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BEFORE THE.
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
ILLINOIS COMMERCE COMMISSION)
v.)
COMMONWEALTH EDISON COMPANY,)

Investigation of Rate Design)
Pursuant to Section 9-250 of)
the Public Utilities Act.)

Chicago, Illinois
November 2, 2009

Met pursuant to notice at 10:00 a.m.

BEFORE:

MR. TERRENCE HILLIARD and MS. LESLIE HAYNES,
Administrative Law Judges.

APPEARANCES:

SONNENSCHN, NATH & ROSENTHAL
MR. JOHN ROONEY
MS. ANNE MITCHELL
233 South Wacker Drive, Suite 7800
Chicago, Illinois 60606
Appearing for Commonwealth Edison
Company;
AND
MR. EUGENE H. BERNSTEIN
10 South Dearborn
Suite 4900
Chicago, Illinois 60602
Appearing for Commonwealth Edison
Company;

1 ROSS C. HEMPHILL,
2 called as a witness herein, having been first duly
3 sworn, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY

6 MR. BERNSTEIN:

7 Q Good morning, Dr. Hemphill.

8 Directing your attention to first the
9 document that's been marked ComEd Exhibit 4.0 with
10 attachment 4.1.

11 Do you recognize that document?

12 A I do.

13 Q Was that document prepared under your
14 supervision and/or direction?

15 A Yes, it was.

16 Q Are there any changes or corrections you
17 would like to make to that document at this time?

18 A No.

19 Q Is the information therein true and correct
20 to the best of your knowledge and belief?

21 A Yes, it is.

22 Q And if I were to ask you the questions now

1 member of a customer class having experienced a
2 substantial increase in the first instance should not
3 be surprised by continuing to receive substantial
4 rate increases?

5 MR. BERNSTEIN: It depends on the
6 circumstances, no. It clearly depends on the
7 circumstances. We need far more information on that.

8 If it was a correction of an error in
9 a Commission order, that would be one thing.

10 But if this was a decision to phase in
11 rate increases over the next five years, it's quite a
12 different situation. It's not a simple answer like
13 that.

14 BY MR. TOWNSEND:

15 Q Would you agree that it's appropriate for
16 the Commission to consider avoiding rate shock when
17 determining whether rates have been properly
18 designed?

19 A Yes.

20 Q Would you agree that ComEd should try to
21 avoid designing rates that have a disproportionate
22 impact on a particular class of customers?

1 A To the maximum extent practicable, yes.

2 Q Would you also agree that ComEd should
3 avoid designing rates that are discriminatory?

4 A Yes.

5 Q Do you believe that ComEd's current rates,
6 those that the Commission approved in the 2007 rate
7 case, have achieved the goal of avoiding rate shock?

8 A I haven't looked at it from that
9 perspective, so I can't say whether or not they did.

10 Q Has ComEd's current rates, those that the
11 Commission approved in the 2007 rate case, avoided
12 having a disproportionate impact on a particular
13 class of customers?

14 A Yeah, I would have to go back and look at
15 just the outcome from that from the perspective of
16 what the impacts were on different customer classes
17 to say "yes" or "no" on that.

18 Q You would agree that rate shock can have
19 negative effects on customers, correct?

20 A Yes.

21 Q And you agree that ComEd should care about
22 rate shock, right?

1 A Yes.

2 Q As the current director -- I'm sorry.

3 What is your title again?

4 A Rates and regulatory strategies.

5 Q -- of rates and regulatory strategies, do
6 you feel that ComEd has an obligation to avoid rate
7 shock?

8 A Yes. ComEd always should and will, as long
9 as I am here, do everything possible to avoid that.

10 Q How many customers does ComEd have in its
11 service territory?

12 A Close to 4 million.

13 Q How many of those customers are in the
14 extra-large and high-voltage, over-10-megawatt
15 customer classes?

16 A I don't remember offhand.

17 Q Would you accept 79, subject to check?

18 A Yes.

19 Q So is it fair to say that the extra-large
20 and high-voltage, over-10-megawatt customers
21 represent about .002 percent of ComEd's total number
22 of customers?

1 A I'll accept that.

2 Q Though, of course, these customers are by
3 definition also ComEd's largest customers, right?

4 A Yes.

5 Q And they aren't just large companies, are
6 they? They also include large municipalities; such
7 as, the City of Chicago and other large governmental
8 organizations, such as the Metropolitan Water
9 Reclamation District of greater Chicago, right?

10 A Yes.

11 Q And you'd agree their important to the
12 economy of Northern Illinois, wouldn't you?

13 A Yes.

14 Q These are large employers, aren't they?

15 A Yes.

16 Q Indeed, they're some of the largest in
17 Illinois, aren't they?

18 A Yes.

19 Q You would agree that even under the revised
20 embedded cost-of-service study presented in this
21 case, the percentage rate increase that ComEd is
22 proposing is substantially higher for the 79