

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

COMMONWEALTH EDISON COMPANY :  
 :  
Proposed general increase in electric rates : No. 10-0467  
 :  
 :

Rebuttal Testimony of  
**ROBERT GARCIA**  
Manager, Regulatory Strategies and Solutions  
Commonwealth Edison Company

## List of Issues & Major Conclusions

- Describe the external allocation factors used in ComEd's embedded cost of service studies and explain how they were determined
- Respond to certain cost allocation issues
- Respond to certain customer services cost issues
- Respond to Staff questions regarding the Residential Real Time Pricing Program

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1 **I. Introduction**

2 **A. Identification of Witness**

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

4 A. My name is Robert Garcia. My business address is 440 S. LaSalle St., Chicago, Illinois  
5 60605.

6 **Q. By what entity and in what position are you employed?**

7 A. I am employed by ComEd in the position of Manager, Regulatory Strategies and  
8 Solutions.

9 **Q. Are you the same Robert Garcia who provided direct and supplemental direct  
10 testimony in this proceeding?**

11 A. Yes. My direct testimony is ComEd Ex. 23.0 and my supplemental direct testimony is  
12 ComEd Ex. 24.0.

13 **B. Purposes of Rate Design Rebuttal Testimony**

14 **Q. What is the purpose of your rate design rebuttal testimony?**

15 A. The purpose of my rebuttal testimony is to respond to the direct testimony of Staff  
16 witnesses Cheri L. Harden and Eric Schlaf (Staff Exs. 11.0 and 15.0); City of Chicago  
17 (“City”) witness Edward Bodmer (City Ex. 1.0); Commercial Group (“CG”) witness  
18 Richard Baudino; Illinois Industrial Energy Consumers (“IIEC”) witness David Stowe  
19 (IIEC Ex. 3.0); and REACT witness Jeffrey Merola (REACT Ex. 2.0).

20 Staff and Intervenors raise numerous concerns to which I will respond. The  
21 failure to address any particular point raised by Staff and Intervenors does not imply  
22 acquiescence to that point.

23           **C.     Summary of Conclusions**

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

25    **A.     My conclusions are as follows:**

- 26                   1. ComEd supports the use of noncoincident peak (“NCP”) to allocate primary  
27                   lines and substations costs as proposed by IIEC and CG.
- 28                   2. ComEd asks that the City of Chicago (“City”) to provide the necessary  
29                   analysis in rebuttal testimony regarding its proposal to reallocate indirect  
30                   uncollectible costs.
- 31                   3. ComEd objects to the City’s proposal to recover uncollectible cost and  
32                   indirect uncollectible costs solely through a per kWh charge.
- 33                   4. ComEd offers its interpretation of the Order entered in Docket No. 09-0263  
34                   regarding the Railroad Delivery Class and rate base recovery of Advanced  
35                   Metering Infrastructure (“AMI”) and awaits further clarification from the Illinois  
36                   Commerce Commission (“Commission”) on this matter.

37                   In addition, I correct certain mischaracterizations made by REACT concerning  
38                   customer services costs and respond to Staff’s request for clarification regarding the  
39                   implications of eliminating the \$2.25 per month charge applicable to RRTP participants.

40           **D.     Itemized Attachments**

41    **Q.     What exhibits are attached to your rate design rebuttal testimony?**

42    **A.     The following is a list of the exhibits attached to this testimony and a brief description of**  
43           each:

- 44                   1. ComEd Ex. 50.1 shows the development of the revised external allocation factors  
45                   used in the ECOSS presented in ComEd Ex. 51.1. There are confidential and  
46                   public versions of this exhibit.
- 47                   2. ComEd Ex. 50.2 shows the development of the revised external allocation factors  
48                   used in the ECOSS presented in ComEd Ex. 51.2. There are confidential and  
49                   public versions of this exhibit.
- 50                   3. ComEd Ex. 50.3 shows the development of the revised external allocation factors  
51                   used in the ECOSS presented in ComEd Ex. 51.3.

52 4. ComEd Ex. 50.4 shows the revised determination of the real time pricing program  
53 cost recovery charge in Rider RCA – Retail Customer Assessments (“Rider  
54 RCA”).

55 **II. Revised External Allocation Factors Used in ComEd’s ECOSSs**

56 **Q. What are the revisions to the external allocation factors presented in ComEd Ex.**  
57 **50.1?**

58 A. ComEd Ex. 50.1 presents revised external allocation factors used in ComEd’s proposed  
59 ECOSS presented by ComEd witness Mr. Heintz (ComEd Ex. 51.1). ComEd Ex. 50.1  
60 shows the development of the revised class coincident peak (“CP”) and NCP to (1) reflect  
61 the revised distribution loss factors proposed by Mr. Born (ComEd Ex. 34.1) (2) take into  
62 account that some portion of the loads for the High Voltage Delivery Class has zero  
63 distribution losses, as described in the rebuttal testimony of ComEd witness Mr. Alongi,  
64 (ComEd Ex. 49.0) , and (3) correct an error in the high voltage loads that results in a  
65 move of about 10 MW of the CP within the High Voltage Delivery Class from the Up to  
66 10,000 kW subclass to the Over 10,000 kW class. In addition, ComEd Ex. 50.1 shows  
67 the development of the revised Weighted Services, Meter Factor, Meter Reading, and  
68 Meter O&M factors for the Extra Large Delivery Class and the Lighting delivery classes.  
69 The update to the factors for the Extra Large Delivery Class is to correct a minor error in  
70 the numbers and types of standard metering facilities provided to the customers in the  
71 class. The update to the factors for the lighting class is to develop the factors consistent  
72 with the numbers and types of standard metering facilities provided to customers in the  
73 lighting classes instead of using the factors developed for the residential classes.

74 **Q. What are the revisions to the external allocation factors presented in ComEd Ex.**  
75 **50.2?**

76 A. ComEd Ex. 50.2 presents revised external allocation factors used in ComEd's preferred  
77 exemplar ECOSS presented by Mr. Heintz (ComEd Ex. 51.2). All external allocation  
78 factors are updated to reflect a net increase of 28 customers in the Primary Voltage  
79 Delivery Class from 908 in ComEd Ex. 24.1 to 936 customers and two subclasses of the  
80 Primary Voltage Delivery Class: Up to 10,000 kW and Over 10,000 kW. Similar to  
81 ComEd Ex. 50.1, this exhibit also shows the development of the revised CP and NCP  
82 allocators to (1) reflect the revised distribution loss factors presented by Mr. Born  
83 (ComEd Ex. 34.2), (2) take into account that some portion of the loads for the High  
84 Voltage Delivery Class has zero distribution losses, as described by Mr. Alongi, and  
85 correct an error in the high voltage loads that results in a move of about 10 MW of the CP  
86 within the High Voltage Delivery Class from the Up to 10,000 kW subclass to the Over  
87 10,000 kW class. In addition, to be consistent with the discussion of secondary voltage  
88 distribution lines in Mr. Alongi's rebuttal testimony (ComEd Ex. 49.0), a new NCP-SEC  
89 LINE external factor is determined from the NCP<69 kV factor and the percentage of  
90 customers not taking service from secondary presented in ComEd Ex. 16.5 attached to  
91 the direct testimony of Mr. Alongi (ComEd Ex. 16.0 2nd Revised) to allocate the  
92 Secondary Voltage Distribution Lines cost to delivery classes in ComEd Ex. 51.2. Also  
93 similar to ComEd Ex. 50.1, the revised Weighted Services, Meter Factor, Meter Reading,  
94 and Meter O&M factors for the Lighting delivery classes are also determined in ComEd  
95 Ex. 50.2.

96 Q. **What external allocation factors are revised in ComEd Ex. 50.3?**

97 A. ComEd Ex. 50.3 presents revised class CP and NCP allocation factors used in ComEd's  
98 alternative exemplar ECOSS presented by Mr. Heintz (ComEd Ex. 51.3). This ECOSS

99 generates the data necessary to develop separate Distribution Facilities Charges (“DFCs”)  
100 for service points at primary voltages and secondary voltages for five demand classes  
101 from Small Load to Extra Large Load, as shown in ComEd Ex. 49.3 attached to the  
102 rebuttal testimony of Mr. Alongi, ComEd Ex. 49.0. The CPs and NCPs allocation factors  
103 shown in ComEd Ex. 50.3 are developed in the same manner as the CPs and NCPs shown  
104 in ComEd Ex. 50.2 except that primary and secondary voltage figures are shown for each  
105 of the five demand classes instead of having a separate Primary Voltage Delivery Class  
106 with two subclasses. The other external allocation factors used in ComEd Ex. 51.3 are  
107 the same as these factors used in ComEd Ex. 51.1.

108 **III. Costs Allocation**

109 **A. Primary Lines and Substations**

110 **Q. IIEC witness Mr. Stowe recommends that ComEd allocate primary lines and**  
111 **substations costs based on NCP rather than CP. (IIEC Ex. 3.0, 20:451-24:549).**  
112 **Commercial Group witness Mr. Baudino offers a similar recommendation. (CG Ex.**  
113 **1.0, 4:94-95 and 9:191-14:256). Does ComEd agree with these recommendations?**

114 **A.** Yes. ComEd agrees that the Commission should reinstitute the use of class NCP for  
115 allocating primary lines and substations costs. In the surrebuttal testimony filed in  
116 Docket No. 08-0532, the Rate Design Investigation proceeding (“Rate Design  
117 Investigation docket”), Mr. Alongi stated that:

118 ComEd designs its primary lines and substations based on the noncoincident peak  
119 that occurs on those facilities, not the system coincident peak. Likewise, the  
120 Commission agreed in its Final Order in ComEd’s 2007 Rate Case that the record  
121 showed that “[d]istribution facilities must be planned and built to meet customers’  
122 maximum loads, regardless of when those may occur.” Docket No. 07-0566, Final  
123 Order at 217. Consequently, it is reasonable to me that the costs of such facilities  
124 would be allocated on the basis of NCP.

125 (Docket No. 08-0532, ComEd Ex. 10.0, 27:570-576)

126 **Q. Does any party contend that ComEd’s use or application of CP to allocate primary**  
127 **lines and substations costs is in any way inconsistent with the Commission Order in**  
128 **the Rate Design Investigation proceeding?**

129 A. No. In fact, Mr. Stowe’s thorough review of the rationale for the use of CP to allocate  
130 such costs begins by noting that “this allocation is arguably consistent with the Rate  
131 Design Investigation Order.” (IIEC Ex. 3.0, 20:457). Thus, what is at issue here is that  
132 these parties seek Commission reconsideration of the use of CP to allocate these costs,  
133 which ComEd appreciates and supports.

134 **B. Indirect Uncollectible Costs and Uncollectible Costs**

135 **Q. Is City witness Bodmer correct that while “ComEd allocated the direct costs of**  
136 **uncollectible costs in a reasonable manner, it ignored the indirect costs of collecting,**  
137 **administering, managing, disconnecting and reconnecting uncollectible accounts”**  
138 **(City Ex. 1.0, 63:1234-1236)?**

139 A. No, not exactly. While the allocation of these so-called “indirect uncollectible” expenses  
140 was an issue raised by the City in the Rate Design Investigation docket, there was no  
141 express Commission decision or directives regarding the allocation of these costs. (*See*  
142 *Docket No. 08-0532, Order (April 21, 2010) at 78-80 and 84*). In fact, the Commission  
143 Analysis and Conclusion section makes no mention of “indirect uncollectible” expenses.  
144 It merely appears to reaffirm its decision in Docket No. 07-0566 with respect to the  
145 treatment of “uncollectible costs.” Therefore, no directives were ignored. Rather, it  
146 appears that Mr. Bodmer is just employing the same rationale used to justify the

147 socialization of uncollectible costs over all residential subclasses to support his proposal  
148 to socialize the associated administrative costs.

149 **Q. Has the City properly identified or quantified these indirect uncollectible costs that**  
150 **it seeks to reallocate?**

151 A. No. While Mr. Bodmer references a calculation of the indirect uncollectible costs that he  
152 prepared in the Rate Design Investigation docket, he acknowledges that he has not  
153 performed a similar calculation in this proceeding. Thus, not only has the City failed to  
154 quantify the costs in question, it has also failed to properly identify and define exactly  
155 what costs should constitute indirect uncollectible costs (*i.e.*, the “costs of collecting,  
156 administering, managing, disconnecting and reconnecting uncollectible accounts”) and  
157 explain why such costs are related to the uncollectible costs themselves. Indeed, it is not  
158 entirely clear why the reconnection of service would constitute an indirect uncollectible  
159 cost or how it would be distinguishable from an initial service connection, for example.  
160 Absent such an analysis, the City proposal could not be adopted because it is not  
161 supported by the record.

162 **Q. Is Mr. Bodmer’s proposal likely to effect a significant change in the rates paid by**  
163 **residential customers?**

164 A. No. I do not expect it will make much of a difference to the rates paid by multi-family  
165 residential customers, which seem to be the sole focus of the City’s stated concern. As  
166 Mr. Bodmer acknowledges, most of the costs that he loosely describes are already  
167 allocated to residential classes based on number of customers. (City Ex. 1.0, 64:1255-  
168 1260). That is, they are not directly allocated based on the level of uncollectible costs  
169 attributable to the classes. Therefore, there is already an inherent socialization of the

170 indirect uncollectible costs. Furthermore, based on the figures presented by Mr. Bodmer,  
171 the City proposal appears to contemplate an 11 percentage point decrease (*i.e.*, 34%-  
172 23%) in the multi-family customer share of costs, which he previously estimated to be  
173 worth \$34 million. (City Ex. 1.0, 62:1216-65:1262). This results in a total shift of  
174 roughly \$4 million from multi-family to single-family customers, which saves multi-  
175 family customers just over a quarter per bill on average (*i.e.*, \$3.7 million / 14 million  
176 bills = \$0.27). At this level, it is not likely to provide any meaningful relief to multi-  
177 family customers struggling to pay their bills, as Mr. Bodmer suggests.

178 **Q. Do you agree with the City's proposed allocation of these indirect costs associated**  
179 **with uncollectible costs?**

180 A. No. Like Staff and the Attorney General, ComEd did not support the ordered  
181 socialization of the uncollectible costs themselves in the Rate Design Investigation  
182 docket, which is the basis for the City's proposal. Moreover, unlike the previous  
183 allocation of uncollectible costs, the indirect costs are allocated generically based on the  
184 number of customers, which results in some level of cost socialization.

185 **Q. How do you respond to the City's proposal to recover uncollectible costs on an**  
186 **energy basis (City Ex. 1.0, 66:1284-1292)?**

187 A. I disagree with the recovery of uncollectible costs solely through a per kWh charge,  
188 presumably through the DFC alone. ComEd's revenue-based allocation reflects  
189 uncollectible costs in the determination of each of the distribution charges, namely the  
190 customer charge, the standard metering service charge and DFC, in proportion to the  
191 revenues derived from these charges. This method fairly allocates these costs to all  
192 residential customers, regardless of whether they are relatively high or low use

193 customers. Under ComEd's method, high use customers will absorb more of these costs  
194 than low use customers, and all customers will incur these costs in direct proportion to  
195 the services taken.

196 Furthermore, Mr. Bodmer offers no explanation as to why "low use" customers  
197 should be spared from the burden of uncollectible costs or how this proposal is consistent  
198 with his statement that "[i]t is better to allocate uncollectable costs on the basis of  
199 revenues." (*Id.*, 65:1274-1275).

200 **C. AMI Costs**

201 **Q. Mr. Bachman (CTA/Metra Joint Ex. 1.0 23-25:531-567) disagrees with ComEd's**  
202 **\$1,212 allocation to the Railroad Delivery Class of the \$12,394,316 of the AMI Pilot**  
203 **Program Costs that ComEd proposes to recover in base rates. Considering that**  
204 **ComEd followed this allocation as required by the Commission's Final Order in**  
205 **Docket No. 09-0263, how do you respond?**

206 **A.** Based on my understanding of the Order entered in Docket No. 09-0263, Mr. Bachman  
207 appears to be confusing the recovery of costs associated with the AMI Pilot Program with  
208 the recovery of rate base costs that are properly allocated to the Railroad Delivery  
209 Class. While I agree that the Commission sent a message in the AMI docket that the  
210 AMI Pilot Program costs should not be recovered from the Railroad class (*see* Docket  
211 No. 09-0263, Order at 43), Mr. Bachman overlooks other statements made by the  
212 Commission:

213 [T]he cost of this program should be allocated in accordance with what is used  
214 when meter-related costs are recovered in base rates. This is especially true when  
215 one considers that, in ComEd's next rate case, it will, in all likelihood, fold these  
216 meter costs into rate base. If this occurs, these costs will then be allocated to  
217 ratepayers in accordance with the weighted meter allocator

218 Thus, the \$1,212 assigned to the Railroad class constitutes nothing more than the  
219 “folding” of the six (6) enhanced meters serving railroad facilities that were deployed as  
220 part of the AMI Pilot and included into rate base in compliance with the direction given  
221 in the Commission’s Order. Thus, ComEd seeks confirmation of its interpretation or  
222 further clarification from the Commission with respect to its expectations regarding the  
223 rate base allocations of such costs and the Railroad Class.

224 **IV. Customer Services Costs**

225 **Q. REACT witness Mr. Merola proposes that the Commission reject ComEd’s**  
226 **Switching Study and “insist on an embedded cost of service methodology.”**  
227 **(REACT Ex. 2.0, 16:336-339). Is ComEd’s Switching Study inconsistent with an**  
228 **embedded cost of service methodology?**

229 **A.** No, it is not. As I stated in my supplemental direct testimony, the Switching Study is  
230 essentially just a means of determining and demonstrating which portion of the common  
231 costs are distribution related and which are not. That is, it is merely an added step in the  
232 direct assignment of costs attributable to the delivery service function. (See ComEd Ex.  
233 24, 9:201-10:212). Direct assignment is a common step in the preparation of an ECOSS.  
234 Indeed, even Mr. Merola applied such a step with respect to his proposed treatment of  
235 metering services costs, noting that they should be deemed delivery service costs because  
236 “[m]etering Services are provided for all customers regardless of the customer’s choice of  
237 generation supplier.” (REACT Ex. 2.0, 15:306-308).

238 **Q. Is Mr. Merola correct that ComEd erred by artificially reducing the customer**  
239 **services costs analyzed by about 60% or \$259.1 million (REACT Ex. 2.0, 9:188-**  
240 **199)?**

241 A. No. Mr. Merola grossly exaggerates the difference in the scope of costs that REACT and  
242 ComEd, respectively, find to be appropriate as the starting point for the analyses. As  
243 ComEd witness Donovan explains in his rebuttal testimony (ComEd Ex. 48.0), the  
244 alleged \$259.1 million difference is actually \$141.9 million, as approximately \$117.2  
245 million of the \$259.1 million reflects Metering Services and Advertising costs that Mr.  
246 Merola agrees should be fully allocated to the delivery function (*see* REACT Ex. 2.0,  
247 14:298-15:314).

248 Q. **What is the basis for the \$141.9 million difference?**

249 A. The \$141.9 million reflects a difference of opinion between REACT and ComEd  
250 regarding the inclusion of indirect costs, which ComEd excluded from both of its studies.  
251 Rather, ComEd applied its 2009 direct operating and maintenance (“O&M”) costs in both  
252 studies.

253 Q. **Is utilizing the direct O&M costs as the starting point for the studies consistent with**  
254 **the directions given by the Commission in its Rate Design Investigation Order**  
255 **(“RDIO”)?**

256 A. Yes. While the Commission squarely identified this difference in starting points between  
257 the REACT and ComEd analyses (*see* RDIO at 68), no direction was given to analyze  
258 any costs other than its direct O&M costs.

259 Q. **Are there any other figures in Mr. Merola’s testimony that require clarification?**

260 A. Yes. Mr. Merola seems to indicate that the use of ComEd’s recommended Switching  
261 Study results in ComEd allocating only “\$1.4 million in Customer Care Costs to supply  
262 administration ... out of a total of \$438.5 million in Customer Care Costs (REACT

263 Exhibit 2.4), or less than 3/10 of a percent.” (REACT Ex. 2.0, 8 n.8). The \$1.4 million  
264 cited by Mr. Merola is not the result of or in any way attributable to the Switching Study.  
265 Rather, it is the total supply administration costs functionalized to the supply  
266 administration subfunction in ComEd’s ECOSS. (See ComEd Exs. 15.1 and 22.1). This  
267 amount is already identified as a supply cost and, therefore, was not included in either the  
268 Switching Study or the Allocation Study because it has already been allocated to supply.<sup>1</sup>

269 **Q. Mr. Merola states that “ComEd has suggested” that if the Commission requires**  
270 **ComEd to allocate customer care costs to the supply function, “such costs should be**  
271 **recovered through Rider PORCB.” (REACT Ex. 2.0, 32:666-670). Is this an**  
272 **accurate characterization of ComEd’s proposed allocation of these costs?**

273 **A.** No, it is not. (See ComEd Ex. 24, 11:245-12:249). When Rider PORCB is approved, its  
274 charges will apply to RESs -- not customers. ComEd is not proposing recovery from  
275 RESs though Rider PORCB.

276 **V. Residential Real Time Pricing Program Costs**

277 **A. Residential Real Time Pricing Program Cost Recovery Charge**

278 **Q. Why did ComEd update the calculation of the charge for the recovery of costs**  
279 **associated with its residential real time pricing program (“RRTP”) in Rider RCA?**

280 **A.** ComEd updated the calculation of this charge, as presented in ComEd Ex. 50.4, to  
281 include the cost of meter exchanges related to the real time pricing program that was  
282 inadvertently omitted from the original calculation set forth in ComEd Ex. 23.2. While  
283 the addition of meter exchange cost does not cause a change (increase) in the proposed

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<sup>1</sup> Please see WPC-1b in ComEd Ex. 6.2a attached to the direct testimony of Ms. Houtsma, (ComEd Ex. 6.0 Revised), for additional information on the supply administration cost.

284 charge for the recovery of the costs associated with the RRTP program (\$0.05), it is  
285 important to future proceedings to be clear what costs are being recovered from  
286 residential customers to fund the program.

287 **Q. Did Staff have any recommendations with respect to the residential real time pricing**  
288 **cost recovery charge?**

289 A. Yes. Staff witness Ms. Harden recommends approval of ComEd's proposed reduction to  
290 this charge from \$0.14 per month to \$0.05 per month provided that the Commission  
291 approves Staff witness Dr. Schlaf's recommendation regarding the termination of the  
292 monthly \$2.25 participation fee. (Staff Ex. 11.0, 39:822-40:827).

293 **B. Participant Charges and Meter Cost**

294 **Q. Staff witness Dr. Schlaf requests an explanation concerning how ComEd might**  
295 **modify its tariffs in the event the Commission determines, after the review of the**  
296 **RRTP program pursuant to Section 16-107(b-20) of the Public Utilities Act, to**  
297 **discontinue or modify the RRTP program? (Staff Ex. 15.0, 4:69-81). How do you**  
298 **respond?**

299 A. As Dr. Schlaf acknowledges, it is uncertain at this point whether and, if so, in what form  
300 the RRTP program will continue after the Commission completes the evaluation  
301 proceeding required by Section 16-107(b-20). Therefore, it is unclear what changes, if  
302 any, may be required to the charge for the recovery of RRTP program costs in Rider  
303 RCA. Nevertheless, it is my understanding that there are three possible outcomes: (1) the  
304 RRTP program can be canceled; (2) the RRTP program can remain unchanged with  
305 respect to the amount of program costs to be recovered from all residential customers per  
306 Section 16-107(b-25); or (3) the RRTP program can be modified with respect to the

307 amount of program costs to be recovered from all residential customers per Section 16-  
308 107(b-25). Therefore, ComEd can respond to Staff's request, albeit at a conceptual level.

309           Whatever the outcome of the evaluation proceeding, by keeping the RRTP  
310 program cost and charge separate from the distribution revenue requirement and  
311 associated distribution charges through the use of Rider RCA, the Commission will be  
312 able to surgically address cost recovery whether through a reduction or increase in the  
313 charge. For example, if the RRTP program is discontinued at the conclusion of the  
314 RRTP evaluation proceeding, ComEd would no longer incur the costs set forth in ComEd  
315 Ex. 50.4 and the associated \$0.05 per month charge could be eliminated or altered, depending  
316 on whatever transition plan for the existing RRTP customers may be adopted, if any, in that  
317 proceeding. If the Commission determines that no change in the amount of RRTP  
318 program cost socialized through charges applicable to all residential customers, then no  
319 change to the \$0.05 charge will be required. However, in the event the Commission  
320 determines that a change in the amount of RRTP program cost to be socialized through  
321 charges applicable to all residential customers is required (*e.g.*, because customers enrolled in  
322 RRTP should be contributing more or less to the recovery of the program costs), then the  
323 calculation of the \$0.05 charge (*i.e.*, ComEd Ex. 50.4) will need to be revisited in order to  
324 guard against both over-recovery and under-recovery.

325           Furthermore, to the extent that Staff is concerned that the elimination of the \$2.25  
326 charge to RRTP customers would somehow preclude the application of charges to RRTP  
327 customers in the future, ComEd does not believe this will be an issue. There are  
328 numerous potential costs other than the cost of providing interval data recording ("IDR")  
329 meters, as reflected in ComEd Ex. 50.4, that could form the basis for future participation  
330 fees, should any be warranted. In addition, depending on one's view of when AMI may

331 be deployed in northern Illinois, the relevance of meter costs (lease fees) to the  
332 determination of program costs and any RRTP participation fees may very well be a  
333 temporary or short-term in nature. In fact, ComEd expects the impact of AMI will be an  
334 issue addressed in the Section 16-107(b-20) evaluation proceeding.

335 **Q. How do you respond to Dr. Schlaf's statement that ComEd proposes to allocate non-**  
336 **residential customers a small amount of RRTP metering cost (Staff Ex. 15.0, 4:82-**  
337 **5:95)?**

338 **A.** It appears that ComEd may have misconstrued Staff data request EPS 1.01 and provided  
339 a response that created some confusion. I apologize for this confusion.

340 To clarify, ComEd does not propose to allocate any of the incremental cost of the  
341 meters provided to RRTP participants to non-residential customers under its meter lease  
342 simplification proposal. Moreover, in response to EPS 1.01, ComEd provided a  
343 quantification of the impact on all customers, including customers using Watt-hour  
344 meters and all other customers, of the revenue foregone due to the proposed elimination  
345 of the \$2.25 per month charge to RRTP participants. If the \$2.25 charge were continued,  
346 the resulting revenue, like all revenue received from meter lease charges, would be used  
347 to offset ComEd's metering services costs as part of the determination of the costs for  
348 providing standard meters to all customers. Thus, elimination of the \$2.25 charge and  
349 associated revenues will cause an imperceptible increase in the standard metering service  
350 costs allocated to all customers. But, again, this loss of revenue does not mean non-  
351 residential customers will be paying for the meters of RRTP participants.

352 Q. **Is there information for Staff to verify that only residential customers will be**  
353 **responsible for the incremental cost of the meters provided to RRTP participants**  
354 **under ComEd’s meter lease simplification proposal?**

355 A. Yes. As explained in my direct testimony, under ComEd’s meter lease simplification  
356 proposal, the standard meter of an RRTP participant is an interval data recording (“IDR”)  
357 meter. (ComEd Ex. 23.0, 21:438-449). The IDR meters for RRTP participants provided  
358 as standard are included in the meter codes beginning with the letter “L” shown on page 7  
359 of ComEd Ex. 16.11 Revised. This page shows the numbers and types of standard meters  
360 provided to the residential customers used to determine the metering services costs of  
361 providing standard meters to residential customers in ComEd’s ECOSS. The costs  
362 allocated in this way in the ECOSS are then used to determine the proposed Standard  
363 Metering Service Charge for residential customers.

364 Because the costs allocated to residential customers include the costs to provide  
365 IDR meters to RRTP customers, the recovery of costs to provide IDR meters for RRTP  
366 customers occurs through the application of the standard metering service charges  
367 applied to residential customers.

368 **VI. Conclusion**

369 Q. **Does this complete your rate design rebuttal testimony?**

370 A. Yes.