

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company,)	
Proposal to establish Rider PORCB)	Docket No. 10-0138
(Purchase of Receivables with Consolidated Billing) and)	
to revise other related tariffs.)	

Surrebuttal Testimony of

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ComEd Ex. 7.0

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1 **I. Introduction and Purpose**

2 **A. Identification of Witness**

3 **Q. Please state your name.**

4 A. John Mittelbrun.

5 **Q. Are you the same John Mittelbrun who submitted direct and rebuttal testimony in**
6 **this proceeding?**

7 A. Yes. My direct testimony is ComEd Ex. 2.0 and my rebuttal testimony is ComEd Ex.
8 4.0.

9 **B. Purpose of Testimony**

10 **Q. What are the purposes of your surrebuttal testimony?**

11 A. The purposes of my surrebuttal testimony are to:

12 (1) Identify where the Staff of the Illinois Commerce Commission (“Staff”) and
13 Commonwealth Edison Company (“ComEd”) have reached agreement on certain issues
14 since the filing of my rebuttal testimony.

15 (2) Correct Dominion Retail, Inc.’s (“Dominion”) mischaracterization of PECO
16 Energy Company’s (“PECO”) purchase of receivables project and costs, and explain why
17 the PECO project has no bearing on ComEd’s purchase of receivables implementation.

18 (3) Respond to Staff witness Theresa Ebrey’s concerns about ComEd’s deferred
19 costs.

20 (4) Although Staff has withdrawn its proposals related to retail electric supplier
21 (“RES”) bill inserts and the switching rules, I will respond to questions raised by certain
22 intervenors concerning these proposals in order to provide further clarification and a
23 complete and accurate record.

24 (5) Address Staff’s proposed definition of a “legitimate billing dispute”.

25 **C. Summary of Conclusions**

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

27 A. Since I filed my rebuttal testimony, ComEd has been able to reach agreement with Staff
28 on a number of substantive issues, including bill inserts, switching rules, tracking of costs
29 and revenues, and cost estimates. Although some intervenors expressed support in
30 rebuttal testimony for the Staff proposals that Staff has now withdrawn, these proposals
31 are baseless and should be rejected. To the extent some intervenors questioned the
32 difficulties ComEd would face in implementing different switching rules at this late date,
33 I provide further detail showing why these changes would push back the go-live date.

34 **II. Areas of Consensus and Agreement**

35 **Q. Since you filed your rebuttal testimony, have you identified additional areas of
36 agreement between ComEd and Staff and intervenors?**

37 A. Yes. The rebuttal testimony submitted by Staff and intervenors reflects a narrowing of
38 the issues in this docket.

39 **Q. Please explain.**

40 A. With respect to the topics I addressed in my direct and rebuttal testimony, I have
41 identified the following areas of consensus:

42 **Bill Inserts:** Staff witness Mr. Clausen noted that “ComEd is correct that Staff
43 and the AIU agreed on compromise tariff language regarding RES bill inserts in the AIU
44 UCB/POR tariff investigation,” and that “Staff also does not wish to force the
45 Commission to make a decision on this issue in this proceeding as it did not have to do so
46 in the AIU tariff investigation, either.” Mr. Clausen further observed “that, as of now, no

47 RES has currently used that provision of the AIU tariffs" (ICC Staff Ex. 5.0, 31:697-
48 707.) Illinois Competitive Energy Association ("ICEA") witness Mr. Wright also
49 concedes that this is not necessarily an issue for the present proceeding and may be more
50 appropriate for the Office of Retail Market Development ("ORMD") workshop process.
51 (ICEA Ex. 2.0, 12.)

52 **Switching Rules:** As Mr. Garcia explains in his surrebuttal testimony (ComEd
53 Ex. 6.0), ComEd has no objection to Staff's proposal that it could recommend approval
54 of the switching provisions if the Illinois Commerce Commission ("ICC or
55 Commission") notes in its order in this docket that it is not deciding a new rescission
56 period generally and that the order in this docket will have no impact on the Part 412
57 rulemaking docket (Dkt. No. 09-0592). Mr. Wright also stated that ICEA would not
58 support Staff's rejection of ComEd's proposed changes to the switching rules because of
59 the possibility of delay cited by ComEd. (ICEA Ex. 2.0, 13.) Because the Retail Energy
60 Supply Association ("RESA") and Dominion expressed support for Staff's original
61 position, however, I explain in more detail below how a rejection of the proposed
62 switching rules would push back the go-live date for Rider PORCB.

63 **Tracking of Costs and Revenues:** Staff witness Ms. Ebrey noted that ComEd
64 accepted her proposal, and agreed to both (1) establish unique accounts in its general
65 ledger system to track revenues associated with PORCB receivables and (2) maintain cost
66 information in the level of detail proposed in Ms. Ebrey's direct testimony. (ICC Staff
67 Ex. 7.0.)

68 **Cost Estimates:** Both Ms. Ebrey and Mr. Wright correctly noted that ComEd's
69 cost estimates were presented for informational purposes only and not for approval in this

70 docket. (ICC Staff Ex. 7.0; ICEA Ex. 2.0.) Rather, these costs will be subject to a
71 prudence review in the reconciliation proceedings. Mr. Fruehe responds to Ms. Ebrey’s
72 proposal in her rebuttal testimony that ComEd “should provide workpapers and third-
73 party invoices no later than February 1, 2011” (ComEd Ex. 8.0, 4:87-88.)

74 **III. Response to Staff and Intervenor Rebuttal Testimony**

75 **A. Cost Estimates**

76 **Q. Although Staff and ICEA agree that ComEd is not requesting approval of its costs**
77 **in this proceeding, Dominion witness Mr. Crist claims that ComEd’s costs should be**
78 **capped at \$3 million in this docket. (Dominion Ex. JC-2.0, 12:252.) How do you**
79 **respond?**

80 A. As an initial matter, I agree with the Staff and ICEA witnesses that ComEd has not
81 requested approval of its costs in this proceeding. Section 16-118(c) does not require
82 presentation or preapproval of any cost estimates as part of this proceeding, and provides
83 that a utility shall recover its “prudently incurred costs associated with the provision of
84 this service.” 220 ILCS 5/16-118(c). ComEd will be addressing the unlawfulness of
85 Dominion’s proposed arbitrary cap further in briefs, as needed.

86 In making his argument, Mr. Crist refers to both the Ameren purchase of
87 receivables docket and a mischaracterization of the costs that ComEd’s affiliate, PECO,
88 estimates it will incur to implement its purchase of receivables program. With respect to
89 the Ameren docket, I noted in my rebuttal testimony that ComEd did not participate in
90 Ameren’s docket and therefore has not reviewed the assumptions underlying Ameren’s
91 estimates. I can only speak to ComEd’s estimates, which reflect the prudent and
92 reasonable costs ComEd currently expects to incur to properly implement Rider PORCB.

93 Concerning Mr. Crist’s claim that PECO’s costs to implement a purchase of
94 receivables program were \$2.5 million, Mr. Crist mischaracterizes the material he cited.
95 Although the legal issues will be addressed in briefs, as appropriate, it is my
96 understanding that the \$2.5 million of costs to which Mr. Crist refers reflects an amount
97 that parties to a settlement agreement cannot challenge as unreasonable. Pursuant to that
98 settlement agreement, if such costs exceed \$2.5 million, the parties are not precluded
99 from challenging the reasonableness of the costs. Thus the \$2.5 million is not a “cap” on
100 the amount that may be spent. (Order, PA P-2009-2143607, 11-12.)

101 Moreover, the PECO purchase of receivables project and ComEd purchase of
102 receivables project are not comparable in scope. The \$2.5 million referenced by Mr.
103 Crist does not include any of PECO’s costs to implement electronic data interchange
104 (“EDI”) transactions, which will not be immaterial. Mr. Crist also fails to mention that
105 PECO already has in place a consolidated billing program, and therefore the \$2.5 million
106 reflects only those incremental costs to implement a purchase of receivables function.
107 The \$2.5 million estimate did not include a penny of cost related to implementing
108 consolidated billing. For ComEd, the costs related to implementing consolidated billing
109 (\$17.6 million) reflect the bulk of the \$22.1 million cost estimate. Moreover, ComEd
110 must implement new EDI transactions in order to implement PORCB, as well as conform
111 to the new EDI standards that were approved by the Illinois Communications Protocol
112 Working Group. This will include EDI testing with all 28 RESs active in ComEd’s
113 territory.

114 **Q. In her rebuttal testimony, Staff witness Ms. Ebrey raises a concern regarding**
115 **ComEd’s proposal to recover \$2.5 million in deferred expenses associated with the**
116 **PORCB program, stating “[t]he Company has not provided testimony explaining**
117 **the need for the deferral of expenses or indeed what these expenses even result**
118 **from.” (ICC Staff Ex. 7.0, 4:74-76.) Can you provide some indication of what these**
119 **deferred expenses are?**

120 A. Yes. The costs were incurred in 2008 and 2009 in the early phases of the PORCB
121 implementation project. As I explained in my direct testimony (ComEd Ex. 2.0), ComEd
122 participated in the ORMD workshop process beginning with the initial workshop in
123 January 2008, and, based on the input received during those workshops, ComEd used its
124 standard development methodology to gather the requirements and guide the
125 development process for considering changes that will be implemented for billing and
126 related systems. During 2008 and 2009, ComEd incurred costs related to the Conceptual
127 Design phase, which sets the business boundaries of the work and defines the high-level
128 business processes (resulting in a blueprint of the new system) and the Analysis and
129 Design phase, which drives the business processes down to user requirements, user
130 design, technical solution, and information flows (resulting in detailed specifications for
131 the system components and their related costs).

132 **B. Bill Inserts**

133 **Q. As you previously noted, Staff and ICEA are no longer requesting that the**
134 **Commission reach a decision on bill inserts in this docket. Do you have any**
135 **additional comments on this issue?**

136 A. Yes. Although Staff and ICEA will not “force” a decision on this issue, Dominion stated
137 in its rebuttal that it supports Staff’s original position. (ICC Staff Ex. 5.0, 31-32; ICEA
138 Ex. 2.0, 12; Dominion Ex. JC-2.0, 13-14.) However, it is notable that neither Staff nor
139 intervenors addressed any of the issues that I raised in my rebuttal testimony concerning
140 bill inserts. For example, I explained that RESs will already be permitted to include up to
141 two messages on each consolidated bill and that these inserts would be a very costly and
142 complicated feature to implement given the bill print vendor’s automated processes. No
143 party addressed why inserts would be needed in addition to the bill messaging feature,
144 nor did any party respond to the complications that inserts would pose with ComEd’s bill
145 print vendor.

146 **C. Switching Rules**

147 **Q. Although Staff has agreed to recommend approval of ComEd’s switching rules**
148 **provided that certain language is added to the order, some parties express confusion**
149 **on why a late change to the switching rules would cause a delay. Can you clarify?**

150 A. Yes. In my rebuttal testimony, I explained that the switching rules, which were based on
151 the ORMD workshop process, have been incorporated into the IT infrastructure. If
152 changes were ordered to the switching rules, code would have to be rewritten and
153 additional testing conducted to accommodate such a change in key functionality, which
154 would increase costs and likely push back the go-live date of the program.

155 More specifically, ComEd has already programmed the changes needed for the
156 originally proposed December 2010 release based on the proposed switching rules, and
157 the testing of these billing system changes is close to completion. In response to Staff's
158 recommendation to reject ComEd's proposed switching rules (now withdrawn), ComEd
159 discussed with IT and the project team what the programming and testing impacts would
160 be and what changes would be required for business readiness. These changes would
161 include revisions to the employee training materials and Customer and RES Handbooks
162 under development, as well as code changes and extensive testing by the project team.
163 Moreover, because of the complexity and security requirements of ComEd's billing
164 system, new programming is planned to be released on average seven times per year. All
165 programming code must be available three weeks before the next scheduled code release,
166 and must be regression tested before it can be implemented. This means that all new
167 programming code must be retested (in addition to the project team testing mentioned
168 above) along with all of the other new programming code to ensure there are no
169 problems.

170 Thus, if Staff's rejection of the switching rules prevailed, ComEd would have to
171 rewrite the programming code and retest all customer switching modules (enrollments,
172 drops, rescinds, reinstatements). The customer switching code is very complex, critical
173 to customer choice operations, and impacts RESs, customers, and the settlement process
174 with the PJM market. And as discussed above, additional testing would have to be
175 undertaken to ensure all of the new functionality is working properly. Because this new
176 code would be completed after the current testers have rolled off the project, ComEd
177 would also have to contract out for more testers.

178 As a result of these considerations, we projected that the next billing system
179 release after December 2010 that could realistically be considered for these changes
180 would be in March of 2011. Of course, in the event other changes impacting the IT
181 infrastructure were ordered, such as RESA’s change to the definition of the mass market,
182 the recoding and retesting process I described above would have to be performed, which
183 would likely affect the go-live date.

184 **Q. As you mentioned, RESA witness Mr. Locascio states that he opposes ComEd’s**
185 **proposal to apply rescission or enrollment rules based on a 100 kW threshold.**
186 **(RESA Ex. 1.0, 9:180-10:199.) How do you respond?**

187 A. During the workshop process organized by ORMD, participants addressed how to define
188 the mass market and what changes needed to occur to existing switching rules to provide
189 additional consumer protections for such customers and to provide for the orderly
190 switching of customers as the competitive electricity market becomes more robust. It is
191 ComEd’s understanding that the workshop participants generally indicated that the mass
192 market would be defined as all residential customers and those small commercial
193 customers having demands of less than 100 kW and that certain switching rules
194 applicable to mass market customer should be implemented. Indeed, the Citizens Utility
195 Board (“CUB”) has submitted rebuttal testimony supporting both ComEd’s
196 characterization of the workshop process and the consumer protections reflected in
197 ComEd’s tariffs. (CUB Ex. 2.0.)

198 RESA is the only party that proposes to redefine the mass market, and proposes
199 that it include residential and small commercial customers that consume 15,000 kWhs or
200 less of electricity annually. (RESA Ex. 1.0, 9.) Staff has previously noted in the Part 412

201 rulemaking proceeding that it “anticipates that the electric utilities will find it difficult
202 and/or costly to automatically recognize a small commercial customer account (based on
203 the statutory 15,000 kWh annual usage definition) when it receives an enrollment request
204 for such an account.” (ICC Staff Corrected Verified Reply Comments, 10 (Dkt. No. 09-
205 0592).) Staff is correct that it would be difficult and costly for ComEd to identify such
206 customers based on their usage. ComEd’s systems currently do not “flag” or identify
207 such customers, as the requirements for understanding if a customer is a small
208 commercial customer is a requirement for RESs, and not utilities. In order for ComEd to
209 do so, it would need to establish both the definition of what constitutes a 15,000 kWh and
210 below customer and the process to identify those customers, including when and how
211 often such process must be undertaken. RESA’s proposal therefore should be rejected
212 because it is not consistent with the ORMD workshops and would further delay the go-
213 live date.

214 **Q. Is RESA witness Mr. Locascio correct when he makes reference to an 18-day**
215 **rescission window? (RESA Ex. 1, 3:43; 12:240-242.)**

216 A. No, he is not. Based on feedback ComEd received during the ORMD workshops,
217 ComEd proposed an 18 calendar day direct access service request (“DASR”) *enrollment*
218 window, not an 18 day *rescission* window. This 18 day period, which begins upon the
219 receipt of the DASR, takes into account that the letter informing the customer of the
220 switch could take 3-5 days to reach the customer, including weekends and holidays. As a
221 result, a mass market customer would have no more than 10 days to rescind the DASR
222 because the latest a customer can rescind is 5 days before the regularly scheduled meter
223 read date. This proposal is intended to strike a balance between providing sufficient time

224 for rescission of the enrollment (taking into account weekends and holidays) while also
225 setting a fixed amount of time that is easy for mass market participants to understand. It
226 is my understanding that ComEd’s proposal is similar to Pennsylvania’s 16 calendar day
227 enrollment period and New York’s 15 calendar day enrollment window.

228 Finally, as CUB explained in its rebuttal testimony, the 18 day enrollment period
229 is designed to provide added customer protections for smaller customers that may not be
230 as sophisticated or experienced as larger customers in navigating the market. (CUB Ex.
231 2.0.) Because ComEd had to rely on a specific enrollment period in order to build its IT
232 infrastructure, ComEd incorporated the 18 day enrollment period, which had the most
233 consensus in the ORMD workshops.

234 **D. Billing Dispute Language**

235 **Q. Staff witness Christy Pound continues to argue that an expansive definition of the**
236 **phrase “legitimate billing dispute” be added to Rider PORCB. (ICC Staff Ex. 6.0,**
237 **3-5.) Does ComEd agree with this addition?**

238 A. As I explained in my rebuttal testimony, ComEd does not object to including an
239 abbreviated version of Staff’s proposed definition. (*See* ComEd Ex. 3.5 (Corrected).)
240 However, ComEd does not believe that the operational detail reflected in Ms. Pound’s
241 proposed language is appropriate for the tariff, and should instead be set forth in the RES
242 and Customer Handbooks, which allows for the revision of operational rules in the
243 handbooks, as and when appropriate, after discussion with the impacted parties.
244 ComEd’s proposed revision to the definition of “legitimate billing dispute” is set forth in
245 ComEd Ex. 3.5 (Corrected).

246 **Q. Does this conclude your surrebuttal testimony?**

247 A. Yes.