

**STATE OF ILLINOIS**  
**ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company :  
 :  
Proposed Tariff Revisions to comply with Section : Docket No. 09-0433  
16-111.8 of the Public Utilities Act :

Testimony of

**LAWRENCE S. ALONGI**

Manager, Retail Rates  
Commonwealth Edison Company

October 7, 2009

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1 **I. INTRODUCTION**

2 **A. IDENTIFICATION OF WITNESS**

3 **Q. What is your name and business address?**

4 A. Lawrence S. Alongi, Commonwealth Edison Company (“ComEd”), Three Lincoln  
5 Centre, Oakbrook Terrace, Illinois 60181-4260.

6 **Q. Mr. Alongi, by whom are you employed and in what position?**

7 A. I am employed by ComEd in the position of Manager, Retail Rates.

8 **B. PURPOSE OF TESTIMONY**

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to present and to explain the uncollectibles cost recovery  
11 mechanism set forth in the tariff sheets that ComEd filed with the Illinois Commerce  
12 Commission (ICC or Commission) on September 8, 2009 pursuant to Section 16-111.8 of  
13 the Public Utilities Act (Act), enacted on July 10, 2009.

14 **C. SUMMARY OF CONCLUSIONS**

15 **Q. In summary, what are your conclusions?**

16 A. I conclude that the uncollectibles cost recovery mechanism set forth in the tariff sheets  
17 that ComEd filed with the ICC on September 8, 2009 conforms to the requirements of  
18 Section 16-111.8 of the Act, is reasonable and should be approved by the Commission.

19           **D.     ATTACHMENTS TO TESTIMONY**

20   **Q.     What are the exhibit(s) attached to your testimony?**

21   A.     The following is a list of the exhibits attached to my testimony and a brief description of  
22           each:

23           1.     **ComEd Ex. 1.1** presents the tariff sheets that ComEd filed with the ICC on  
24                     September 8, 2009 pursuant to Section 16-111.8 of the Act.

25           2.     **ComEd Ex. 1.2** presents redline versions of the tariff sheets that ComEd filed  
26                     with the ICC on September 8, 2009 pursuant to Section 16-111.8 of the Act to  
27                     show the changes, with the exception of changes to the headers and footers to  
28                     facilitate readability, as compared to the tariff sheets currently in effect. In  
29                     addition, please note that the new formulas in Rider UF - Uncollectible Factors  
30                     (Rider UF) and the revised formulas in Rate BESH - Basic Electric Service  
31                     Hourly Pricing (Rate BESH) are not shown in redline form due to a limitation in  
32                     the document comparison tool used to produce the redlines.

33           3.     **ComEd Ex. 1.3** presents Rider UF as it was filed in compliance with the ICC  
34                     Order in ComEd's last rate case in Docket No. 07-0566.

35           **E.     BACKGROUND AND EXPERIENCE**

36   **Q.     Mr. Alongi, would you describe your educational background and business  
37           experience?**

38   A.     I have a Bachelor of Science degree in Electrical Engineering from Northwestern  
39           University. I have been employed by ComEd since July 1974. During my employment  
40           by ComEd I have had assignments in field engineering, project engineering, distribution  
41           planning, system planning, distribution engineering, and rates. I have held positions as  
42           District Engineering Supervisor, Area Engineering Supervisor, Planning Supervisor,  
43           Assistant Division Engineer, Division Engineer, and Senior System Rate Administrator.  
44           In March 1998, I assumed my present position as Manager, Retail Rates (the Retail Rates  
45           Department then was called the Rate Department, and my position was then called

46 “Director of Rates”). I also have been a member of the Edison Electric Institute  
47 Economic Regulation and Competition Committee since I assumed my present position  
48 in 1998.

49 **Q. Mr. Alongi, what are your current duties and responsibilities?**

50 A. My primary duties are to plan and direct the development and implementation of  
51 ComEd’s retail tariffs and revisions to such tariffs. These duties include the planning and  
52 direction of ComEd’s retail rate design, cost of service activities, and retail rate  
53 administration. I also direct the preparation of the necessary filings of such tariffs with  
54 the Commission.

## 55 **II. COMED’S SEPTEMBER 8, 2009 TARIFF FILING**

### 56 **A. OVERVIEW**

57 **Q. What was the purpose of ComEd’s September 8, 2009 tariff filing?**

58 A. ComEd’s September 8, 2009 tariff filing was designed to allow ComEd to recover the  
59 incremental difference between its actual uncollectible amount, set forth as its bad debt  
60 expense in Account No. 904 in its Federal Energy Regulatory Commission Form No. 1:  
61 Annual Report of Major Electric Utilities, Licensees and Others (FERC Form 1) and the  
62 uncollectible amounts included in its existing rates, as provided in Section 16-111.8 of  
63 the Act, enacted on July 10, 2009.

### 64 **B. TARIFFS FILED**

65 **Q. What tariffs did ComEd include in its September 8, 2009 filing?**

66 A. In its September 8, 2009 tariff filing, ComEd included proposed revisions to Rate BES -  
67 Basic Electric Service (Rate BES), Rate BESH, Rate RDS - Retail Delivery Service

68 (Rate RDS), Rider AMP - Advanced Metering Program Adjustment (Rider AMP),  
69 Rider EDA - Energy Efficiency and Demand Response Adjustment (Rider EDA),  
70 Rider UF, and Rider ZSS - Zero Standard Service (Rider ZSS).

71

72 The affected tariff sheets for each of these tariffs that ComEd filed with the ICC on  
73 September 8, 2009 are attached as ComEd Ex. 1.1.

74

75 Redline versions of the affected tariff sheets for each of these tariffs are attached as  
76 ComEd Ex. 1.2 to show the changes, with the exception of changes to the headers and  
77 footers to facilitate readability, as compared to the corresponding tariff sheets currently in  
78 effect. In addition, please note that the new formulas in Rider UF and the revised  
79 formulas in Rate BESH are not shown in redline form due to a limitation in the document  
80 comparison tool used to produce the redlines.

81 **C. RECOVERY OF UNCOLLECTIBLE COSTS INCLUDED IN RATES**

82 **Q. How does ComEd currently recover the uncollectible amounts included in its**  
83 **existing rates?**

84 A. With respect to distribution service, a specific amount of uncollectible costs is reflected  
85 in the distribution revenue requirement set by the ICC in its Order in  
86 Docket No. 07-0566. Therefore, ComEd recovers these costs through the application of  
87 Customer Charges, Standard Metering Service Charges, and Distribution Facilities  
88 Charges, collectively, the standard delivery service charges, in accordance with the  
89 provisions of Rate BES, Rate BESH, and Rate RDS. With respect to electric power and  
90 energy supply and transmission service, ComEd recovers its uncollectible costs through

91 the application of a multiplier adjustment to base supply-related charges. Specifically,  
92 the adjustment is included in the Purchased Electricity Charges and PJM Services  
93 Charges applied in accordance with the provisions of Rate BES, as well as in the  
94 Capacity Charges, Hourly Energy Charges, PJM Services Charges, and Miscellaneous  
95 Component Charges applied in accordance with the provisions of Rate BESH and  
96 Rider PPO - Power Purchase Option (Rider PPO). This multiplier was also set in  
97 ComEd's last rate case (ICC Docket No. 07-0566) by dividing the 2006 test year  
98 uncollectibles expense for each of several groups of customers by the amount of 2006  
99 base rate revenue for that group (excluding the 2006 uncollectibles expense for that  
100 group). In addition, a multiplier was determined for the system total. The results of the  
101 determinations in Docket No. 07-0566 were reflected in Rider UF filed in compliance  
102 with the ICC Order in that case, which is attached to this testimony as ComEd Ex. 1.3.  
103 These multipliers are identified in ComEd's proposed revision of Rider UF as the base  
104 uncollectibles cost factors (BUFs). Together, these amounts represent the "uncollectible  
105 amounts included in the utilities rates" as described in Section 16-111.8 (a) of the Act. In  
106 addition, ComEd currently recovers a very small portion of its uncollectibles costs  
107 through Rider EDA, which I address later in this testimony.

108 **Q. How does ComEd propose to recover the uncollectible amounts included in its**  
109 **existing rates under its September 8, 2009 tariff filing?**

110 A. ComEd proposes to recover the uncollectible amounts included in its existing rates  
111 through the BUFs that are described in the Base Uncollectible Cost Factors section of the  
112 proposed revised Rider UF at 1st Revised Sheet No. 267. These provisions are  
113 unchanged from currently effective tariff provisions.

114 **D. RECOVERY OF INCREMENTAL UNCOLLECTIBLE COSTS**

115 **1. Overview**

116 **Q. How does ComEd propose to recover the incremental difference between its actual**  
117 **uncollectible amount, set forth as its bad debt expense in Account No. 904 in its**  
118 **FERC Form 1 and the uncollectible amounts included in its existing rates?**

119 A. ComEd's proposed tariff revisions provide for the determination of incremental  
120 uncollectible cost factors that are applied as multipliers to base charges, which is  
121 consistent with the manner in which ComEd is currently applying the supply-related  
122 BUFs.

123 **2. Allocation by Customer Classes**

124 **Q. How does ComEd's September 8, 2009 tariff filing address the provision of**  
125 **Section 16-111.8(b) that requires the incremental uncollectible cost factors be**  
126 **"allocated to the appropriate customer class or classes"?**

127 A. ComEd's September 8, 2009 tariff filing provides for distinct incremental cost factors to  
128 be determined for three different customer groupings: residential customers;  
129 nonresidential customers to which the Watt-Hour Delivery Class, Small Load Delivery  
130 Class, Medium Load Delivery Class, and Large Load Delivery Class are applicable; and  
131 all other customers. These distinctions are consistent with current ComEd accounting  
132 practices and the manner in which ComEd is currently determining supply-related BUFs.

133 **3. Distribution versus Supply**

134 **Q. How does ComEd's September 8, 2009 tariff filing address the provision of**  
135 **Section 16-111.8(b) that requires "customers who purchase their electric supply**

136 **from an alternative retail electric supplier shall not be charged by the utility for**  
137 **uncollectible amounts associated with electric supply provided by the utility to the**  
138 **utility's customers''?**

139 A. ComEd's September 8, 2009 tariff filing provides for the determination and application  
140 of two sets of incremental uncollectible cost factors, incremental distribution  
141 uncollectible cost factors (IDUFs) and incremental supply uncollectible cost factors  
142 (ISUFs).

143  
144 ISUFs are determined to provide for the recovery of incremental uncollectible costs  
145 associated with the supply of electricity by ComEd to its customers and are to be applied  
146 only to customers for which ComEd supplies electric power and energy. ISUFs  
147 determined in accordance with the proposed provisions of Rider UF are applied as  
148 multipliers to the Purchased Electricity Charges and PJM Services Charges in accordance  
149 with the proposed provisions of Rate BES. As previously noted, separate ISUFs are  
150 proposed to be determined for the three different customer groupings. A system average  
151 ISUF, consistent with current tariff provisions, is applied as a multiplier in the  
152 computation of the Capacity Charges, Hourly Energy Charges, PJM Services Charges,  
153 and Miscellaneous Component Charges in accordance with the proposed provisions of  
154 Rate BESH and Rider PPO. ISUFs are applied in addition to the application of the  
155 previously described BUFs.

156  
157 IDUFs, on the other hand, are determined to provide for the recovery of the remaining  
158 incremental uncollectible costs incurred by ComEd and are proposed to be applicable to

159 all customers. IDUFs determined in accordance with the proposed provisions of  
160 Rider UF are applied as multipliers to the standard delivery service charges, as shown in  
161 the proposed revisions of Rate RDS. These charges with the adjustment due to the  
162 application of the multipliers are applied to customers in accordance with provisions in  
163 Rate BES, Rate BESH, or Rate RDS, as applicable. In addition, this filing includes a  
164 proposed revision to the determination of the Zero Standard Credit in Rider ZSS to  
165 properly account for incremental distribution uncollectible costs. Again as previously  
166 noted, separate IDUFs are to be determined for the three different customer groupings.

#### 167 **4. Timing of Implementation for the Reporting Year 2008**

168 **Q. How does ComEd's September 8, 2009 tariff filing effectuate the recovery, during**  
169 **the year 2010, of the incremental difference between its bad debt expense in Account**  
170 **No. 904 in its FERC Form 1 for the year 2008 and the uncollectible amounts**  
171 **included in its existing rates during the year 2008 as provided in Section 16-111.8(b)**  
172 **of the Act?**

173 A. ComEd's proposed revisions to Rider UF include two new sections, 2008 Incremental  
174 Distribution Uncollectible Cost Factors and 2008 Incremental Supply Uncollectible Cost  
175 Factors, which provide the equations used to determine the applicable IDUFs and ISUFs,  
176 respectively, that effectuate the recovery of the incremental difference between ComEd's  
177 bad debt expense in Account No. 904 in its FERC Form 1 for the year 2008 and the  
178 uncollectible amounts included in its existing rates during the year 2008 as provided in  
179 Section 16-111.8(b) of the Act. The IDUFs and ISUFs determined in accordance with  
180 the provisions in these two sections are proposed to be applicable beginning with the  
181 April 2010 monthly billing period and extending through the December 2010 monthly

182 billing period. This period of time for recovery allows for the maximum amount of time  
183 for recovery while at the same time allowing the ICC 180 days to perform its review of  
184 the revisions presented in ComEd's September 8, 2009 filing. However, ComEd would  
185 not be opposed to an earlier effective date in 2010 to align with the timing for Ameren's  
186 request to the extent the ICC could accommodate such an accelerated schedule.

187 **Q. How early in 2010 could ComEd implement the changes proposed in its**  
188 **September 8, 2009 filing?**

189 A. ComEd could implement the changes proposed in its September 8, 2009 filing as early as  
190 the March 2009 monthly billing period. However, in order for the IDUFs and ISUFs to  
191 be applicable beginning with the March 2010 monthly billing period, it would be  
192 necessary for the Commission to enter its order in this proceeding on or before  
193 January 29 2009. This timing would allow 5 business days for ComEd's compliance  
194 filing, 5 business days for review of ComEd's compliance filing by the Staff of the ICC,  
195 and 3 business days for ComEd's informational filing which would need to be made no  
196 later than February 19, 2009.

197 **5. Timing of Implementation for the Reporting Year 2009 and Beyond**

198 **Q. How does ComEd's September 8, 2009 tariff filing effectuate the recovery of the**  
199 **incremental difference between its bad debt expense in Account No. 904 in its FERC**  
200 **Form 1 for the year 2009 and the uncollectible amounts included in its existing rates**  
201 **during the year 2009, and for each year thereafter, as provided in**  
202 **Section 16-111.8(b) of the Act?**

203 A. ComEd's proposed revisions to Rider UF include two new sections, Incremental  
204 Distribution Uncollectible Cost Factors and Incremental Supply Uncollectible Cost  
205 Factors, which provide the equations used to determine the applicable IDUFs and ISUFs,  
206 respectively, that effectuate the recovery of the incremental difference between ComEd's  
207 bad debt expense in Account No. 904 in its FERC Form 1 for the year 2009 and the  
208 uncollectible amounts included in its existing rates during the year 2009, and for each  
209 year thereafter, as provided in Section 16-111.8(b) of the Act. Such recovery for each  
210 year, X, is to occur beginning in the June monthly billing period in year X+1 and  
211 extending through the May monthly billing period in year X+2. The IDUFs and ISUFs  
212 determined in accordance with the provisions in these two sections are to be determined  
213 on an annual basis and are to be applicable beginning with the June 2010 monthly billing  
214 period. As proposed, the IDUFs and ISUFs are subject to adjustment during the course  
215 of the June through May monthly billing periods to allow for the incorporation of  
216 balancing factors or ordered reconciliation amounts, as described later in this testimony.  
217 ComEd's proposed tariff revisions also allow for revisions to IDUFs or ISUFs in the  
218 event that expected distribution revenues or supply related revenues, respectively, are  
219 subjected to a known significant change.

220 **6. Provisions to Ensure Recovery of "no more and no less" than Actual**

221 **Q. How does ComEd's September 8, 2009 tariff filing address the provision of**  
222 **Section 16-111.8(c) that requires ComEd to collect "no more and no less than its**  
223 **actual uncollectible amount"?**

224 A. To ensure that there is no over or under collection of uncollectible costs, ComEd's  
225 proposed tariff revisions include two separate factors in the computation of the IDUFs

226 and ISUFs. The first factor is a balancing factor that ComEd determines each year. The  
227 second factor is an ordered reconciliation factor that would be incorporated into the  
228 determination of the IDUFs or ISUFs in accordance with direction from the ICC.

229 **Q. How would the proposed balancing factor operate?**

230 A. Beginning with the September 2011 monthly billing period, a distribution balancing  
231 factor (DBF) is incorporated into the determination of each IDUF and a supply balancing  
232 factor (SBF) is incorporated into the determination of each ISUF. For each of the three  
233 customer groupings a DBF is determined each year. The DBF is the difference between  
234 the incremental distribution uncollectible cost for year X for that group and the amounts  
235 accrued for such incremental amount through the application of the IDUF for that group  
236 during the June monthly billing period in year X+1 through the May monthly billing  
237 period in year X+2. Similarly, for each of the three customer groupings an SBF is  
238 determined each year. The SBF is the difference between the incremental supply  
239 uncollectible cost for year X for that group and the amounts accrued for such incremental  
240 amount through the application of the ISUF for that group during the June monthly  
241 billing period in year X+1 through the May monthly billing period in year X+2. Because  
242 the balancing factors cannot be determined until after such May monthly billing period in  
243 year X+2, the proposed tariff revisions provide for the application of the balancing  
244 factors only during the nine monthly billing periods beginning with the September  
245 monthly billing period in year X+2 and extending through the following May monthly  
246 billing period in year X+3.

247 **Q. How would the proposed ordered reconciliation factor operate?**

248 A. The equations used to determine the IDUFs and ISUFs also incorporate an ordered  
249 reconciliation amount, as necessary, to comply with directions provided by the ICC. As  
250 provided in the new Annual Reconciliation section in the proposed revisions of Rider UF,  
251 ComEd must file a petition with the ICC each year beginning in 2011 to review the  
252 reconciliation of ComEd's uncollectible costs and its recovery of those costs. Following  
253 its review, the ICC may direct ComEd to incorporate a distribution ordered reconciliation  
254 (DOR) amount or a supply ordered reconciliation (SOR) amount to (a) correct for any  
255 errors in the previously applied IDUFs or ISUFs, respectively, (b) correct for the previous  
256 IDUFs or ISUFs if they were improperly applied, (c) make adjustments for unreasonable  
257 uncollectible costs incurred by ComEd, or (d) make adjustments for imprudent actions  
258 taken by ComEd with respect to such uncollectible costs. Interest is applicable to a DOR  
259 or SOR, and the ICC may designate the monthly billing periods during which such DOR  
260 or SOR is to be incorporated into the determination of the respective IDUF or ISUF. The  
261 reconciliation review proceedings are to be conducted each year. However, the first  
262 reconciliation proceeding that is proposed to commence in the year 2011 is to provide for  
263 a review of uncollectible costs incurred in 2008 and 2009.

264 **III. MISCELLANEOUS**

265 **Q. Why does ComEd's September 8, 2009 tariff filing include proposed revisions of**  
266 **Rider EDA and Rider AMP?**

267 A. ComEd currently recovers a very small portion of its uncollectible costs through the  
268 application of an adjustment to the Energy Efficiency and Demand Response Adjustment  
269 (EDA), and ComEd was preparing to similarly recover a small portion of its uncollectible

270 costs through the application of an adjustment incorporated into the computation of the  
271 Advanced Metering Program (AMP) Adjustment. With the proposed revisions in  
272 ComEd's September 8, 2009 tariff filing that allow for the recovery of incremental  
273 uncollectible costs through adjustments applied to standard delivery service charges, it is  
274 no longer necessary to attempt to recover small portions of such incremental uncollectible  
275 costs through the application of adjustments to such nonbypassable adjustments.  
276 Therefore, the proposed tariff revisions include changes to Rider AMP and Rider EDA to  
277 effectively remove the application of an adjustment for uncollectible cost recovery in the  
278 determination of the EDA and the AMP Adjustment.

279 **Q. What is the purpose of the additional language that ComEd proposes to add to the**  
280 **Miscellaneous General Provisions section of Rider UF in its September 8, 2009 tariff**  
281 **filing?**

282 A. This particular addition ensures that uncollectible costs incurred by ComEd that are  
283 associated with receivables purchased by ComEd in accordance with Section 16-118 of  
284 the Act will not be recovered through the application of the incremental uncollectible cost  
285 factors applied to customers.

286 **Q. What is the timing that ComEd is requesting for approval of its September 8, 2009**  
287 **tariff filing?**

288 A. ComEd is requesting that the ICC approve the proposed tariff revisions to become  
289 effective on March 9, 2010. This effective date is 182 days after the September 8, 2009,  
290 filing date in order to allow the ICC a period of 180 days to review the proposed tariff  
291 provisions submitted in this filing in accordance with the provisions of  
292 Section 16-111.8(b) of the Act and two extra days following the end of such review

293 period to allow for a review of any required compliance filing of approved tariff  
294 provisions consistent with the provisions of Section 9-201(b) of the Act. However, as  
295 noted above, ComEd would not be opposed to implementing the changes proposed in its  
296 September 8, 2009 filing as early as the March 2009 monthly billing period provided the  
297 ICC entered its order in this proceeding on or before January 29, 2009.

298 **IV. CONCLUSION**

299 **Q. Do the tariff sheets presented in ComEd Ex. 1.1 reasonably meet the requirements**  
300 **of Section 16-111.8 of the Public Utilities Act.**

301 A. Yes, I believe that they do and for that reason I recommend that the ICC approve them.

302 Q. Does this conclude your testimony?

303 A. Yes.