

REBUTTAL TESTIMONY

of

PHILIP RUKOSUEV

Rates Analyst
Rates Department
Financial Analysis Division
Illinois Commerce Commission

Annual formula rate update and revenue requirement reconciliation authorized by
Section 16-108.5 of the Public Utilities Act

Commonwealth Edison Company

Docket No. 12-0321

September 11, 2012

OFFICIAL FILE

I.C.C. DOCKET NO. 12-0321

staff Exhibit No. 11.0

Witness Philip Rukosuev

Date 9/25/12 Reporter _____

1 **INTRODUCTION**

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

3 A. My name is Philip Rukosuev. My business address is 527 East Capitol Avenue,
4 Springfield, Illinois 62701.

5

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

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

12

13 **Q. Please discuss your educational and professional background.**

14 A. I received a B.A. in Economics and Business Administration (Magna Cum Laude)
15 and a master's degree in Accounting (with Highest Honors) from the University of
16 Illinois at Springfield. I have been employed by the Commission since
17 September of 2008. I have provided testimony and performed related
18 ratemaking tasks. My testimony has addressed cost-of-service and rate design
19 concerning electric, gas, water and sewer utilities.

20 **PURPOSE OF TESTIMONY**

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

22 A. The purpose of my rebuttal testimony is to respond to an adjustment proposed by
23 AG/AARP witness Mr. David Efron and CUB witness Mr. Ralph Smith to the
24 Company's billing determinants to reflect customer growth related to 2012 plant
25 additions for new business.

26

27 **Q. What information have you reviewed in the instant proceeding?**

28 A. I have reviewed ComEd's direct and rebuttal testimony and intervenors' direct
29 testimony including all Exhibits attached thereto. I also prepared data requests
30 ("DRs") and reviewed the Company's responses, in addition to the Company's
31 responses to DRs submitted by other parties. The scope of my rebuttal
32 testimony focuses primarily on the direct testimony of AG/AARP witness Efron
33 (AG/AARP Exhibit 2.0), the direct testimony of CUB witness Smith (CUB Ex. 1.0),
34 and the rebuttal testimony of ComEd witness Mr. Martin Fruehe. (ComEd Ex.
35 13.0)

36

37 **ATTACHMENTS**

38 **Q. Have you included any attachments as part of your rebuttal testimony?**

39 A. Yes, I have included the following attachment as part of my rebuttal testimony:

40 Attachment A Company response to AG Data Request AG 5.03

41

42 **BILLING DETERMINANTS**

43 **Q. What is your understanding of the billing determinants adjustment**
44 **proposed by Mr. Efron and Mr. Smith?**

45 A. Both Mr. Efron and Mr. Smith propose an adjustment to increase the number of
46 customers corresponding to ComEd's inclusion of plant to serve New Business in
47 2012. Mr. Efron and Mr. Smith both propose to increase the number of
48 residential customers by 0.40% and the number of small commercial and
49 industrial customers by 0.88%. (AG/AARP Exhibit 2.0, p. 9, lines 188-201) (CUB
50 Ex. 1.0, pp. 18-19, Lines 433-448)

51

52 **Q. What was the Commission's finding on this matter in Docket No. 11-0721?**

53 A. While I am not an attorney, my understanding is that in the Company's initial
54 formula rate case, Docket No. 11-0721, the AG and AARP both proposed the
55 same billing determinant adjustment that CUB, the AG and AARP are proposing
56 here. In its Order in Docket No. 11-0721, the Commission concluded that the
57 adjustment to billing determinants was appropriate, noting in part that:

58 ... AG/AARP proposes here is a methodology to ensure that the billing
59 determinants are based on accurate information. As AG/AARP point out,
60 Section 16-108.5(c)(1) of the statute provides that formula rates must be
61 prudently incurred and reasonable in amount consistent with Commission
62 practice and law. Certainly, the use of accurate billing determinants is
63 consistent with Commission practice and law. (See, e.g., Docket 10-0467,

64 Order of May 24, 2011, at 306-309).

65
66 (Final Order, Docket No. 11-0721, May 29, 2012, p.75)
67

68 Specifically, the Commission noted that “[t]he AG/AARP proposal is reasonable”
69 and directed ComEd to “adjust its billing determinants accordingly.” (*Id.*, p. 76)

70
71 **Q. Did ComEd adjust its billing determinants for 2012 New Business in its**
72 **filing in the present case?**

73 A. No. In the filing for Docket No. 12-0321, the Company did not adjust the 2011
74 billing determinants to reflect 2012 New Business consistent with the
75 Commission’s directives in its Docket No. 11-0721 Order (May 29, 2012 Order,
76 pp. 75-76). According to ComEd, no such adjustment was made because it
77 believes that the adjustment to reflect New Business billing determinants has no
78 applicability outside of Docket No. 11-0721. (ComEd response to AG Data
79 Request 5.03, See Attachment A; ComEd Ex. 13.0, p. 23, Lines 478-483)
80 ComEd believes that the Commission’s directive in Docket No. 11-0721 does not
81 addressed adjustments to 2011 billing determinants. *Id.*

82
83 **Q. Do you agree with ComEd’s position that that the adjustment to reflect New**
84 **Business billing determinants has no bearing outside of Docket No. 11-**
85 **0721?**

86 A. No. While I am not an attorney, I believe that the issue of adjusting the billing
87 determinants continues to apply in the instant proceeding because ComEd has
88 included in its proposed revenue requirement estimated 2012 distribution plant
89 addition for New Business. I believe that the ratemaking issue concerning billing
90 determinant growth for New Business in this docket is the same issue that was
91 addressed by the Commission in Docket No. 11-0721.

92

93 **Q. Why do you recommend a change to the 2012 billing determinants in this**
94 **proceeding?**

95 A. I believe that the reasoning for the Commission's decision regarding billing
96 determinants in Docket No. 11-0721 applies to the facts in this proceeding and
97 that the 2012 estimated increase in customer count should be included in the
98 billing determinants. In this case, an analogous situation arises where ComEd
99 included its 2012 forecasted plant additions in the requested rate base as
100 required by 220 ILCS Section 16-108.5(c)(6). Specifically, in this proceeding, the
101 Commission should reflect a similar adjustment to billing determinants for 2012
102 customer growth served by 2012 New Business (or new facilities) that are built to
103 accommodate 2012 customer growth.

104

105 Therefore, consistent with the Commission's Order in Docket No. 11-0721, which

106 required ComEd to revise the customer count portion of its 2010 billing
107 determinants, I recommend the Commission apply the same methodology in this
108 proceeding to ensure that the billing determinants are based on accurate
109 information.

110

111 **Q. What adjustment to billing determinants do you recommend?**

112 A. As discussed in ComEd Ex. 13.0, p. 26, the average number of residential
113 customers in 2011 increased by 0.29% over the average number of residential
114 customers in 2010, and the average number of small commercial and industrial
115 customers in 2011 increased by 0.39% over the average number of small
116 commercial and industrial customers in 2010. These increases, based on the
117 2011 over 2010 increases, would appear to be reasonable estimates of the
118 growth rates that can be expected from 2011 to 2012. In designing the rates to
119 produce the approved revenue requirement, I recommend that the billing
120 determinants used to set rates reflect these increases in order to reflect
121 estimated annual growth in the number of customers in those classes and to be
122 consistent with the inclusion of 2012 New Business plant additions in rate base.

123

124 **CONCLUSION**

125 **Q. Does this complete your rebuttal testimony?**

126 **A. Yes, it does.**

ICC Docket No. 12-0321

**Commonwealth Edison Company's Response to
The People of the State of Illinois ("AG") Data Requests
AG 5.01 – 5.03
Date Received: June 27, 2012
Date Served: July 5, 2012**

REQUEST NO. AG 5.03:

In its design of rates in ComEd Exhibit 10.10, did the Company adjust the 2011 billing determinants to reflect 2012 New Business, consistent with the Commission Analysis and Conclusion at pages 75-76 of the Order in Docket No. 11-0721? If the response is affirmative, please explain how the 2011 billing determinants were adjusted to reflect 2012 New Business, with specific citation to exhibits and/or workpapers. If the 2011 billing determinants were not adjusted to reflect 2012 New Business, please explain why no such adjustment was made.

RESPONSE:

No. In its analysis and conclusion at pages 75-76 of the Final Order in ICC Docket No. 11-0721, the Commission directed ComEd to increase its 2010 billing determinants pertaining to the numbers of residential customers and small commercial and industrial customers by specific adjustments. Both the Commission's direction, and the proposal upon which the direction was based, specifically addressed adjustments to only 2010 billing determinants. Neither the Commission's direction nor the approved proposal upon which the direction was based addressed adjustments to 2011 billing determinants (or any other year for that matter). Further, in the Final Order at page 75, the Commission concluded that accurate 2010 information should be used (although ComEd notes that it does not agree that the billing determinants ultimately approved by the Commission in ICC Docket No. 11-0721 represent "accurate" 2010 information). In this case, ComEd has applied accurate 2011 billing determinants, consistent with the statute and the language in the Commission's Final Order in ICC Docket No. 11-0721.