

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

Commonwealth Edison Company )  
 )  
Tariff filing to present the Illinois Commerce ) ICC Docket No. 13-0387  
Commission with an opportunity to consider )  
revenue neutral tariff changes related to rate )  
design authorized by subsection 16-108.5(e) of )  
the Public Utilities Act )

**DIRECT TESTIMONY  
OF**

**HARRY L. TERHUNE**

**ON BEHALF OF THE COALITION TO**

**REQUEST EQUITABLE ALLOCATION OF COSTS TOGETHER**

**REACT**

**COMPRISED OF:**

- A. FINKL & SONS, Co.**
- AUX SABLE LIQUID PRODUCTS, LP**
- CHARTER DURA-BAR**
- THE CITY OF CHICAGO**
- COMMERCE ENERGY, INC.**
- FLINT HILLS RESOURCES, LP**
- FUTUREMARK PAPER COMPANY**
- INTEGRYS ENERGY SERVICES, INC.**
- INTERSTATE GAS SUPPLY, INC.**
- THE METROPOLITAN WATER RECLAMATION DISTRICT  
OF GREATER CHICAGO**
- PDV MIDWEST REFINING, LLC (CITGO)**
- UNITED AIRLINES, INC.**

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1 **DIRECT TESTIMONY OF HARRY L. TERHUNE**

2 **I.**

3 **INTRODUCTION AND QUALIFICATIONS**

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

5 A. My name is Harry L. Terhune. My business address is Terhune Consulting LLC,  
6 5 W. Central Rd. #206, Mt. Prospect, IL 60056.

7  
8 **Q. On whose behalf are you testifying?**

9 A. I am testifying on behalf of the coalition to Request Equitable Allocation of Costs  
10 Together (collectively, “REACT”).<sup>1</sup> REACT brings together some of the largest  
11 and most well-known industrial, commercial, and governmental energy users in  
12 the Northern Illinois area, along with alternative retail electric suppliers that

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<sup>1</sup> The REACT members include: A. Finkl & Sons, Co.; Aux Sable Liquid Products, LP; Charter Dura-Bar (f/k/a Wells Manufacturing, Inc.); CITGO Refinery; The City of Chicago; Commerce Energy, Inc.; Flint Hills Resources, LP; FutureMark Paper Company; Integrys Energy Services, Inc.; Interstate Gas Supply, Inc.; The Metropolitan Water Reclamation District of Greater Chicago; PDV Midwest Refining, LLC (CITGO); and United Airlines, Inc. The opinions herein do not necessarily represent the positions of any particular member of REACT.

13 provide service to customers in the Commonwealth Edison Company (“ComEd”)  
 14 service territory.

15

16 **Q. What is your occupation?**

17 A. I am an independent consultant. My firm is Terhune Consulting LLC, which  
 18 began business in 2006, and my principal focus has been on consultation with  
 19 electric utilities in relation to planning, operation, and reliability matters affecting  
 20 their transmission and distribution systems. I also have contributed to the work of  
 21 other consultants on their specific projects, including work for Edison  
 22 International; Infrasource Technology (now part of Quanta Technologies); and R.  
 23 M. Hansen & Associates (forensics). I have worked with REACT since ICC  
 24 Docket No. 10-0467 (the "2010 ComEd Rate Case").

25

26 **Q. Please summarize your educational background and professional experience.**

27 A. I graduated from the University of Notre Dame in 1967 with the degree of  
 28 Bachelor of Science in Electrical Engineering, and from the Illinois Institute of  
 29 Technology in 1975 with the degree of Master of Science in Electrical  
 30 Engineering. I am a Professional Engineer licensed in the State of Illinois. For  
 31 the period from 2000 until March 2010, I was certified as a Reliability Operator  
 32 by the North American Electric Reliability Corporation (“NERC”), the entity  
 33 charged with enforcing transmission reliability rules. I am a Life Senior Member  
 34 of the Institute of Electrical and Electronic Engineers and an Individual Member  
 35 of CIGRE, the International Council on Large Electric Systems.

36

37 I was employed by ComEd for more than thirty-one (31) years, from 1967 to  
 38 1998. During that period, I held a wide variety of engineering and technical  
 39 management positions, starting as a field engineer and local area planner and  
 40 ending as the Manager of the Transmission and Distribution Planning  
 41 Department. In that role, I was responsible for planning for the entire ComEd  
 42 transmission and distribution system, i.e. from the 765 kV transmission lines and  
 43 substations down to service to local retail customer areas.

44

45 From 1998 until 2000, I was employed by the Mid-America Interconnected  
 46 Network ("MAIN") as its Assistant Executive Director; MAIN at that time was  
 47 one of nine Regional Reliability Councils that made up NERC. From 2000  
 48 through 2005, I was employed by American Transmission Company LLC  
 49 ("ATC"), the owner and operator of the high-voltage electric transmission system  
 50 in the Eastern two-thirds of Wisconsin, the Upper Peninsula of Michigan and a  
 51 small portion of Illinois. At ATC I held the title of Vice President-Operations,  
 52 and had responsibility for real-time operations, design and construction,  
 53 maintenance and protection; and later, transmission planning. Since the  
 54 beginning of 2006, I have been the owner and President of Terhune Consulting  
 55 LLC.

56

57 My resume and a more detailed professional biography are attached hereto as  
 58 REACT Ex. 2.1.

59

60 **Q. During your employment with ComEd, did you gain any experience or work**  
61 **in any fields that are relevant to this testimony?**

62 A. Yes. The following areas of ComEd experience are particularly relevant:

- 63 • Engineer in field distribution design and local area distribution planning  
64 (Chicago North Div. 1967-1969);
- 65 • Transmission planning (System Planning, 1969-1972);
- 66 • Division Engineer, as department head responsible for planning and design of  
67 distribution facilities serving all classes of customers; Northern Div., 1976-  
68 1977; Chicago Central Div. (including the Chicago Loop area), 1977-1982;
- 69 • Transmission and Distribution Training and Methods Superintendent, 1988-  
70 1989;
- 71 • System Planning Manger, with responsibility for planning the high-voltage  
72 system, including involvement with high-voltage customers, 1990-1997; and
- 73 • Transmission and Distribution Planning Manger, with responsibility for  
74 planning both the transmission and distribution systems, 1997-1998.

75

76 **Q. Do you have experience in all elements of the energy delivery system from**  
77 **power leaving the generator, through the transmission and distribution**  
78 **systems, to ultimate delivery to retail customers at their utilization voltage?**

79 A. Yes. Of particular relevance is my experience with ComEd's practices of  
80 providing either standard service ("Standard Service") (as discussed further  
81 herein) or, for a customer's convenience and benefit, providing "non-standard" or  
82 "optional" forms of service ("non-Standard Service"). A key component of my  
83 work at ComEd involved ensuring that, while offering individual customers  
84 flexible forms of non-Standard Service, other customers receiving Standard  
85 Service from ComEd do not subsidize the additional costs caused by customers

86 receiving non-Standard Service. My experience with this issue is directly relevant  
87 to cost allocation issues that impact rate design in this case. These practices are  
88 particularly important for customers in ComEd's "Extra Large Load Delivery  
89 Class" (referred to herein as the "ELLC" class) and "over 10 MW High Voltage  
90 Delivery Class" (referred to herein as the "HV Over 10 MW" class)  
91 ; customers such as these often have need for unique and complex service  
92 facilities that may differ from ComEd Standard Service for customers with their  
93 demand characteristics.

94

95 **Q. What is your current relationship, if any, with ComEd or its parent, Exelon?**

96 A. I do not have an on-going professional relationship with ComEd or Exelon. I  
97 receive certain retirement benefits and own a small amount of Exelon stock.

98

99 **Q. Please describe what parts of your ATC experience are relevant to this case.**

100 A. At ATC, I was periodically involved with transmission service arrangements to  
101 the retail customers of ATC's local distribution companies, customers who  
102 required high voltage service connections, and for which questions of standard  
103 versus required service arose. Of course, because most of my work was based in  
104 Wisconsin, the particulars were different, but the concepts remained similar.

105

106 **Q. Have you testified in a regulatory proceeding before?**

107 A. Yes. As a ComEd employee, I presented testimony to the Illinois Commerce  
108 Commission ("Commission"), to committees of the Illinois legislature, and to the

109 Federal Energy Regulatory Commission (“FERC”). As an ATC employee, I  
110 presented testimony to the Public Service Commission of Wisconsin and to  
111 FERC. Most recently, I testified on behalf of REACT in the 2010 ComEd Rate  
112 Case. A list of proceedings in which I have provided testimony is attached to this  
113 testimony as REACT Ex. 2.2.

114

115 **Q. Was any of your testimony in the 2010 ComEd Rate Case relevant to the**  
116 **issues in this proceeding?**

117 **A.** Yes. Portions of my Direct Testimony, Rebuttal Testimony, and Oral Testimony  
118 on cross-examination in ComEd's 2010 Rate Case, as well as my Affidavit in  
119 support of REACT's Offer of Proof in that case, addressed aspects of the then-  
120 existing rate design which had discriminatory effects on ELLC and HV Over 10  
121 MW customers are relevant to this docket. Accordingly, my Corrected Direct and  
122 Corrected Rebuttal Testimony from the 2010 ComEd Rate Case are incorporated  
123 by reference herein as if they were attached hereto in REACT Exs. 2.3 and 2.4,  
124 respectively. The excerpt of the Transcript of the Evidentiary Hearing in 2010  
125 ComEd Rate Case containing my Oral Testimony is incorporated by reference  
126 herein as if it was attached hereto in REACT Ex. 2.5, and my Affidavit in support  
127 of REACT's Offer of Proof in the 2010 ComEd Rate Case is incorporated by  
128 reference herein as if it was attached hereto in REACT Ex. 2.6.

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**II.**

**PURPOSE OF TESTIMONY AND GENERAL CONCLUSIONS**

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

A. My testimony has four basic purposes. My testimony

- (1) Discusses the allocation of the Shared Distribution Lines component of retail delivery service costs to the ELLC class and the HV Over 10 MW class under ComEd's Embedded Cost of Service Study ("ECOSS"). Consistent with the basic cost causation principle of assigning the costs to the cost-causers, which has been repeatedly endorsed by the Commission, only those facilities and related expenses reasonably associated with service to a particular class of customer should be assigned to that class, and the costs of those facilities and expenses should only be assigned to the extent that class utilizes such facilities;
- (2) Explains that under ComEd’s current tariff structure, ComEd has violated basic cost causation principles by over-allocating the costs of certain distribution system components to the ELLC and the HV Over 10 MW classes;
- (3) Quantifies the extent of such over-allocation to the ELLC and the HV Over 10 MW classes; and
- (4) Recommends straight-forward ways in which the Commission should correct the undue burden that ComEd has placed upon the ELLC and HV Over 10 MW classes.

**Q. How does your testimony approach those objectives?**

152 A. First, my testimony reviews the major elements of the ComEd power delivery  
153 system and the degree to which each of ComEd's customer classes use and  
154 benefit from those system elements. Second, my testimony sets forth in more  
155 detail the Shared Distribution Lines component of ComEd's delivery system, its  
156 key components, and the degree to which ComEd's customer classes use and  
157 benefit from those components. Third, my testimony analyzes the data made  
158 available since the close of written testimony in 2010 ComEd Rate Case. This  
159 additional data had not been available in prior rate cases, but is directly relevant to  
160 the allocation of costs arising from the Shared Distribution Lines portion of the  
161 delivery system to the customer classes, especially the ELLC and HV Over 10  
162 MW classes compared to the other classes. Finally, my testimony contains  
163 recommendations for the basic steps that the Commission should take to correct  
164 the misallocation of certain Shared Distribution Lines related costs to the ELLC  
165 and HV Over 10 MW classes.

166

167 **Q. What should the Commission do to address this misallocation of costs to the**  
168 **ELLC and HV Over 10 MW customer classes?**

169 A. The Commission should ensure that the ECOSS used to set the delivery services  
170 rates does not assign to the ELLC and HV Over 10 MW customer classes any  
171 costs associated with facilities that are not be used to provide service to those  
172 customers. For the facilities that the ELLC and HV Over 10 MW customer  
173 classes only use to a de minimis extent, those facilities should be charged only in

174 proportion to use of such facilities, compared to the use of those types of facilities  
 175 by other customer classes.

176

177

**III.**

178

**OVERVIEW OF THE COMED DELIVERY SYSTEM**

179

**Q. Please categorize the key elements of the physical delivery chain that  
 180 transports electricity from generators and external markets to end-use  
 181 customers, and the relationship of those elements to ComEd’s customer  
 182 classes.**

183

**A.** In general, the following are the key elements relevant to the facilities upon which  
 184 ComEd's standard retail delivery service charges are based:

185

1. **Bulk Electric System.** This consists of the extra-high voltage and high  
 186 voltage interconnected system owned by ComEd that integrates generation  
 187 resources and makes those resources available for delivery. ComEd delivery  
 188 charges associated with this portion of the ComEd system are derived from  
 189 FERC jurisdictional tariffs. All ComEd retail and wholesale customers  
 190 benefit from the bulk electric system.

191

2. **The Transmission Voltage Delivery System.** This consists of transmission  
 192 facilities owned by ComEd at voltages from 345 kV through and including 69  
 193 kV, which transport power and energy from the bulk electric system to areas  
 194 within the ComEd service territory, but which are not included in FERC-  
 195 jurisdictional facilities. This system includes community (not individual  
 196 customer) substation facilities that transform power between two or more  
 197 transmission-level voltages. All ComEd retail customers benefit from the  
 198 transmission voltage delivery system, as do certain wholesale customers (e.g.,  
 199 municipal electric systems) within the ComEd service territory.

200

3. **Distribution Substation Facilities.** This consists of facilities that transform  
 201 power from a transmission voltage to a primary distribution voltage (less than  
 202 69 kV, higher than 2 kV)<sup>2</sup> to supply primary voltage distribution lines. All  
 203  
 204

---

<sup>2</sup> Because of legacy practices from prior to the merger of Commonwealth Edison and the Public Service Company of Northern Illinois in the 1950’s, the nominal 4 kV system is typically 2,160/3,740 V in Chicago and 2,400/4,160 V outside Chicago; similarly, the

205 ComEd retail customers, except those receiving power to their property only  
 206 at a transmission voltage, benefit from distribution substation facilities.

207  
 208 4. **Primary Distribution Lines** (also known as **Feeders** or **Circuits**). This  
 209 consists of lines that transport power at a nominal primary distribution voltage  
 210 (e.g., 34 kV, 12 kV, 4 kV) from a distribution substation to the vicinity of a  
 211 customer’s property. This category of facilities is referred to in the ComEd  
 212 ECOSS as “Shared Distribution Lines.” ComEd retail customers benefit from  
 213 primary distribution lines to differing degrees depending upon their load  
 214 characteristics and customer class.

215  
 216 5. **Distribution Transformers**. This consists of transformers on or near  
 217 customer property that transform power from a primary distribution voltage to  
 218 a lower, generally secondary distribution voltage (e.g., a transformation from  
 219 12 kV to 480 V). Distribution transformers are characterized as “community  
 220 transformers” when they are on public property, a ComEd right-of-way, or a  
 221 ComEd easement, and are able to serve multiple customers; or as electric  
 222 service stations (“ESS”), which are located on a customer's property and serve  
 223 only that customer. Community transformers generally serve a small number  
 224 of single and/or three-phase customers at voltages below 480 V and benefit  
 225 those customers. An ESS transformer benefits only the customer on whose  
 226 property it is located and that it serves.

227  
 228 6. **Distribution Secondary Lines**. This consists of electric conductors, either  
 229 single or three-phase, operating at a voltage below 2 kV (typically 120/240,  
 230 208, or 480 V) on public property, a ComEd right-of-way, or a ComEd  
 231 easement, that are able to serve multiple customers. Distribution secondary  
 232 lines only benefit customers receiving secondary voltage service from  
 233 community transformers.

234  
 235 7. **Secondary Service Conductors**. This consists of conductors owned by  
 236 ComEd and operating at secondary voltages, which connect community  
 237 transformers or distribution secondary lines to an individual customer at the  
 238 customer’s utilization voltage. Secondary service conductors from the  
 239 transformer of an ESS to a customer at the customer’s utilization voltage are  
 240 not owned by the customer, not ComEd. Each secondary service conductor  
 241 benefits only the customer to whom it is connected.

242

243 **Q. You state that the above characterizations are for “standard” retail delivery**  
 244 **service. What is “Standard Service”?**

---

nominal 12 kV system may be 6,900/12,000 V in Chicago and 7,200/12,470 V outside Chicago, with exceptions around the fringes. The nominal 34 kV system operates typically at 20,000/34,500 V, generally outside Chicago.

245 A. Standard Service is a term defined in ComEd's Terms and Conditions, on  
246 Original Sheet 155 as follows:

247 A standard distribution facilities installation provided by the  
248 Company for a retail customer includes distribution facilities  
249 adequate to provide, at a single delivery point, the electric power  
250 and energy required by such retail customer. However, in certain  
251 individual situations, more than one delivery point is provided in a  
252 standard distribution facilities installation if the Company  
253 determines that the provision of such multiple delivery points is  
254 more economical, efficient or reliable than an installation with a  
255 single delivery point. . . . The electric power and energy  
256 requirements of a retail customer equal the highest MKD  
257 [maximum kilowatts delivered] established by such retail customer  
258 during the twelve (12) preceding monthly billing periods at a  
259 power factor of not less than eighty-five percent (85%) lagging.

260

261 **Q. Do all retail customers of ComEd receive Standard Service?**

262 A. No. ComEd has long had a policy of trying to be flexible in accommodating  
263 customers' service requirements, even if those requirements differ from Standard  
264 Service. It has been ComEd's practice to segregate and separately recover the  
265 revenue requirements of "non-standard" or "optional" facilities ("non-Standard  
266 Service"), to the extent that those revenue requirements exceed the revenue  
267 requirements of Standard Service. ComEd has a mechanism known as "Rider NS  
268 - Nonstandard Services and Facilities" ("Rider NS") for recovery of costs related  
269 to provision of non-Standard Service.

270 As the name suggests, non-Standard Service includes the services and facilities  
271 that ComEd provides for the benefit of an individual customer that are in excess  
272 of or different from Standard Service. The costs of non-Standard service, to the  
273 extent in excess of Standard Service, are segregated from the costs for Standard  
274 Service, and billed separately under Rider NS, to avoid having customers taking

275 Standard Service from subsidizing a customer taking non-Standard Service.  
 276 Conversely, because a non-Standard Service customer is paying for the non-  
 277 Standard Service facilities individually under Rider NS, it is important that the  
 278 segregated costs of those facilities not be included in base rates – otherwise  
 279 ComEd would be double-recovering for those facilities. Rider NS deals with  
 280 ComEd-owned facilities that are on or in the immediate vicinity of the property of  
 281 the individual Rider NS customer being served.

282

283 **Q. How is Standard Service determined for any customer class and for**  
 284 **customers within that class?**

285 A. The General Terms and Conditions of ComEd’s Tariff (Original Sheet No. 155),  
 286 as noted above, provide:

287 A standard distribution facilities installation provided by the  
 288 Company for a retail customer includes distribution facilities  
 289 adequate to provide, at a single delivery point, the electric power  
 290 and energy required by such customer. However in certain  
 291 individual circumstances more than one delivery point is provided  
 292 in a standard distribution facilities installation if the Company  
 293 determines that the provision of such multiple delivery points is  
 294 more economical, efficient or reliable than an installation with a  
 295 single delivery point.

296 Beginning on Sheet 166 of the Tariff, standard secondary service voltages are  
 297 defined.

298

299

300 **Q. In general, how do retail customer classes relate to the Standard Service**  
 301 **voltages?**

- 302 A. Generally, the relationship between voltage and Standard Service is as follows:
- 303 • The residential classes receive single-phase three-wire service at  
 304 120/240 V or 120/208 V.
  - 305 • Nonresidential customers with up to 600 kW in any half-hour period are  
 306 eligible to choose from among a variety of secondary service voltages;  
 307 these are defined on Sheet 167 and range from 120 V, two phase wire to  
 308 480 V, three or four phase wire service, plus a very limited option for  
 309 deep-well pumps of 2,400 V three-phase, 3-wire service. These secondary  
 310 service voltage options apply to the nonresidential Small Load and  
 311 Medium Load customer classes, and also Large Load class customers with  
 312 between 400 and 600 kW of half-hour monthly demand.
  - 313 • For all nonresidential customers in the Large Load and Very Large Load  
 314 classes with half-hour demands in the range from 600 kW up to 4,500 kW  
 315 the standard secondary service voltage is 277/480 V three phase, 4-wire.
  - 316 • For nonresidential customers with demands which exceed 4,500 kW, the  
 317 Standard Service voltage is 2,160/3,740 V three phase or higher. This  
 318 group includes the upper end of the Very Large Customer class (4,500 kW  
 319 up to 10,000 kW). It also includes all customers of the ELLC class (those  
 320 with half-hour demands exceeding 10,000 kW (i.e., over 10 MW)).
  - 321 • The HV Over 10 MW class of customers, by definition having a MKD in  
 322 excess of 10 MW, receives some power at transmission voltages (69 kV or  
 323 greater) and often also from distribution lines at other voltages.

324

325 **Q. What elements of the physical delivery chain that are used to provide**  
 326 **Standard Service are normally used to provide electric service to all classes**  
 327 **of customers?**

- 328 A. The relationships are generally as follows, tracing the flow of electricity from the  
 329 bulk electric system down through the primary distribution lines:
- 330 • All customer classes utilize the bulk electric system and the transmission  
 331 voltage delivery system.

332           • All customer classes except the High Voltage class customers (to the  
333 extent that they predominantly receive their electricity at a transmission  
334 level voltage, 69 kV or greater) utilize the distribution substations.

335           • All customer classes except the High Voltage class customers utilize the  
336 primary distribution lines to some extent. Many High Voltage customers  
337 also receive some power via primary distribution lines in addition to that  
338 received from transmission voltage lines.

339

340 **Q. Do all customer classes except the High Voltage class utilize the primary**  
341 **distribution lines to some extent?**

342 A. Yes. Primary distribution lines leave their source distribution substation utilizing  
343 three-phase high-capacity “main stem” electrical conductors (overhead wires or  
344 insulated underground cables). As the lines progress out into the territory the  
345 high-capacity portions of the lines may be connected or “tapped” by lower  
346 capacity wires/cables serve smaller loads, radially out from the high-capacity  
347 wires/cables. The lower capacity “taps” may be either single, two or three-phase.

348

349 **Q. Is there a way to more easily picture the way in which the various**  
350 **components interrelate?**

351 A. To envision how the pieces of ComEd's distribution facilities fit together, it may  
352 be helpful to draw an analogy to a large tree. The bulk electric system and high  
353 voltage transmission system would equate to the trunk of the tree. The three-phase  
354 high-capacity primary distribution lines would be the largest branches of the tree.  
355 The single phase, two-phase, and low-capacity three-phase lines would be  
356 analogous to the smaller branches radiating out. Secondary voltage lines and  
357 services would be analogous to twigs at the ends of the smaller branches.

358

359 **Q. Please explain how the various customer classes are connected to the**  
360 **components of the distribution system.**

361 A. All primary voltage customers benefit from the high-capacity “main stem”  
362 portions of distribution lines. Customers receiving single-phase service voltage  
363 may be connected to the lower-capacity “taps,” including taps that have only one  
364 phase present. Nonresidential customers with standard three-phase service  
365 generally require two-phase or three-phase distribution lines and single-phase taps  
366 are incapable of adequately providing that type of Standard Service. Two-phase  
367 distribution lines can normally only handle single-phase customers and customers  
368 with small three-phase loads, generally below about 300 kW. Customers in the  
369 ELLC and HV Over 10 MW customer classes generally require only three-phase  
370 Standard Service.

371

372 **Q. So, are you saying that not all portions of primary distribution lines are**  
373 **capable of meeting the Standard Service requirements of all classes of loads?**

374 A. Correct. Not all portions of primary distribution lines are capable of serving all  
375 standard varieties of secondary service voltages and related customer demands,  
376 which means that not all portions of primary distribution lines are capable of  
377 meeting the Standard Service requirements of all classes of loads. In particular,  
378 only facilities with certain minimum voltage, current-carrying capability, and  
379 phase requirements are suitable to serve the Standard Service requirements of  
380 customers with demands in excess of 10 MW that are connected to primary

381 distribution lines . That is, for customers with demands of over 10 MW, Standard  
382 Service generally means facilities with high-capacity, main-stem feeder  
383 capability.

384

385 **Q: When you refer to the ELLC and HV Over 10 MW classes, how do they**  
386 **differ from other classes and from each other?**

387 A: An ELLC class customer has a minimum coincident demand in excess of 10,000  
388 kW, or 10 MW, at a single customer property location. Under ComEd's tariffs,  
389 this can be a single point of service, or, under non-standard service terms, may  
390 represent a number of points of service all totaling to a demand of more than 10  
391 MW. For multiple points of service to be treated as a single customer, they must  
392 all be on contiguous pieces of property as defined by ComEd. The terms of  
393 ComEd's non-standard service tariff properly account for any additional costs  
394 arising at this customer site from multiple on-property points of service, multiple  
395 voltages, etc. to prevent subsidization by other customers.

396 The HV Over 10 MW class customer similarly has a coincident demand in excess  
397 of 10 MW. However, the HV Over 10 MW class customer differs from the ELLC  
398 class customer in that at least one point of service at the HV Over 10 MW class  
399 customer's property is served at a transmission-level voltage, i.e., at or above  
400 69,000 volts (69 kV).

401

402 **Q. Do all ELLC and HV Over 10 MW customer class members receive**  
403 **Standard Service?**

404 A. No. It is common for customers in these classes, with loads in excess of 10 MW,  
405 to require, for their own purposes, forms of service different from Standard  
406 Service. An example might be a factory complex or refinery with multiple  
407 processes spread over multiple buildings on a large site; such a customer often  
408 requests multiple points of service which could be operating at different customer  
409 utilization voltages, requiring a number of different ComEd transformations from  
410 the primary distribution voltage to customer utilization voltages. Furthermore, the  
411 customer may require direct primary voltage points of service without ComEd  
412 transformations, or, in the case of HV Over10 MW customers, transmission  
413 voltage point or points of service. Generally the primary distribution lines  
414 feeding such customers will be three-phase high-capacity main-stem feeders at 12  
415 kV or 34 kV. Sometimes, such a customer may have a need for very small points  
416 of service such as a guard shack, parking lot lights, signage, etc., which may be  
417 fed from single-phase transformers connected with single-phase conductors to  
418 nearby three-phase lines. The cost of the on-property or immediately adjacent  
419 transformer and connection facilities, to the extent that they exceed Standard  
420 Service costs, are covered by Rider NS. Such applications, for the ELLC and HV  
421 Over 10 MW classes, amount to just a de minimis use of such facilities.

422

423 **Q. Are there off-property costs that could arise from primary distribution**  
424 **voltage lines serving customers with multiple and/or non-standard points of**  
425 **service that are not covered by non-Standard Service charges?**

426 A. It is possible that some costs, beyond those normally applicable to Standard  
427 Service, could arise between the distribution substation and the customer's  
428 location. ComEd noted this possibility in ComEd's 2010 Rate Case, and my  
429 rebuttal testimony in that proceeding explained that such usage of single-, two-  
430 phase, and 4 kV facilities by ELLC customers is de minimis. The additional data  
431 provided by ComEd since my rebuttal testimony was filed in the 2010 Rate Case  
432 has confirmed my conclusion.

433

434

#### IV.

435

#### THE IMPACT OF THE ADDITIONAL AVAILABLE DATA

436 **Q. Has additional data become available regarding the utilization of specific**  
437 **distribution facilities by ELLC and/or HV Over 10 MW customers?**

438 A. Yes. Beyond my qualitative descriptions in previous testimony, information has  
439 become available through data requests in this proceeding that make it possible to  
440 demonstrate quantitatively the de minimis nature of utilization of certain  
441 components of the primary distribution system, specifically, 4 kV circuits and  
442 single- and two-phase components of circuits at all primary distribution voltages  
443 (4, 12, and 34 kV).

444

445 **Q. What categories of quantitative data have you been able to analyze in this**  
446 **proceeding?**

447 A. There are three general categories of data that ComEd has provided in this  
448 proceeding that were not provided in the prior proceedings.

449 (1) ComEd provided an additional level of detail of the facilities that are  
 450 included and excluded in its Shared Distribution Line costs. Specifically, ComEd  
 451 provided detailed transformer facilities data for ELLC customers under Rate NS.  
 452 (See ComEd Response to REACT Data Requests 1.01 and 1.02, attached hereto  
 453 as REACT Ex. 2.7.) ComEd also provided a breakdown of how many circuit miles  
 454 of distribution line were single-, two-, and three-phase, and whether they were  
 455 overhead or underground lines. (See ComEd Response to REACT Data Request  
 456 1.05, attached hereto as REACT Ex. 2.8.) ComEd further provided a breakdown  
 457 of how many conductor miles of underground distribution lines were direct  
 458 buried, or underground in conduit. (See ComEd Response to REACT Data  
 459 Request 1.06, attached hereto as REACT Ex. 2.9.) With this data, it is possible to  
 460 calculate "circuit miles" for each category in the analysis, allowing for a straight-  
 461 forward comparison of the costs.<sup>3</sup> ]

462 (2) ComEd provided additional detail regarding the usage of specific facilities  
 463 by customers in the ELLC and with HV Over10 MW customer classes. ComEd  
 464 provided listings of all meters and transformer locations associated with ELLC  
 465 and with HV Over10 MW customers, their associated peak and off-peak  
 466 demands, and to the extent available in ComEd's records, their related service  
 467 voltage and transformer connection data. (See ComEd Response to REACT Data  
 468 Request 1.08, attached hereto as REACT Ex. 2.10.)

---

<sup>3</sup> Circuit miles are the geographic length of a circuit or segment of a circuit, regardless of how many phases are present. One mile of a one-, two-, or, three-phase circuit segment is one circuit mile. However, for example, one mile of a two-phase circuit segment equates to two conductor miles; one mile of a three-phase circuit segment equates to three conductor miles, etc.

469 (3) ComEd provided details regarding the costs for single-, two- and three-  
 470 phase lines. That is, ComEd provided representative cost data for new  
 471 construction single-, two- and three-phase overhead, underground direct buried  
 472 and underground in conduit distribution line construction. (See ComEd Response  
 473 to REACT Data Request 1.11, attached hereto as REACT Ex. 2.11.)

474

475 **Q. What is the impact of that new quantitative data on your analysis?**

476 A. In short, the new data confirm that the ELLC and HV Over 10 MW customer  
 477 classes receiving Standard Service, or receiving non-Standard Service via Rider  
 478 NS, either do not use certain types of facilities, or only use them to a de minimis  
 479 extent, and thus should either not be charged for those facilities or should be  
 480 charged only in proportion to that de minimis use of such facilities compared to  
 481 the use of those types of facilities by other customer classes.

482

483 **Q. Looking at the ELLC class, what common ComEd primary distribution line**  
 484 **voltages are capable of providing Standard Service to an ELLC customer?**

485 A. ELLC class customers would require 34 kV or 12 kV lines to adequately provide  
 486 Standard Service. As ComEd stated in its Response to Staff Data Request PL  
 487 2.08 in ICC Docket No. 10-0467:

488 The amount of electric power and energy required by a customer in  
 489 the Extra Large Delivery Class and Railroad Delivery Class would  
 490 qualify the customer for a primary voltage service connection  
 491 which would typically be a 12 kV or 34 kV service point in order  
 492 to provide enough capacity for a service connection at a single  
 493 delivery point or more than one service point to the same customer  
 494 property in some circumstances.

495 (ICC Docket No. 10-0467, ComEd Response to Staff Data Request PL 2.08, a  
496 copy of which is attached hereto as REACT Ex. 2.12.)

497

498 **Q. Would 12 kV single-phase or two-phase primary distribution lines ever be**  
499 **adequate to supply Standard Service to an ELLC class customer?**

500 A. No. Three-phase service is standard for the ELLC class of customer.

501

502 **Q. Would the portions of three-phase 12 kV distribution lines that have**  
503 **conductors of a capacity significantly lower than the “main stem” capacity of**  
504 **such lines ever be adequate to supply Standard Service to an ELLC class**  
505 **customer?**

506 A. No. The current-carrying capability of such lines would be insufficient to supply  
507 loads in excess of 10 MW.

508

509 **Q. Would 4 kV three-phase, two-phase, or single-phase primary distribution**  
510 **lines ever be adequate to supply Standard Service to an ELLC class**  
511 **customer?**

512 A. No.

513

514 **Q. Would secondary distribution lines, as you defined them above, ever be**  
515 **adequate to supply Standard Service to an ELLC class customer?**

516 A. No.

517

518 **Q. Would secondary voltage service conductors from secondary distribution**  
519 **lines or a community transformer ever be adequate to supply Standard**  
520 **Service to an ELLC class customer?**

521 A. No. Standard Service to an ELLC customer class customer would be from an  
522 electric service station on customer property supplied by 12 kV or higher primary  
523 distribution lines; the customer pays for and owns the service conductors from the  
524 transformer in an electric service station into the customer's premises.

525

526 **Q. Would any such categories ever be used to provide non-Standard Service to**  
527 **an ELLC or HV Over 10 MW customer class customer?**

528 A. The requirements of non-Standard Service often involve multiple voltages and  
529 forms of service connections, but Rider NS provides for payment of the  
530 incremental revenue requirements of non-Standard Service facilities at the  
531 customer's location, above those of Standard Service, by the customer receiving  
532 such service. Thus, even if there are ELLC or HV Over 10 MW class members  
533 that receive those types of non-Standard Services at the customer's location, it  
534 would be completely inappropriate to include these costs in developing the costs  
535 to be allocated to the class. Any allocation of the cost of related off-property  
536 facilities with costs in excess of Standard Service, and not subject to Rider NS or  
537 other reimbursement mechanism, should be restricted in proportion to the de  
538 minimis level of actual utilization of such facilities by the ELLC or HV Over 10  
539 MW classes of customers.

540

541 **Q. Given this information, is REACT proposing that ComEd base charges on**  
542 **actual facilities serving specific individual customers of these two classes?**

543 A. No. ComEd's allocation of charges to each of the customer classes should be in  
544 proportion to the utilization of those types of facilities (e.g., single-phase circuit  
545 elements, 4 kV, etc.) by the class as a whole. Preferably, in a reasonable time,  
546 based on some statistically valid sampling analysis, but initially using  
547 approximations, using the means discussed below.

548

549 **Q. What are your findings from examination of the transformer connections of**  
550 **ELLC customers receiving non-standard service under Rider NS in the reply**  
551 **to REACT Data Request 1.01?**

552 A. Based on the sample received from ComEd, it is clear that the ELLC customers  
553 simply do not use certain facilities that are included in the Shared Distribution  
554 Lines category of ComEd's ECOSS. Their amount of connections to ComEd's  
555 distribution system using the 4 kV circuit and single- and two-phase circuit  
556 connections is truly de minimis amount -- less than one percent of the total kVA  
557 of connections utilized by the overall group of forty-six (46) customers.

558

559 **Q. Please explain how you analyzed the Rider NS data that was provided by**  
560 **ComEd.**

561 A. ComEd provided data for forty-six (46) ELLC customers receiving service under  
562 Rider NS (Non-standard Services and Facilities). I looked at each transformer  
563 location for each customer. I identified whether the transformer location was

564 connected as single-phase (serving single-phase load), two-phase (commonly  
565 called “open delta,” serving single-phase and small, delta-type, three-phase  
566 loads), or three phase (either a three-phase transformer or three single-phase  
567 transformers connected to serve a three-phase load). I then summarized the total  
568 kVA of transformer capacity connected in each category, i.e., single-, two- or  
569 three-phase connection. I also looked at the primary distribution service voltage  
570 serving each transformer location and the transformer capacity served from each  
571 voltage (4, 12, and 34 kV).

572

573 **Q. What calculations were you able to make based upon that analysis of the**  
574 **Rider NS data provided by ComEd?**

575 A. From the ComEd data, as summarized in REACT Ex. 2.13, attached hereto, I  
576 derived the following conclusions:

577 a. 4 kV transformer connections amounted to less than one per-cent (0.55%)  
578 of the kVA of all transformers, while 12 kV and 34 kV transformer  
579 connections amounted to 77.7% and 21.8%, respectively, of all  
580 transformers.

581 b. Single- and two-phase connections amounted to less than one per-cent of  
582 the kVA of all transformer connections (0.19%).

583 c. For the sample received from ComEd, 4 kV circuits and single- and two-  
584 phase circuit connections amount to a de minimis utilization by the ELLC  
585 customers analyzed, with the kVA transformer capacity associated with  
586 either being less than one percent of the total kVA of connections utilized  
587 by the overall group of forty-six (46) customers.

588

589 **Q. What are your findings from examination of the transformer connections of**  
590 **HV Over 10 MW customers receiving non-Standard Service under Rider NS**  
591 **in the reply to REACT Data Request 1.02?**

592 **A.** ComEd provided data for only two customers in its reply to REACT Data Request  
593 1.02. I analyzed this data in the same manner as REACT Data Request 1.01,  
594 described above. In this case, one customer had a bank of three 15 kVA single-  
595 phase transformers in a three-phase bank, and also one 1500 kVA three-phase  
596 transformer; all fed at 12 kV. The second customer had three 25 kVA single-  
597 phase transformers in a three-phase bank and one 25 kVA single-phase  
598 transformer providing single-phase service; all fed at 12kV. There was no 4 kV  
599 service to either customer. Single- or two-phase service amounted to just 1.5% of  
600 the total of 1645 kVA of transformers reported in the data request. While this is a  
601 very small sample, it does comport with de minimis utilization of single or two-  
602 phase or 4 kV facilities by the HV Over 10 MW class.

603

604 **Q. Please explain what analysis you performed using the demand and**  
605 **transformer connection data provided by ComEd for the ELLC class.**

606 **A.** In the case of the ELLC customers, I analyzed ComEd data from eight hundred  
607 sixty eight (868) transformer or primary meter points encompassing one thousand  
608 six hundred eighty four (1,684) individual meters as set forth in ComEd's  
609 Response to REACT Data Request 1.08. I looked at the peak and off-peak  
610 recorded demand for each meter associated with a given high-voltage, primary

611 voltage or transformer location, as well as analyzing the transformer connections  
612 reported for that location. There were some discrepancies in the data, for example  
613 some small transformers had reported demands vastly in excess of their kVA  
614 capacity. In my analysis, I treated such high demands as three-phase loads. I  
615 treated any demand with no transformer designation as a three-phase primary  
616 metered load. I consolidated any location with three single-phase transformers  
617 connected together as a three-phase transformer location.

618

619 **Q. What calculations were you able to make for the ELLC class using the**  
620 **demand and transformer connection data provided by ComEd?**

621 A. My calculations confirmed use of 4 kV circuits and single- and two-phase circuit  
622 connections by ELLC customers is de minimis. Both the kVA transformer  
623 capacity and demands associated with 4 kV circuits and single- and two-phase  
624 circuit connections was less than one percent of the total kVA or demand of  
625 connections utilized by the overall group of forty-six customers. The results were  
626 similar for both on-peak and off-peak calculations. Specifically, I derived the  
627 following specific conclusions for the ELLC customer locations, summarized at  
628 page 1 of REACT Ex. 2.14, attached hereto.:

629 a. 4 kV transformer locations amounted to less than one percent (0.14%)  
630 of the demand of all locations served from primary distribution lines  
631 (4, 12, and 34 kV). In addition, 4 kV transformer locations amounted  
632 to less than one percent (0.29%) of the connected transformer kVA  
633 served from such lines.

634           b.     Single- and two-phase transformers accounted for less than one  
635                   percent (0.17%) of the demand of all points served from primary  
636                   distribution lines (4, 12, and 34 kV). In addition, single- and two-  
637                   phase transformer connections accounted for less than one percent  
638                   (0.29%) of the connected kVA of transformers served from such lines.

639

640 **Q.     Please explain the analysis you performed using the data provided by**  
641 **ComEd for the HV Over 10 MW customers.**

642 A.     In the case of the HV Over 10 MW customers, I analyzed ComEd data from one  
643           hundred thirty five (135) transformer or primary meter points encompassing two  
644           hundred thirteen (213) individual meters, as set forth in ComEd's Response to  
645           REACT Data Request 1.08. I examined the peak and off-peak recorded demand  
646           for each meter associated with a given high-voltage, primary voltage or  
647           transformer location, as well as the transformer connection reported for that  
648           location. There were some discrepancies in the data, for example, some small  
649           transformers had reported demands vastly in excess of their kVA capacity. To be  
650           conservative in my analysis I treated such high demands as three-phase loads. I  
651           also treated any demand with no transformer or without a "HIGH VOLTAGE"  
652           designation as a three-phase primary metered load. I treated any transformer  
653           location or service point with total metered demands over 10MW as a "HIGH  
654           VOLTAGE" point of service, even if not so designated by ComEd. I  
655           consolidated any location with three single-phase transformers connected together  
656           as a three-phase transformer location. I excluded all demand marked or judged by

657 me to be “HIGH VOLTAGE” and served at a transmission voltage from the  
 658 distribution primary voltage level demand computations; consequently, all  
 659 demand remaining was served from primary distribution lines.

660

661 **Q. What calculations were you able to make for the HV Over 10 MW customer**  
 662 **class using the demand and transformer connection data provided by**  
 663 **ComEd?**

664 A. My calculations confirmed use of 4 kV circuits and single- and two-phase circuit  
 665 connections by the HV Over 10 MW customers that receive some service from  
 666 primary distribution lines is de minimis. The kVA transformer capacity for either  
 667 the 4 kV or the single- or two-phase connections is around two percent of  
 668 installed kVA, and the demands associated with either is less than one percent of  
 669 the total demand of connections utilized by the overall group of one hundred  
 670 thirty five service locations. The results were similar for both on-peak and off-  
 671 peak calculations. Specifically, I derived the following conclusions for the HV  
 672 Over 10 MW customer locations, summarized in REACT Ex. 2.14, Page 2:

673 a. 4 kV transformer locations amounted to less than one percent (0.20%) of  
 674 the demand of all locations served from primary distribution lines (4, 12,  
 675 and 34 kV). In addition, 4 kV transformer locations amounted to slightly  
 676 more than two percent (2.14%) of the connected transformer kVA served  
 677 from such lines.

678 b. One- and two-phase transformers accounted for less than one percent  
 679 (0.37%) of the demand of all points served from primary distribution lines

680 (4, 12, and 34 kV). In addition, single- and two-phase transformer  
681 connections accounted for slightly more than two percent (2.22%) of the  
682 connected kVA of transformers served from such lines.

683

684 c. The low percentage utilization based on demand calculations is more  
685 representative of the true de minimis use of 4 kV and of single- and two-  
686 phase facilities, as the effect of points served at primary distribution  
687 voltages (where customer owned transformers are used) are not included  
688 in the percentage transformer kVA calculations.

689

690 **Q. What were your findings from analyzing the circuit mileage data for single-,**  
691 **two- and three-phase primary distribution lines and their representative new**  
692 **construction costs?**

693 A. ComEd reported on the number of circuit miles of primary distribution lines in the  
694 ComEd system as follows:

695	Line Type	Single Phase	Two Phase	Three Phase	Total
696	Overhead	13,444	3,770	17,710	34,924
697	Direct Buried UG	14,262	1,808	10,580	26,650
698	UG in Conduit	368	25	3,304	3,697
699	Total	28,074	5,603	31,594	65,271

700 (See ComEd Responses to REACT Data Requests 1.05 and 1.06, attached hereto  
701 as REACT Exs. 2.8-2.9.) The total single- and two-phase mileage is 33,677; that  
702 is 51.6% of all circuit miles. That percentage, when compared to the less than 1%

703 utilization of single- and two-phase circuits to serve the loads of the ELLC or HV  
704 Over 10 MW class customers as demonstrated above dramatically shows that  
705 under ComEd's ECOSS, the ELLC and HV Over 10 MW customer classes have  
706 been improperly assigned substantial costs. Furthermore, single- and two-phase  
707 direct buried mileage is 16,045, or 80% of all direct buried circuit mileage; while  
708 underground circuits in conduit are almost entirely three-phase.

709 In short, ComEd's ECOSS fails to assign the costs of single- and two-phase  
710 circuits to the cost-causers. The result is that the he ELLC and HV Over 10 MW  
711 customer classes are improperly cross-subsidizing the other classes of customers.

712

713 **Q. Your analysis shows that the ELLC and HV Over 10 MW customer classes**  
714 **utilize single- and two-phase circuits for only about 1% or less of their**  
715 **requirements. How does the present rate design apply single- and two-phase**  
716 **distribution line costs to their rates?**

717 A. ComEd's ECOSS, as reflected in the present rate design, inaccurately presumes  
718 that all retail ComEd customers receiving power via primary distribution lines  
719 fully utilize the single- and two-phase facilities, as well as three-phase facilities,  
720 in proportion to their demand. This means that the ELLC and HV Over 10 MW  
721 classes bear the costs of the single- and two-phase distribution line facilities at a  
722 level 50 to 100 times their actual proportion of use.

723

724 **Q. What costs are associated with the “Shared Distribution Lines” component**  
725 **of the ComEd ECOSS, to be allocated to customer classes?**

726 A. The costs associated with service from primary distribution lines are represented  
727 in the ComEd Embedded Cost of Service Studies ("ECOSS") as a line item titled  
728 "Shared Distribution Lines". That item includes the costs of all the primary  
729 distribution lines between distribution substations and the electric service station  
730 or community bank transformers or primary service connection at the customer's  
731 premises, except any separately paid for by individual customers under Rider NS  
732 or similar reimbursement plans. It is a mixture of overhead poles and conductors,  
733 underground cables, direct buried trenches, conduit, manholes, vaults, and various  
734 line accoutrements (e.g. lightning arresters, fuses, switches, circuit reclosers, etc.).  
735 These costs are included in various accounts under the Commission's Uniform  
736 System of Accounts (e.g. account 364, poles; 365, overhead conductors; 366,  
737 conduit; 367, underground conductors, etc.). However, in a broad sense, the costs  
738 in those accounts are driven by the relative unit cost and length of one-, two-, and  
739 three-phase circuits historically constructed, installed, commissioned, and placed  
740 in service in the field. Of course, each type of construction, overhead as well as  
741 direct buried or conduit-type underground, has its own cost profiles and related  
742 weighting factor to contribute to the total cost included in the plant accounts and  
743 ultimately in the facilities that determine customer cost allocations. Naturally  
744 these costs represent the depreciated cost of numerous different plant additions  
745 over many years, at their original costs plus overhead at the time of installation,  
746 depreciated to the current day. However, it is possible to gain an approximate  
747 picture of what proportion of the total shared distribution lines cost item arises  
748 from each type of construction and number of phases installed, by way of a proxy

749 using the miles of line by type of construction and phase times the current  
 750 representative ComEd cost of new construction.

751

752 **Q. Can you describe your analysis of ComEd’s reply to REACT Data Request**  
 753 **1.11 and how the typical new construction cost data relates to the installed**  
 754 **circuit miles by phase and the costs presently allocated to the ELLC and HV**  
 755 **Over 10 MW customer classes?**

756 A. I performed this proxy calculation and it is described in REACT Ex. 2.15,  
 757 attached hereto. The result, in summary, is as follows:

758	Phase	Line Type	Circuit Miles	Cost@new rates	Percent of Total Cost
759	1	OH	13444	\$2,480,192,140.80	15.71%
760	2	OH	3770	\$907,814,793.60	5.75%
761	3	OH	17710	\$5,765,191,555.20	36.53%
762	1	UG-DB	14262	\$1,948,549,743.36	12.35%
763	2.	UG-DB	1808	\$331,980,042.24	2.10%
764	3.	UG-DB	10580	\$2,566,318,656.00	16.26%
765	1	UG-Condt.	368	\$92,624,716.80	0.59%
766	2	UG-Condt.	50	\$6,292,440.00	0.04%
767	3	UG-Condt.	3304	\$1,684,989,250.56	10.68%
768	Grand Total		65271	\$15,783,953,338.56	100%
769	1 & 2 Phase Total		(15.71+5.75+12.35+2.10+0.59+0.04%)		36.54%
770	3 Phase Total		(100-36.54%)		63.46%

771 This indicates, in broad terms, that more than about a third of the costs being  
 772 allocated to the ELLC and HV Over 10 MW customer classes under the “Shared  
 773 Distribution Lines” category represents costs of single- and two-phase facilities.  
 774 However, actual utilization of single- and two-phase facilities by these customer  
 775 classes showed that their actual use is less than 1% compared to 99% for three-  
 776 phase facilities.

777 Thus, the plant costs allocated to the ELLC and HV Over 10 MW customer  
 778 classes for their use of primary distribution lines under the category “Shared  
 779 Distribution Lines” should be reduced by ComEd by about one third to reflect that  
 780 those classes do not utilize single- and two-phase facilities that contribute to the  
 781 overall cost of “Shared Distribution Lines”.

782

783 **ComEd Has Misallocated Shared Distribution Lines**  
 784 **Facilities Costs to the ELLC and HV over 10 MW Classes**  
 785

786 **Q. What conclusions do you draw from the fact that the 4 kV and single- and**  
 787 **two-phase facilities you describe above would not be adequate to provide**  
 788 **Standard Service to ELLC class customers?**

789 A. The following types of utility distribution plant should be excluded from cost  
 790 allocations to the ELLC class, except to the extent of and in proportion to the de  
 791 minimis utilization of such facilities by the class:

- 792 • Single-phase or two-phase primary voltage overhead or underground line  
 793 sections;
- 794 • Any 4 kV primary voltage overhead or underground line sections;
- 795 • Any secondary distribution line sections; and

796           • Any secondary voltage service conductors.

797           In other words, the costs recovered from the ELLC customer class customers  
798           should not include the Distribution Secondary Lines, and Secondary Service  
799           Conductors, and selected de minimis facilities in the primary voltage distribution  
800           lines (“Shared Distribution Lines”) discussed above.

801

802   **Q.    Are these costs currently included in the costs allocated to the ELLC**  
803   **customer class in ComEd's ECOSS?**

804   A.    Yes.

805

806   **Q.    Are you proposing to alter ComEd’s overall rate base or revenue**  
807   **requirement in any way?**

808   A.    No. ComEd should be entitled to full recovery for costs incurred related to  
809           necessary and prudent investments. However, under my understanding of the  
810           Commission’s commitment to cost causation principles, facilities that are either  
811           not used or are used only to a de minimis degree by the ELLC and HV Over 10  
812           MW classes should be excluded from the allocation to those classes or limited to a  
813           level proportional to the de minimis utilization by the classes.

814

815

816 **Q. Is it reasonable to ask ComEd to further investigate methodology for the**  
817 **allocation cost of providing primary voltage distribution service to the ELLC**  
818 **and HV Over 10 MW customer classes?**

819 A. The Commission's Order in ICC Docket No. 08-0532, (the "2008 Special  
820 Investigation Proceeding"), directed ComEd to modify its embedded cost of  
821 service study to more accurately reflect the underlying cost drivers of allocation to  
822 each customer class. The Order gave particular attention to the ELLC customer  
823 class.

824 In ComEd's 2010 Rate Case, in the Supplemental Direct Testimony of ComEd  
825 Witness Mr. Alongi (ComEd Ex. 21.0), Mr. Alongi was asked:

826 Can you describe the categories of costs in ComEd's compliant  
827 primary/secondary analysis for which ComEd used actual available  
828 data from its electronic systems and performed manual reviews  
829 and the associated dollars related to each situation?

830 (ICC Docket No. 10-0467, ComEd Ex. 21.0 at 24:402-404.) In his answer, Mr.  
831 Alongi described an effort by ComEd to utilize its electronic systems (e.g.  
832 ComEd's CEGIS geographic information system) and manual inspection to  
833 examine, for example, the proportion of utility poles supporting primary  
834 distribution conductors, secondary distribution conductors, or a combination, in  
835 order to allocate not only the wire involved but the poles, switches, lightning  
836 arresters, etc. to the appropriate category. (*See id.* at 24:405-26:465.) The  
837 ComEd records also show conductor sizes, number of conductors, number of  
838 phases, etc. present, as well as length of conductor, etc. (*See id.*) The techniques  
839 ComEd employed to achieve the limited objective of a primary/secondary  
840 facilities split apparently could readily be applied to determine what primary

841 voltage facilities exist that are or are not appropriate to render primary voltage  
842 distribution line service to ELLC and HV Over 10 MW class customers, and the  
843 degree to which they contribute to costs. The result should be used to adjust the  
844 proportional allocation of “Shared Distribution Lines” to those customer classes  
845 in ComEd’s ECOSS, and ultimately, to their final rates.

846

847 **Q. Based on this analysis, what should the Commission conclude about the way**  
848 **in which ComEd's ECOSS allocates the costs associated with primary and**  
849 **secondary voltage line facilities?**

850 A. ComEd's current misallocation of primary and secondary voltage line facilities  
851 which are generally inadequate to serve the standard requirements of ELLC and  
852 HV Over 10 MW class customers is egregiously unfair. It also seems to be  
853 inconsistent with the Public Utilities Act, which states, “Charges for delivery  
854 services shall be cost based, and shall allow the electric utility to recover the costs  
855 of providing delivery services through its charges to its delivery service customers  
856 that use the facilities and services associated with such costs.” (220 ILCS 5/16-  
857 108(c).) That statement regarding charges being “cost-based” charges appears to  
858 call for a higher degree of fairness and accuracy in the allocation of revenue  
859 requirements to each customer class.

860

**The Commission Should Address ComEd’s  
Misallocation to ELLC and HV Over 10 MW Customer Classes**

861  
 862  
 863

864 **Q. Does ComEd have the ability to identify the facilities that are improperly**  
 865 **included in the costs assigned to the ELLC and HV Over 10 MW customer**  
 866 **classes?**

867 A. ComEd should be able to identify the facilities that should be excluded from the  
 868 revenue requirements of the ELLC and HV Over 10 MW customer classes and  
 869 reallocated to other, more appropriate classes. ComEd’s CEGIS system contains  
 870 a significant amount of detail regarding the facilities, and ComEd's testimony in  
 871 its 2010 Rate Case and its subsequent actions regarding the study ComEd  
 872 undertook to create the exemplar primary/secondary split support the conclusion  
 873 that ComEd has this capability.

874

875 **Q. What specifically about ComEd's testimony in the 2010 ComEd Rate Case**  
 876 **and ComEd's subsequent actions suggest that ComEd has the ability to**  
 877 **identify the facilities that are improperly included in the costs assigned to the**  
 878 **ELLC and HV Over 10 MW customer classes?**

879 A. ComEd demonstrated through its analysis for consideration of a primary rate  
 880 category that it, through a combination of internal and consultant resources has  
 881 the capacity to perform such a statistically valid study. Furthermore, ComEd  
 882 commissioned a study by Christensen Associates Energy Consulting in  
 883 compliance with the Commission Order in the 2010 ComEd Rate Case which  
 884 demonstrated its ability, utilizing the consultant, to carefully examine both

885 physical facilities in the field and ComEd plant, commercial, and operating  
886 records. The study did not address my concerns in this testimony of degree of  
887 utilization, but did demonstrate statistically valid sampling techniques and study  
888 personnel qualified to interpret data from the ComEd system. That study  
889 confirmed the reasonable accuracy of ComEd physical plant records and,  
890 similarly, no physical field review of ComEd facilities would be required.

891

892 **Q. To what extent should the principles that you have recommended above be**  
893 **considered for HV Over 10 MW customers?**

894 A. For the HV Over 10 MW class, the same principles of exclusion from revenue  
895 requirements of plant equipment inappropriate for Standard Service to the  
896 customer class should be applied to the retail delivery service charges to HV Over  
897 10 MW customers for that proportion of their load served from primary  
898 distribution lines rather than from high voltage lines.

899

900 **Q. What level of allocation modification would be appropriate for the ELLC**  
901 **and HV Over 10 MW customer classes?**

902 A. Based on my analysis of the information that ComEd has now provided, the  
903 appropriate approximate adjustment to remedy the over-allocation of costs of  
904 “Shared Distribution Lines” to the ELLC and HV Over 10 MW customer classes  
905 would be to reduce their allocation of costs from “shared distribution lines” by  
906 about one-third. That is, it appears that about 36% of the costs assigned to the  
907 ELLC and HV Over 10 MW customer classes under ComEd's ECOSS for Shared

908 Distribution Lines represents the cost of single- and two-phase lines, for which  
909 those customer classes make use for less than 1% of their demand from Shared  
910 Distribution Lines. Thus, the Shared Distribution Lines allocation to those two  
911 classes should be reduced by about one-third.

912

913 The Commission also should direct ComEd to perform a statistically valid  
914 sampling study to determine, with a further degree of accuracy, the appropriate  
915 allocation of single-, two-, and three-phase primary distribution line costs, as well  
916 as 4 kV costs to these classes based on their actual utilization of those facilities.

917

918 **Q. How does this proposal differ from ComEd's current practice?**

919 A. ComEd's current ECOSS and rate design presume that any customer class which  
920 uses a type of facilities (such as the single- and two-phase as well as 4 kV lines)  
921 to any degree should bear a full cost burden proportional to their demand without  
922 regard to the degree of actual utilization of those facilities and their cost causation  
923 effect. ComEd's current approach is plainly contrary to the cost causation  
924 principles. The approach outlined in this testimony would more accurately assign  
925 the costs to the cost-causers.

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V.

CONCLUSION

**Q. Please summarize your testimony.**

A. There are certain groups of facilities that ELLC and HV Over 10 MW customers would either never use or use to a de-minimis level as part of receiving service from primary voltage distribution lines. Therefore, under the principle that costs should be assigned to their causers, and with respect to the ELLC and HV Over 10 MW customer classes, one- and two-phase and 4 kV primary voltage distribution facilities should not be included in the revenue requirement of an ELLC class customer who requires standard three-phase service for a load in excess of 10 MW. Further, in the case of customers receiving non-standard service, which may include a de minimis utilization of 4 kV, single- or two-phase primary service connections, the allocation of costs to their customer class should be in proportion to this de-minimis use.

Combining these two concepts, since either the ELLC or the HV Over 10 MW classes include a combination of customers that receive Standard Service and non-Standard Service, the allocation of 4 kV, and single- and two-phase facilities should be limited to only the proportional de minimis use characteristic of each class overall. It is both necessary and feasible for ComEd to identify and exclude facilities not used, or used to a de-minimis degree, to provide Standard Service to the ELLC and HV Over 10 MW customer classes.

**Q. Does this complete your direct testimony?**

951 A. Yes. However, because discovery in this proceeding is ongoing, I reserve the  
952 right to update my analysis and supplement information to the extent that  
953 additional information provided by ComEd makes that appropriate.