED TO THIS PROCEEDING?

69

70 A. ComEd has supported its rate increase in this proceeding by making reference to  
71 its efforts over the last few years to improve the reliability of its electric service to  
72 consumers and the costs it has incurred in the process. The attached service  
73 reliability assessment report describes the current state of the ComEd electric  
74 delivery system and the effectiveness of ComEd's past expenditures for  
75 purposes of reliability. Thus, the purpose of my testimony is to provide the  
76 Commission with additional information that may help it understand the current  
77 state of electric service reliability in ComEd's service area and to gauge the  
78 effectiveness of ComEd's service reliability efforts and expenditures.

79

80 7. Q. PLEASE PROVIDE EXAMPLES WHERE COMED HAS SUPPORTED ITS RATE  
81 INCREASE BASED ON ITS EFFORTS TO IMPROVE RELIABILITY?

82

83 Beginning in the Supplemental Statement to its rate filing, ComEd has justified a  
84 portion of its rate increase request on the cost of its efforts to improve its electric  
85 service reliability to consumers. On page 1, Attachment B of the Supplemental  
86 Statement, appears the following paragraph.

87 At the same time, ComEd has never lost sight of its commitment to  
88 keep the lights on for its 3.7 million customers in northern Illinois.  
89 Since 2001, ComEd has invested \$3 billion to maintain, upgrade  
90 and expand its electricity distribution system. Forty-seven percent  
91 of that investment addressed new growth (i.e., new homes, new  
92 retail and commercial buildings, as well as greater demand in the  
93 form of home computers, electronics, etc.), while 33 percent went  
94 to maintain and enhance reliability. In the last five years, ComEd  
95 reduced the frequency of service interruptions by 44 percent and  
96 the duration of interruptions by 53 percent. But ComEd cannot  
97 maintain or improve its current performance unless it is able to  
98 cover its costs. Current rates would not allow ComEd to meet  
99 customer performance expectations.

100

101 On page 2 of Attachment B, ComEd provided more service reliability related rate  
102 increase justification as shown in the paragraph below.

103 **Reliability:** ComEd needs sufficient funding to continue to provide  
104 safe and reliable service to customers. The proposed delivery  
105 charges reflect the increases in ComEd's cost of delivering  
106 electricity to ComEd's retail customers. As noted above, ComEd's  
107 bundled service charges to non-residential customers have largely  
108 been frozen at 1995 levels. For residential customers, ComEd's  
109 bundled service rates were not only frozen, but reduced by a total

110 of 20% below the level needed to recover ComEd's costs in its  
111 1994 rate case. Entirely apart from the cost of generating and/or  
112 procuring electricity, the expenses and investments required to  
113 reliably deliver electricity to ComEd's customers have risen  
114 markedly. The rates ComEd proposes reflect its current costs and  
115 are designed to give ComEd the revenues it needs to continue to  
116 operate reliably.  
117

118 The cost of providing reliable electric service is a central theme in ComEd Exhibit  
119 1.0, the direct testimony of ComEd witness Frank M. Clark. Mr. Clark makes  
120 references to service reliability and its cost in eight locations in his direct  
121 testimony at lines 89-91, 95-97, 119-121, 124-126, 141-142, 175-177, 257-258,  
122 and 263-265.

123 Beginning on line 139 of his direct testimony, ComEd Exhibit 3.0, Mr. John J.  
124 Costello explains the factors that account for ComEd's additional system  
125 investments since 2001. Again, service reliability and its cost are a central theme  
126 and are mentioned repeatedly and shown in a pie chart.

127 ComEd witness David G. Decampoli, in his direct testimony, ComEd Exhibit 4.0,  
128 discusses the justification for a number of large capital investments that ComEd  
129 seeks to recover through rates in this proceeding. Mr. Decampoli repeatedly  
130 raises electric service reliability as a reason for those investments. The reliability  
131 references appear in answer to questions in his testimony that begin on the  
132 following lines: 222, 345, 457, 469, 493, 537, 591, 621, 658, 689, 726, 802, 814,  
133 868, 901, 939, 999, and 1040.

134 ComEd witness Robert W. Gee, in his direct testimony, ComEd Exhibit 6.0,  
135 stated that the purpose of his testimony was to provide a policy perspective on  
136 why it is important for ComEd to be able to recover in rates the substantial  
137 investment it has made in distribution plant and equipment to provide reliable  
138 service to customers since its last delivery services rate case. Mr. Gee uses the  
139 remaining 13 pages of direct testimony to do that.

140 From the above citations to ComEd's rate filing and direct testimony, it is quite  
141 clear that the improvement of ComEd's electric service to consumers and its  
142 resulting cost are an important part of this rate case. ComEd is attempting to  
143 justify much of its past capital spending on the need for service reliability  
144 improvement. My testimony and the attached service reliability assessment  
145 report is an attempt to provide the Commission with evidence of the current state  
146 of the ComEd electric delivery system and the effectiveness of ComEd's past  
147 expenditures for purposes of reliability in the hope that it will aid the Commission  
148 in its rate making decisions in this proceeding.

149  
150 8. Q. PLEASE SUMMARIZE YOUR PRINCIPAL FINDINGS IN THE STAFF  
151 ASSESSMENT OF COMED'S RELIABILITY.

152

153       A.     In each successive year since 2000, ComEd has shown significant improvement  
154             in customer satisfaction surveys to the point of scoring higher than two or three  
155             other Illinois utilities in some recent residential surveys. Staff will continue to  
156             recommend that ComEd focus on improving customer service.

157

158             Since the spring of 2000, ComEd has claimed to be on a four-year tree trimming  
159             cycle. Staff's field observations indicate that much has improved since that time  
160             but potential remains for improvement in ComEd's vegetation management  
161             program. Staff recommends that ComEd continue improving its vegetation  
162             management program. (See ICC Staff Exhibit 9.0)

163

164             Staff recommends that ComEd inspect insulating oil levels of substation  
165             equipment as appropriate and make adjustments as necessary.

166

167   9. Q.     ARE THE STATEMENTS MADE IN THE STAFF ASSESSMENT TRUE AND  
168             ACCURATE TO THE BEST OF YOUR KNOWLEDGE?

169

170       A.     Yes.

171

172

173 10.Q. HAVE YOU REVIEWED OR INCORPORATED THE EFFECTS OF COMED'S  
174 ERRATA FILED DECEMBER 15, 2005?

175

176 A. No and I reserve the right to address any issues that may arise from that filing in  
177 a future testimony filing of my own.

178

179 11.Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

180

181 A. Yes.