

REBUTTAL TESTIMONY

of

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Illinois Commerce Commission

Proposed General Increase in Electric Distribution Rates
Commonwealth Edison Company

Docket No. 07-0566

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1 **I. Introduction**

2

3 **Q. Please state your name and business address.**

4 A. My name is Peter Lazare. My business address is 527 East Capitol Avenue,
5 Springfield, Illinois 62701.

6

7 **Q. Are you the same Peter Lazare who provided direct testimony in this**
8 **proceeding?**

9 A. Yes, I am.

10

11 **Q. Has the scope of your testimony in this proceeding changed since your**
12 **Direct Testimony was filed on e-Docket as ICC Staff Exhibit 5 on February**
13 **11, 2008?**

14 A. Yes. I am adopting and sponsoring the Direct Testimony of Mike Luth (ICC Staff
15 Exhibit 6.0, including Schedules 6.1, 6.2 and 6.3) filed on e-Docket in this
16 proceeding on February 11, 2008, and the Supplemental Direct Testimony of
17 Mike Luth (ICC Staff Exhibit 11.0, including Schedules 11.1, 11.2 and 11.3) filed
18 on e-Docket in this proceeding on February 26, 2008.

19

20 **Q. What issues do you address in your rebuttal testimony?**

21 A. I address three sets of issues. First, I respond to the rebuttal testimony of ComEd
22 witness Williams concerning my proposed distribution plant adjustments.

23 Second, I discuss the arguments on rate design issues presented in the direct

24 testimony of IIEC witnesses Stephens and Stowe and in the rebuttal testimony of
25 ComEd witness Crumrine. Third, I respond to arguments presented by Company
26 witnesses concerning the Company's proposed Riders SMP and SEA.

27

28 **II. Revenue Requirement Issues**

29

30 **Q. Does ComEd witness Williams oppose your proposed adjustments of**
31 **distribution plant related to services and underground lines?**

32 A. Yes. He argues they should be rejected because the supporting analysis "is not
33 valid." Williams claims that ComEd "has demonstrated the amounts it has
34 invested in additional plant." He goes on to say that "[t]hose amounts were
35 actually spent, and Mr. Lazare does not dispute that." Furthermore, Mr. Williams
36 argues there is no evidence to suggest ComEd has overspent for the plant it has
37 acquired. (ComEd Ex. 22.0 (Corrected), 3:43-47)

38

39 **Q. Do you agree with this assessment?**

40 A. No, I do not. Mr. Williams claims I do not dispute whether the dollars were
41 actually spent. I do. In fact, the Company has failed to provide sufficient
42 information in this docket to determine whether the dollars were actually spent.
43 For example, ComEd is unable to provide the amount of capitalized labor hours
44 for either 2005 or 2006 plant additions. According to the Company:

45 ComEd does not maintain records of capitalized labor hours to categories
46 called services, meters, substations, substations transformers, primary
47 distribution transformers and overhead and underground conductors.
48 Although labor hours are recorded, they do not tie directly to financial

49 results. (Company Response to Staff Data Request PL 1.12)

50

51 Thus, there is no way to independently assess whether the labor costs
52 incorporated into the Company's plant additions were actually incurred. The lack
53 of documentation for labor costs means that part of plant additions costs
54 represented by these labor costs cannot be verified. Thus, the lack of information
55 on the labor component means the overall accuracy of the proposed 2005 and
56 2006 plant additions cannot be independently verified.

57

58 **Q. Does this deficiency undermine the Company's arguments against your**
59 **proposed adjustment?**

60 A. Yes. Since ComEd cannot verify the amounts of its proposed plant additions, it
61 would be difficult for the Company to argue that a downward adjustment to its
62 unsupported number is unreasonable. Nevertheless, that is what the Company
63 seeks to argue.

64

65 **Q. Do you accept Mr. Williams' claim that there is no evidence to suggest the**
66 **Company overspent on plant?**

67 A. No. The evidence was provided in my direct testimony. (Staff Ex. 5.0, 14-25:308-
68 559)

69

70 **Q. Does Mr. Williams go on to criticize your analysis of distribution plant**
71 **costs?**

72 A. Yes. Mr. Williams first focuses on my analysis of costs associated with

73 underground conduit, conductors and devices. Mr. Williams claims that my
74 analysis of the “average” cost of underground lines per mile presents two
75 problems. First, he argues that I have “erroneously” labeled my calculation as an
76 average. Second, he contends that average costs represent an inappropriate
77 figure to evaluate plant additions. (ComEd Ex. 22.0 (Corrected), 3:50-58)

78

79 **Q. Why does Mr. Williams consider your “average” cost figure erroneous?**

80 A. He states that the calculation of underground costs per mile fails to take into
81 account the costs of other items associated with underground lines. Additional
82 items associated with FERC account 366 identified by Mr. Williams include
83 “conduit, manholes, concrete, ventilation equipment, sump pumps, temporary
84 installations for the permanent installation of conduit, permits, municipal
85 inspections, and other things.” For FERC account 367 Mr. Williams lists
86 additional items such as “insulated, submarine, and lead cables (that is
87 secondary lines) circuit breakers, insulators, tie wires and clamps associated with
88 the racking of cables, lightning arrestors, railroad or highway crossing guards,
89 splices, switches, tree trimming, permits, and other lines devices.” (ComEd Ex.
90 22.0 (Corrected), 4:70-74) Mr. Williams contends that I have failed to consider
91 each of these items in my average cost calculation. (ComEd Ex. 22.0
92 (Corrected), 4:65-77)

93

94 **Q. What is the first point you wish to make in response to Mr. Williams?**

95 A. Mr. Williams takes an inconsistent position on this issue. He criticizes me for

96 failing to consider a number of cost items in my adjustment. However, the
97 Company provides no evidence in direct or rebuttal testimony concerning how
98 the costs of these items are factored into its proposed 2005 and 2006 plant
99 additions. To illustrate, Mr. Williams indicates I fail to specifically account for the
100 manholes, sump pumps or circuit breakers included in FERC accounts 366 and
101 367. However, the Company provides no evidence concerning how the Company
102 factors into the calculation of plant additions the items that Mr. Williams contends
103 are missing from my analysis. Thus, Mr. Williams provides no concrete evidence
104 to demonstrate that I have calculated my adjustment incorrectly.

105

106 Thus, without any evidence so far by the Company to reasonably establish the
107 proper costs of the proposed 2005 and 2006 plant additions, the Commission
108 can only conclude that either my calculations are correct, or, if my calculations
109 are deficient, then the Company's proposed 2005 and 2006 plant additions are
110 deficient, as the Company does not indicate how these cost components are
111 taken into account. I would further note, that if the Company presents this
112 evidence in its surrebuttal testimony neither Staff nor any other party will have
113 the opportunity to fully vet and investigate the Company's claim.

114

115 **Q. Are there any other inconsistencies in Mr. Williams' approach?**

116 A. Yes. Mr. Williams criticizes me for examining costs on a per-mile basis. Yet, he
117 presented his own analysis of underground cable costs per mile in seeking to
118 establish that the cost of materials was increasing over time. (ComEd Ex. 4.0

119 (Corrected), 36:717) Mr. Williams based his conclusion that costs were
120 increasing by focusing solely on underground cable costs without examining
121 whether the cost of other items identified in his rebuttal testimony were
122 increasing as well.

123

124 **Q. Does Mr. Williams provide any additional arguments to justify the increase**
125 **in these costs?**

126 A. Yes. He provides a narrative discussion noting that a number of materials and
127 non-materials costs have been rising. However, considering that there are no
128 figures attached to his discussion, it is not clear how this discussion would
129 support the specific plant additions for underground lines proposed by the
130 Company. (ComEd Ex. 22.0 (Corrected), 4:81-86)

131

132 Furthermore, Mr. Williams goes on to argue that there is a “real” dollar per mile
133 figure available from the Company for underground lines. This data from
134 ComEd’s annual Distribution System Data Book indicates that the cost of
135 underground lines has increased at approximately half the rate I calculated from
136 the period 2000-2004 to the period 2005-2006, at 22.6% for underground cable
137 in duct and 25.2% for direct buried underground cable. Mr. Williams contends
138 that these calculated increases should be considered reasonable. (ComEd Ex.
139 22.0 (Corrected), 5:87-101)

140

141 **Q. What are the problems with Mr. Williams’ argument?**

142 A. Mr. Williams has failed to establish the relevance of the unit costs from ComEd's
143 distribution data book for evaluating plant additions over the years 2000-2006.
144 He does not tie his analysis to either the actual plant additions that were
145 experienced over the years 2000-2004 or those proposed for 2005-2006.
146 Specifically, Mr. Williams does not show how the unit costs from the distribution
147 data book relate to plant additions for any of the years 2000 to 2006. Thus, it is
148 not clear that these costs serve any purpose in an examination of ComEd's plant
149 additions.

150

151 **Q. Does Mr. Williams present a similar argument with respect to services**
152 **costs?**

153 A. Yes. Mr. Williams also contends that my analysis does not explicitly consider
154 items such as "brackets, cable and wire, conduit, insulators, municipal inspection,
155 pavement cutting and replacement, permits, protection of street openings,
156 service switching, etc." He goes on to find that "the simple mathematical average
157 does not represent the typical cost of a new service line." (ComEd Ex. 22.0
158 (Corrected), 6:107-117)

159

160 **Q. How do you assess this argument?**

161 A. Again, Mr. Williams has criticized me for failing to provide detailed information
162 that the Company does not provide in support of its proposed plant additions for
163 services. I sought to develop the most reasonable adjustment given the level of
164 information provided. ComEd for its part provides a paucity of information

165 concerning services costs. The lack of information should serve to raise
166 questions about the reasonableness of ComEd's proposed additions, rather than
167 my adjustment to those additions.

168

169 **Q. Does Mr. Williams also question the value of calculating unit costs per-**
170 **service?**

171 A. Yes, he argues this unit cost is "not a good metric." Mr. Williams contends that
172 ComEd takes a more appropriate approach which "tracks the number of dollars
173 invested in service lines, not the number of service lines themselves." (ComEd
174 Ex. 22.0 (Corrected), 6:119-122)

175

176 Mr. Williams further argues that ComEd does not consider the unit cost important
177 because the Company focuses on "providing service to new customers, not the
178 'service line' itself," and this service may also include other costs. (ComEd Ex.
179 22.0 (Corrected), 7:124-129)

180

181 As with underground lines, Mr. Williams also takes issue with my use of average
182 costs. He argues that the cost of adding services can vary greatly among
183 customers and therefore he believes that the "typical" cost of a new service is
184 more relevant than the average cost. (ComEd Ex. 22.0 (Corrected), 7:130-138)

185

186 **Q. Do you believe the Company should keep track of the number of services?**

187 A. Yes. It is difficult to assess services costs in a vacuum. It is useful to know the

188 level of activity associated with those costs. One key measure of activity is the
189 number of services installed. If this number were not provided, there would be no
190 physical measure of services installations to compare with the associated level of
191 costs. Without a count of the number of services, it would be difficult to determine
192 whether the dollar amounts spent on services are, in fact, reasonable.

193

194 **Q. Does Mr. Williams present an analysis of the costs per residential service**
195 **and per commercial service for the years 2005 through 2007?**

196 A. Yes, he performs an analysis that finds the unit costs for residential services
197 increase steadily while commercial costs fluctuate depending on individual
198 circumstances. (ComEd Ex. 22.0 (Corrected), 7-8:139-146)

199

200 **Q. Please comment on this analysis.**

201 A. Mr. Williams has failed to establish the relevance of this analysis in evaluating
202 plant additions for services. The dollar amounts Mr. Williams presents for 2005
203 and 2006 do not correspond to the proposed plant additions for those years, so
204 the meaning of his conclusions for the discussion of services costs is unclear.

205

206 **Q. Do you have any further comments concerning Mr. Williams' response to**
207 **your proposed plant adjustments for underground lines and services?**

208 A. Yes. For both underground lines and services, I sought to analyze the trajectory
209 of costs for both underground lines and services that ComEd actually incurs.
210 However, Mr. Williams seeks to counter my arguments in each case by shifting

211 the discussion to a different set of costs he describes as “typical” costs. The
212 problem is that Mr. Williams fails to demonstrate that these “typical” costs bear
213 any relationship to the actual costs ComEd incurs. Consequently, the
214 conclusions he reaches regarding these typical costs are irrelevant to the actual
215 plant additions proposed by ComEd.

216

217 **Q. Does Mr. Williams also discuss the errors that were contained in his direct**
218 **testimony?**

219 A. Yes.

220

221 **Q. What is the first point he seeks to make?**

222 A. He argues that the series of errors I identified in my direct testimony “has no
223 direct bearing on the rate case itself.” He indicates the “background information”
224 provided is designed “to give the Commission a feel for the size and scope of
225 ComEd’s operations.” (ComEd Ex. 22.0 (Corrected), 13:260-262) Mr. Williams
226 then goes on to state:

227 For example, ComEd’ system has over 700 substations. The point is not
228 whether the precise number is 730 or 777 (depending on what counts as a
229 “substation”), it is that we have hundreds of substations. For Mr. Lazare to
230 say that these descriptive numbers are inaccurate, and to then imply that
231 ComEd’s revenue requirement figures are somewhat suspect is incorrect.
232 (ComEd Ex. 22.0 (Corrected), 13:263-266)

233

234 Mr. Williams further discusses the issue of how many substations are on the
235 ComEd system and goes on to state that the count of “functional substation
236 numbers” is actually 1,042 while the number of “fenced enclosures” is 730.

237 (ComEd Ex. 22.0 (Corrected), 14:282-284)

238

239 **Q. What is your response to this discussion?**

240 A. This discussion underscores the inconsistencies in the data ComEd has provided
241 in this proceeding. Mr. Williams identified in direct testimony a total of 1,042
242 substations on the ComEd system. However, the Company indicated in response
243 to discovery that there were only 730 substations. Only after the data was
244 provided did the Company indicate that these different numbers were based on
245 two divergent definitions of substations.

246

247 This confusion presents problems from a regulatory standpoint. If ComEd relies
248 on multiple definitions and equipment counts, that makes it difficult for Staff and
249 intervenors to identify the plant and equipment items the Company is seeking to
250 recover in rate base.

251

252 **Q. Does Mr. Williams also discuss discrepancies in information provided on**
253 **the number of substations added in 2005 and 2006?**

254 A. Yes. He seeks to explain his statement in direct testimony that the Company
255 installed nine substations in 2005 and 2006 with ComEd's subsequent discovery
256 response that only six new substations were installed over that time. Again, the
257 primary issue according to Mr. Williams was differing definitions within the
258 Company of what constitutes a substation. However, he also notes that he
259 erroneously indicated a substation was placed into service in January 2005 when

260 it was, in fact, installed in December 2004 and included in rate base for ComEd's
261 last case. (ComEd Ex. 22.0 (Corrected), 15:310-315)

262

263 **Q. Does this discussion raise further questions?**

264 A. Yes. Mr. Williams fails to explain why his count of substations has been revised
265 but there has been no change to the dollar amounts of plant additions associated
266 with those substations. Thus, it is not clear how the physical counts and dollar
267 amounts of plant additions coincide.

268

269 **Q. Does Mr. Williams also address a discrepancy in his discussion of**
270 **substation transformers added during the years 2005 and 2006?**

271 A. Yes. Mr. Williams identifies individual substation transformers that he indicates
272 were not counted in his direct testimony. (ComEd Ex. 22.0 (Corrected), 16:317-
273 322)

274

275 **Q. Does his discussion satisfactorily address all questions related to**
276 **substation transformers?**

277 A. No, Mr. Williams fails to explain why these different counts of substation
278 transformers have no impact on the associated costs. If the number of substation
279 transformers changes, it would be reasonable to assume that the costs of those
280 transformers would change as well. However, Mr. Williams only finds it
281 necessary to change the counts and fails to explain why the cost amount should
282 remain the same.

283

284 **Q. Does Mr. Williams also address the questions you raised concerning the**
285 **miles of overhead lines installed since 2004?**

286 A. Yes. He responds to my contention that the Company had provided inconsistent
287 information concerning the miles of overhead lines that were installed since
288 2004. (ICC Staff Ex. 5.0, 8-9:176-201) According to Mr. Williams, there is no
289 inconsistency. He indicates that the Company has purchased 3,246 miles of both
290 primary and low voltage overhead conductors since 2004 and that this figure
291 includes conductors to replace failing conductors which would not add to the total
292 amount of overhead conductors on the system. He indicates that “[t]he 370 miles,
293 on the other hand, refers to the difference between the amount of overhead
294 primary conductor in ComEd’s system on January 1, 2005 and November 8,
295 2007.” (ComEd Ex. 22.0 (Corrected), 16:328-336)

296

297 **Q. Does Mr. Williams’ explanation clarify the miles of overhead lines installed**
298 **since 2004?**

299 A. No, his explanation is confusing. He indicates in rebuttal that the amount of
300 overhead conductors on the system increased by 370 miles between January 1,
301 2005 and November 8, 2007. (ComEd Ex. 22.0 (Corrected), 16:334-336)
302 However, the Company indicates in response to Staff Data Requests PL 1.11
303 and PL 1.13 that the miles of overhead primary conductors “installed or replaced”
304 is 144 for 2005; 160 for 2006 and 67 for January through November 2007, or a
305 total of approximately 370 miles “installed or replaced” between January 1, 2005

306 and November 8, 2007. It is not clear how the amount of primary conductors on
307 the ComEd system could increase by 370 miles if part of those installations were
308 to replace existing conductors.

309

310 Furthermore, the disparate information provided by the Company concerning
311 overhead lines illustrates the problem Staff has experienced trying to acquire
312 clear and consistent information from the Company to assess its proposed rate
313 base. In direct testimony, Mr. Williams identified “approximately 3,246 miles of
314 overhead conductors” as one of the “examples of the additions made to
315 Distribution Plant since the end of 2004.” (ComEd Ex. 4.0, 44-45:863-873)
316 However, when subsequently asked in discovery to provide the “[m]iles of
317 overhead conductors installed” (Staff Data Requests PL 1.11 and 1.13) the
318 Company identified approximately 370 miles of overhead conductors installed
319 over that period. However, the Company went on to state that “comparisons
320 between these two numbers should not be made.” (ComEd Response to Staff
321 Data Request PL 9.09).

322

323 The intention of my data requests was to acquire additional detail on overhead
324 conductors for comparison with the data presented in Mr. Williams’ testimony.
325 Instead, the Company provided fundamentally different data based on the
326 assumption that additions of overhead conductors bear no relationship to
327 installations of overhead conductors. Thus, the Company’s data confused, rather
328 than illuminated, the issue.

329

330 **Q. How do you assess this discussion of data problems?**

331 A. The varying numbers make it difficult to assess the Company's plant additions
332 from a regulatory standpoint. Mr. Williams assures that the discrepancies are
333 primarily an issue of definitions with no "material difference" involved. However,
334 he provides no evidence to support these assurances. Specifically, he does not
335 provide a link between the assets placed in rate base and the cost of those
336 assets. It is not clear why when the number of assets placed into service in a
337 given year changes, the associated costs do not.

338

339 **Q. Why do you consider this a problem?**

340 A. The lack of correspondence between plant and costs makes it difficult to evaluate
341 Mr. Williams' statement in his direct testimony that, "[t]he assets added to
342 ComEd's proposed rate base since the rate base approved by the Commission in
343 the 2005 Rate Case were acquired by ComEd and placed into service prudently
344 and at reasonable cost." (ComEd Ex. 4.0, 42:811-813)

345

346 **Q. Please summarize why your proposed adjustment to underground lines
347 and services should be adopted in this case.**

348 A. I have provided the only analysis which ties the costs associated with plant
349 additions to the level of additions being installed. Clearly, the cost of underground
350 conduit, conductors and devices is related to the miles of underground lines
351 being installed. Given the Company's failure to provide any additional specific

352 cost data, the cost data I presented provides the most reasonable basis on which
353 to consider the Company's proposed plant additions for underground lines and
354 services.

355
356 Thus, the choice in this case is my analysis or the Company's proposed plant
357 additions which consist of simple dollar amounts accompanied by Mr. Williams'
358 unsupported assertions that these are the costs of ComEd's reasonable and
359 prudent plant additions.

360

361 **III. Rate Design Issues**

362

363 **Q. What rate design issues will you discuss in your rebuttal testimony?**

364 A. I will respond to testimony by IIEC concerning rate design issues.

365

366 **Q. What rate design issues raised by IIEC do you wish to address in your
367 testimony?**

368 A. I will address the proposal by IIEC witness Stephens to increase existing rates on
369 an equal percentage, across-the-board basis.

370

371 **Q. How does the IIEC justify this proposal?**

372 A. Mr. Stephens argues that the cost study ComEd proposes to use for designing
373 rates in this case contains a number of deficiencies that render it "unsuitable" for
374 designing rates in this proceeding. Without a reasonable cost-of-service study,

375 he contends that the only reasonable course is to increase existing rates on an
376 equal percentage, across-the-board basis. (IIEC Ex. 1.0, 3:46-54)

377

378 **Q. What problems does IIEC find in ComEd's proposed cost of service study?**

379 A. Those problems identified in the testimony of IIEC witness Stowe include the
380 following:

- 381 • Over \$88 million of secondary system costs are improperly assigned to
382 customers at the primary level.
- 383 • Millions of dollars of customer-related plant and O&M costs are incorrectly
384 allocated on a demand basis.
- 385 • Nearly \$5.5 million of costs for equipment operating below 69 kV is allocated
386 to customers taking service above 69 kV. (IIEC Ex. 3.0, 9:152-158)

387

388 **Q. Please begin your discussion by presenting your response to Mr.**
389 **Stephens' proposal for an across-the-board increase on existing rates?**

390 A. I find there is merit to the proposal for an across-the-board increase on existing
391 rates.

392

393 **Q. Does your support for an across-the-board increase mean you accept the**
394 **IIEC arguments for this approach?**

395 A. No, I do not base my support for an across-the-board approach on the
396 shortcomings IIEC claims to have identified in ComEd's cost of service study. For
397 example, I disagree with the argument by IIEC witness Stowe that the study

398 should have included a minimum distribution system. (IIEC Ex. 3.0 (Corrected),
399 27:440-448) I believe a minimum distribution system improperly allocates
400 distribution level costs that are appropriately considered demand-related.

401
402 I do believe IIEC makes a more reasonable argument that ComEd's cost study
403 improperly allocates lower voltage costs to higher voltage customers. However, I
404 do not consider this deficiency in ComEd's study reason enough, standing alone,
405 to make ComEd's cost of service study an unsuitable foundation for setting rates.
406 I would note that the Commission accepted ComEd's proposed cost of service in
407 Docket No. 05-0597 without the distinctions between primary and secondary
408 distribution costs advocated by IIEC. Thus, the Commission may not consider
409 this failure to distinguish between primary and secondary costs a sufficient
410 reason to reject the Company's study as a ratemaking tool.

411

412 **Q. Given your concerns with IIEC's cost-of-service arguments why do you**
413 **therefore find an across-the-board increase on existing rates reasonable?**

414 A. This approach is reasonable because bill impacts have been and will continue to
415 be an overriding concern for ComEd ratepayers. These ratepayer concerns have
416 led to a number of extraordinary steps. The Commission found it necessary to
417 launch an investigation of ComEd's rates to address concerns raised by ComEd
418 customers to members of the General Assembly and others. (Initiating Order,
419 Docket No. 07-0166, p. 2, March 2, 2007) Furthermore, ComEd and its parent
420 company, Exelon, were required to mitigate the impact of the recent rate

421 increase through the offer of approximately \$500 million in rebates to ComEd
422 ratepayers.

423

424 **Q. Why do you believe bill impacts will remain a prominent concern in the**
425 **future?**

426 A. ComEd customers are experiencing a steady stream of rate increases on various
427 fronts. For example, ComEd recently completed a transmission rate case that
428 features an increase of \$93 million in the transmission revenue requirement as
429 well as the inclusion of CWIP in rate base and a return on equity adder for a
430 West Loop project. (Exelon's January 23, 2008 Earnings Announcement at
431 [http://www.exeloncorp.com/aboutus/news/pressrelease/corporate/Press+Releas
e+-+012308.htm](http://www.exeloncorp.com/aboutus/news/pressrelease/corporate/Press+Releas
432 e+-+012308.htm), viewed April 1, 2008)

433

434 In addition, power costs for bundled customers are set to increase on June 1,
435 2008 with the average bill increase for residential customers estimated by
436 ComEd at approximately 2.5%.

437 ([http://n01.moneycentral.msn.com/ticker/article.aspx?symbol=US:EXC&feed=PR
&date=20080312&id=8327457](http://n01.moneycentral.msn.com/ticker/article.aspx?symbol=US:EXC&feed=PR
438 &date=20080312&id=8327457), viewed April 1, 2008)

439

440 In this docket, ComEd has filed for a rate increase of \$361.3 million which, if
441 accepted, would raise residential bills by almost 8% (absent the impact of the
442 rate rebate). (ComEd Ex. 1.0, 18:176-180) Furthermore, the Company proposes
443 in this docket to institute two riders, Rider SEA and Rider SMP, that would allow

444 it to recover additional revenues from ratepayers on a going-forward basis
445 beyond the rate increase granted in this proceeding. For example, Rider SMP
446 alone could increase delivery service bills by as much as 5% per year under the
447 rate cap proposed by ComEd, while the Company presents no cap on the
448 increases that would be permissible under Rider SEA.

449
450 Furthermore, the Company has indicated it expects to make further delivery
451 service rate filings in the immediate future. When asked whether it was ComEd's
452 intention to file more frequent rate cases, the Company responded "that it
453 expects to make regular rate requests as part of our effort to put ComEd on a
454 path toward appropriate returns." (Company Response to Data Request No.
455 REACT 4.16)

456

457 **Q. What do you conclude from this evidence?**

458 A. I find that ComEd ratepayers have and will continue to face upward price
459 pressure on a number of fronts which means that bill impacts will remain their
460 overriding concern for the foreseeable future.

461

462 **Q. What is the most reasonable method of designing rates in this proceeding
463 to address bill impacts issues?**

464 A. The most reasonable approach would increase existing rates on an equal
465 percentage, across-the-board basis. This approach recognizes that bill impacts
466 are a system-wide problem for ComEd ratepayers and the fairest approach in

467 these situations is an across-the-board increase that gives equal recognition to
468 all ComEd ratepayers of the difficulties presented by these bill increases. Any
469 rate design approach that distributes these increases unequally may create
470 feelings of unfairness among those ratepayers who are required to absorb
471 above-average increases.

472

473 **Q. Can it be inferred from this argument that you believe the Commission**
474 **should permanently discard its cost of service standard on a going-forward**
475 **basis?**

476 A. No. The Commission's goal of cost-based rates remains an important ratemaking
477 objective that should continue to be pursued. However, the electricity industry in
478 Illinois has undergone a difficult transition since the rate freeze expired on
479 January 2, 2007. Until some degree of rate stability returns, it would be prudent
480 to focus on bill impacts rather than cost of service in designing ComEd rates.

481

482 **IV. ComEd's Proposed Riders**

483

484 **Q. How is your discussion of the Company's proposed riders organized?**

485 A. I will first respond to Company arguments concerning ComEd's proposed Rider
486 SMP. Then I will discuss the proposed Rider SEA.

487 **A. *Rider SMP***

488

489 **Q. Does Company witness Donnelly respond to arguments by Mr. Luth, now**

490 **adopted by you, concerning Rider SMP?**

491 A. Yes. He seeks to counter the claim that ComEd would not face financial difficulty
492 if it installed new SMP equipment that was no more expensive than equipment
493 which meets current basic standards. Mr. Donnelly claims that Staff “over-
494 simplifies the problem by ignoring the technological and investment requirements
495 that are required to deliver the benefits that the SMPs offer.” (ComEd Ex. 21.0
496 (Corrected), 76:1521-1527)

497

498 Mr. Donnelly goes on to state:

499 One reason for implementing certain SMPs now is that we are in a period
500 of rising investment. Letting this opportunity slip away by making only like-
501 for-like replacements will simply leave us with an ever larger installed base
502 of equipment that is less capable that will need to be replaced to
503 implement a Smart Grid. (ComEd Ex. 21.0 (Corrected), 76:1533-1536)
504

505 **Q. How do you assess this argument?**

506 A. Mr. Donnelly makes reference to the benefits resulting from implementation of
507 the proposed rider and warns against “[l]etting this opportunity slip away” by
508 failing to take the opportunity to implement a Smart Grid. Conspicuously missing
509 from his discussion is any assessment of how much, if anything, ratepayers
510 would be willing to pay for the benefits of a smart grid. The Company admits it
511 “has not itself performed primary customer research relating to a willingness to
512 pay higher rates for... ‘high quality, digital-grade power’”. (ComEd Response to
513 Staff Data Request PL 1.01) Thus, the Company leaves unanswered the
514 fundamental question whether ratepayers want to pay for implementing Smart
515 Grid technologies that are not needed to receive adequate, efficient, safe and

516 reliable utility service.

517

518 The Company goes on to maintain that “[f]or customers, the cost of such
519 improvements when incorporated in rates is relatively small, but the benefit in
520 terms of improved grid operations is large.” (ComEd Response to Staff Data
521 Request PL 1.01) Nevertheless, the Company goes on to admit that neither it nor
522 Company witness Gee “has performed a cost benefit analysis to quantify the
523 costs of obtaining improved power quality compared to the benefits of such
524 improvements.” (ComEd Response to Staff Data Request PL 3.03) Thus, ComEd
525 provides no support for its assertion that the benefits of system improvements for
526 ratepayers would outweigh the costs. It is difficult to conceive that ratepayers
527 would find this unsubstantiated claim reasonable justification to support the
528 proposed Rider SMP.

529

530 **Q. What do you therefore conclude concerning Mr. Donnelly’s rebuttal**
531 **testimony?**

532 A. Mr. Donnelly implies that Mr. Luth’s recommended approach, now adopted by
533 me, would deny ratepayers some undefined smart grid benefit that would result
534 from the implementation of Rider SMP. However, the lack of evidence that
535 ratepayers are willing to pay more for improvements and the Company’s failure
536 to demonstrate that the benefits of the improvements outweigh the costs show
537 the potential problems of pursuing these grid improvements through the
538 proposed Rider SMP.

539

540 **Q. Does Mr. Crumrine respond to the argument that Rider SMP language is**
541 **sufficiently broad to cover investment far afield from those discussed by**
542 **ComEd witnesses?**

543 A. Yes. Mr. Crumrine states in response to those arguments that ComEd does not
544 plan any revisions to narrow the focus of the rider. He argues it is appropriate to
545 leave a degree of flexibility in the rider, rather than adopting a definition that will
546 constrict future activities to be funded under the rider. (ComEd Ex. 30, 19:422-
547 434)

548

549 **Q. Are you concerned by Mr. Crumrine's discussion?**

550 A. Yes. It should be noted that Mr. Crumrine makes no attempt in his response to
551 deny that the proposed rider language could cover investments that are far afield
552 from the Smart Grid projects discussed by ComEd witnesses. Furthermore, the
553 fact that the Company opposes any effort to narrow this language expands the
554 potential program and attending costs that ratepayers could be exposed to if
555 Rider SMP is approved. This flexibility to pass through costs would present a
556 problem under any circumstances. However, it is a particular concern in the
557 current environment with electricity prices rising and ratepayers being concerned
558 about the levels of their bills.

559 **B. Rider SEA**

560

561 **Q. Does Company witness Crumrine seek to rebut arguments made by Staff**

562 **and other intervenors against the propose Rider SEA?**

563 A. Yes.

564

565 **Q. What is Mr. Crumrine's first argument?**

566 A. He disagrees with the statements by Mr. Luth, now adopted by me, and
567 intervenors that Rider SEA will shift responsibility for storm costs from ComEd to
568 its customers. Mr. Crumrine states that customers are already responsible for
569 storm costs and Rider SEA does not change that fact. He goes on to state that
570 Rider SEA will improve the determination of how much customers are charged
571 because they will be held responsible for no more or no less than the costs that
572 are prudently and reasonably incurred. (ComEd Ex. 30.0, 30:678-683)

573

574 **Q. What are the problems with Mr. Crumrine's argument?**

575 A. He fails to consider the full cost to ratepayers presented by Rider SEA. Currently,
576 ratepayers do not face the risk of bill changes due to storm costs between rate
577 cases. Under Rider SEA, the Company will be permitted to revise customers'
578 bills between rate cases to reflect actual storm costs. Furthermore, the proposed
579 rider contains no cap on the amount bills may be adjusted for storm costs, which
580 means there is no cap to the consequent risk exposure for ratepayers.
581 Furthermore, if the Company did not believe there was a cost associated with
582 this risk, then it would have no good reason to pass these costs along to
583 ratepayers.

584

585 **Q. What arguments does Mr. Crumrine make concerning the volatility of**
586 **storm-related costs?**

587 A. Mr. Crumrine first argues that storm expenses are inherently volatile and that
588 data presented by Staff witness Luth, now adopted by me, underscore this
589 conclusion. He goes on to contend that the volatility is sufficient to warrant rider
590 treatment for these costs. Mr. Crumrine believes that Staff and intervenors fail to
591 consider that the volatility of storm expenses results in foregone opportunities for
592 distribution investments without the proposed rider. He contends that Rider SEA
593 will help ensure that ComEd maintains its level of investment in the system while
594 having customers pay no more than the actual prudently incurred storm
595 expenses. (ComEd Ex. 30.0, 31-32:698-729)

596

597 **Q. Do you find Mr. Crumrine's argument deficient?**

598 A. Yes. First, Mr. Crumrine incorrectly characterizes Mr. Luth's testimony
599 concerning the volatility of storm-related costs. Mr. Luth expressly stated that
600 "[t]he extent of the fluctuation in storm-related costs is not sufficient to warrant
601 rider recovery". (ICC Staff Ex. 6.0, 14:246-248) Mr. Luth then proceeded to
602 present an analysis of historical storm expenses to support this statement. (ICC
603 Staff Ex. 6.0, 15:259-274)

604

605 **Q. Have you prepared any additional information concerning the volatility of**
606 **storm restoration costs?**

607 A. Yes. I have attached as Schedule 18.01, pages 1 and 2, graphs which compare
608 storm restoration costs with net O&M expenses over recent years. Two
609 observations can be made from these historical charts: the Company's storm
610 restoration expenses are not significant in comparison to their other operating
611 expenses; and the Company's storm restoration expense fluctuates much less
612 than its operating expenses (less purchased power costs).The schedule further
613 shows that the volatility of these costs is not sufficient to warrant rider treatment.

614

615 **Q. Do you have another concern with Mr. Crumrine's argument?**

616 A. Yes, it rests on the unsupported assumption that ratepayers would be willing to
617 face the risk of paying higher storm costs between rate cases to ensure that
618 ComEd maintains its level of investment in the system. A more reasonable
619 assumption is that ratepayers are finding it increasingly difficult to pay their
620 electric bills and would not want to be exposed to further bill increases under
621 Rider SEA even if that produced foregone investments in the distribution system.

622

623 **Q. Are there any other flaws in his argument?**

624 A. Yes. Mr. Crumrine warns of "foregone opportunities for investment in the
625 distribution system" in the absence of Rider SEA. However, he fails to explain
626 what those foregone opportunities might be. Clearly, ratepayers wish to receive
627 reliable service. However, there is nothing in Mr. Crumrine's testimony to indicate
628 that service would become unreliable without the rider. It would be bad policy to
629 approve Rider SEA based upon Mr. Crumrine's vague references to "foregone

630 opportunities” that would be lost.

631

632 **Q. Does Mr. Crumrine reject the argument that Rider SEA would create the**
633 **incentive to classify or define a cost as eligible for recovery under a rider?**

634 A. Yes. He dismisses this argument, contending that it would be “foolish and
635 shortsighted” to inappropriately classify costs as storm-related. Mr. Crumrine
636 goes on to note that the costs recovered under the rider would be subject to
637 after-the-fact review by the Commission which would prevent the Company from
638 classifying costs incorrectly. (ComEd Ex. 30.0, 33-34:755-758)

639

640 **Q. Are you reassured by Mr. Crumrine’s comments that it would be “foolish**
641 **and shortsighted” to inappropriately classify costs as storm-related?**

642 A. No, I am not. Mr. Crumrine assures that the Company will only recover
643 reasonable storm-related costs under the proposed rider. In other words, the
644 Company can be trusted to behave reasonably and in the best interest of
645 ratepayers. The interest of ratepayers and the interest of the Company’s
646 shareholders do not always align, and it is not reasonable in my opinion to expect
647 a utility to always act in the best interest of ratepayers.

648 Furthermore, storm repairs are not a black and white issue. Mr. Crumrine,
649 himself, acknowledges this at a later juncture in his testimony when he states, “it
650 is possible that a storm might cause some repair work that was already
651 scheduled for some point in the future, such as the replacement of a broken pole
652 that was scheduled to be replaced” (ComEd Ex. 30.0, 36:805-807) Clearly, the

653 financial incentive in that situation would be for the Company to recover those
654 costs through its proposed rider.

655

656 **Q. How does Mr. Crumrine respond to the argument that the management of**
657 **costs is crucial to the process of keeping rates under control and**
658 **manageable?**

659 A. Mr. Crumrine states there is an “inherent tension between cost control and
660 service quality.” He goes on to argue:

661 Given the relative importance of maintaining a strong, reliable distribution
662 system, and the relatively small percentage of customers’ bills that
663 distribution charges represent, ComEd believes that Rider SEA strikes a
664 reasonable balance between cost control and service quality. (ComEd Ex.
665 30.0, 35:784-793)
666

667 **Q. What are the problems with this argument?**

668 A. For one, Mr. Crumrine suggests that the reliability of the distribution system
669 somehow depends upon the implementation of the proposed rider but fails to
670 specify what the reliability might be. There is no record evidence to indicate that
671 the system would be unreliable without Rider SEA or that reliability will otherwise
672 experience a meaningful decline.

673

674 Second, Mr. Crumrine seeks to provide a context for bill impacts resulting from
675 Rider SEA, stating that distribution charges represent a “relatively small
676 percentage of customers’ bills.” It should be remembered that distribution
677 charges are not the only part of ratepayer bills that have been rising since the
678 expiration of the rate freeze. Their bundled bills jumped on January 2, 2007. In

679 addition, ratepayers recently absorbed an increase in transmission rates and will
680 receive an increase in power costs on June 1, 2008. With all bill components on
681 the rise, it would be reasonable to assume that ratepayers may not want to be
682 exposed to a further increase under Rider SEA.

683

684 **Q. Does Mr. Crumrine respond to the argument that the proposed rider would**
685 **require the Commission to take “an active part of the daily management,**
686 **operation and reporting of the regulated utility”?**

687 A. Yes. He contends that the annual review by the Commission would not
688 correspond to the active role envisioned by Mr. Luth, now adopted by me.
689 (ComEd Ex. 30.0, 38:848-856)

690

691 **Q. Do you concur with Mr. Crumrine’s argument?**

692 A. No, I do not. The proposed rider will require the Commission to assume a new
693 set of responsibilities that do not currently exist. The rider will require the creation
694 of a new regulatory process to review the associated tasks. Under that process,
695 Staff and the Commission must assess each of the costs requested under the
696 rider to determine whether they are storm-related or incurred for some other
697 purpose. None of these tasks would be necessary in the traditional regulatory
698 environment where storm-related costs are considered alongside the utility’s
699 other costs within the context of a rate case.

700

701 **Q. Does Company witness Williams also respond to Mr. Luth’s testimony,**

702 **adopted by you, concerning Rider SEA?**

703 A. Yes. He responds to the argument by Mr. Luth, adopted by me, and Mr. Brosch
704 that storm expenses do not qualify for rider treatment because they are not large
705 compared with total revenue. Mr. Williams argues that a better comparison would
706 be to ComEd's distribution corrective maintenance expense. He argues that
707 storm costs comprise 18.8% of this corrective expense which he considers a
708 significant share of the total. (ComEd Ex. 22.0, 9-10:173–184)

709

710 **Q. How do you respond?**

711 A. The argument is misplaced. It is always possible to find some subset of costs to
712 which storm expenses comprises a significant share. The fact that they are
713 18.8% of corrective maintenance fails to undermine in any way the original
714 contention that storm expenses are not large compared to total revenues.

715

716 Mr. Williams claims that ComEd sets aside a certain amount of money for
717 corrective maintenance and if an inordinate amount is spent on storm recovery
718 other maintenance expenses will suffer. If the Company does encounter
719 extraordinary storm expenses, I would hope that ComEd looks at all other
720 expenses, not just those related to corrective maintenance, to determine the
721 areas where expenditures should be reduced.

722

723 **V. Bill Impacts**

724

725 **Q. What is the purpose of this section of your testimony?**

726 A. After Staff filed its proposed revenue requirement, Staff asked the Company to
727 present rate design information that conforms to that revenue requirement. For
728 obvious timing reasons the data could not be provided in Staff's direct testimony.
729 Therefore, I am including it in my rebuttal.

730

731 **Q. Please state the purpose of Staff data request ML 2.01.**

732 A. Staff requested that ComEd provide updated rates based on Staff's
733 recommended revenue requirement of \$1,799,489,000 from its direct case as
734 presented in the testimony of Staff witness Dianna Hathhorn, ICC Staff Ex 1.0,
735 Schedule 1.1. The purpose of the data request was to determine the delivery
736 rates that would be charged to each customer class if Staff's proposed revenue
737 requirement were to be approved and if Staff witness Luth's proposal, adopted by
738 me, to average the distribution facilities charge for the medium, large, extra large
739 very large and high voltage customer groups were to be approved.

740

741 The data request asked that rates be developed through the use of the
742 Company's cost of service study, revised to reflect the effects of Staff revenue
743 requirement adjustments on cost of service sub-functions where possible.

744

745 The data request and the rates developed in response to the data request are
746 presented as Schedule 18.02 attached to my rebuttal testimony.

747

748 **Q. Please state the purpose of Staff data request ML 2.02.**

749 A. Staff requested that ComEd provide updated rates based on Staff's
750 recommended revenue requirement of \$1,799,489,000 from its direct case as
751 presented in the testimony of Staff witness Dianna Hathhorn, ICC Staff Ex 1.0,
752 Schedule 1.1. The purpose of the data request was to determine the delivery
753 rates that would be charged to each customer class if Staff's proposed revenue
754 requirement were to be approved and if Staff witness Luth's proposal, now
755 adopted by me, to average the distribution facilities charge for the medium, large,
756 extra large very large and high voltage customer groups were to be approved.

757

758 The data request asked that rates be developed through the use of the
759 Company's rate design spreadsheet. Revisions to the Company's class cost of
760 service study were not required.

761

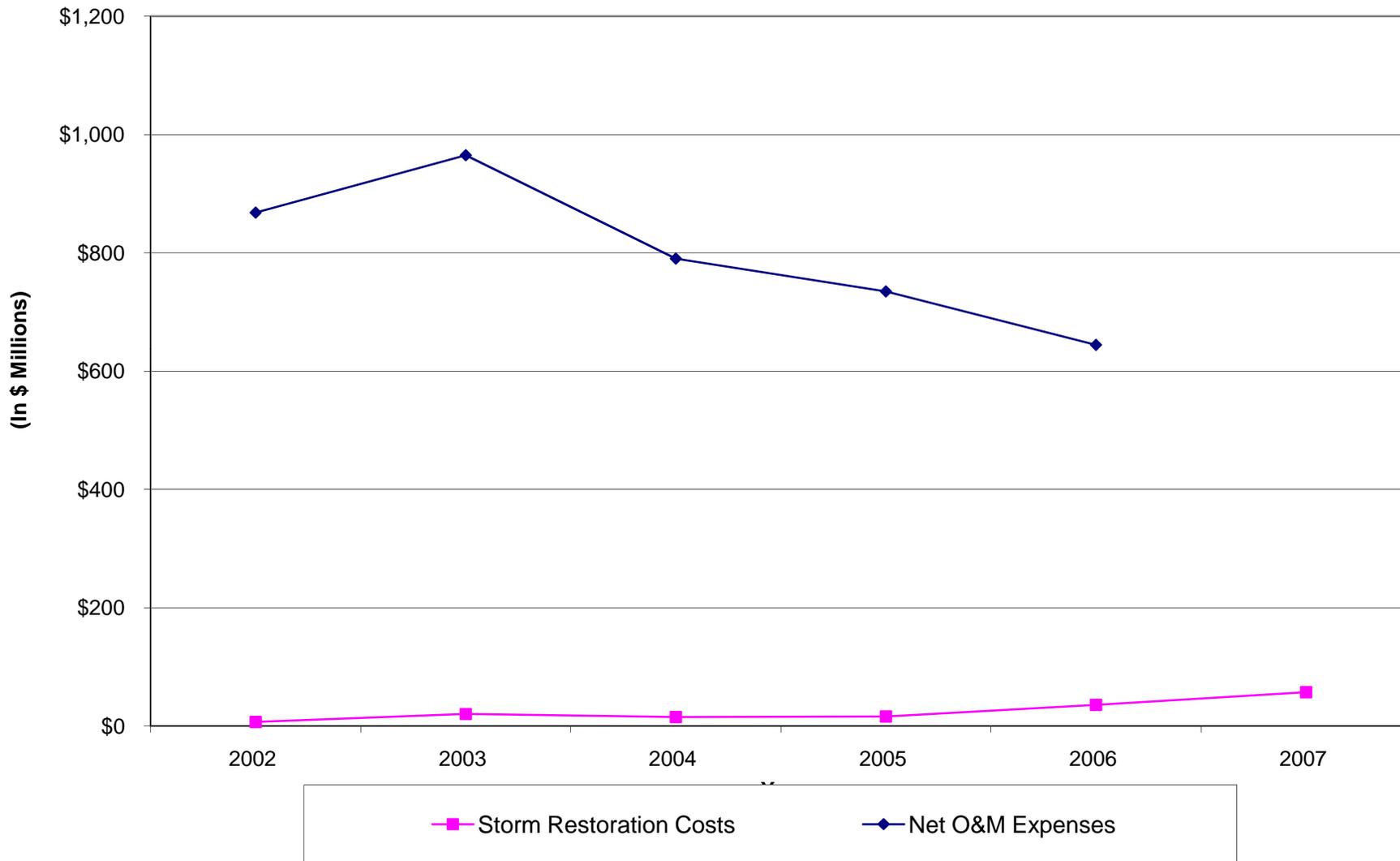
762 The data request and the rates developed in response to the data request are
763 presented as Schedule 18.03 attached to my rebuttal testimony.

764

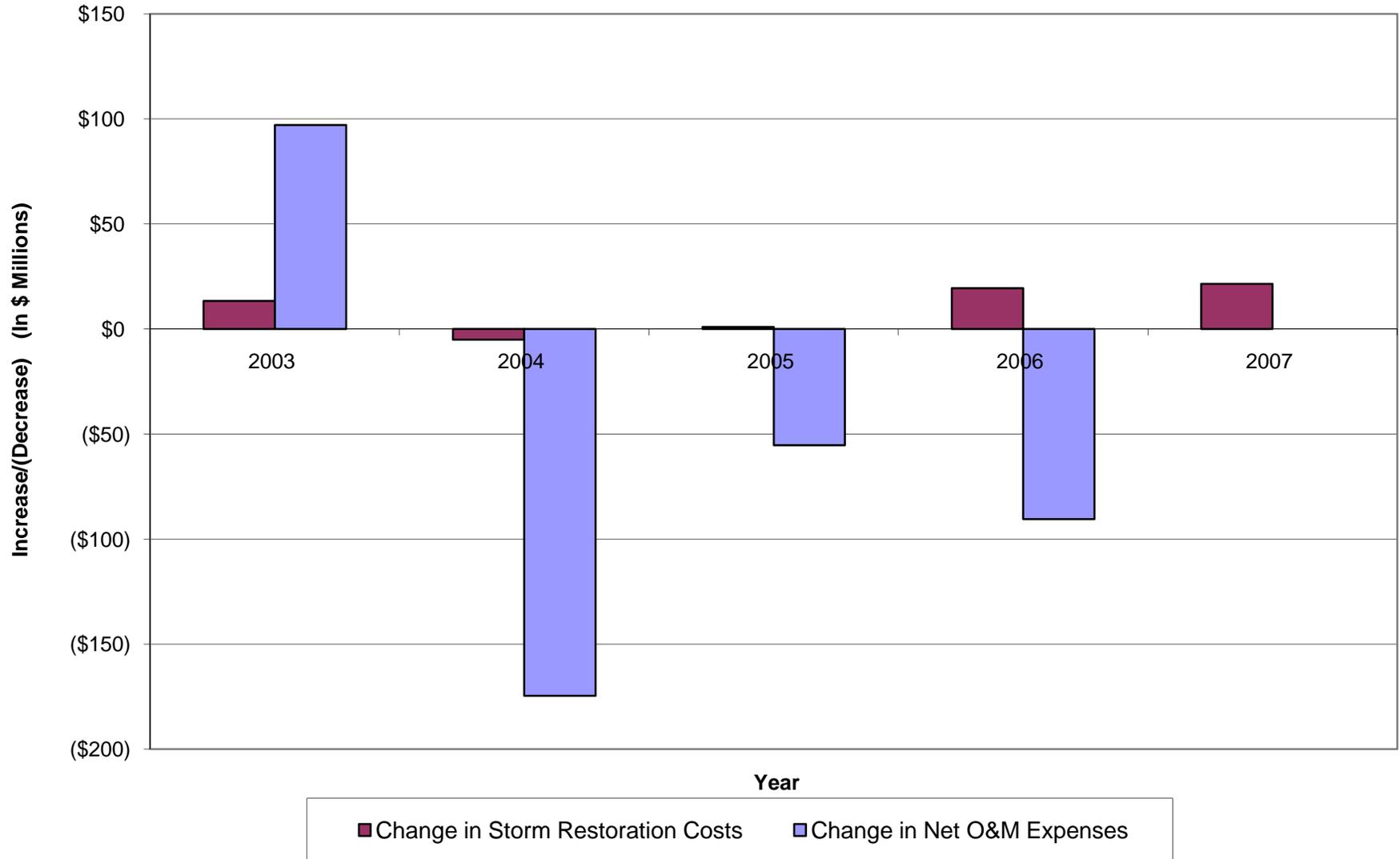
765 **Q. Does this complete your rebuttal testimony?**

766 A. Yes, it does.

Commonwealth Edison Company Storm Restoration Costs Compared to Net O&M Expenses



Commonwealth Edison Company
Change in Storm Restoration Costs Compared to Change in Net O&M Expenses



ICC Docket No. 07-0566

**Commonwealth Edison Company's Response to
Staff's (ML) Data Request 2.01 – 2.02
Dated: March 6, 2008**

REQUEST NO. ML 2.01:

Please provide updated delivery rates – Customer Charge, Standard Metering Service Charge and Distribution Facilities Charge – for all retail delivery rate classes for Scenarios a. and b. below.

The updated rates should be developed through use of the Company's cost of service study, revised to reflect the effects of Staff revenue requirement adjustments on cost of service sub-functions (ComEd Ex. 13.1, Schedule 2a, pp. 11 and 12 of 16) where possible. Staff is willing to accept updated rates that are based on simplifying assumptions where appropriate. Please identify all assumptions for the results provided.

- a. Provide the requested rates based only on Staff's proposed operating revenue requirement of \$1,799,489,000, as presented in the direct testimony of Dianna Hathhorn, ICC Staff Ex 1.0, Schedule 1.1.
- b. Provide the requested rates based on the revenue requirement in a. above and on Staff witness Luth's proposal to average the Distribution Facilities Charge ("DFC") for the Medium, Large, Extra Large, Very Large, and High Voltage customer groups (ICC Staff Exhibit 6.0, at 9:136-149, which also references Schedule 6.3)

RESPONSE:

ComEd objects to this data request as unduly burdensome and inappropriate. In particular, ComEd objects to the data request to the extent it requests that a party perform a new cost of service study, conduct analyses, and develop resulting rates, which is both outside the proper scope of a data request, and which is intended to support a position that is not ComEd's own. Finally, ComEd objects to the data request as Staff already has a working copy of ComEd's cost of service study and rate design spreadsheet, along with all other necessary inputs required to generate the information requested in data request ML 2.01. Without waiving these objections, or ComEd's Standard Objections, ComEd states:

- a. The cost of service study, ComEd Ex. 33.1, attached to Mr. Alan Heintz's rebuttal testimony, ComEd Ex. 33.0, revised to reflect the effects of Staff revenue requirement adjustments is provided in ML 2.01_Attach 1. The delivery service rates prepared based on ML 2.01_Attach 1 are provided in ML 2.01_Attach 2 (at 100% EPEC) and ML 2.01_Attach 3 (incorporating ComEd's mitigation proposal).
- b. Please see ML 2.01_Attach 4

RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

RESIDENTIAL DELIVERY CLASSES	ECOSS-BASED REVENUE					EPEC		ILLUSTRATIVE EPEC RATES				
	2006 Test Year Billing Units	Embedded Cost	Unit Cost	Embedded Revenue	Total Embedded Revenue	EPEC Revenue	Unit Charges (1)	Revenue	Total Revenue	as a % of EPEC	Annual KWh	Overall \$/kWh
	(A)	(B)	(C) = (B) / (A)	(D) = (A) * (C)	(E) = (D) by class	(F) = (E) * (RR) / (ER)	(G) = (C) * (RR) / (ER)	(H) = (A) * (G)	(J) = (H) by class	(K) = (J) / (F)	(L)	(M) = (J) / (L)
Single Family Without Electric Space Heat												
Customer Charge	26,697,419	\$201,915,488	\$7.56	\$201,832,488			\$7.33	\$195,682,081				
Standard Metering Service Charge	26,697,419	\$57,792,743	\$2.16	\$57,686,425			\$2.23	\$59,535,244				
Distribution Facilities Charge (KWh)	21,387,196,589	\$456,952,386	\$0.02137	\$457,044,391	\$716,543,304	\$716,738,710	\$0.02159	\$461,749,574	\$716,976,899	100.0%	21,387,196,589	\$0.0335
Total												
Multi Family Without Electric Space Heat												
Customer Charge	11,790,625	\$70,711,210	\$6.00	\$70,743,750			\$6.61	\$77,936,031				
Standard Metering Service Charge	11,790,625	\$27,912,624	\$2.37	\$27,943,781			\$2.23	\$26,293,094				
Distribution Facilities Charge (KWh)	4,318,599,079	\$97,954,987	\$0.02288	\$97,945,827	\$196,633,358	\$196,686,981	\$0.02159	\$93,236,554	\$197,467,679	100.4%	4,318,599,079	\$0.0457
Total												
Single Family With Electric Space Heat												
Customer Charge	421,054	\$3,211,586	\$7.63	\$3,212,642			\$7.33	\$3,086,326				
Standard Metering Service Charge	421,054	\$911,480	\$2.16	\$909,477			\$2.23	\$938,950				
Distribution Facilities Charge (KWh)	846,890,628	\$14,745,750	\$0.01741	\$14,743,844	\$18,865,983	\$18,871,108	\$0.01773	\$15,014,839	\$19,040,115	100.9%	846,890,628	\$0.0225
Total												
Multi Family With Electric Space Heat												
Customer Charge	1,851,477	\$11,086,506	\$5.99	\$11,080,347			\$6.61	\$12,238,263				
Standard Metering Service Charge	1,851,477	\$4,383,166	\$2.37	\$4,388,000			\$2.23	\$4,128,794				
Distribution Facilities Charge (KWh)	1,734,301,528	\$32,806,895	\$0.01892	\$32,812,985	\$48,291,332	\$48,304,501	\$0.01773	\$30,749,166	\$47,116,223	97.5%	1,734,301,528	\$0.0272
Total												
Residential Total	40,780,575	\$980,333,957		\$980,601,300	\$980,600,916	\$980,600,916		\$980,600,916		100.0%	28,286,957,804	\$0.0347
Annual Bills	28,286,957,804											
Annual kWhs												

Notes:
 (1) Minor rounding exists

Total Residential Revenue Requirement \$980,601,301 (RR)

RATE DESIGN FOR RATE RBS - RETAIL DELIVERY SERVICE
MODIFIED EQUAL PERFORMANCE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

	2006		Nonresidential EECOS Band Revenue				EPEC				ILLUSTRATIVE EPEC RATES			
	Test Year Billing Units (A)	Embedded Cost (B)	Unit Cost (C) = (B)/(A)	Embedded Revenue (D) = (A) * (C)	Embedded Total Revenue (E) = (D) by class	EPEC Revenue (F) = (E) / (R) / (ER)	Unit Charge (1) (G) = (C) - (R) / (ER)	Revenue (H) = (A) * (G)	Total Revenue (I) = (H) by class	as a % of EPEC (J) = (I) / (F)	Annual kWh (K)	Overall kWh (L)	Overall kWh (M) = (I) / (J)	
NONRESIDENTIAL DELIVERY CLASSES														
Watt-Hour Delivery Class	1,174,005	\$8,154,127	\$6.95	\$8,154,128	\$8,154,128	\$6.95	\$8,154,128	\$8,154,128	100.0%	536,524,870	\$0.056			
Customer Charge	1,174,005	\$2,111,971	\$1.80	\$2,111,971	\$2,111,971	\$1.80	\$2,111,971	\$2,111,971	100.0%					
Standard Meeting Service Charge	1,174,005	\$8,942,156	\$7.62	\$8,942,156	\$8,942,156	\$7.62	\$8,942,156	\$8,942,156	100.0%					
Distribution Facilities Charge (kW)	636,520,979	\$8,942,156	\$0.014	\$8,942,156	\$8,942,156	\$0.014	\$8,942,156	\$8,942,156	100.0%					
Rider ACT														
Total					\$18,146,890			\$18,146,890						
Small Load Delivery Class														
Customer Charge	2,897,088	\$20,988,113	\$7.24	\$20,988,113	\$20,988,113	\$7.24	\$20,988,113	\$20,988,113	100.0%					
Standard Meeting Service Charge	2,897,088	\$17,986,822	\$6.21	\$17,986,822	\$17,986,822	\$6.21	\$17,986,822	\$17,986,822	100.0%					
Distribution Facilities Charge (kW)	35,144	\$194,178,984	\$5,528	\$194,178,984	\$194,178,984	\$5,528	\$194,178,984	\$194,178,984	100.0%					
Rider ACT														
Total					\$202,677,888			\$202,677,888						
Medium Load Delivery Class														
Customer Charge	213,238	\$2,427,648	\$11.39	\$2,427,648	\$2,427,648	\$11.39	\$2,427,648	\$2,427,648	100.0%					
Standard Meeting Service Charge	213,238	\$2,525,292	\$11.84	\$2,525,292	\$2,525,292	\$11.84	\$2,525,292	\$2,525,292	100.0%					
Distribution Facilities Charge (kW)	30,428,879	\$149,742,897	\$4.92	\$149,742,897	\$149,742,897	\$4.92	\$149,742,897	\$149,742,897	100.0%					
Rider ACT														
Total					\$154,098,860			\$154,098,860						
Light Load Delivery Class														
Customer Charge	11,580	\$4,525,428	\$390.78	\$4,525,428	\$4,525,428	\$390.78	\$4,525,428	\$4,525,428	100.0%					
Standard Meeting Service Charge	11,580	\$2,525,292	\$217.72	\$2,525,292	\$2,525,292	\$217.72	\$2,525,292	\$2,525,292	100.0%					
Distribution Facilities Charge (kW)	23,889,892	\$125,871,748	\$5.27	\$125,871,748	\$125,871,748	\$5.27	\$125,871,748	\$125,871,748	100.0%					
Rider ACT														
Total					\$131,028,968			\$131,028,968						
Very Large Load Delivery Class														
Customer Charge	22,785	\$11,029,628	\$484.15	\$11,029,628	\$11,029,628	\$484.15	\$11,029,628	\$11,029,628	100.0%					
Standard Meeting Service Charge	22,785	\$4,488,628	\$197.00	\$4,488,628	\$4,488,628	\$197.00	\$4,488,628	\$4,488,628	100.0%					
Distribution Facilities Charge (kW)	41,314,110	\$205,833,243	\$4.98	\$205,833,243	\$205,833,243	\$4.98	\$205,833,243	\$205,833,243	100.0%					
Rider ACT														
Total					\$217,202,058			\$217,202,058						
Extra Large Load Delivery Class														
Customer Charge	639	\$402,315	\$629.59	\$402,315	\$402,315	\$629.59	\$402,315	\$402,315	100.0%					
Standard Meeting Service Charge	639	\$33,074	\$51.76	\$33,074	\$33,074	\$51.76	\$33,074	\$33,074	100.0%					
Distribution Facilities Charge (kW)	8,850,879	\$44,579,271	\$5.04	\$44,579,271	\$44,579,271	\$5.04	\$44,579,271	\$44,579,271	100.0%					
Rider ACT														
Total					\$45,078,624			\$45,078,624						
High Voltage Delivery Class: Customers Over 10 MW														
Customer Charge	310	\$141,544	\$456.60	\$141,544	\$141,544	\$456.60	\$141,544	\$141,544	100.0%					
Standard Meeting Service Charge	310	\$10,056	\$32.44	\$10,056	\$10,056	\$32.44	\$10,056	\$10,056	100.0%					
Distribution Facilities Charge (kW)	7,020,822	\$13,238,033	\$1.89	\$13,238,033	\$13,238,033	\$1.89	\$13,238,033	\$13,238,033	100.0%					
Rider ACT														
Total					\$13,421,570			\$13,421,570						
High Voltage Delivery Class: Other Customers														
Customer Charge	481	\$204,112	\$424.35	\$204,112	\$204,112	\$424.35	\$204,112	\$204,112	100.0%					
Standard Meeting Service Charge	481	\$8,918	\$18.54	\$8,918	\$8,918	\$18.54	\$8,918	\$8,918	100.0%					
Distribution Facilities Charge (kW)	665,890	\$2,979,063	\$4.47	\$2,979,063	\$2,979,063	\$4.47	\$2,979,063	\$2,979,063	100.0%					
Rider ACT														
Total					\$3,187,051			\$3,187,051						
Revised Delivery Class														
Customer Charge	24	\$103,408	\$4,308.68	\$103,408	\$103,408	\$4,308.68	\$103,408	\$103,408	100.0%					
Standard Meeting Service Charge	24	\$1,457	\$60.71	\$1,457	\$1,457	\$60.71	\$1,457	\$1,457	100.0%					
Distribution Facilities Charge (kW)	1,525,708	\$7,238,709	\$4.75	\$7,238,709	\$7,238,709	\$4.75	\$7,238,709	\$7,238,709	100.0%					
Rider ACT														
Total					\$7,443,547			\$7,443,547						
Nonresidential TOTAL														
					\$793,181,534			\$793,181,534						

Notes:
 (1) Minor rounding exists.
 (2) Distribution Facilities Charge required adjustment, as applicable, to allow for recovery of Rider ACT credit.

RATE DESIGN FOR RATE ROL - RETAIL DELIVERY SERVICE
 CALCULATION OF RATES AND REVENUE
 MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
 2006 TEST YEAR
 Lighting EOCSS-Based Revenue \$25,482,809 (ER)
 Total Lighting Revenue Requirement \$25,488,889

DELIVERY CLASSES	2006 Test Year Billing Units (A)	Allocation (%) (B) = (A) / (FC)	Embedded Cost (B) or (FC)	Unit Cost (C)	Embedded Revenue (D) = (A) * (C)	Total Embedded Revenue (E) = (D) by class	EPEC Revenue (F) = (E) / (RR) / (ER)	Unit Charges (I) (G) = (C) / (RR) / (ER)	Revenue (H) = (A) * (G)	Total Revenue (J) = (H) by class	as a % of EPEC (K) = (J) / (F)	Annual KWh (L)	Overall \$/MWh (M) = (J) / (L)
Feature-Included Lighting Delivery Class													
Private Street Lighting	242,791	8.71%	\$1,224,654	\$5.04	\$1,223,687								
MV 175 Watts	64,420	17.10%	\$3,120,961	\$5.08	\$3,120,961								
MV 250 Watts	100,052	2.91%	\$531,109	\$5.31	\$531,276								
MV 400 Watts	111,662	3.42%	\$524,190	\$5.59	\$524,191								
HPS 70 Watts	17,151	0.50%	\$81,256	\$5.32	\$81,243								
HPS 100 Watts	221,809	6.48%	\$1,184,501	\$5.34	\$1,184,480								
HPS 150 Watts	238,674	7.00%	\$1,284,883	\$5.43	\$1,285,140								
HPS 250 Watts	159,391	5.11%	\$832,635	\$5.65	\$832,437								
HPS 400 Watts	30,624	1.00%	\$182,512	\$5.86	\$182,519								
HPS 1,000 Watts	1,704	0.08%	\$14,601	\$8.57	\$14,603								
Equipment													
Bracket -> 8 feet	902,980	15.80%	\$2,883,688	\$3.19	\$2,880,538								
Bracket -> 8 feet	639,815	18.42%	\$3,361,867	\$5.28	\$3,362,383								
Luminaire Post Top (Early American/Contemporary)	58,745	0.44%	\$80,305	\$1.37	\$80,481								
Luminaire Acorn	7,839	0.15%	\$27,377	\$3.49	\$27,355								
Private Outdoor Lighting													
MV 175 Watts	129,234	4.96%	\$805,258	\$7.00	\$804,638								
MV 400 Watts	49,818	2.04%	\$372,524	\$7.63	\$372,481								
HPS Flood 100 Watts	27,774	1.25%	\$228,140	\$8.21	\$228,025								
HPS Flood 250 Watts	129,685	5.84%	\$1,065,888	\$8.22	\$1,066,011								
HPS Conventional 100 Watts	5,904	0.24%	\$43,803	\$7.42	\$43,808								
HPS Conventional 150 Watts	12,481	0.50%	\$81,256	\$7.31	\$81,236								
Total	131,147,229 kWh				\$18,247,238		\$18,252,214		\$18,247,238		100.0%	131,147,229	\$0.1391
Dusk to Dawn Lighting Delivery Class													
Customer Loss			\$478,241										
Standard Meeting Service Charge			\$46,806										
Distribution Facilities Charge - Dusk to Dawn (kWh) (C)	514,761,019		\$6,029,394	\$0.0009	\$46,328								
Total						\$6,563,203	\$6,564,993		\$6,563,203	100.0%		514,761,019	\$0.0128
General Lighting Delivery Class													
Customer Costs			\$128,246										
Standard Meeting Service Charge			\$6,729										
Distribution Facilities Charge - All Other Ltg (kWh) (C)	89,201,677		\$537,288	\$0.00076	\$65,848								
Total						\$97,248	\$97,261		\$97,248	100.0%		89,201,677	\$0.0099
Lighting TOTAL			714,109,925			\$25,482,809	\$25,488,889		\$25,482,809	100.0%		714,109,925	\$0.0357
COMPANY TOTAL			\$1,061,817,219			\$1,799,998,400		\$1,799,489,000		\$1,799,489,000		91,061,817,219	\$0.0198
COMPANY 2006 TEST YEAR REVENUE REQUIREMENT								\$0 difference					

Note:
 (1) Minor rounding exists.
 (2) For the purposes of rate design, all costs are included in the future charges for the Feature-Included Lighting Delivery Class.
 (3) For the purposes of rate design, customer costs are included in the distribution facilities charges for the Dusk to Dawn Lighting and the General Lighting Delivery Classes.

RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE												
CALCULATION OF RATES AND REVENUE												
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN												
2006 TEST YEAR												
RESIDENTIAL DELIVERY CLASSES	ECOSS-BASED REVENUE					EPEC		ILLUSTRATIVE RATES WITH MITIGATION				
	2006 Test Year Billing Units (A)	Embedded Cost (B)	Unit Cost (C) = (B) / (A)	Embedded Revenue (D) = (A) * (C)	Total Embedded Revenue (E) = (D) by class	EPEC Revenue (F) = (E) * (RR) / (ER)	Unit Charges (G) = (C) * (RR) / (ER)	Revenue (H) = (A) * (G)	Total Revenue (J) = (H) by class	as a % of EPEC (K) = (J) / (F)	Annual kWh (L)	Overall \$/kWh (M) = (J) / (L)
Single Family Without Electric Space Heat												
Customer Charge	26,697,419	\$201,915,468	\$7.56	\$201,832,488			\$7.33	\$195,692,081				
Standard Metering Service Charge	26,697,419	\$57,792,743	\$2.16	\$57,666,425			\$2.23	\$59,535,244				
Distribution Facilities Charge (KWH)	21,387,196,569	\$456,952,366	\$0.02137	\$457,044,391			\$0.02159	\$461,749,574				
Total				\$716,543,304		\$716,738,710		\$716,976,899		100.0%	21,387,196,569	\$0.0335
Multi Family Without Electric Space Heat												
Customer Charge	11,790,625	\$70,711,210	\$6.00	\$70,743,750			\$6.61	\$77,936,031				
Standard Metering Service Charge	11,790,625	\$27,912,624	\$2.37	\$27,943,781			\$2.23	\$26,293,094				
Distribution Facilities Charge (KWH)	4,318,599,079	\$97,954,587	\$0.02289	\$97,945,827			\$0.02159	\$93,238,554				
Total				\$196,633,358		\$196,686,981		\$197,467,679		100.4%	4,318,599,079	\$0.0457
Single Family With Electric Space Heat												
Customer Charge	421,054	\$3,211,586	\$7.63	\$3,212,642			\$7.33	\$3,086,326				
Standard Metering Service Charge	421,054	\$911,480	\$2.16	\$909,477			\$2.23	\$938,950				
Distribution Facilities Charge (KWH)	846,890,628	\$14,745,750	\$0.01741	\$14,743,844			\$0.01773	\$15,014,839				
Total				\$16,865,963		\$16,971,108		\$19,040,115		100.9%	846,890,628	\$0.0225
Multi Family With Electric Space Heat												
Customer Charge	1,851,477	\$11,086,506	\$5.99	\$11,080,347			\$6.61	\$12,236,263				
Standard Metering Service Charge	1,851,477	\$4,383,166	\$2.37	\$4,389,000			\$2.23	\$4,128,794				
Distribution Facilities Charge (KWH)	1,734,301,528	\$32,806,885	\$0.01892	\$32,812,985			\$0.01773	\$30,749,166				
Total				\$48,291,332		\$48,304,501		\$47,116,223		97.5%	1,734,301,528	\$0.0272
Residential Total				\$980,333,957		\$980,601,300		\$980,600,916		100.0%	28,286,957,804	\$0.0347
Annual Bills	40,760,575											
Annual kWhs	28,286,957,804											

Notes:
 (1) Minor rounding exists.

Total Residential Revenue Requirement \$980,601,301 (RR)

RATE DESIGN FOR RATES- RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MONITORING EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
 2006
 2007

NONRESIDENTIAL DELIVERY CLASSES	2006		2007		Nonresidential EECOS-Standard Revenue		Nonresidential Revenue		EEPC		102.53%		ILLUSTRATIVE RATES WITH MITIGATION	
	Year	Embedd Cost	Year	Embedd Cost	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue	Revenue
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	
			= (B) / (A)	= (D) / (C)	= (E) / (F)	= (G) / (H)	= (I) / (J)	= (K) / (L)	= (M) / (N)					
Very Large Delivery Class														
Customer Charge	2,897,003	\$20,988,113	\$7.63	\$20,078,743	\$6.66	\$17,962,073	\$6.66	\$17,962,073	\$6.66	\$17,962,073	\$6.66	\$17,962,073	\$6.66	
Standard Metering Service Charge	2,897,003	\$17,966,622	\$6.66	\$17,966,622	\$6.66	\$17,966,622	\$6.66	\$17,966,622	\$6.66	\$17,966,622	\$6.66	\$17,966,622	\$6.66	
Distribution Facilities Charge (VW)	38,963,898	\$194,079,894	\$4.98	\$194,079,894	\$4.98	\$194,079,894	\$4.98	\$194,079,894	\$4.98	\$194,079,894	\$4.98	\$194,079,894	\$4.98	
Rider ACT	50,144	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total														
Medium Load Delivery Class														
Customer Charge	113,329	\$2,027,646	\$17.88	\$2,027,646	\$17.88	\$2,027,646	\$17.88	\$2,027,646	\$17.88	\$2,027,646	\$17.88	\$2,027,646	\$17.88	
Standard Metering Service Charge	213,233	\$2,026,986	\$9.51	\$2,026,986	\$9.51	\$2,026,986	\$9.51	\$2,026,986	\$9.51	\$2,026,986	\$9.51	\$2,026,986	\$9.51	
Distribution Facilities Charge (VW)	30,480,673	\$49,742,897	\$1.63	\$49,742,897	\$1.63	\$49,742,897	\$1.63	\$49,742,897	\$1.63	\$49,742,897	\$1.63	\$49,742,897	\$1.63	
Rider ACT	80,993	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total														
Large Load Delivery Class														
Customer Charge	51,660	\$4,535,420	\$87.83	\$4,535,420	\$87.83	\$4,535,420	\$87.83	\$4,535,420	\$87.83	\$4,535,420	\$87.83	\$4,535,420	\$87.83	
Standard Metering Service Charge	51,660	\$795,328	\$15.42	\$795,328	\$15.42	\$795,328	\$15.42	\$795,328	\$15.42	\$795,328	\$15.42	\$795,328	\$15.42	
Distribution Facilities Charge (VW)	23,898,892	\$725,871,746	\$30.38	\$725,871,746	\$30.38	\$725,871,746	\$30.38	\$725,871,746	\$30.38	\$725,871,746	\$30.38	\$725,871,746	\$30.38	
Rider ACT	100,910	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total														
Very Large Load Delivery Class														
Customer Charge	22,759	\$11,008,898	\$483.72	\$11,008,898	\$483.72	\$11,008,898	\$483.72	\$11,008,898	\$483.72	\$11,008,898	\$483.72	\$11,008,898	\$483.72	
Standard Metering Service Charge	41,314,110	\$205,333,243	\$49.68	\$205,333,243	\$49.68	\$205,333,243	\$49.68	\$205,333,243	\$49.68	\$205,333,243	\$49.68	\$205,333,243	\$49.68	
Distribution Facilities Charge (VW)	2,092,357	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rider ACT														
Total														
Extra Large Load Delivery Class														
Customer Charge	639	\$462,795	\$725.04	\$462,795	\$725.04	\$462,795	\$725.04	\$462,795	\$725.04	\$462,795	\$725.04	\$462,795	\$725.04	
Standard Metering Service Charge	639	\$30,074	\$47.06	\$30,074	\$47.06	\$30,074	\$47.06	\$30,074	\$47.06	\$30,074	\$47.06	\$30,074	\$47.06	
Distribution Facilities Charge (VW)	8,650,679	\$44,079,721	\$5.09	\$44,079,721	\$5.09	\$44,079,721	\$5.09	\$44,079,721	\$5.09	\$44,079,721	\$5.09	\$44,079,721	\$5.09	
Rider ACT	505,632	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total														
High Voltage Delivery Class- Customers Over 10 MW														
Customer Charge	318	\$14,844	\$46.68	\$14,844	\$46.68	\$14,844	\$46.68	\$14,844	\$46.68	\$14,844	\$46.68	\$14,844	\$46.68	
Standard Metering Service Charge	7,202,332	\$13,238,003	\$1.84	\$13,238,003	\$1.84	\$13,238,003	\$1.84	\$13,238,003	\$1.84	\$13,238,003	\$1.84	\$13,238,003	\$1.84	
Distribution Facilities Charge (VW)	1,242,431	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Rider ACT														
Total														
High Voltage Delivery Class- Other Customers														
Customer Charge	491	\$204,152	\$415.79	\$204,152	\$415.79	\$204,152	\$415.79	\$204,152	\$415.79	\$204,152	\$415.79	\$204,152	\$415.79	
Standard Metering Service Charge	491	\$9,918	\$20.42	\$9,918	\$20.42	\$9,918	\$20.42	\$9,918	\$20.42	\$9,918	\$20.42	\$9,918	\$20.42	
Distribution Facilities Charge (VW)	669,590	\$2,976,600	\$4.45	\$2,976,600	\$4.45	\$2,976,600	\$4.45	\$2,976,600	\$4.45	\$2,976,600	\$4.45	\$2,976,600	\$4.45	
Rider ACT	158,226	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total														
Retail Delivery Class														
Customer Charge	24	\$302,406	\$12,600.24	\$302,406	\$12,600.24	\$302,406	\$12,600.24	\$302,406	\$12,600.24	\$302,406	\$12,600.24	\$302,406	\$12,600.24	
Standard Metering Service Charge	24	\$9,918	\$413.25	\$9,918	\$413.25	\$9,918	\$413.25	\$9,918	\$413.25	\$9,918	\$413.25	\$9,918	\$413.25	
Distribution Facilities Charge (VW)	1,535,708	\$7,238,578	\$4,714.63	\$7,238,578	\$4,714.63	\$7,238,578	\$4,714.63	\$7,238,578	\$4,714.63	\$7,238,578	\$4,714.63	\$7,238,578	\$4,714.63	
Rider ACT														
Total														
Nonresidential TOTAL														

Notes:
 (1) Meter rounding exists.
 (2) Distribution Facilities Charge required adjustment to allow for mitigation proposal.

RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

RESIDENTIAL DELIVERY CLASSES	ECOSSE-BASED REVENUE					EPEC					ILLUSTRATIVE LUMH PROPOSAL RATES				
	2006 Test Year Billing Units (A)	Embedded Cost (B)	Unit Cost (C) = (B)/(A)	Embedded Revenue (D) = (A) * (C)	Total Embedded Revenue (E) = (D) by class	EPEC Revenue (F) = (E) * (RR) / (ER)	Unit Charges (I) (G) = (C) * (RR) / (ER)	Revenue (H) = (A) * (G)	Total Revenue (J) = (H) by class	as a % of EPEC (K) = (J) / (F)	Annual kWh (L)	Overall \$/kWh (M) = (J) / (L)			
Single Family Without Electric Space Heat															
Customer Charge	26,697,419	\$201,915,488	\$7.56	\$201,832,488		\$7.33	\$185,692,081								
Standard Meeting Service Charge	26,697,419	\$87,720,743	\$3.26	\$87,686,425		\$2.23	\$59,555,244								
Distribution Facilities Charge (kWh)	21,397,198,599	\$459,352,388	\$0.02157	\$457,044,591	\$716,543,304	\$0.02159	\$461,748,574	\$716,576,899	100.0%	21,397,198,599	\$0.0235				
Total															
Multi-Family Without Electric Space Heat															
Customer Charge	11,780,625	\$70,712,10	\$6.00	\$70,743,750		\$6.61	\$77,836,031								
Standard Meeting Service Charge	11,780,625	\$21,912,624	\$2.37	\$21,943,181		\$2.23	\$26,238,094								
Distribution Facilities Charge (kWh)	4,318,599,079	\$97,954,997	\$0.02288	\$97,945,627	\$186,633,398	\$0.02159	\$93,238,594	\$187,467,679	100.4%	4,318,599,079	\$0.0457				
Total															
Single Family With Electric Space Heat															
Customer Charge	421,054	\$3,211,586	\$7.63	\$3,212,642		\$7.33	\$3,086,326								
Standard Meeting Service Charge	421,054	\$911,490	\$2.16	\$909,477		\$2.23	\$939,990								
Distribution Facilities Charge (kWh)	846,890,628	\$14,745,750	\$0.01741	\$14,743,844	\$18,865,983	\$0.01773	\$15,014,639	\$19,040,115	100.9%	846,890,628	\$0.0225				
Total															
Multi-Family With Electric Space Heat															
Customer Charge	1,651,477	\$11,086,506	\$6.69	\$11,080,347		\$6.61	\$12,236,263								
Standard Meeting Service Charge	1,651,477	\$4,383,168	\$2.65	\$4,388,000		\$2.23	\$4,128,794								
Distribution Facilities Charge (kWh)	1,734,301,528	\$32,806,856	\$0.01892	\$32,812,965	\$48,291,332	\$0.01773	\$30,748,166	\$47,116,223	97.9%	1,734,301,528	\$0.0272				
Total															
Residential Total	40,760,575	\$980,333,957		\$980,333,957	\$980,333,957		\$980,600,916	\$980,600,916	100.0%	28,296,957,804	\$0.0347				
Annual Bills	28,296,957,804														
Annual kWhs															

Notes:
 (1) Minor rounding exists

Residential ECOSSE-Based Revenue \$980,333,957 (FR)

EPEC

Total Residential Revenue Requirement \$980,601,301 (FR)

ILLUSTRATIVE LUMH PROPOSAL RATES

RATE DESIGN FOR WATER, RETAIL DELIVERY SERVICE		NONRESIDENTIAL DELIVERY CLASSES		ECCS-BLANKED REVENUE		EPPIC		ILLUSTRATIVE LUMI PROPOSAL RATES			
CALCULATION OF WATER AND REVENUE		ECCS-BLANKED REVENUE		EPPIC		ILLUSTRATIVE LUMI PROPOSAL RATES		Total Nonresidential Revenue Requirement			
2009 10/01 YEAR		2009 10/01 YEAR		2009 10/01 YEAR		2009 10/01 YEAR		2009 10/01 YEAR			
Category	2009 Total Year Billing Units (A)	Embedded Cost (B)	LUM Cost (C)	Embedded Revenue (D)	Total Embedded Revenue (E)	EPPIC Revenue (F)	LUM Change (I) (G)	Total Revenue (H)	as a % of EPPIC (J)	Annual MWh (K)	Overall MWh (L)
		= (B) / (A)	= (C) / (A)	= (D) / (A)	= (E) / (A)	= (F) / (A)	= (G) / (A)	= (H) / (A)	= (J) / (I)		
Very Large Delivery Class											
Customer Change	310	\$414,004	\$457,898	\$14,843	\$14,843	\$208,898	\$208,898	\$189,513	100.0%	4,324,100,604	\$0,000
Standard Metering Service Charge	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Standard Metering Service Charge	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Distribution Facilities Charge (MWh)	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Road ACT	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Total	1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	100.0%	4,324,100,604	\$0,000
High Voltage Delivery Class - Customers Over 12.5 MW											
Customer Change	310	\$414,004	\$457,898	\$14,843	\$14,843	\$208,898	\$208,898	\$189,513	100.0%	4,324,100,604	\$0,000
Standard Metering Service Charge	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Standard Metering Service Charge	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Distribution Facilities Charge (MWh)	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Road ACT	411	\$204,142	\$49,713	\$204,142	\$204,142	\$204,142	\$204,142	\$204,142	100.0%	4,324,100,604	\$0,000
Total	1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	\$1,242,421	100.0%	4,324,100,604	\$0,000
Extra Large Load Delivery Class											
Customer Change	639	\$482,726	\$771,113	\$482,726	\$482,726	\$687,344	\$687,344	\$520,486	100.0%	19,646,844,627	\$0,013
Standard Metering Service Charge	639	\$482,726	\$771,113	\$482,726	\$482,726	\$687,344	\$687,344	\$520,486	100.0%	19,646,844,627	\$0,013
Standard Metering Service Charge	639	\$482,726	\$771,113	\$482,726	\$482,726	\$687,344	\$687,344	\$520,486	100.0%	19,646,844,627	\$0,013
Distribution Facilities Charge (MWh)	639	\$482,726	\$771,113	\$482,726	\$482,726	\$687,344	\$687,344	\$520,486	100.0%	19,646,844,627	\$0,013
Road ACT	639	\$482,726	\$771,113	\$482,726	\$482,726	\$687,344	\$687,344	\$520,486	100.0%	19,646,844,627	\$0,013
Total	2,082,287	\$2,082,287	\$2,082,287	\$2,082,287	\$2,082,287	\$2,082,287	\$2,082,287	\$2,082,287	100.0%	19,646,844,627	\$0,013
Very Large Load Delivery Class											
Customer Change	22,759	\$1,009,983	\$440,775	\$11,009,666	\$11,009,666	\$480,888	\$480,888	\$11,012,625	100.0%	10,248,070,683	\$0,0123
Standard Metering Service Charge	22,759	\$1,009,983	\$440,775	\$11,009,666	\$11,009,666	\$480,888	\$480,888	\$11,012,625	100.0%	10,248,070,683	\$0,0123
Standard Metering Service Charge	22,759	\$1,009,983	\$440,775	\$11,009,666	\$11,009,666	\$480,888	\$480,888	\$11,012,625	100.0%	10,248,070,683	\$0,0123
Distribution Facilities Charge (MWh)	22,759	\$1,009,983	\$440,775	\$11,009,666	\$11,009,666	\$480,888	\$480,888	\$11,012,625	100.0%	10,248,070,683	\$0,0123
Road ACT	22,759	\$1,009,983	\$440,775	\$11,009,666	\$11,009,666	\$480,888	\$480,888	\$11,012,625	100.0%	10,248,070,683	\$0,0123
Total	108,613	\$1,086,613	\$465,550	\$11,020,691	\$11,020,691	\$480,888	\$480,888	\$11,020,691	100.0%	10,248,070,683	\$0,0123
Large Load Delivery Class											
Customer Change	51,980	\$4,536,420	\$97,833	\$4,536,420	\$4,536,420	\$92,811	\$92,811	\$4,782,288	100.0%	10,248,070,683	\$0,0145
Standard Metering Service Charge	51,980	\$4,536,420	\$97,833	\$4,536,420	\$4,536,420	\$92,811	\$92,811	\$4,782,288	100.0%	10,248,070,683	\$0,0145
Standard Metering Service Charge	51,980	\$4,536,420	\$97,833	\$4,536,420	\$4,536,420	\$92,811	\$92,811	\$4,782,288	100.0%	10,248,070,683	\$0,0145
Distribution Facilities Charge (MWh)	51,980	\$4,536,420	\$97,833	\$4,536,420	\$4,536,420	\$92,811	\$92,811	\$4,782,288	100.0%	10,248,070,683	\$0,0145
Road ACT	51,980	\$4,536,420	\$97,833	\$4,536,420	\$4,536,420	\$92,811	\$92,811	\$4,782,288	100.0%	10,248,070,683	\$0,0145
Total	168,613	\$1,686,613	\$395,666	\$15,026,091	\$15,026,091	\$385,622	\$385,622	\$15,026,091	100.0%	10,248,070,683	\$0,0145
Medium Load Delivery Class											
Customer Change	213,239	\$2,277,646	\$11,136	\$2,266,510	\$2,266,510	\$11,136	\$11,136	\$2,266,510	100.0%	11,448,310,300	\$0,0178
Standard Metering Service Charge	213,239	\$2,277,646	\$11,136	\$2,266,510	\$2,266,510	\$11,136	\$11,136	\$2,266,510	100.0%	11,448,310,300	\$0,0178
Standard Metering Service Charge	213,239	\$2,277,646	\$11,136	\$2,266,510	\$2,266,510	\$11,136	\$11,136	\$2,266,510	100.0%	11,448,310,300	\$0,0178
Distribution Facilities Charge (MWh)	213,239	\$2,277,646	\$11,136	\$2,266,510	\$2,266,510	\$11,136	\$11,136	\$2,266,510	100.0%	11,448,310,300	\$0,0178
Road ACT	213,239	\$2,277,646	\$11,136	\$2,266,510	\$2,266,510	\$11,136	\$11,136	\$2,266,510	100.0%	11,448,310,300	\$0,0178
Total	849,613	\$8,496,613	\$342,969	\$8,153,641	\$8,153,641	\$342,969	\$342,969	\$8,153,641	100.0%	11,448,310,300	\$0,0178
Small Load Delivery Class											
Customer Change	2,897,063	\$20,998,113	\$7,633	\$20,990,480	\$20,990,480	\$7,633	\$7,633	\$20,990,480	100.0%	11,448,310,300	\$0,0178
Standard Metering Service Charge	2,897,063	\$20,998,113	\$7,633	\$20,990,480	\$20,990,480	\$7,633	\$7,633	\$20,990,480	100.0%	11,448,310,300	\$0,0178
Standard Metering Service Charge	2,897,063	\$20,998,113	\$7,633	\$20,990,480	\$20,990,480	\$7,633	\$7,633	\$20,990,480	100.0%	11,448,310,300	\$0,0178
Distribution Facilities Charge (MWh)	2,897,063	\$20,998,113	\$7,633	\$20,990,480	\$20,990,480	\$7,633	\$7,633	\$20,990,480	100.0%	11,448,310,300	\$0,0178
Road ACT	2,897,063	\$20,998,113	\$7,633	\$20,990,480	\$20,990,480	\$7,633	\$7,633	\$20,990,480	100.0%	11,448,310,300	\$0,0178
Total	34,194	\$184,170,084	\$4,211	\$184,026,872	\$184,026,872	\$4,211	\$4,211	\$184,026,872	100.0%	11,448,310,300	\$0,0178
Non-Utility Delivery Class											
Customer Change	1,174,063	\$81,944,127	\$8,936	\$81,935,191	\$81,935,191	\$8,936	\$8,936	\$81,935,191	100.0%	528,524,870	\$0,0055
Standard Metering Service Charge	1,174,063	\$81,944,127	\$8,936	\$81,935,191	\$81,935,191	\$8,936	\$8,936	\$81,935,191	100.0%	528,524,870	\$0,0055
Standard Metering Service Charge	1,174,063	\$81,944,127	\$8,936	\$81,935,191	\$81,935,191	\$8,936	\$8,936	\$81,935,191	100.0%	528,524,870	\$0,0055
Distribution Facilities Charge (MWh)	1,174,063	\$81,944,127	\$8,936	\$81,935,191	\$81,935,191	\$8,936	\$8,936	\$81,935,191	100.0%	528,524,870	\$0,0055
Road ACT	1,174,063	\$81,944,127	\$8,936	\$81,935,191	\$81,935,191	\$8,936	\$8,936	\$81,935,191	100.0%	528,524,870	\$0,0055
Total	528,524,870	\$528,524,870	\$207,024	\$528,317,846	\$528,317,846	\$207,024	\$207,024	\$528,317,846	100.0%	528,524,870	\$0,0055

(1) Water handling costs.
 (2) Distribution Facilities Charge required equipment, as applicable, to allow for recovery of Road ACT credit.

ICC Docket No. 07-0566

**Commonwealth Edison Company's Response to
Staff's (ML) Data Request 2.01 – 2.02
Dated: March 6, 2008**

REQUEST NO. ML 2.02:

Please provide updated delivery rates – Customer Charge, Standard Metering Service Charge and Distribution Facilities Charge – for all retail delivery rate classes. The updated rates should be developed through the use of the Company's rate design spreadsheet. Revisions to the Company's cost of service study are not required.

- a. Provide the requested rates based only on Staff's proposed operating revenue requirement of \$1,799,489,000, as presented in the direct testimony of Dianna Hathorn, ICC Staff Ex 1.0, Schedule 1.1.
- b. Provide the requested rates based on the operating revenue requirement in a. above and on Staff witness Luth's proposal to average the Distribution Facilities Charge ("DFC") for the Medium, Large, Extra Large, Very Large, and High Voltage customer groups (ICC Staff Exhibit 6.0, at 9:136-149, which also references Schedule 6.3)

RESPONSE:

ComEd objects to this data request as unduly burdensome and inappropriate. In particular, ComEd objects to the data request to the extent it requests that a party perform analyses and develop resulting rates, which is both outside the proper scope of a data request, and which is intended to support a position that is not ComEd's own. Finally, ComEd objects to the data request as Staff already has a working copy of ComEd's cost of service study and rate design spreadsheet, along with all other necessary inputs required to generate the information requested in data request ML 2.02. Without waiving these objections, or ComEd's Standard Objections, ComEd states:

ComEd's cost of service study used to prepare the response to this data request is ComEd Ex. 33.1, attached to Mr. Alan Heintz's rebuttal testimony, ComEd Ex. 33.0.

- a. Please see ML 2.02_Attach 1 (at 100% EPEC) and ML 2.02_Attach 2 (incorporating ComEd's mitigation proposal)
- b. Please see ML 2.02_Attach 3

RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

Lighting ECOSSE-based Revenue \$29,857,144 (ER)

EPEC

ILLUSTRATIVE EPEC RATES

Total Lighting Revenue Requirement \$26,301,824

Docket No. 07-0566
Staff Page 18.0
Schedule of 18.03
Page 18.03

DELIVERY CLASSES	2006 Test Year Billing Units (A)	Allocation (%) (B)	Embedded Cost (B) or (B) * (F) (C)	Unit Cost (C) / (A) (D)	Embedded Revenue (D) * (C) (E)	Total Embedded Revenue (E) by class (E)	EPEC Revenue (F) = (E) * (RR) / (ER)	Unit Charges (I) (G) = (C) * (RR) / (ER)	Revenue (H) = (A) * (G)	Total Revenue (J) = (H) by class (J)	as a % of EPEC (K) = (J) / (F)	Annual kWh (L)	Overall \$/kWh (M) = (J) / (L)
Public Street Lighting			\$21,514,236 (FC)										
MV/100 Watts	242,791	6.71%	\$1,443,805	\$5.95	\$1,444,806			\$5.24	\$1,272,225				
MV/175 Watts	614,320	17.10%	\$3,678,934	\$5.99	\$3,679,777			\$5.28	\$3,243,610				
MV/250 Watts	100,052	2.91%	\$626,064	\$6.26	\$626,326			\$5.51	\$551,287				
MV/400 Watts	111,682	3.42%	\$735,787	\$6.59	\$735,853			\$5.81	\$648,756				
HPS 70 Watts	17,151	0.50%	\$107,571	\$6.27	\$107,537			\$5.52	\$94,674				
HPS 100 Watts	221,809	6.49%	\$1,396,274	\$6.29	\$1,395,779			\$5.54	\$1,228,822				
HPS 150 Watts	236,674	7.04%	\$1,514,802	\$6.40	\$1,514,714			\$5.64	\$1,334,841				
HPS 250 Watts	159,391	5.11%	\$1,089,377	\$6.80	\$1,089,798			\$6.08	\$989,097				
HPS 400 Watts	30,824	1.00%	\$215,142	\$7.03	\$215,287			\$6.19	\$189,583				
HPS 1,000 Watts	1,704	0.08%	\$17,211	\$10.10	\$17,210			\$8.90	\$15,186				
Equipment	902,890	15.80%	\$3,389,249	\$3.76	\$3,395,242			\$3.31	\$2,988,897				
Bracket <= 8 feet	636,815	18.42%	\$3,962,922	\$6.22	\$3,960,989			\$5.48	\$3,489,746				
Bracket > 8 feet	58,745	0.44%	\$84,683	\$1.61	\$84,579			\$1.42	\$83,418				
Luminaire Post Top (Early American/Contemporary)	7,838	0.15%	\$32,271	\$4.12	\$32,293			\$3.63	\$28,452				
Luminaire Acom													
Private Outdoor Lighting													
MV/175 Watts	129,234	4.96%	\$1,087,106	\$8.26	\$1,087,473			\$7.28	\$940,824				
MV/400 Watts	48,818	2.04%	\$438,890	\$8.99	\$438,874			\$7.92	\$386,639				
HPS Flood 100 Watts	27,774	1.25%	\$288,928	\$9.68	\$288,852			\$8.53	\$236,912				
HPS Flood 250 Watts	129,985	5.84%	\$1,256,431	\$9.69	\$1,256,648			\$8.54	\$1,107,510				
HPS Conventional 100 Watts	5,904	0.24%	\$51,634	\$8.75	\$51,660			\$7.71	\$45,520				
HPS Conventional 150 Watts	12,481	0.50%	\$107,571	\$8.62	\$107,586			\$7.59	\$94,731				
Total	131,147,229 kWh				\$21,510,483		\$18,949,064		\$18,950,890		100.0%	131,147,229	\$0.1445
Dusk to Dawn Lighting Delivery Class													
Customer Costs			\$538,506										
Standard Meeting Service Charge	514,761,019		\$48,891	\$0.0009	\$46,328			\$0.0008	\$41,181				
Distribution Facilities Charge - Dusk to Dawn (kWh) (3)	514,761,019		\$7,012,785	\$0.01465	\$7,541,249			\$0.01291	\$6,645,565				
Total					\$7,587,577		\$6,684,066		\$6,686,746		100.0%	514,761,019	\$0.0130
General Lighting Delivery Class													
Customer Costs			\$136,761										
Standard Meeting Service Charge	68,201,677		\$7,031	\$0.00010	\$6,820			\$0.00009	\$6,138				
Distribution Facilities Charge - All Other Lig (kWh) (3)	68,201,677		\$615,628	\$0.01103	\$752,284			\$0.00971	\$682,238				
Total					\$759,084		\$668,694		\$668,376		100.0%	68,201,677	\$0.0098
Lighting TOTAL	714,109,925				\$29,857,144		\$26,301,824		\$26,305,812		100.0%	714,109,925	\$0.0368
COMPANY TOTAL	91,061,817,219				\$2,042,732,905		\$1,799,489,000		\$1,799,489,000			91,061,817,219	\$0.0198
COMPANY 2006 TEST YEAR REVENUE REQUIREMENT									\$0 difference				OK

Note:
(1) Minor rounding exists.
(2) For the purposes of rate design, all costs are included in the fixture charges for the Fixture-Included Lighting Delivery Class.
(3) For the purposes of rate design, customer costs are included in the distribution facilities charges for the Dusk to Dawn Lighting and the General Lighting Delivery Classes.

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RESIDENTIAL DELIVERY SERVICE
RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE
ZONAL SPLITTING OF RATES AND REVENUE
EMBEDDED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN

2006
Test Year
Billing Units
(A)

Embedded Cost
(B)
Unit Cost
(C)
Embedded Revenue
(D)
Total Embedded Revenue
(E)

EPEC Revenue
(F)
Unit Charges (1)
(G)
Revenue
(H)
Total Revenue
(J)
as a % of EPEC
(K)
Annual kWh
(L)
Overall \$/kWh
(M)

Residential EOCSS-Based Revenue \$1,104,305.755 (ER)
Total Residential Revenue Requirement \$972,807.582 (RR)

RESIDENTIAL DELIVERY CLASSES	EOCSS-BASED REVENUE					EPEC					ILLUSTRATIVE RATES WITH MITIGATION				
	Test Year Billing Units	Embedded Cost	Unit Cost	Embedded Revenue	Total Embedded Revenue	EPEC Revenue	Unit Charges (1)	Revenue	Total Revenue	as a % of EPEC	Annual kWh	Overall \$/kWh			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(J)	(K)	(L)	(M)			
Single Family Without Electric Space Heat	26,697,419	\$219,759,813	\$8.23	\$219,719,758	\$810,886,144	\$714,327,699	\$7.03	\$187,682,856	\$714,641,865	100.0%	21,387,196,569	\$0.0334			
Customer Charge	26,697,419	\$60,331,019	\$2.26	\$60,336,167			\$2.05	\$54,729,709							
Standard Metering Service Charge	21,387,196,569	\$530,836,218	\$0.02482	\$530,830,219			\$0.02208	\$472,229,300							
Distribution Facilities Charge (kWh)					\$810,886,144	\$714,327,699			\$714,641,865	100.0%	21,387,196,569	\$0.0334			
Total															
Multi Family Without Electric Space Heat	11,790,625	\$74,590,559	\$6.33	\$74,634,656	\$217,454,562	\$191,560,576	\$6.17	\$72,748,156	\$192,273,605	100.4%	4,318,599,079	\$0.0445			
Customer Charge	11,790,625	\$29,203,942	\$2.48	\$29,240,750			\$2.05	\$24,170,781							
Standard Metering Service Charge	4,318,599,079	\$113,589,501	\$0.02630	\$113,579,156			\$0.02208	\$95,354,668							
Distribution Facilities Charge (kWh)					\$217,454,562	\$191,560,576			\$192,273,605	100.4%	4,318,599,079	\$0.0445			
Total															
Single Family With Electric Space Heat	421,054	\$3,493,620	\$8.30	\$3,494,748	\$21,586,789	\$19,016,284	\$7.03	\$2,960,010	\$19,193,691	100.9%	846,860,628	\$0.0227			
Customer Charge	421,054	\$951,522	\$2.26	\$951,582			\$2.05	\$863,161							
Standard Metering Service Charge	1,851,477	\$4,585,941	\$2.48	\$4,591,663			\$2.05	\$3,795,528							
Distribution Facilities Charge (kWh)	1,734,301,528	\$38,085,772	\$0.02196	\$38,085,262	\$54,378,260	\$47,903,023	\$0.01815	\$31,477,573	\$46,696,714	97.5%	1,734,301,528	\$0.0269			
Total					\$54,378,260	\$47,903,023			\$46,696,714	97.5%	1,734,301,528	\$0.0269			
Residential Total	40,760,575	\$11,692,962	\$6.32	\$11,701,335	\$1,104,305,755	\$972,807,582	\$6.17	\$11,423,613	\$972,805,875	100.0%	28,286,957,804	\$0.0344			
Annual Bills	40,760,575	\$4,585,941	\$2.48	\$4,591,663			\$2.05	\$3,795,528							
Annual kWhs	28,286,957,804	\$38,085,772	\$0.02196	\$38,085,262			\$0.01815	\$31,477,573							

Notes:
(1) Minor rounding exists.

RATE DESIGN FOR RATE RDS - RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

Lighting EOCSS-Based Revenue \$29,857,144 (ER)

EPEC

Total Lighting Revenue Requirement \$26,301,824

EOCSS-BASED REVENUE ILLUSTRATIVE RATES WITH MITIGATION

FIXTURE CLASSES	2006 Test Year Billing Units	Allocation (%)	Embedded Cost (B) or (F)(C)	Unit Cost (C) / (A)	Embedded Revenue (D) / (C)	Total Embedded Revenue (E) = (D) by class	EPEC Revenue (F)	Unit Changes (I) (G) / (R) / (ER)	Revenue (H) / (G)	Total Revenue (J) = (H) by class	as a % of EPEC (K) / (F)	Annual kWh (L)	Overall \$/kWh (M) = (J) / (L)
Fixtures													
Fixture-Included Lighting Delivery Class			\$21,514,236 (FC)										
Public Street Lighting													
MV/100 Watts	242,791	6.71%	\$1,443,605	\$5.95	\$1,444,606			\$5.24	\$1,272,225				
MV/175 Watts	614,320	17.10%	\$3,678,834	\$5.99	\$3,679,777			\$5.28	\$3,243,610				
MV/250 Watts	100,052	2.91%	\$626,064	\$6.26	\$626,326			\$5.51	\$551,287				
MV/400 Watts	111,662	3.42%	\$735,787	\$6.59	\$735,953			\$5.81	\$548,756				
HPS 70 Watts	17,151	0.50%	\$107,571	\$6.27	\$107,537			\$5.52	\$94,674				
HPS 100 Watts	221,609	6.49%	\$1,386,274	\$6.29	\$1,386,179			\$5.54	\$1,228,822				
HPS 150 Watts	236,674	7.04%	\$1,514,802	\$6.40	\$1,514,714			\$5.64	\$1,334,841				
HPS 250 Watts	159,391	5.11%	\$1,089,377	\$6.80	\$1,089,798			\$6.08	\$969,087				
HPS 400 Watts	30,624	1.00%	\$215,142	\$7.03	\$215,287			\$6.19	\$189,583				
HPS 1000 Watts	1,704	0.08%	\$17,211	\$10.10	\$17,210			\$8.90	\$15,166				
Equipment													
Bracket <= 8 feet	902,990	15.80%	\$3,389,249	\$3.76	\$3,385,242			\$3.31	\$2,988,887				
Bracket > 8 feet	636,815	18.42%	\$3,982,822	\$6.22	\$3,980,989			\$5.48	\$3,489,746				
Luminaire Pod Top (Early American/Contemporary)	58,745	0.44%	\$94,663	\$1.61	\$94,579			\$1.42	\$83,418				
Luminaire Acorn	7,939	0.15%	\$32,271	\$4.12	\$32,293			\$3.83	\$28,452				
Private Outdoor Lighting													
MV/775 Watts	129,234	4.98%	\$1,087,106	\$8.28	\$1,087,473			\$7.28	\$840,924				
MV/400 Watts	48,818	2.04%	\$438,890	\$8.99	\$438,874			\$7.92	\$386,639				
HPS Flood 100 Watts	27,774	1.25%	\$288,828	\$9.68	\$288,952			\$8.53	\$236,912				
HPS Flood 250 Watts	129,686	5.84%	\$1,256,431	\$9.69	\$1,256,548			\$8.54	\$1,107,510				
HPS Conventional 100 Watts	5,904	0.24%	\$51,634	\$8.75	\$51,660			\$7.71	\$45,520				
HPS Conventional 150 Watts	12,481	0.50%	\$107,571	\$8.62	\$107,586			\$7.59	\$94,731				
Total	131,147,229 kWh				\$21,510,483		\$18,949,064		\$18,950,890		100.0%	131,147,229	\$0.1445
Customer Costs													
Dusk to Dawn Lighting Delivery Class													
Customer Costs			\$528,506		\$0.00009			\$0.00008	\$41,181				
Standard Metering Service Charge	514,761,019		\$48,891		\$0.01466	\$7,541,249		\$0.0291	\$6,645,565			514,761,019	\$0.0130
Distribution Facilities Charge - Disk to Dawn (kWh) (3)	514,761,019		\$7,012,785		\$13.62	\$7,012,785		\$13.62	\$7,012,785			514,761,019	\$0.0136
Total			\$528,506		\$0.00009	\$7,541,249		\$0.00008	\$41,181			514,761,019	\$0.0130
General Lighting Delivery Class													
Customer Costs			\$136,761		\$0.00010	\$6,820		\$0.00009	\$6,138			68,201,677	\$0.0088
Standard Metering Service Charge	68,201,677		\$7,031		\$0.01103	\$752,284		\$0.00971	\$692,238			68,201,677	\$0.0088
Distribution Facilities Charge - All Other Ltg (kWh) (3)	68,201,677		\$615,626		\$9.02	\$615,626		\$9.02	\$615,626			68,201,677	\$9.02
Total			\$136,761		\$0.00010	\$6,820		\$0.00009	\$6,138			68,201,677	\$0.0088
Lighting TOTAL													
	714,109,925				\$29,857,144		\$26,301,824		\$26,301,824		100.0%	714,109,925	\$0.0369
COMPANY TOTAL													
	91,081,817,219				\$2,042,732,905				\$1,799,489,000			91,081,817,219	\$0.0198
COMPANY 2006 TEST YEAR REVENUE REQUIREMENT													
									\$0 difference				

Note:
(1) Minor rounding exists.
(2) For the purposes of rate design, all costs are included in the fixture charges for the Fixture-Included Lighting Delivery Class.
(3) For the purposes of rate design, customer costs are included in the distribution facilities charges for the Disk to Dawn Lighting and the General Lighting Delivery Classes.

RATE DESIGN FOR RATES - RETAIL DELIVERY SERVICE
CALCULATION OF RATES AND REVENUE
MODIFIED EQUAL PERCENTAGE OF EMBEDDED COST RATE DESIGN
2006 TEST YEAR

Nonresidential EOCSS-Based Revenue \$908,570,006 (ER)

EOCSS-BASED REVENUE

EPEC

ILLUSTRATIVE LUTH PROPOSAL RATES

Total Nonresidential Revenue Requirement \$900,379,593 (RR)

NONRESIDENTIAL DELIVERY CLASSES	2006 Test Year Billing Units (A)	Embedded Cost (B)	Unit Cost (C)	Embedded Revenue (D)	Total Embedded Revenue (E)	EPEC Revenue (F)	Unit Changes (1) (2) (G)	Revenue (H)	Total Revenue (J)	as a % of EPEC (6) (K)	Annual kWh (L)	Overall \$/kWh (M)
Watt-Hour Delivery Class												
Customer Charge	1,174,093	\$8,993,153	\$7.21	\$8,992,401			\$6.44	\$7,990,996				
Standard Meeting Service Charge	1,174,093	\$2,211,524	\$1.99	\$2,207,298			\$1.69	\$1,948,946				
Distribution Facilities Charge (kWh)	539,524,970	\$10,286,294	\$0.01998	\$10,294,159	\$21,083,774	\$18,973,167	\$0.00891	\$9,099,415	\$18,979,324	100.0%	539,524,970	\$0.0344
Total												
Small Load Delivery Class												
Customer Charge	2,697,093	\$21,906,898	\$8.09	\$21,919,401			\$7.14	\$19,257,173				
Standard Meeting Service Charge	2,697,093	\$18,910,747	\$7.01	\$18,906,552			\$6.18	\$16,697,973				
Distribution Facilities Charge (kWh)	38,963,590	\$190,129,999	\$4.99	\$190,142,270	\$230,999,223	\$203,378,999	\$4.30	\$167,543,984	\$203,481,324	100.0%	11,469,376,300	\$0.0177
Rider ACT	35,144						(\$0.20553)	(\$7,216)				
Total												
Medium Load Delivery Class												
Customer Charge	213,239	\$2,576,273	\$12.08	\$2,575,927			\$9.77	\$2,093,346				
Standard Meeting Service Charge	213,239	\$2,149,071	\$10.08	\$2,149,449			\$8.89	\$1,893,582				
Distribution Facilities Charge (kWh)	30,408,673	\$173,296,579	\$5.70	\$173,329,438	\$179,054,912	\$159,952,457	\$5.13	\$155,998,492	\$159,956,771	102.0%	10,997,399,174	\$0.0147
Rider ACT	80,993						(\$0.20553)	(\$1,629)				
Total												
Large Load Delivery Class												
Customer Charge	51,990	\$4,719,039	\$91.49	\$4,719,034			\$90.80	\$4,157,348				
Standard Meeting Service Charge	51,990	\$923,596	\$15.97	\$923,733			\$14.07	\$726,731				
Distribution Facilities Charge (kWh)	23,899,992	\$145,137,995	\$6.07	\$145,066,274	\$150,999,061	\$132,674,993	\$5.13	\$122,901,316	\$127,451,418	98.1%	10,249,079,993	\$0.0124
Rider ACT	160,913						(\$0.20553)	(\$32,979)				
Total												
Very Large Load Delivery Class												
Customer Charge	22,759	\$11,439,770	\$602.80	\$11,439,973			\$442.75	\$10,078,547				
Standard Meeting Service Charge	22,759	\$494,690	\$20.42	\$494,739			\$17.99	\$409,434				
Distribution Facilities Charge (kWh)	41,314,110	\$237,339,531	\$5.74	\$237,142,991	\$249,046,403	\$219,390,534	\$5.13	\$211,941,384	\$221,997,739	101.2%	19,469,948,937	\$0.0114
Rider ACT	2,092,997						(\$0.20553)	(\$429,626)				
Total												
Extra Large Load Delivery Class												
Customer Charge	639	\$513,087	\$802.95	\$513,095			\$707.43	\$462,049				
Standard Meeting Service Charge	639	\$34,344	\$53.75	\$34,346			\$47.35	\$30,297				
Distribution Facilities Charge (kWh)	8,990,679	\$51,397,739	\$5.94	\$51,395,033	\$51,992,484	\$45,748,499	\$5.13	\$44,577,993	\$44,756,292	97.8%	4,200,693,052	\$0.0107
Rider ACT	506,532						(\$0.20553)	(\$104,006)				
Total												
High Voltage Delivery Class: Customers Over 10 MW												
Customer Charge	310	\$149,264	\$481.50	\$149,266			\$399.26	\$123,771				
Standard Meeting Service Charge	310	\$10,714	\$34.56	\$10,714			\$23.21	\$7,195				
Distribution Facilities Charge (kWh)	7,020,992	\$14,577,084	\$2.09	\$14,603,539	\$14,793,518	\$13,005,612	\$1.97	\$13,129,143	\$13,005,001	100.0%	4,334,109,594	\$0.0030
Rider ACT	1,292,431						(\$0.20553)	(\$29,009)				
Total												
High Voltage Delivery Class: Other Customers												
Customer Charge	491	\$213,772	\$435.39	\$213,772			\$399.26	\$198,037				
Standard Meeting Service Charge	491	\$10,391	\$21.16	\$10,390			\$23.21	\$11,396				
Distribution Facilities Charge (kWh)	699,590	\$3,400,974	\$5.09	\$3,401,517			\$5.13	\$3,434,997				
Rider ACT	159,295						(\$0.20553)	(\$32,503)				
Total												
Railroad Delivery Class												
Customer Charge	24	\$107,454	\$4,477.26	\$107,454			\$3,944.10	\$94,699				
Standard Meeting Service Charge	24	\$1,510	\$62.92	\$1,510			\$55.43	\$1,330				
Distribution Facilities Charge (kWh)	1,536,708	\$8,479,872	\$5.52	\$8,477,108	\$8,599,072	\$7,569,992	\$4.99	\$7,463,541	\$7,569,529	100.0%	512,229,931	\$0.0148
Total												
Nonresidential TOTAL												
					\$908,570,006	\$900,379,592		\$900,377,313	\$900,377,313	100.0%	62,090,749,490	\$0.0129

Notes:

- (1) Minor rounding exists.
- (2) Distribution Facilities Charge required adjustment to incorporate Staff Wellness Luth's proposal.

