

**DIRECT TESTIMONY**

**of**

**Dianna Hathhorn  
Accountant**

**Accounting Department  
Financial Analysis Division  
Illinois Commerce Commission**

**Petition for Approval of an Alternative Rate Regulation Plan pursuant to  
Section 9-244 of the Public Utilities Act**

**Commonwealth Edison Company**

**Docket No. 10-0527**

**November 9, 2010**

**TABLE OF CONTENTS**

- I. Introduction ..... 1
  - A. Witness Identification ..... 1
  - B. Purpose of Testimony ..... 2
  - C. Attachments ..... 3
- II. Staff Recommendations Regarding Rate ACEP ..... 3
  - A. Eliminate “Approved Program Assessment” (“APA”) ..... 5
  - B. Eliminate “Underground Regulatory Asset Amortization” (“UAA”) ..... 6
  - C. Eliminate Date “in accordance with Smart Grid Implementation Order” ..... 6
  - D. Revise Date When Unrecovered Plant Would Be Transferred To Rate Base ..... 7
  - E. Add Language to Ensure Applicable Government Grants are Credited to Rate ACEP Recoveries ..... 9
  - F. Exclude Incentive Compensation Costs from Rate ACEP Cost Recovery 11
  - G. Require Biennial Report to be Filed on e-Docket and Other Biennial Reporting Review Changes ..... 13
  - H. Change “Approval of Recovery” to More Commonly Used Term of “Recoverable Costs” ..... 16

**ATTACHMENTS**

- Attachment A - ComEd Response to Staff Data Request DLH-1.08
- Attachment B - ComEd Supplemental Response to Staff Data Request JLH-1.08
- Attachment C - ComEd Responses to Staff Data Requests DLH-5.02 & DLH-5.03

1 **I. Introduction**

2 **A. Witness Identification**

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

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

6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am an Accountant in the Accounting Department of the Financial  
9 Analysis Division of the Illinois Commerce Commission (“Commission”).

10

11 **Q. What is the function of the Accounting Department of the Illinois  
12 Commerce Commission?**

13 A. The Accounting Department’s function is to monitor the financial condition  
14 of public utilities as part of the Commission’s responsibilities under Article  
15 IV of the Public Utilities Act (“Act”) and to provide accounting expertise on  
16 matters before the Commission.

17

18 **Q. Please describe your background and professional affiliation.**

19 A. I am a licensed Certified Public Accountant. I earned a B.S. in Accounting  
20 from Illinois State University in 1993. Prior to joining the Commission  
21 Staff (“Staff”) in 1998, I worked as an internal auditor for another Illinois

22 state agency for approximately 3.5 years. I also have 1.5 years  
23 experience in public accounting for a national firm.

24

25 Q. **Have you previously testified before this Commission?**

26 A. Yes, I have.

27

28 Q. **What are your responsibilities in this case?**

29 A. I have been assigned to this case by the Manager of the Accounting  
30 Department of the Commission. I am to review Commonwealth Edison  
31 Company's ("ComEd" or the "Company") filing, analyze the underlying  
32 data and make recommendations where appropriate.

33

34 **B. Purpose of Testimony**

35 Q. **What is the purpose of your testimony in this proceeding?**

36 A. The purpose of my testimony is to present my recommendations  
37 regarding the Company's proposed Accelerated Customer Enhancements  
38 Pilot ("Rate ACEP"). Broadly speaking, in this proceeding ComEd is  
39 seeking approval to recover the cost of (1) an electric plug-in vehicle  
40 program, (2) the investment in plant to replace underground wiring, and  
41 (3) funding to provide low-income assistance. My testimony addresses  
42 the cost recovery of the electric vehicle program and the underground wire

43 replacement and makes other recommendations applicable to Rate ACEP  
44 as a whole.

45

46 **C. Attachments**

47 Q. **Have you included any attachments as part of your direct testimony?**

48 A. Yes, I have included the following attachments:

49 Attachment A - ComEd Response to Staff Data Request DLH-1.08

50 Attachment B - ComEd Supplemental Response to Staff Data  
51 Request JLH-1.08

52 Attachment C - ComEd Responses to Staff Data Requests DLH-5.02  
53 & DLH-5.03

54

55 **II. Staff Recommendations Regarding Rate ACEP**

56 Q. **Do you present Staff's policy position on the Company's proposed  
57 revisions to Rider ACEP?**

58 A. No, the Staff policy position is presented in ICC Staff Exhibit 1.0 by Dr.  
59 David Rearden. My testimony presents eleven recommendations to the  
60 tariff language should the Commission approve ComEd's Rate ACEP. My  
61 eleven recommendations address concerns I have with the following eight  
62 issues<sup>1</sup>:

63 A. The premature inclusion of "Approved Program Assessment"  
64 ("APA") in Rate ACEP since Approved Program Plant, which is  
65 the driver of the assessment, will not be approved by the

---

<sup>1</sup> With the exception of issue G-Biennial Reporting and Review, each issue is addressed by a single recommendation.

- 66 Commission in this docket and would not be approved until a  
67 future Biennial Review Proceeding-Recommendation 1;
- 68 B. Premature inclusion of “Underground Regulatory Asset  
69 Amortization” (“UAA”) since no such asset is being requested in  
70 this proceeding-Recommendation 2;
- 71 C. Premature inclusion of the August 2012 date on sheet X + 3 as  
72 the date of a future Commission order for a proceeding that has  
73 not begun (i.e., the “Smart Grid Implementation Order”)-  
74 Recommendation 3;
- 75 D. Uncertainty with the date when unrecovered plant costs would  
76 be transferred to rate base in a general rate case-  
77 Recommendation 4;
- 78 E. Crediting applicable tax grants against amounts recoverable  
79 under Rate ACEP-Recommendation 5;
- 80 F. The exclusion of incentive compensation costs from Rate  
81 ACEP-Recommendation 6;
- 82 G. The biennial reporting and review requirements-  
83 Recommendations 7, 8, 9, and 10; and
- 84 H. The title of the recoverable costs portion of the tariff-  
85 Recommendation 11.  
86

87 **A. Eliminate “Approved Program Assessment” (“APA”)**

88 **Q. Please explain your first recommendation regarding elimination of**  
89 **APA from the proposed Rate ACEP formula.**

90 A. I recommend all references to APA be deleted from Rate ACEP since  
91 including it in the tariff is premature. APA is proposed to provide recovery  
92 of an Approved Program Plant (“APP”) investment amount associated  
93 with an accelerated customer enhancement program that would have to  
94 be approved by the Commission in its Order in a future Biennial Review  
95 Proceeding, the first of which cannot be initiated until April 2013 under the  
96 Company’s proposed tariffs in this proceeding. (Co. Response to Staff  
97 Data Request DLH-2.02) In other words, no existing or proposed  
98 programs or budgets at issue in the instant proceeding relate to APP.  
99 ComEd’s proposed rates under Rate ACEP will be the same for the first  
100 two year period whether or not factor APA remains in the tariff, since no  
101 APP is requested at this time. (Co. Response to Staff Data Request DLH-  
102 2.03)

103 APA is a placeholder for the future. If Rate ACEP is approved by the  
104 Commission, a Biennial Review Proceeding must be held and the merits  
105 of adding factor APA can be debated at that time. Therefore, for the  
106 purpose of simplifying the tariff, I recommend deleting all references to  
107 factor APA in the Rate ACEP tariff.

108

109 **B. Eliminate “Underground Regulatory Asset Amortization” (“UAA”)**

110 **Q. Please describe your second recommendation regarding elimination**  
111 **of UAA.**

112 A. I recommend all references to UAA be deleted from Rate ACEP since  
113 including it in the tariff is also premature. The Underground Regulatory  
114 Asset Amortization is proposed to provide recovery of a regulatory asset  
115 associated with the Underground Facility Reinvestment program.  
116 However, the Company states that upon further investigation, ComEd  
117 does not believe a regulatory asset is required for the underground cable  
118 and manholes. (Co. Response to Staff Data Request DLH-1.10) In other  
119 words, no budgeted amounts for underground regulatory assets are at  
120 issue in the instant proceeding. ComEd’s proposed rates under Rate  
121 ACEP will be the same whether or not factor UAA remains in the tariff,  
122 since recovery of UAA amounts are not requested in this proceeding.  
123 Therefore, for the purpose of simplifying the tariff, I recommend deleting  
124 all references to factor UAA in the Rate ACEP tariff.

125

126 **C. Eliminate Date “in accordance with Smart Grid Implementation**  
127 **Order”**

128 **Q. Please describe your third recommendation regarding elimination of**  
129 **ComEd’s proposed date “in accordance with the Smart Grid**  
130 **Implementation Order.”**

131 A. I recommend all references to the “August 2012” date on ComEd Ex. 1.2,  
132 Original Sheet X + 3 be deleted since the date represents when ComEd  
133 anticipates that a Smart Grid Implementation Order will be completed.  
134 (Co. Response to Staff Data Request DLH-1.05) The Smart Grid Policy  
135 proceeding has not yet begun and it is too early to tell if and when an  
136 implementation order will be entered. It is inappropriate for the tariff to  
137 state the date as a fact certain when it is completely unknown at this point  
138 in time. Therefore, I recommend the following language change to  
139 Original Sheet X +3 should the Commission approve Rate ACEP:

**Programs Approved in the Smart Grid Implementation Order**

140 Beginning with the ~~August 2012~~ monthly billing period, in  
141 accordance with the Smart Grid Implementation Order and  
142 the provisions of this tariff, the Company begins recovery (a)  
143 of and on the investment expenditures the Company incurs  
144 for smart meter-related facilities associated with the smart  
145 meter program approved by the ICC in such Order; (b) of the  
146 O&M expenses the Company incurs that are associated with  
147 such smart meter program approved by the ICC in such  
148 Order, reduced by 5%; (c) of and on the investment  
149 expenditures the Company incurs for distribution automation-  
150 related facilities associated with the distribution automation  
151 program approved by the ICC in such Order; and (d) of the  
152 O&M expenses the Company incurs that are associated with  
153 such distribution automation program approved by the ICC in  
154 such Order, reduced by 5%.  
155  
156

157 **D. Revise Date When Unrecovered Plant Would Be Transferred To Rate**  
158 **Base**

159 **Q. Please describe your fourth recommendation regarding the date**  
160 **unrecovered plant costs would be transferred to rate base.**

161 A. I recommend the date on ComEd Ex. 1.2, Original Sheet X + 20, be  
162 changed from December 31, 2013 to the effective date of Rate ACEP if  
163 approved in this proceeding. As proposed, ComEd could file a general  
164 rate case and not transfer any unrecovered plant into rate base.

165

166 Q. **What is ComEd's rationale for its position?**

167 A. In discovery, ComEd stated in part:

168 It is ComEd's position that extending recovery of costs  
169 associated with programs approved by the Commission in  
170 this proceeding and in the upcoming smart grid  
171 implementation proceeding at least through most of 2014  
172 will enable ComEd, the Commission, and ComEd's  
173 customers to gain valuable experience under a cost  
174 recovery mechanism that is an alternative to traditional cost  
175 recovery mechanisms....Therefore, by extending recovery of  
176 costs for such programs at least through most of 2014, there  
177 would be assurance that at least one complete cost  
178 incurrence/recovery/balancing cycle for programs approved  
179 in the Smart Grid Implementation Order would occur in  
180 accordance with the provisions of the alternative cost  
181 recovery mechanism. (Co. partial response to Staff Data  
182 Request DLH-1.08)

183

184 The Company's complete response is attached as Attachment A.

185

186 Q. **Do you agree with ComEd's rationale?**

187 A. No, I do not, for two reasons. First, it appears contingent on findings of a  
188 "Smart Grid Implementation Order" that does not yet exist. Second,  
189 ComEd has not explained the benefit to itself, the Commission, or  
190 ComEd's customers for having cost incurrence and recovery continue

191 through Rate ACEP even when a general rate proceeding is available. In  
192 response to the People of the State of Illinois (“AG”) Data Request AG-  
193 1.03, ComEd declined to speculate on whether approval of its proposed  
194 alternative regulation pilot will reduce the frequency, scope or size of the  
195 Company’s required future traditional rate case proceedings. Therefore, it  
196 is possible ComEd could file a general rate case prior to 12/31/2013. The  
197 Company has not sufficiently addressed why the plant should not be  
198 transferred into base rates. If it is the Company’s intention to not ever  
199 transfer the plant to base rates and to continue to recover these costs  
200 solely through alternative regulation, it should make that position clear and  
201 justify it as such.

202

203 **E. Add Language to Ensure Applicable Government Grants are Credited**  
204 **to Rate ACEP Recoveries**

205 **Q. Please describe your fifth recommendation regarding government**  
206 **grants.**

207 **A.** I recommend language be added to the Rate ACEP tariff to make clear  
208 that all applicable government grants received would offset amounts  
209 subject to cost recovery in Rate ACEP. (Attachment B-Co. Corrected  
210 Response to Staff Data Request JLH-1.08)

211

212 **Q. Please describe your proposed language concerning grants.**

213 A. To ensure any amount of electric vehicle plant which has qualified to  
214 receive a government grant does not also receive rate recovery, I  
215 recommend the following language addition to sheet X + 7:

216 EVP = Electric Vehicle Plant, in \$, equal to the original ICC-  
217 jurisdictional investment amount existing at the end of the month  
218 prior to the date that the ACEPA<sub>DC</sub> is filed in accordance with the  
219 Informational Filings section of this tariff expended by the Company  
220 for EV-related facilities associated with the EV Pilot approved by  
221 the ICC in its Order in Docket No. 10-XXXX. Notwithstanding the  
222 previous provisions of this definition, investment amounts  
223 expended by the Company for EV-related facilities prior to the date  
224 of such Order cannot be included in the determination of the EVP.  
225 In the event that the Company receives government funds for  
226 capital expenditures related to Electric Vehicle Plant, the Company  
227 applies a proportionate amount of such funds, as appropriate, as a  
228 reduction to the EVP.  
229

230 To ensure any government grant amounts related to electric vehicles are  
231 not considered part of the approved program budget, I also recommend  
232 the following language addition to sheet X + 15:

233 For each program for which recovery of and on investment  
234 expenditures is allowed to begin under this tariff and for  
235 which the Company has a final investment expenditure  
236 amount, an Investment Recovery Component is determined.  
237 In the event that the final amount of the Company's  
238 investment expenditures for a program is (i) equal to or  
239 greater than 95% of the targeted investment expenditure  
240 amount approved by the ICC adjusted for any government  
241 funds received for such program but (ii) less than or equal to  
242 105% of such targeted investment expenditure amount, then  
243 the Investment Recovery Component for such program is  
244 equal to zero.  
245

246 **F. Exclude Incentive Compensation Costs from Rate ACEP Cost**  
247 **Recovery**

248 **Q. Please describe your sixth recommendation to Rate ACEP regarding**  
249 **incentive compensation costs.**

250 A. I recommend that incentive compensation costs be specifically excluded  
251 for cost recovery under Rate ACEP. The Company's stated position is  
252 that incentive compensation expense would be recoverable through Rate  
253 ACEP (Response to Staff Data Request DLH-1.09):

254 Yes, the proposed tariff allows capitalized or operating and  
255 maintenance (O&M) incentive compensation costs to be  
256 included in amounts for cost recovery.[...] ComEd anticipates  
257 there will be incentive compensation costs associated with the  
258 Urban Underground Facility Reinvestment Program, the smart  
259 meter program, and the distribution automation program.  
260

261 **Q. Has the Commission previously addressed whether or not it is**  
262 **appropriate for incentive compensation expense to be recovered**  
263 **outside of base rates?**

264 A. Yes. In Docket No. 09-0263, the Commission rejected ComEd's  
265 inclusion of incentive compensation expense in Rider AMP Advanced  
266 Metering Program Adjustment:

267 We agree with Staff's conclusion that the proper place for  
268 incentive compensation cost recovery is in a general rate case,  
269 not here. [...] We also note that ComEd has presented no  
270 evidence establishing that it has any need to include incentive  
271 compensation in the pilot program here. (Order, Docket No. 09-  
272 0263, October 14, 2009, p. 32)  
273

274 Q. **What is your concern regarding allowing incentive compensation**  
275 **expense to be recoverable in rates charged under Rate ACEP?**

276 A. To allow incentive compensation expense to be recovered through Rate  
277 ACEP will effectively guarantee prolonged contested proceedings in the  
278 biennial review. Staff and other interested parties would have to review  
279 incentive compensation plans, review the targets and achievements, and  
280 debate the proper recovery mechanism during each biennial review  
281 proceeding.

282 The Company's total estimated incentive compensation expense in the  
283 instant case of \$249,600 is minimal in comparison to the \$45 million  
284 program for the Urban Underground Facility Reinvestment Program.  
285 (Corrected Response to Staff Data Request DLH-5.01 and ComEd Ex.  
286 1.0, p. 6, lines 116-117)

287 In addition, the Company has not demonstrated any financial reason why  
288 ratepayers must finance incentive compensation related to the Urban  
289 Underground Facility Reinvestment Program or future smart grid and AMI  
290 investment through Rate ACEP. (Attachment C-ComEd responses to Staff  
291 Data Requests DLH-5.02 and DLH-5.03)

292 For the foregoing reasons, capitalized and expensed incentive  
293 compensation costs should be eliminated from Rate ACEP.

294

295 Q. **Do you have an alternative recommendation?**

296 A. Yes. If the Commission determines it is appropriate for Rate ACEP to  
297 provide for cost recovery of incentive compensation expense, I  
298 recommend that the Final Order in this proceeding make clear that such  
299 determination does not preempt the Commission's decision on the  
300 recoverability of ComEd's incentive compensation costs in a general rate  
301 proceeding.

302

303 **G. Require Biennial Report to be Filed on e-Docket and Other Biennial**  
304 **Reporting Review Changes**

305 **Q. Please describe your seventh, eighth, ninth and tenth**  
306 **recommendations to Rate ACEP regarding the biennial reporting and**  
307 **review requirements.**

308 A. My recommendations seven through ten all concern the biennial reporting  
309 and review requirements of Rate ACEP. For recommendation seven, I  
310 recommend that the report the Company will prepare that summarizes the  
311 two year operations and audit results be filed on e-Docket under docket  
312 No. 10-0527 rather than filed as an informational filing. This will allow the  
313 report to be publicly available as soon as the Company files it. Since the  
314 biennial review has a statutory limitation of 270 days, parties would be  
315 prejudiced by any delay in receiving the Company's report.

316 For recommendation eight, I recommend the biennial review report  
317 quantify separately for each program the Investment Recovery Amounts,  
318 Expense Limiter Components, and Expense Cap Components related to

319 the previous two year period. This again will ensure that the limited time  
320 in the review proceeding will not be consumed with obtaining information  
321 necessary to conduct the review.

322 For recommendation nine, I recommend that the report be accompanied  
323 by a verified statement of an officer of the Company regarding the  
324 reasonableness of the costs of the programs as compared to the  
325 Commission approved budgets. This will ensure that the limited time in  
326 the review proceeding will not be consumed with obtaining assurance  
327 from the Company for the record that its results were reasonable.

328 Finally, for recommendation ten, I recommend the Company file testimony  
329 with its petition to extend or modify the program, or if no such petition is  
330 filed, to file testimony describing whether the program is meeting its  
331 objectives in a proceeding initiated by the Commission to review the  
332 programs.

333

334 **Q. What are your recommended language changes to Rate ACEP for**  
335 **your biennial review and reporting recommendations?**

336 **A.** My recommendation language changes to Sheet X + 19 are below, but it  
337 may be appropriate for the Company to revise this section further for  
338 clarity. The section should be clear that a biennial review proceeding is  
339 either: a) initiated by the Commission or b) initiated by the Company. In  
340 both cases, however, the proceedings must include the report quantifying

341 the Investment Recovery Amounts, Expense Limiter Components, and  
342 Expense Cap Components, the audit results, testimony from the  
343 Company, and the Company's verified statement regarding the  
344 reasonableness of its costs versus the approved budget:

345 **BIENNIAL REPORTING AND REVIEW REQUIREMENTS.**

346 Beginning in 2013, on or before April 6 in each odd-numbered year, in the  
347 event that ACEPA<sub>DCS</sub> had been applicable to retail customers during all or  
348 part of the immediately previous two calendar years, the Company must  
349 submit to the ICC a report that summarizes the operation of this tariff for  
350 costs incurred during such previous two calendar year period by the  
351 Company that are associated with programs, the costs for which recovery  
352 began in accordance with the provisions of this tariff. In such report, the  
353 Company must include the results of an audit that examines (a) costs  
354 recovered pursuant to this tariff to verify that such costs are recovered  
355 only pursuant to this tariff and to confirm that any such costs are not also  
356 being recovered inappropriately through charges imposed under other  
357 tariffs; (b) ACEPA<sub>DCS</sub> included in retail customers' bills for electric service  
358 to verify that such ACEPA<sub>DCS</sub> are properly applied; (c) revenues resulting  
359 from the application of this tariff to verify that such revenues are correctly  
360 stated; and (d) amounts recovered pursuant to this tariff to verify that such  
361 amounts are properly identified, recorded, and reflected in computations  
362 made pursuant to this tariff. The report must quantify separately for each  
363 program all of the following amounts included in ACEPA<sub>DCS</sub> during all or  
364 part of the immediately previous two calendar years a) Investment  
365 Recovery Amounts; b) Expense Limiter Components; and c) Expense  
366 Cap Components. The report further must include a statement from an  
367 officer of the Company regarding the reasonableness of the costs, by  
368 program, included in the ACEPA<sub>DCS</sub> as compared to Commission  
369 approved budgets. Such report must be submitted to the ICC ~~in an~~  
370 informational as a filing on the Commission's e-docket system under  
371 Docket No. 10-0527, with copies of such report provided to the Manager  
372 of the Commission's Staff's Accounting Department and the Director of  
373 the Commission's Staff's Financial Analysis Division. Such report must be  
374 verified by an officer of the Company.

375  
376 In any proceeding opened by the Commission to review any program that  
377 had ACEPA<sub>DCS</sub> applicable to retail customers during all or part of the  
378 immediately previous two calendar years, the Company must include the  
379 above report and testimony describing whether the program is meeting its  
380 objectives.

381  
382 In the event that the Company seeks to extend or modify any program,  
383 the costs for which recovery began through the application of the  
384 provisions of this tariff, the Company must submit a petition and testimony  
385 to the ICC seeking such extension or modification in accordance with the  
386 provisions of Section 9-244 on the same date that it submits the report  
387 described in the previous paragraph. Moreover, in the event that the  
388 Company seeks to propose any new program, the costs for which  
389 recovery is proposed to begin through the application of the provisions of  
390 this tariff, the Company must include its proposal in such petition and  
391 testimony.

392  
393 Upon receipt of such report and any associated petition, the ICC must  
394 open a proceeding to review the operation of this tariff during such  
395 previous two calendar year period. In the event that the Company  
396 submits a petition to (a) extend or modify any program, the costs for which  
397 recovery began through the application of the provisions of this tariff, or  
398 (b) propose any new program, the costs for which recovery is proposed to  
399 begin through the application of the provisions of this tariff, such  
400 proceeding must additionally address such petition and testimony.

401  
402 Such proceedings must be undertaken in accordance with the provisions  
403 of Section 9-244 of the Act.

404  
405 During the course of such proceedings, as applicable data become  
406 available, the Company must submit to the ICC data and documentation  
407 concerning and supporting (a) the ACEPA<sub>DCs</sub> applied during the current  
408 year that provide for the recovery of costs incurred during the previous two  
409 calendar years, and (b) the ACEPS<sub>DCs</sub>, including each Investment  
410 Recovery Component, Expense Limiter Component, and Expense Cap  
411 Component that is included in any ACEPA<sub>DC</sub> that becomes applicable  
412 during the course of such proceedings.

413  
414 The final Order for such proceedings must be entered no later than two  
415 hundred, seventy (270) days after such proceedings are opened.  
416

417 **H. Change “Approval of Recovery” to More Commonly Used Term of**  
418 **“Recoverable Costs”**

419 **Q. Please describe your eleventh recommendation to Rate ACEP**  
420 **regarding the section proposed to be titled “Approval of Recovery.”**

421 A. The section beginning on ComEd Ex. 1.2, Sheet X +1 proposed to be  
422 titled “Approval of Recovery” is a narrative description of what costs are  
423 eligible for cost recovery under Rate ACEP. I recommend the title of this  
424 section be changed to “Recoverable Costs,” a term used more commonly  
425 in tariffs approved by the Commission, such as the purchased gas  
426 adjustment clauses. This title better describes the language contained  
427 within the section it proposes to represent.

428

429 Q. **Does this conclude your prepared direct testimony?**

430 A. Yes, it does.

**ICC Docket No. 10-0527**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests**

**DLH 1.01- 1.10**

**Date Received: September 3, 2010**

**Date Served: September 22, 2010**

**REQUEST NO. DLH 1.08:**

Referring to ComEd Ex. 1.2, Original Sheet No. X+20, please explain why the general rate case requirement does not begin until after December 31, 2013.

**RESPONSE:**

The subject excerpt from ComEd Ex. 1.2 on Original Sheet No. X+20 is, "In any general rate proceeding commencing after December 31, 2013, the Company must request inclusion in its rate base of plant and any remaining regulatory asset associated with the EVA<sub>DCS</sub>, UFA<sub>DCS</sub>, SMA<sub>DCS</sub>, DAA<sub>DCS</sub>, or APA<sub>DCS</sub>, as applicable."

As a result of the subject excerpt, recovery of programs approved in this proceeding and the upcoming smart grid implementation proceeding would extend at least through most of the year 2014. It is ComEd's position that extending recovery of costs associated with programs approved by the Commission in this proceeding and in the upcoming smart grid implementation proceeding at least through most of 2014 will enable ComEd, the Commission, and ComEd's customers to gain valuable experience under a cost recovery mechanism that is an alternative to traditional cost recovery mechanisms. In addition, costs for any programs that would be approved in the Smart Grid Implementation Order would not even begin to be recovered under Rate ACEP – Accelerated Customer Enhancements Pilot until the August 2012 monthly billing period, and the first balancing amount incorporating costs and recoveries associated with such programs would not begin to be reflected in Accelerated Customer Enhancements Pilot Assessments (ACEPAs) until the August 2013 monthly billing period. These balancing factors would be in place through the April 2014 monthly billing period. Therefore, by extending recovery of costs for such programs at least through most of 2014, there would be assurance that at least one complete cost incurrence/recovery/balancing cycle for programs approved in the Smart Grid Implementation Order would occur in accordance with the provisions of the alternative cost recovery mechanism.

**ICC Docket No. 10-0527**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests**

**JLH 1.01 – 1.12**

**Date Received: September 23, 2010**

**Date Served: October 22, 2010**

**REQUEST NO. JLH 1.08**

Please refer to Original Sheet No. X+7 in ComEd Ex. 1.2 (Rate ACEP tariff) and the ComEd EV Pilot Program Assets table presented on line 86 of page 5 of Company witness, Mr. McMahan's testimony (ComEd Ex. 2.0). To the extent applicable, all documents and workpapers should be provided in Excel format with working formulas.

- (a) Please list any and all tax credits that may potentially be available for any of the assets proposed in the ComEd EV Pilot Program.
- (b) Please explain how ComEd plans to account for these tax credits under the proposed tariff Rate ACEP described in ComEd Ex. 1.2. In particular, how will these tax credits be considered with respect to the actual project costs incurred for the proposed EV Pilot Program?
- (c) Please list all grants that ComEd has been awarded to purchase EVs and/or EV charging stations. List the number and type (including technical specifications and negotiated prices) of charging stations and EVs that ComEd plans to purchase or has purchased with these funds.
- (d) Are grants already awarded to ComEd for EVs and charging stations going to be considered in the actual project cost calculations? If not, why not? If grants become available, how would they be accounted for under the proposed tariff Rate ACEP described in ComEd Ex. 1.2? In particular, how will these grants be considered with respect to the actual project costs incurred for the proposed EV Pilot Program?
- (e) Please explain how the proposed ComEd EV Pilot Program investments are different from investments already planned, implemented, and/or funded through grants. What additional knowledge does ComEd expect to acquire through the proposed EV Pilot Program that is incremental to the knowledge expected to be acquired through EV programs that are funded through grants<sup>1</sup> and those already implemented?

**CORRECTED RESPONSE (subparts b and d):**

- (a) Electric vehicles (EVs) with a gross vehicle weight rating (GVWR) of not more than 14,000 lbs., purchased in or after 2010 may be eligible for a federal income tax credit of up to \$7,500. The credit amount will vary based on the capacity of the battery used to fuel the vehicle. (source: [www.fueleconomy.gov](http://www.fueleconomy.gov)). This tax credit would potentially apply to the plug-in cars and plug-in cargo/service vehicles shown in the ComEd EV Pilot Program Assets table presented on line 86 of page 5 of Company witness, Mr. McMahan's testimony (ComEd Ex. 2.0).

---

<sup>1</sup> "ComEd Awarded \$4 million in Federal Economic Stimulus Funding To Expand Green Vehicle Fleet and Test Impact on Electric Grid." October 16, 2009. Chicago, IL. News Room Release.

[https://www.comed.com/sites/newsroom/News%20Room/newsroomreleases\\_10162009.aspx](https://www.comed.com/sites/newsroom/News%20Room/newsroomreleases_10162009.aspx)

The Alternative Fuel Vehicle Refueling Property Credit (IRS Form 8911) currently allows a rebate of 50% (up to \$50,000) of vehicle charging infrastructure costs. However, the current tax credit expires 12/31/2010 and it is not known at this time whether or not the tax credit will be extended. (source: <http://www.irs.gov/pub/irs-pdf/f8911.pdf>)

- (b) ComEd would be receptive to a proposal in Staff's direct testimony that recommends including provisions in Rate ACEP – Accelerated Customer Enhancements Pilot (Rate ACEP) to recover any operations and maintenance (O&M) expenses related to the EV Pilot program, which would then be offset by any applicable tax credits that become available and that ComEd receives.
- (c) ComEd currently is party to the following two grants:
  - i. CFDA No.81.086, "Conservation Research and Development" (the "Clean Cities Project"). The grant awards ComEd \$610,000 for vehicles, and \$421,480 for infrastructure. A break out of cost estimates and grant share for vehicles and infrastructure is shown in the attached spreadsheet. Under the terms of the grant, all vehicles and infrastructure are required to be in service by December 31, 2011. Refer to the attachment to ComEd's Response to Staff Data Request JLH 1.08 labeled as JLH 1.08\_Attach 1.
  - ii. DOE FOA-0000428, Transportation Electrification Grant. ComEd is partnering with the Electric Power Research Institute (EPRI), the South Coast AQMD, and several other utilities to demonstrate plug-in hybrid (PHEV) vehicles in a commercial fleet application. Under this grant, ComEd will deploy 25 PHEV bucket trucks. Each utility's cost share is the cost of the base vehicle (approximately \$106,000 per vehicle, in ComEd's case) while the grant covers the incremental PHEV cost. All vehicles acquired under this grant are expected to be in service by the second quarter, 2011.
- (d) The vehicles and infrastructure being deployed in conjunction with the two grants listed in subpart (c) above are separate and distinct from the vehicles and infrastructure included in the ComEd EV Pilot Program Assets table presented on line 86 of page 5 of Company witness, Mr. McMahan's testimony (ComEd Ex. 2.0). Therefore, these grants are not considered in the cost calculations for the ComEd EV Pilot Program.

In the event that ComEd receives government funds for investment expenditures related to the EV Pilot, ComEd would apply a proportionate amount of such funds, as appropriate, as a reduction to the Electric Vehicle Plant (EVP).

- (e) The proposed ComEd EV Pilot program discussed in Mr. McMahan's testimony compliments other pilots being conducted by ComEd through the deployment of additional EV platforms that are not part of other pilot programs, such as production-ready plug-in cars and plug-in cargo/service vehicles. Implementation of this EV Pilot Program will enable a more robust analysis of the life-cycle costs and benefits of EVs across multiple vehicle types and platforms, which will provide valuable information to residential customers and commercial fleets considering adoption of EVs.

Vehicle Costs					
	Cost p.u.	Quantity	Total Cost	ComEd Share	Grant Share
<b>Ford Escape Hybrid *</b>					
Total vehicle cost	\$ 32,000	35	\$ 1,120,000	\$ 1,050,000	\$ 70,000
<b>Hybrid Bucket Truck **</b>					
Standard diesel vehicle	\$ 175,000	8	\$ 1,400,000	\$ 1,400,000	\$ -
Incremental hybrid cost	\$ 55,000	8	\$ 440,000	\$ -	\$ 440,000
Total vehicle cost	\$ 230,000		\$ 1,840,000	\$ 1,400,000	\$ 440,000
<b>PHEV Digger Derrick Truck ***</b>					
Standard diesel vehicle	\$ 250,000	1	\$ 250,000	\$ 250,000	\$ -
PHEV conversion	\$ 100,000	1	\$ 100,000	\$ -	\$ 100,000
Total vehicle cost	\$ 350,000		\$ 350,000	\$ 250,000	\$ 100,000
<b>TOTAL VEHICLE COSTS</b>		<b>44</b>	<b>\$ 3,310,000</b>	<b>\$ 2,700,000</b>	<b>\$ 610,000</b>

**Charging Infrastructure Costs \*\*\***

	Cost p.u.	Quantity	Total Cost	ComEd Share	Grant Share
<b>Standard Coulomb Charging Station</b>					
Coulomb Technologies Smart Charging station	\$ 5,000				
Installation (labor, material)	\$ 5,000				
Total equipment costs per charge point	\$ 10,000				
<b>Charging Station w/ 2.4 kW Solar Canopy</b>					
Smart Charging stations (2 per canopy)	\$ 10,000				
Solar canopy, including design and installation	\$ 75,740				
Total equipment costs per canopy	\$ 85,740				
<b>Charging Stations for ComEd plug-in vehicles</b>		25	\$ 250,000		\$ 250,000
- Level 2 charging stations					
<b>Solar-Integrated Charging Stations for Public Use</b>		2	\$ 171,480		\$ 171,480
Charging stations for ComEd use (PHEV Prius, bucket trucks, digger derricks)					
<b>TOTAL CHARGING INFRASTRUCTURE COSTS</b>		27	\$ 421,480	\$ -	\$ 421,480

	Total Cost	ComEd Share	Grant Share
<b>TOTAL PROJECT COSTS</b>	\$ 3,731,480	\$ 2,700,000	\$ 1,031,480

\* Clean Cities grant funds actual incremental amount, up to \$2,000

\*\* Clean Cities grant funds actual incremental amount, up to \$200,000

\*\*\* Clean Cities grant funds 50% of infrastructure costs. Investment in base vehicle costs is counted towards ComEd's 50% cost share.

**ICC Docket No. 10-0527**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests**

**DLH 5.01- 5.08**

**Date Received: September 23, 2010**

**Date Served: October 4, 2010**

**REQUEST NO. DLH 5.02:**

Referring to the Company's response to Staff Data Request DLH-1.09, please provide an analysis demonstrating that the Company could not fund its incentive compensation costs related to the Urban Underground Facility Reinvestment Program without rate recovery of such incentive compensation costs through Rate ACEP. Provide all supporting workpapers, calculations, and allocations of the amounts in this response. If applicable, provide workpapers and supporting documents in Excel format with working formulas.

**RESPONSE:**

ComEd has no such analysis.

**ICC Docket No. 10-0527**

**Commonwealth Edison Company's Response to  
Illinois Commerce Commission ("STAFF") Data Requests**

**DLH 5.01- 5.08**

**Date Received: September 23, 2010**

**Date Served: October 4, 2010**

**REQUEST NO. DLH 5.03:**

Referring to the Company's response to Staff Data Request DLH-1.09, if Rate ACEP includes incentive compensation amounts for programs other than the Urban Underground Facility Reinvestment Program, provide the same analysis requested in Staff Data Request DLH-5.02.

**RESPONSE:**

As currently proposed, only recovery amounts associated with Urban Underground Facility Reinvestment Program includes any recovery of incentive compensation. In the future, currently undetermined amounts for smart grid or AMI investments would likely include recovery of incentive compensation, but ComEd currently has no such analysis.