

**STATE OF ILLINOIS**

**ILLINOIS COMMERCE COMMISSION**

COMMONWEALTH EDISON COMPANY :  
: Docket No. 06-0617  
Proposed Revisions to Rate BES-H, :  
Basic Electric Service-Hourly Energy :  
Pricing ("Rate BES-H") :

Direct Panel Testimony of

**PAUL R. CRUMRINE**

Director, Regulatory Strategies & Services  
Commonwealth Edison Company

and

**JANET BIENIAK**

Manager, Environmental Rates & Administration  
Commonwealth Edison Company

October 30, 2006

1 **I. INTRODUCTION AND PURPOSE**

2 **A. IDENTIFICATION OF WITNESS**

3 **Q. Please state your names and business addresses.**

4 A. Paul R. Crumrine and Janet Bieniak. We both are employees of Commonwealth Edison  
5 Company (the “Company” or “ComEd”), and our business address is 440 South LaSalle  
6 Street, Suite 3300, Chicago, Illinois 60605.

7 **Q. Mr. Crumrine, what is your position at ComEd?**

8 A. I am employed by the Company as its Director, Regulatory Strategies & Services.

9 **Q. Ms. Bieniak, what is your position at ComEd?**

10 A. I am employed by the Company as its Manager, Environmental Rates & Administration.

11 **B. PURPOSE OF TESTIMONY**

12 **Q. What are the purposes of your direct panel testimony?**

13 A. The purposes of our direct panel testimony are to:

14 (1) Present the proposed tariff Rider RRTP - Residential Real-Time Pricing Program,  
15 (“Rider RRTP”), for which ComEd is seeking Illinois Commerce Commission  
16 (the “Commission”) approval, and provide an overview of the Residential Real-  
17 Time Pricing Program (the “Program” or the “RRTP Program”). In addition, we  
18 will discuss how Rider RRTP is consistent with the requirements of Section 16-  
19 107 of the Public Utilities Act (the “Act”). Proposed Rider RRTP is attached to  
20 this Direct Panel Testimony as ComEd Exhibit 1.1.

- 21 (2) Present ComEd's Request for Proposal ("RFP") to select a third-party Program  
22 Administrator for the Program ("Program Administrator" or "PA"). ComEd has  
23 discussed the RFP previously with other parties at workshop meetings and put the  
24 RFP out for bid as of October 23, 2006. The RFP is attached to this Direct Panel  
25 Testimony as ComEd Exhibit 1.2. ComEd is seeking Commission approval of the  
26 RFP and the RFP process it is following to select a Program Administrator.
- 27 (3) Present ComEd's proposed Program Administrator Agreement ("Agreement") for  
28 the Program, which the Company will enter into with the winning bidder of the  
29 RFP that ComEd selects as the Program Administrator. The Agreement also has  
30 been discussed with other parties during workshop meetings. ComEd is seeking  
31 Commission approval of the Agreement. The Agreement is attached to this  
32 Direct Panel Testimony as ComEd Exhibit 1.3.
- 33 (4) Present ComEd's proposal that, following ComEd's selection of the Program  
34 Administrator through the approved RFP, ComEd will enter into the approved  
35 Program Administrator Agreement with the winning bidder. ComEd also is  
36 seeking a Commission ruling finding that the submission of the executed Program  
37 Administrator Agreement, as a compliance filing, will constitute Commission  
38 approval of the selection of, and compensation to, the Program Administrator.
- 39 (5) Describe our understanding that the Independent Distribution Company ("IDC")  
40 rules will not be applicable to the Program Administrator, because the Program  
41 Administrator will be functioning as an independent contractor and providing  
42 services that are required by statute and, accordingly, the Program Administrator  
43 also will not need to receive any training relating to the IDC rules.

44 (6) Describe the costs that the Company will incur for sponsoring the Program, for  
45 which ComEd is seeking recovery in this proceeding. Such costs include,  
46 estimated monthly meter lease charges, meter exchange costs, and printing costs  
47 for twice a year bill inserts. These costs are set forth in attached ComEd  
48 Exhibit 1.4. There is a placeholder in the worksheet for the unknown cost of the  
49 Program Administrator that will be updated after the winner of the RFP is  
50 selected and announced. These costs are just and reasonable and ComEd requests  
51 that the Commission's Final Order approve recovery of these costs pursuant to  
52 Section 16-107 (b-25) of the Act.

53 (7) State that ComEd has met with many of the parties to this proceeding on several  
54 occasions to discuss the proposed Program and Rider RRTP. These parties  
55 include the Illinois Attorney General ("AG"), the Citizens Utility Board ("CUB"),  
56 the Cook County State's Attorney's Office ("Cook County"), the City of Chicago  
57 ("Chicago"), a representative for the Retail Electric Supplier ("RES") community,  
58 as well as Commission Staff ("Staff"). Having taken their comments and  
59 recommendations into consideration throughout this process, the proposed RFP,  
60 the Agreement, Rider RRTP, and related cost estimates, as presented in this  
61 Direct Panel Testimony, reflect the details that ComEd has previously disclosed to  
62 the parties.

63 **C. SUMMARY OF CONCLUSIONS**

64 **Q. What are the conclusions of your Direct Panel Testimony?**

65 A. If the Commission makes the findings that the proposed Rider RRTP is reasonable,  
66 ComEd should be allowed to recover its costs incurred for sponsoring the Program. It is

67 our understanding that other parties will offer testimony supporting the extent to which  
68 these costs should be socialized and recovered from all residential customers.

69 **D. OTHER ATTACHMENTS TO TESTIMONY**

70 **Q. In addition to the attached exhibits identified above, what other exhibits are**  
71 **attached to this Direct Panel Testimony?**

72 A. In order to implement Rider RRTP, certain other tariffs require revision, and one other  
73 new rider is necessary. The following tariffs, along with the proposed revisions, are  
74 attached as exhibits: Rider RCA - Retail Customer Assessments (“Rider RCA”, ComEd  
75 Exhibit 1.5); GTC –General Terms and Conditions (“GTC”, ComEd Exhibit 1.6); Rider  
76 ML – Meter-Related Facilities Lease (“Rider ML”, ComEd Exhibit 1.7); Rate RDS -  
77 Retail Delivery Service (“Rate RDS”, ComEd Exhibit 1.8); and Rider AC7 - Residential  
78 Air Conditioner Load Cycling Program 2007 (“Rider AC7”, ComEd Exhibit 1.9). In  
79 addition, ComEd proposes a new tariff, Rider RES-RRTP - Retail Electric Supplier-  
80 Residential Real-Time Pricing Program (“Rider RES-RRTP”, ComEd Exhibit 1.10).  
81 Rider RES-RRTP will be available to a RES that offers a residential real-time pricing  
82 program to residential customers and meets the requirements of the rider.

83 **E. BACKGROUND AND EXPERIENCE OF WITNESSES**

84 **Q. Mr. Crumrine, in summary, what are your duties and responsibilities in your**  
85 **current position?**

86 A. I have served in my current position since July 2000. I am responsible for managing and  
87 directing the activities of the Regulatory Strategies & Services Department of ComEd. In  
88 this capacity, I am responsible for maintaining and coordinating ComEd’s regulatory

89 relationship with Illinois regulatory bodies, including the Commission and its Staff. I  
90 also manage activities related to ComEd's coordination of its response to customer  
91 complaints made to the Commission. Finally, I am responsible for the analysis of  
92 strategic policy options for ComEd's distribution business. I have been involved with all  
93 of the restructuring-related changes to the Company's retail rates during the transition  
94 period, as well as serving as a rate design or policy witness for ComEd in numerous  
95 Commission proceedings since the changes to the Illinois Public Utilities Act were  
96 passed in 1997.

97 **Q. Mr. Crumrine, what is your educational background and professional experience?**

98 A. I have a Bachelor of Science degree in Mathematics and a Master of Science degree in  
99 management from Purdue University. I have been employed by ComEd since 1975.  
100 Prior to my current position, I served as ComEd's Access Implementation Manager from  
101 March 1998 to July 2000. In that position, I managed a major portion of the development  
102 and implementation of ComEd's retail open access tariff changes, as well as working  
103 with the rate and regulatory issues arising from this effort. From February 1994 to March  
104 1998, I served as ComEd's Director of Rates. In that position, I was responsible for the  
105 development and maintenance of ComEd's Illinois jurisdictional rates. Prior to February  
106 1994, I served as ComEd's Director of Strategic Analysis. In that position I was  
107 responsible for directing ComEd's load forecasting, class load, and economic analysis.  
108 Before that I was ComEd's Senior System Rate Economist, responsible for the  
109 preparation and analysis of the ComEd's marginal cost of service study. I was also  
110 involved in work related to rate design. Prior to becoming ComEd's Senior System Rate  
111 Economist, I held staff positions in the Strategic Analysis Department as a member of the

112 load forecasting staff with responsibilities for econometric and time-series forecasting, as  
113 well as related statistical research projects. In addition, I have been employed as a  
114 computer analyst as ComEd's Bulk Power Operations Office, as well as at the Mid-  
115 America Interconnected Network ("MAIN") headquarters.

116 **Q. Have you testified before the Commission in prior proceedings?**

117 A. Yes. I have filed testimony on behalf of ComEd in numerous dockets before the  
118 Commission. Most recently, I presented testimony on rate design and tariff issues in  
119 ComEd's Procurement Case, ICC Docket No. 05-0159, in ComEd's Rate Case, ICC  
120 Docket No. 05-0597, and in ComEd's Residential Rate Stabilization Program, ICC  
121 Docket No. 06-0411.

122 **Q. Ms. Bieniak, in summary, what are your duties and responsibilities in your current**  
123 **position?**

124 A. I have served in my current position since October 2003. I am responsible for managing  
125 the activities of the Environmental Rates and Services Department of ComEd. In this  
126 capacity I am responsible for managing ComEd's environmental commitments, including  
127 the production of ComEd's quarterly environmental disclosure statement. I also manage  
128 ComEd's residential energy efficiency programs, community outreach and educational  
129 initiatives related to renewable energy and energy efficiency, and price response program  
130 support related to ComEd's Rate RHEP - Residential Hourly Energy Pricing  
131 (Experimental) ("Rate RHEP"). I have also been involved with development of  
132 ComEd's environmental policy, including working with various environmental  
133 stakeholders in Illinois in effort to implement the Governor's Sustainable Energy Plan  
134 that was introduced in February 2005. I represent ComEd with various environmental

135 organizations, including Board positions for Keep Chicago Beautiful and the Midwest  
136 Energy Efficiency Alliance.

137 **Q. Ms. Bieniak, what is your educational background and professional experience?**

138 A. I have a Bachelor of Science Degree in Accounting from Purdue University and I am a  
139 Certified Public Accountant in Illinois. I have a Master of Business Administration  
140 degree from the University of Chicago. I have been employed by ComEd since 1991.  
141 Prior to my current position, I served as Director of Support Services in ComEd's  
142 Customer & Marketing Services (C&MS) Organization from August 2002 to October  
143 2003. In that position, I managed the escalated customer complaint resolution process, as  
144 well as the change management process for all of C&MS. From July 2001 to August  
145 2002 I served as a Group Manager in ComEd's Energy Services Organization. In that  
146 position I was responsible for managing ComEd's retail service relationship with  
147 Independent Power Producers within ComEd's service territory. From March 2000 to  
148 July 2001 I served as Special Assistant to ComEd Chairman and CEO John Rowe during  
149 the ComEd-PECO Energy merger that created the current parent company, Exelon  
150 Corporation. As Special Assistant to John Rowe I was responsible for preparing and  
151 coordinating Mr. Rowe's oral and written communications in a variety of forums,  
152 including to the Commission, Wall Street analysts, and Annual Meetings for  
153 shareholders. From June 1993 through March 2000 I held various positions in ComEd's  
154 Regulatory Affairs Department, including Department Manager. As Manager of  
155 Regulatory Affairs I was responsible for maintaining and coordinating ComEd's  
156 regulatory relationship with Illinois regulatory bodies, including the Commission and its  
157 Staff. I also managed activities related to ComEd's coordination of its response to

158 customer complaints made to the Commission. I also held staff positions in the  
159 Regulatory Affairs Department with responsibility for coordinating information and  
160 document flows between ComEd and the Commission and its Staff. In addition, I held a  
161 staff accountant position in ComEd's Revenue Requirements Department from  
162 September 1992 to July 1993, with responsibility for preparing and reviewing schedules  
163 and other documents related to various rate cases and other dockets at the Commission.  
164 From July 1991 to September 1992 I was a staff accountant in the Fuels Group of  
165 ComEd's Internal Audit Department with responsibility for auditing the entire fuels  
166 process – from procurement to disposal.

167 **Q. Have you testified before the Commission in prior proceedings?**

168 A. I have not previously testified in formal Commission proceedings.

169 **F. BACKGROUND: REAL-TIME PRICING**

170 **Q. Does ComEd currently have a real-time pricing tariff in effect?**

171 A. Yes. ComEd has been offering Rate RHEP since January 2, 2003. This experimental  
172 rate was introduced to test residential customers' acceptance of hourly energy pricing for  
173 electricity and to evaluate changes in residential customers' electric energy consumption  
174 in response to such hourly prices. The purpose of that program was to provide the  
175 Commission and ComEd with useful information on how to devise pricing programs for  
176 residential customers going forward. The experiment is in effect through January 1,  
177 2007, at which time this experimental rate will expire and service thereunder will no  
178 longer be available. Absent any other changes, beginning on January 2, 2007, ComEd

179 would continue to offer a real-time pricing option to residential customers under Rate  
180 BES-H – Basic Electric Service–Hourly Energy Pricing (“Rate BES-H”).

181 **Q. Why did ComEd file a revised Rate BES-H on August 29, 2007?**

182 A. In June 2006, the Governor signed into law the legislation that amended Section 16-107  
183 of the Act. Under amended Section 16-107, ComEd is required to file a residential real-  
184 time pricing tariff containing certain characteristics, to become effective on January 2,  
185 2007. The structure of Rate BES-H approved by the Commission in ComEd’s recent rate  
186 case does not contain all of the requirements specified in Section 16-107. Therefore, on  
187 August 29, 2007 ComEd filed a revised Rate BES-H that complied with the new  
188 requirements of Section 16-107.

189 **Q. What is the purpose of the proposed Rider RRTP?**

190 A. The revised rate BES-H that ComEd filed on August 29, 2007 contained only those  
191 revisions that were necessary for ComEd to comply with the revisions to Section 16-107.  
192 However, that Section of the Act also provides that if the Commission finds that real-time  
193 pricing has the potential to provide net economic benefits to residential customers, then  
194 ComEd must contract with an entity to administer its real-time pricing program and may,  
195 with Commission approval, socialize some or all of the costs of the program over the  
196 entire residential customer base. Rider RRTP describes how the real-time pricing  
197 program will function in the event the Commission, based on the evidence in this  
198 proceeding, makes the findings required by Section 16-107.

199 **Q. Has ComEd had prior discussions with CUB regarding the proposed RRTP**  
200 **Program?**

201 A. Yes. ComEd has had numerous discussions with CUB personnel regarding a residential  
202 real-time pricing program, both during the pendency of ComEd's most recent rate case  
203 (Docket No. 05-0597) and at scheduled workshops related to the RRTP Program at issue  
204 in this proceeding. In fact, we have reviewed and discussed versions of their draft  
205 testimony that supports proposed Rider RRTP and its cost-recovery mechanism. In  
206 return, ComEd has shared with CUB a draft of its testimony as well.

207 **Q. Does ComEd support CUB's proposal, where the costs to encourage residential**  
208 **price responsiveness would be socialized over the entire residential class?**

209 A. Yes. ComEd's position is based on the discussions that we have had with CUB and on  
210 the testimony drafts that CUB has provided for our review. In addition, as ComEd also  
211 stated in testimony in the recent rate case, residential demand response through hourly  
212 energy pricing is a potentially valuable resource to the wholesale electricity market.  
213 While still in its nascent stages of development, it is ComEd's position that this resource  
214 is worthy of further cultivation. Programs such as the RRTP Program may temporarily  
215 offer artificial incentives to residential customers, but in turn allow for a potentially  
216 valuable resource ("time based pricing") to develop.

217 **Q. Have there been any studies to determine the net economic benefits of offering a**  
218 **demand response program?**

219 A. Yes. It is ComEd's understanding that CUB will present witness Dr. Bernie Neenan, of  
220 UtiliPoint International Inc., who testifies to the estimated gross benefits of the proposed  
221 RRTP Program. In the course of preparing his testimony, he conducted a study to  
222 ascertain the level of such benefits. In addition, it is our understanding that CUB will

223 present witness Christopher Thomas who provides testimony in which he quantifies the  
224 estimated net economic benefits of the Program.

225 **Q. What is ComEd’s position with respect to benefit analysis?**

226 A. As ComEd has previously stated in its rate case testimony, ComEd is of the opinion that  
227 an increase in customer price-responsiveness generally will provide benefits in the PJM  
228 Interconnection, L.L.C. (“PJM”) market and may, to some extent, result in lower market  
229 prices for all customers, including those customers that do not directly participate in  
230 demand response programs. CUB’s testimony is intended to estimate these potential  
231 economic benefits in advance of a more widespread application of this Program and to  
232 provide the Commission with the information that it needs to make the determinations  
233 required by Section 16-107. Ultimately, the best results will be obtained by testing actual  
234 customer responsiveness to the Program over a period of time (the recommended four-  
235 year testing period). As required under Section 16-107, the annual report that the  
236 Program Administrator must prepare will provide useful data necessary to determine the  
237 actual long-term benefits of the program. In addition, this benefits data also will be  
238 scrutinized when the Commission conducts its review of the RRTP Program, pursuant to  
239 Section 16-107.

240 **II. RIDER RRTP**

241 **Q. Would you please explain ComEd’s proposed Rider RRTP and the proposed RRTP**  
242 **Program?**

243 A. The purpose of this rider is to establish a real-time pricing program for residential retail  
244 customers that further modifies the revisions to Rate BES-H, which ComEd filed to

245 initiate this proceeding and meet the statutory requirements. This rider sets forth the  
246 expectations and mechanics of the Program.

247 **Q. Why is it necessary to propose Rider RRTP?**

248 A. Pursuant to Section 16-107(b-15) of the Act, if the Commission finds that a real-time  
249 pricing program has the potential to offer net economic benefits to residential customers,  
250 ComEd must contract with an entity that is not affiliated with the Company to serve as a  
251 program administrator. The Program Administrator must develop and implement a  
252 program to provide consumer outreach, enrollment, and education concerning real-time  
253 pricing and to establish and administer an information system and technical and other  
254 customer assistance that is necessary to enable residential retail customers taking real-  
255 time pricing service to manage electricity use. Thus, Rider RRTP establishes a real-time  
256 pricing program for residential retail customers and sets forth terms and conditions of  
257 such a program, consistent with the Act.

258 **Q. Is there a cap on the number of customers who can participate in the RRTP**  
259 **Program?**

260 A. No. However, should the Commission determine that some or all of the program costs  
261 should be socialized over nonparticipating residential customers, as permitted by Section  
262 16-107, then the costs to participate in the Program will be waived, at least in part, for  
263 only the first 110,000 residential customers who participate. This estimate is based on  
264 the estimated potential participation that CUB is proposing in its testimony. What this  
265 means is that certain costs to participate in the RRTP Program may be waived or reduced  
266 for the first 110,000 residential hourly pricing customers. Participants on the RRTP  
267 Program in excess of this amount will be allowed to take residential hourly service, but

268 will be assessed the full applicable charges for installation and use of advanced metering  
269 (*i.e.*, applicable meter exchange and meter lease charges). In addition, participants in  
270 excess of 110,000 will not receive the services offered by the Program Administrator.

271 **Q. How will ComEd measure the 110,000 customers on the RRTP Program?**

272 A. ComEd will track the actual number of customers simultaneously enrolled on the  
273 Program. Thus, a 3.8% attrition rate, based on historical data of the existing program, has  
274 been included in the attached cost estimates. When the total number of active  
275 participants reaches 110,000, additional customers are allowed to elect the Program but  
276 will incur the full cost of participation. As participants leave the Program, new customers  
277 will be allowed to elect the Program at the partially or fully reduced cost to participate, as  
278 applicable, until the total number of participants again reaches 110,000.

279 **Q. Will RESs be permitted to use the Program Administrator's services for any  
280 residential customers that they may have on an hourly pricing product?**

281 A. Yes, under certain circumstances. The PA can provide certain services to all residential  
282 retail customers, regardless of whether such customers receive real-time pricing service  
283 from ComEd or from a RES. ComEd's PA can provide energy management services  
284 such as price notification and website notification to customers of a RES as long as the  
285 RES is using the same pricing and identical processes as ComEd. However, ComEd's  
286 PA will not be providing RESs with customer outreach services, customer education, and  
287 program enrollment and tracking, because these services will require custom processes.  
288 This also is a necessary clarification for prospective PA's bidding in ComEd's RFP,  
289 because uncertainty about the scope of services that are required of the PA will ultimately  
290 lead to higher prices being bid. Thus, if the provision of the PA's services to a customer

291 of a RES requires the PA to undertake activities or incur costs that the PA would not have  
292 undertaken or incurred if such service were being provided to a customer of ComEd, then  
293 the PA shall receive compensation for such service from the RES or its customer. The  
294 PA also may provide other services to the RES or its customer, provided that  
295 compensation for such services is also received from the RES or its customer.

296 Permitting RESs to use the service in this manner benefits the competitive marketplace to  
297 the extent that RESs will not have to duplicate the PA's existing infrastructure and  
298 processes. In addition, to the extent that the RES causes the PA to incur additional costs,  
299 the RES has to pay only for these incremental costs.

300 **Q. Will RESs be required to use ComEd's PA?**

301 A. No. While RESs are permitted to use ComEd's PA, it is not required that they do so.

302 **Q. How will ComEd track residential RTP customers with a RES that uses ComEd's  
303 Program Administrator?**

304 A. If ComEd's PA provides services to customers of one or more RES, then those customers  
305 will count as participants toward the 110,000 program cap and be allowed to participate  
306 at the partially or fully reduced cost, including reduced or waived metering costs. This  
307 provision also serves to clarify the extent of the PA's responsibility, permitting bidders to  
308 make a more accurate bid.

309 **III. THE RFP**

310 **Q. Please describe ComEd's RFP.**

311 A. The RFP, ComEd Exhibit 1.2, seeks bidders who are interested in becoming the RRTP  
312 Program Administrator. The RFP is based on ComEd's experience in developing RFPs,  
313 and ComEd's experience with its current real-time pricing program.

314 The purpose and objectives of the RRTP Program are highlighted in the RFP as follows:

315 ComEd offers real-time pricing of electric service to residential  
316 customers. The Commission is required to determine whether a  
317 proposed real-time pricing program results in net benefits to  
318 residential customers. To assist in this determination, ComEd is  
319 required to contract with an entity (Program Administrator) to  
320 develop and implement a program to, among other things, educate  
321 residential customers about real-time pricing and to help those  
322 customers manage their electricity use. The Commission will  
323 monitor the performance of the Program for a period of time not to  
324 exceed four (4) years and, with the assistance of the Program  
325 Administrator, will determine whether the real-time pricing  
326 program provides net benefits to residential customers.

327 ComEd previously discussed the RFP with other parties in this proceeding in advance of  
328 its issuance.

329 **Q. To whom did ComEd send the RFP?**

330 A. Over sixty RESs, consulting groups, and other entities received the bidder invitation.  
331 This includes all Illinois RESs, the incumbent third-party administrator, and five energy  
332 and/or demand response associations. These associations include: AESP (Association of  
333 Energy Service Professionals), MEEA (Midwest Energy Efficiency Alliance), The U.S.  
334 Demand Response Coordinating Committee and the Peak Load Management Alliance.  
335 Other entities included NYSERDA's (New York State Energy Research and  
336 Development Authority, which is responsible for developing and implementing demand

337 side management programs in New York State) Advanced Metering vendors and  
338 consultants who are active in New York. New York was selected because they recently  
339 launched a real-time pricing program.

340 **Q. What is it that ComEd is requesting from the prospective winning bidder of the**  
341 **RFP?**

342 A. ComEd seeks to have the prospective winning bidder of the RFP serve as the Program  
343 Administrator and provide the following services: (1) develop and implement a program  
344 to provide consumer outreach, enrollment, and education to residential retail customers  
345 concerning real-time pricing of electricity; (2) establish and administer an information  
346 system and provide technical and other customer assistance that are necessary to enable  
347 residential retail customers to manage electricity use; (3) develop and submit an annual  
348 report to ComEd no later than April 1 of each year, beginning in 2008, describing the  
349 operation and results of the program for the prior year, including information concerning  
350 the number and types of residential retail customers using real-time pricing, changes in  
351 residential retail customers' energy use patterns, an assessment of the value of the  
352 program to both participants and non-participants, and recommendations concerning  
353 modifications of the program and Rider RRTP; (4) participate in any Commission  
354 proceeding, investigation or inquiry to consider the effectiveness of the program and its  
355 net economic benefits to residential retail customers, including the development of any  
356 reports, testimony or information requested by the Commission or its Staff; and (5)  
357 provide participating customers with online monthly usage information and estimated  
358 monthly savings by being on the program.

359 **Q. Will the Program Administrator be using the ComEd logo, representing itself as**  
360 **ComEd, or representing itself as being funded by ComEd?**

361 A. As specified in the proposed Agreement, the PA is to function as an independent  
362 contractor. As such, and as also specified in the proposed Agreement: (1) the Program  
363 Administrator has no authority to bind or commit ComEd; (2) none of its acts or  
364 omissions can or may be imputed to ComEd; and (3) neither the Program Administrator  
365 nor its employees, agents and servants may make any representation or act to the  
366 contrary. While it will be necessary for the Program Administrator to refer to ComEd in  
367 the performance of its educational and customer outreach services, and to that limited  
368 extent may use the ComEd logo, the Program Administrator may not use the ComEd  
369 name in such a way as to imply that it has any relationship with ComEd, other than as an  
370 independent contractor.

371 **Q. Will the Program Administrator need to receive any training or awareness**  
372 **education with respect to the IDC rules?**

373 A. Although we are not lawyers, it appears that the Program Administrator and its actions  
374 will not be subject to the Commission’s IDC rules, which broadly provide that “[n]o IDC  
375 employee *or agent* shall affirmatively act to retain or obtain a customer for any retail  
376 electric supply service offered or provided by the IDC.” (83 Ill. Adm. Code  
377 § 452.240(e)(emphasis added)). As noted above, the Program Administrator will  
378 function as an independent contractor, not as an agent. In addition, by statute the  
379 Program Administrator is authorized “to develop and implement a program to provide  
380 consumer outreach, enrollment, and education concerning real-time pricing”, activities  
381 which might otherwise raise questions if the IDC rules applied to the Program

382 Administrator. Since the PA will be required by law and by the Commission Order in  
383 this proceeding to engage in these activities, it does not appear that the IDC rules will be  
384 applicable to the PA. Thus, the Program Administrator will not need to receive any  
385 training relating to the IDC Rules.

386 **Q. What if a residential customer wants to take Rate BES-H, but does not want to take**  
387 **Rider RRTP, the program run by the Program Administrator?**

388 A. ComEd's Customer Service Representatives will inform customers that the Program  
389 Administrator has been funded to provide valuable resources and guidance to customers  
390 on this program. Since ComEd is going to contract with a PA to perform these services  
391 which ComEd is not going to duplicate internally, participation in the Program will be the  
392 only way for residential customers to elect service on ComEd's Rate BES-H until the  
393 110,000 participation cap is reached.

394 **Q. Will customers have the option to be placed on a *Do Not Call* list if they do not want**  
395 **to be contacted by ComEd's Program Administrator?**

396 A. Yes. Customers requesting so can elect a no solicitation option that will prevent the PA  
397 from contacting the customer to offer additional services.

#### 398 **IV. PROGRAM ADMINISTRATOR AGREEMENT**

399 **Q. What is the Program Administrator Agreement?**

400 A. The Proposed Agreement would serve as the contract between ComEd and the Program  
401 Administrator, setting forth the terms and conditions that the Program Administrator must  
402 follow for purposes of administering the RRTP Program. *See* ComEd Exhibit 1.3.

403 Earlier versions of the proposed Agreement were circulated among the parties in this

404 proceeding and the proposed Agreement reflects their comments. These parties also have  
405 seen the proposed Agreement, as reflected in ComEd Exhibit 1.3. ComEd anticipates  
406 that the Agreement will be signed in substantially the same form depicted in ComEd  
407 Exhibit 1.3. However, it is conceivable that the scope of services, as listed in  
408 Appendix A to the Agreement, will be revised to include greater details on the proposed  
409 services. In the RFP, we have requested each bidder to describe in detail how they will  
410 implement the services listed in Appendix A. In order to bind the winning bidder to what  
411 it has offered to provide, we intend to include some of that detailed description in  
412 Appendix A. The actual services to be provided will not change and are not subject to  
413 negotiation.

414 ComEd believes that the Agreement is appropriate and reasonable, and should be  
415 approved by the Commission. It is ComEd's proposal that once the Program  
416 Administrator is selected through the RFP process and the Agreement is executed,  
417 ComEd will make a compliance filing with the Commission consisting of the executed  
418 Agreement. The compliance filing will serve as the Commission's approval of the  
419 Program Administrator and the terms of the Agreement.

420 **V. RRTP PROGRAM COSTS**

421 **Q. Please discuss the costs ComEd will incur and will need to recover in offering the**  
422 **RRTP Program.**

423 A. ComEd will incur various costs associated with offering the RRTP Program. These costs  
424 include meter installation costs for installing or removing interval data recording ("IDR")  
425 meters, the cost of the IDR meters, the cost of the twice a year bill inserts (which explains

426 the RRTP Program to residential retail customers), and the Program Administrator fees.  
427 See ComEd Exhibit 1.4.

428 **Q. How did ComEd develop the meter exchange costs included in its cost estimate?**

429 A. The per meter exchange costs for the years 2007 through 2009 are the same costs  
430 provided in ComEd Exhibit 46.1 in ComEd's recent rate case in Docket No. 05-0597  
431 revised to reflect the future participation levels recommended by CUB. The same  
432 methodology is used to prepare the per meter exchange cost for 2010. The per-meter  
433 exchange costs range from approximately \$81.63 to \$91.56 in years 2007 – 2010. This  
434 3.9% per year increase reflects the combination of a 4% annual hourly wage increase  
435 from the current Collective Bargaining Agreement between ComEd and its employees  
436 and no increase in transportation cost for costs used in the determination of the per meter  
437 exchange charges. The Administrative Law Judges' Proposed Order in ComEd's recent  
438 rate case filing found these costs to be reasonable and recommended that these costs be  
439 approved.

440 **Q. How has ComEd determined its meter costs?**

441 A. The Meter Lease Charges amount, \$5.36 per meter per month, that ComEd uses in  
442 ComEd Exhibit 1.4, attached hereto, is the difference between \$7.28, the monthly rental  
443 charge of a Self-Contained Class 100 or 200 Single Phase Watt-hour Meter with Interval  
444 Demand Recording ("IDR") Registers (*i.e.*, a residential IDR meter) and \$1.92, the  
445 monthly rental charge of a Self-Contained Class 100 or 200 Single Phase Watt-hour  
446 Meter (*i.e.*, a watt-hour meter). Both of these meter lease charges (*i.e.*, \$7.28 and \$1.92)  
447 are listed in Rider ML. The reason for using the difference in meter lease charges is that  
448 a residential customer taking service under Rate BES-H will have an IDR meter installed

449 instead of a watt-hour meter that would otherwise normally be installed on residential  
450 premises. Unlike the standard watt-hour meter that only measures cumulative usage  
451 during a month, an IDR meter records the customer's usage in each discrete 30-minute  
452 period during the month. This additional detail is required to match the customer's  
453 hourly usage to the actual market price in each hour. This advanced metering is required  
454 in order to bill the participating customers based on hourly market prices that is the  
455 hallmark characteristic of this Program.

456 These meter lease charges were approved in ComEd's recently completed rate case and  
457 are taken directly from our compliance filing tariffs that will be applicable beginning  
458 January 2, 2007.

459 **Q. Will participants pay a portion of the meter lease costs?**

460 A. ComEd is not submitting evidence on this issue in our direct testimony, but we plan to  
461 comment in reply testimony, after we have the opportunity to consider the opinions of  
462 other witnesses. However, in working with the various parties, ComEd has learned that  
463 there may be an interest in having participants pay a portion of the monthly meter rental  
464 lease. For this reason, ComEd prepared its cost estimates with two scenarios,  
465 (1) socialization to all residential customers of 100% of the monthly meter lease costs,  
466 and (2) participants pay 100% of the meter lease cost. This resulted in an estimated  
467 increase in the monthly customer charge for all residential customers that ranged from  
468 \$0.12 to \$0.20. (*See Exhibit 1.4*). This establishes a guideline of cost estimates when  
469 considering the monthly meter lease portion that participants should pay versus the  
470 amount that should be socialized to all residential customers in the monthly customer  
471 charge. If the participants pay at least some portion of the monthly meter lease, the actual

472 charge to the remaining residential customers will be adjusted and will fall in between  
473 these two values. It is ComEd's understanding that CUB is offering testimony on the  
474 amount that participating customers should pay in order to meet the net economic  
475 benefits test required by the statute.

476 **Q. Please explain the costs that ComEd included to meet its obligation of 2 bill inserts**  
477 **per year, which will be used to promote the RRTP Program?**

478 A. The cost of printing bill insert copies to be included in residential bills in 2005 was  
479 \$21,390, plus an additional \$0.0016 per bill to insert the copies into residential bills. The  
480 bill insert printing price is based on a 2005 invoice, the cost is adjusted by the estimated  
481 annual percentage increase for 2006 through 2010 determined from the producer price  
482 index for the aggregate printing and publishing industry for this time period provided by  
483 Moody's Economy.com.

484 **VI. THIRD-PARTY PROGRAM ADMINISTRATOR COSTS**

485 **Q. How has ComEd determined its Program Administrator Costs?**

486 A. As explained earlier, ComEd submitted an RFP to establish a third-party Program  
487 Administrator for the proposed Program. Actual costs for the Program Administrator  
488 will be determined by bid provided by the selected Program Administrator. For purpose  
489 of providing a more complete number for Staff and other parties to consider, ComEd  
490 includes estimated Program Administrator costs, which were provided in Docket 05-  
491 0159, ComEd Exhibit 46.1. The Program Administrator costs are still unknown at this  
492 time, and may result in different actual costs than the estimate provided in ComEd

493 Exhibit 1.4. An updated cost exhibit will be provided to all parties after the Program  
494 Administrator has been selected.

495 **Q. Will Rate BES-H be available to residential customers if the Commission does not**  
496 **make the necessary findings that there should be Program Administrator?**

497 A. Yes. Pursuant to the Commission Order for ComEd's procurement case in Docket  
498 No. 05-0519, entered January 24, 2006, ComEd is required to offer Rate BES-H as an  
499 option to residential retail customers that meet the prerequisites of taking service under  
500 Rate BES-H.

501 **Q. How would Rate BES-H work if the RRTP Program is not approved?**

502 A. The existing structure of Rate BES-H as approved in the rate case would remain in effect.  
503 ComEd would post indicative hourly energy pricing information on the Internet. The  
504 Rate BES-H tariff that ComEd filed on August 29, 2006 stated that ComEd would post  
505 indicative day-ahead hourly energy prices and indicative real time hourly energy prices  
506 on ComEd's website. This will be the only information provided to the residential  
507 customers taking service under Rate BES-H if this RRTP Program is not approved.  
508 ComEd will continue to offer Rate BES-H as an optional rate to residential retail  
509 customers, but there will be no Program Administrator support and any residential  
510 customers taking service under Rate BES-H would pay the full costs for meter exchange  
511 and meter rentals.

512 **Q. How does ComEd propose to recover the costs of the RRTP Program?**

513 A. If the Commission finds that some or all of the costs of the RRTP Program should be  
514 socialized over nonparticipating residential customers as permitted by the statute then

515 ComEd will recover those costs by socializing the program fees through a monthly  
516 charge of all residential customers as described in Rider RCA, ComEd Exhibit 1.5. As  
517 described in Rider RCA, the charges in Rider RCA will be incorporated with the  
518 applicable residential Customer Charge and included in the Customer Charge line item on  
519 monthly bills of all residential customers. Once the costs of the Program Administrator  
520 are known, ComEd will revise Rider RCA to incorporate these costs and file the revised  
521 Rider RCA, along with a revised ComEd Exhibit 1.4, as a part of the compliance filing  
522 that will include the executed Program Administrator Agreement.

523 **Q. What is the estimated monthly impact to customers, including the cost of the**  
524 **Program Administrator?**

525 A. ComEd is not in a position to provide an accurate number until a PA is chosen in  
526 December, after the RFP process is concluded. However, based on an estimate proposed  
527 in the recent rate case, and provided that the program is approved to be socialized over  
528 the entire residential class, the program costs, including the PA, might add approximately  
529 \$0.12 to \$0.20 a month to a residential bill, depending on the portion of the meter lease  
530 costs that will be paid by the RRTP Program participants and the portion that will be  
531 socialized in the customer charge. Meanwhile, there is a placeholder in Rider ML if it is  
532 determined that the first 110,000 participants should pay some or all of the costs. This  
533 amount would be reduced from Rider RCA. Once a decision is made, ComEd will revise  
534 Rider ML and Rider RCA accordingly, along with a revised ComEd Exhibit 1.4.

535 ComEd prepared its cost estimates in ComEd Exhibit 1.4. These costs have not changed  
536 since our recent rate case, except for the inclusion of the mandatory bill inserts. Based on  
537 a 4-year program with 110,000 participants, ComEd estimates that its costs will add up to

538 \$0.20 a month to the Customer Charge, depending on the outcome of the above-  
539 mentioned assumptions and the various possible changes to scope of work required of the  
540 Program Administrator.

541 **Q. What tariff changes are proposed in GTC, Rider ML, Rate RDS, Rider AC7 and**  
542 **why?**

543 A The proposed revision in the Nonstandard Metering section of GTC shown in ComEd  
544 Exhibit 1.6 provides an exemption, during the effective period of Rider RRTP, of the  
545 meter exchange charge for the installation of an IDR meter or the replacement of an  
546 existing meter with an IDR meter for a single delivery point for the first 110,000  
547 residential retail customers taking service under Rate BES-H or a residential real-time  
548 pricing program offered by a RES and also provides an exemption of meter exchange  
549 charge when such residential retail customers terminate residential real-time pricing  
550 service. The proposed revision in the Required Metering section explains that the  
551 required metering, and therefore the prerequisite, for a residential retail customer taking  
552 service under a real-time pricing program is the installation of IDR meter(s).

553 The proposed revision of Rider ML shown in ComEd Exhibit 1.7 is a placeholder to  
554 provide a reduced monthly meter lease charge to the first IDR meter for the first 110,000  
555 residential customers taking service under Rate BES-H or a residential real-time pricing  
556 service offered by a RES during the effective period of Rider RRTP.

557 The proposed revision of Rate RDS shown in ComEd Exhibit 1.8 precludes a residential  
558 customer taking service under a real-time pricing service offered by a RES from  
559 obtaining metering service provided by a Metering Service Provider (“MSP”). This  
560 revision is proposed because ComEd-provided IDR meters, as described in the revision

561 of Rider GTC and Rider ML, are part of the RRTP Program costs recoverable through  
562 Rider RCA and, if applicable, Rider ML, as described previously in this testimony.

563 The proposed revision of Rider AC7 shown in ComEd Exhibit 1.9 makes this rider  
564 available to residential retail customers taking service under Rate BES-H.

565 **Q. Why is ComEd now permitting residential customers taking service under Rate**  
566 **BES-H to also take service under Rider AC7?**

567 A During the course of discussions with the various parties, ComEd became aware that  
568 Rider RRTP and Rider AC7 have certain complementary features that may assist with the  
569 development of the RRTP Program. The Rider AC7 program initially prohibited  
570 residential retail customers from taking service under Rate BES-H because of a  
571 disconnect in the existing pricing structure for customers on Rate BES-H and on Rider  
572 AC7 (*i.e.*, residential retail customers taking service under Rate BES-H may already  
573 reduce air conditioner load during high price hours and this load reduction is then  
574 counted again as load reduction under Rider AC7, which could result in an overpayment).  
575 Realizing, however, that permitting residential customers to take service under both Rate  
576 BES-H and Rider AC7 is not a perfect fit from a pricing standpoint, ComEd is willing to  
577 temporarily accept this pricing imperfection in the short run until it is able to devise a  
578 better pricing structure for these customers.

579 **Q. What is the purpose of the proposed Rider RES-RRTP?**

580 The proposed new Rider RES-RRTP shown in ComEd Exhibit 1.10 specifies the  
581 requirements that a RES must meet in order to offer a residential real-time pricing  
582 program with certain services provided by the Program Administrator. Among the

583 provisions of Rider RES-RRTP is that RES is required to (1) sign a Rider RES-RRTP  
584 Contract Addendum with ComEd that includes a sworn statement about its program; and  
585 (2) meet continuing obligations for the necessary coordination between the RES and  
586 ComEd to implement the RES's real-time pricing program. These provisions are  
587 consistent with those recommended within ComEd's recent rate case.

588 **Q. Do you have a comment about the proposed revisions to Rate BES-H filed on**  
589 **August 29, 2006?**

590 A. Yes. The proposed revisions to Rate BES-H, filed on August 29, 2006, have certain  
591 provisions similar to those included in the proposed Rider RRTP. For consistency  
592 between these two tariffs, ComEd proposes one revision on 2nd revised Sheet No. 336 of  
593 Rate BES-H filed on August 29, 2006, as follows:

594 Notwithstanding the provisions of the previous paragraph, during  
595 the effective period of Rider RRTP – Residential Real-Time  
596 Pricing Program (Rider RRTP), for a situation in which a  
597 residential retail customer elects service hereunder and is taking  
598 service under Rider RRTP, such residential retail customer must  
599 continue to take service hereunder for a period of at least twelve  
600 (12) consecutive monthly billing periods.

601 **Q. Does this conclude your Direct Panel Testimony?**

602 A. Yes.