

DIRECT TESTIMONY

of

CHERI L. HARDEN

Rates Department

Financial Analysis Division

Illinois Commerce Commission

Commonwealth Edison Company

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

Docket No. 10-0527

November 9, 2010

1 **Q. Would you please state your name and business address?**

2 A. My name is Cheri L. Harden. My business address is 527 East Capitol Avenue,
3 Springfield, Illinois 62701.

4

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

6 A. I am employed by the Illinois Commerce Commission ("Commission") as a Rate
7 Analyst in the Rates Department of the Financial Analysis Division. My
8 responsibilities include rate design and cost-of-service analyses for electric, gas
9 and water utilities and the preparation of testimony on rates and rate-related
10 matters.

11

12 **Q. Please briefly state your qualifications.**

13 A. My experience includes ten years of employment at the Commission where I
14 have provided testimony and performed related ratemaking tasks. My testimony
15 has addressed cost-of-service, rate design and various tariff issues that concern
16 electric, gas and water utilities.

17

18 Previously, I worked for the Wyoming Public Service Commission for almost
19 seven years. The last two positions I held with the Wyoming Public Service
20 Commission were as the Consumer Services Coordinator and as a Rate Analyst.

21

22 I graduated from the University of Maryland in 1993, with a Bachelor of Science

23 degree in Management Studies.

24

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

26 A. The purpose of my testimony is to address Commonwealth Edison Company's
27 ("ComEd" or "the Company") Petition for approval of an Alternative Rate
28 Regulation Plan pursuant to Section 9-244 of the Public Utilities Act. Specifically,
29 I will be presenting testimony concerning the tariff proposal for Rate ACEP
30 (Accelerated Customer Enhancements Pilot), also referred to as ACEPA
31 (Accelerated Customer Enhancements Pilot Assessments), to be incorporated
32 into the customer charge rather than as a separate line item on monthly bills.

33

34 **Q. Are you sponsoring any schedules or attachments as part of your**
35 **testimony?**

36 A. Yes. I am sponsoring Attachment 6.01, which is the Company's response to
37 Staff Data Request ("DR") CLH 1.01.

38

39 **Q. What testimony did you review?**

40 A. While I reviewed all of the Company's testimony, I focused my review on the
41 prefiled direct testimony of Company witness Ross C. Hemphill (ComEd Ex. 1.0).

42

43 **Q. Does Company witness Hemphill address Rate ACEP being incorporated**

44 **into the customer charge on monthly bills in his direct testimony?**

45 A. No. The Company's direct testimony does not address this issue. However,
46 ComEd Ex. 1.2, ILL. C.C. No. 10, Original Sheet No. x+17 states the following:

47 The ACEPA_{DC} is applied to each retail customer to which delivery
48 class, DC, is applicable during the monthly billing period, and such
49 ACEPA_{DC} is incorporated into the customer charge applicable to
50 such retail customer. For a retail customer for which no customer
51 charge is applied in accordance with the provisions of the tariff for
52 electric service applicable to such retail customer, a customer
53 charge that includes the ACEPA_{DC} is included on such retail
54 customer's monthly bill.
55

56 **Q. Did the Company provide you with further information on this issue?**

57 A. Yes, in Staff DR CLH 1.01, I requested that the Company identify each separate
58 charge and its dollar amount that is currently included in each customer charge
59 by customer class.

60
61 The Company's response (Attachment 6.01) specifies that the components
62 included in the monthly customer charge are: (1) Base rate for the customer
63 charge component; (2) IDUF (incremental distribution uncollectible cost factor);
64 (3) Resources Charge; (4) Low Income Charge; and (5) RRTP Charge
65 (Residential Real Time Pricing).

66
67 **Q. Does any Company witness provide testimony justifying inclusion of the**
68 **Rate ACEP charge as part of the monthly customer charge?**

69 A. No, the Company does not present any testimony on the subject. The
70 Company's position on this issue is only provided through the proposed tariff
71 sheets.

72

73 **Q. Do you object to the Company's proposal that Rate ACEP should be**
74 **included as part of the monthly customer charge?**

75 A. Yes, I object to the Company's proposal to include the charge for Rate ACEP
76 within the monthly customer charge. As discussed above, besides the base rate
77 charge, four additional charges are already recovered through the monthly
78 customer charge. The primary component of the monthly customer charge is the
79 base rate which recovers the customer-related costs that do not vary based on
80 the amount of electricity delivered to customers. These customer-related costs
81 include those related to billing, payment processing, and other customer
82 services. Adding in other costs to the customer charge that have no relationship
83 to customer-related costs may cause confusion for customers.

84

85 Also, the Company's proposal for Rate ACEP is not transparent. It does not
86 identify the additional component that ComEd proposes to include in the
87 customer charge. Therefore, customers are unaware of what they are paying for.

88

89

90 Finally, Rate ACEP has no relevance to the customer charge. Rate ACEP will
91 primarily recover the costs of offering advanced technologies to ComEd
92 customers and provide an opportunity for alternative regulation. The initiatives
93 proposed by ComEd, whose costs it seeks to recover from Rate ACEP, are low
94 income assistance, accelerated underground facility reinvestment in urban areas,
95 a pilot of zero-emission utility electric vehicles, (“EV”) and deployment of cost-
96 beneficial smart technologies (ComEd Ex. 1.0, p. 1). As an alternative to
97 traditional regulation, the funding for these four specific initiatives should not be
98 included in the traditional regulation cost recovery mechanism and the
99 Commission should, therefore, reject the Company’s proposal to include Rate
100 ACEP in the monthly customer charge.

101
102 **Q. Please explain how you propose Rate ACEP should be reflected on the**
103 **monthly bill.**

104 A. I recommend that Rate ACEP be shown separately as a line item on customers’
105 monthly bills so that they can understand exactly what costs are being billed to
106 them each month. Other items shown separately on the sample Bill Format
107 currently provided as tariff ILL.C.C. No. 10, 1st Revised Sheet No. 217 are:
108 Smart Meter Program, Environmental Cost Recovery Adj., Energy Efficiency
109 Programs and Franchise Cost.

111 **Q. Do you object to the Company's proposal that Rate ACEP should be a**
112 **charge per-customer?**

113 A. No, I do not. This charge will recover the costs budgeted for the programs and
114 the costs are spread evenly among customers within each rate class. If Rate
115 ACEP is billed under a per-customer charge, it will not be influenced by usage
116 variations such as the weather. The revenue produced will be more stable and
117 more predictable with a per-customer charge.

118

119 **Q. Please summarize your recommendations.**

120 A. I do not object to Rate ACEP being recovered as a charge per-customer, but it
121 should not be hidden as part of the customer charge; rather, I recommend Rate
122 ACEP should be shown separately and transparently as a line item on
123 customers' monthly bills.

124

125 **Q. Does this conclude your direct testimony?**

126 A. Yes, it does.

ICC Docket No. 10-0527

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

CLH 1.01

Date Received: October 1, 2010

Date Served: October 4, 2010

REQUEST NO. CLH 1.01:

ComEd Ex. 1.2, ILL. C.C. No. 10, Original Sheet No. x+17 states the following:

The ACEPA_{DC} is applied to each retail customer to which delivery class, DC, is applicable during the monthly billing period, and such ACEPA_{DC} is incorporated into the customer charge applicable to such retail customer. For a retail customer for which no customer charge is applied in accordance with the provisions of the tariff for electric service applicable to such retail customer, a customer charge that includes the ACEPA_{DC} is included on such retail customer's monthly bill.

Please identify each separate charge and its dollar amount that is currently included in each customer charge by customer class.

RESPONSE:

ComEd objects to this data request on the grounds its inquiry into charges currently included in each customer charge by customer class is beyond the scope of this proceeding, irrelevant and not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving the foregoing objections or its General Objections, ComEd responds as follows:

Components Included in the Customer Charge Shown on Customer Bills (\$/month)					
Delivery Class	Base Rate Customer Charge (1)	IDUF (2)	Resources Charge (3)	Low Income Charge (4)	RRTP Charge (5)
Single Family W/WO/Electric Heat	\$7.64	\$0.18	\$0.05	\$0.48	\$0.14
Multi Family W/WO/Electric Heat	\$6.65	\$0.16	\$0.05	\$0.48	\$0.14
Watt-Hour	\$7.35 \$0.0	6	\$0.50 \$4.8	0	\$0.00
Small Load	\$8.29 \$0.0	6	\$0.50 \$4.8	0	\$0.00
Medium Load	\$13.46	\$0.10	\$0.50	\$4.80	\$0.00
Large Load	\$94.90	\$0.71	\$0.50	\$4.80	\$0.00
Very Large Load	\$532.67	\$1.76	\$0.50	\$4.80	\$0.00
Extra Large Load	\$771.49	\$2.55	\$37.50	\$360.00	\$0.00
HV (one of seven possible combinations shown)	\$435.11 \$435.11 \$8.29 \$13.46 \$94.90 \$532.67 \$771.49	\$1.44 \$1.44 \$0.06 \$0.10 \$0.71 \$1.76 \$2.55	\$0.50 \$37.50 \$0.50 \$0.50 \$0.50 \$0.50 \$37.50	\$4.80 \$360.00 \$4.80 \$4.80 \$4.80 \$4.80 \$360.00	\$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00 \$0.00
Railroad \$4,2	98.25	\$14.19	\$37.50	\$360.00	\$0.00
Fixture-Included Ltg	\$0.00 \$0.0	0	\$0.50 \$4.8	0	\$0.00
Dusk to Dawn Ltg	\$0.00	\$0.00	\$0.50	\$4.80	\$0.00
General Ltg	\$0.00 \$0.0	0	\$0.50 \$4.8	0	\$0.00

NOTES:

- (1) From Rate RDS – Retail Delivery Service (Rate RDS), 2nd Revised Sheets Nos. 60-66.
- (2) From Rate RDS, 2nd Revised Sheets Nos. 60-66 and 1st Revised Informational Sheet No. 20.
- (3) Renewable Energy Resources and Coal Technology Development Assistance Charge from Rider RCA – Retail Customer Assessments (Rider RCA), 1st Revised Sheet No. 256 and mandated by statute (Renewable Energy, Energy Efficiency, and Coal Resources Development Law of 1997) to be incorporated into the customer charge.
- (4) Energy Assistance Charge for the Supplemental Low-Income Energy Assistance Fund from Rider RCA, 1st Revised Sheet No. 256 and mandated by statute (Section 13 of the Energy Assistance Act of 1989, as amended on December 16, 1997) to be incorporated into the customer charge.
- (5) Residential Real Time Pricing Program Cost Recovery Charge from Rider RCA, Original Sheet No. 257.