

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

COMMONWEALTH EDISON COMPANY	:	
	:	No. 13-0387
	:	
	:	
Tariff filing to present the Illinois Commerce	:	
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	::	

Rebuttal Testimony of  
**CHARLES S. TENORIO**  
Manager  
Regulatory Strategies and Solutions  
Commonwealth Edison Company

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1 **I. INTRODUCTION**

2 **A. Witness Identification**

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

4 A. My name is Charles S. Tenorio. My business address is 440 S. LaSalle, Suite 3300,  
5 Chicago, Illinois 60605.

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

7 A. I am employed by Commonwealth Edison Company (“ComEd”) as Manager of  
8 Regulatory Strategies and Solutions.

9 **Q. Are you the same Charles S. Tenorio that submitted direct testimony in this**  
10 **proceeding?**

11 A. Yes

12 **B. Summary of Rebuttal Testimony**

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

14 A. I respond to the direct testimony of the Illinois Commerce Commission (“ICC” or  
15 “Commission”) Staff (“Staff”) witnesses Mr. William R. Johnson (ICC Staff Ex. 1.0) and  
16 Ms. Alicia Allen (ICC Staff Ex. 2.0); the People of the State of Illinois (“AG”) witness  
17 Mr. Scott J. Rubin (AG Ex. 1.0); City of Chicago and Citizen Utility Board (“City/CUB”)  
18 witness Mr. Edward C. Bodmer (City/CUB Ex. 1.0); Illinois Industrial Energy  
19 Consumers (“IIEC”) witness Mr. Robert R. Stephens (IIEC Ex. 1.0); Kroger Company  
20 witness Mr. Neal Townsend (Kroger Ex. 1.0); and the Coalition to Request Equitable  
21 Allocation of Costs Together (“REACT”) witness Mr. Bradley O. Fults (REACT Ex.  
22 1.0).

23 A number of these witnesses indicate that ComEd is proposing the use of one or  
24 more rate designs that I presented in my direct testimony. It is important to reiterate that  
25 ComEd is not proposing the use of any particular rate design model presented in my  
26 direct testimony. ComEd utilized the RDI Rate Design (ComEd Ex. 2.04) as the basis for  
27 comparison to the other illustrative rate designs because it is reflective of the  
28 methodologies employed in the rate design model used to determine the currently  
29 approved delivery service charges. ComEd is not recommending the approval of that rate  
30 design. ComEd provided all of the illustrative rate designs in an effort to provide the  
31 Commission and parties with the opportunity to analyze and compare differences in  
32 delivery service charges and delivery class revenue responsibilities under different rate  
33 design scenarios. Similarly, ComEd is not advocating for any of the additional  
34 illustrative rate designs presented in this rebuttal testimony.

35 Staff and other witnesses addressed several topics to which I respond. The failure  
36 to address any particular point raised by Staff or other witnesses does not equal  
37 agreement to that point.

38 **C. Itemized Attachments**

39 **Q. What exhibits are attached to your rebuttal testimony?**

40 **A.** The following exhibits (“Exs.”) are attached to this rebuttal testimony:

- 41 • ComEd Ex. 6.01 – Rate Design Using AG-Sponsored Embedded Cost of Service  
42 Study (“ECOSS”) and No Straight-fixed Variable (“SFV”) structure

- 43       • ComEd Ex. 6.02 - Rate Design Using AG-Sponsored ECOSS With a 50/50 SFV  
44       Structure

- 45       • ComEd Ex. 6.03 - Rate Design Using RDI ECOSS and No SFV Structure

46       The following four exhibits provide the impacts for each of the four residential delivery  
47       classes of employing a rate design using the AG-Sponsored ECOSS and no SFV structure  
48       (ComEd Ex. 6.01):

- 49       • ComEd Ex. 6.04 – Single Family Without Electric Heat (“SFNH”) Impacts

- 50       • ComEd Ex. 6.05 – Multi Family Without Electric Heat (“MFNH”) Impacts

- 51       • ComEd Ex. 6.06 – Single Family With Electric Heat (“SFH”) Impacts

- 52       • ComEd Ex. 6.07 – Multi Family With Electric Heat (“MFH”) Impacts

53       The following four exhibits provide the impacts for each of the four residential delivery  
54       classes of employing a rate design using the RDI ECOSS and no SFV structure (ComEd  
55       Ex. 6.03)

- 56       • ComEd Ex. 6.08 – SFNH Impacts

- 57       • ComEd Ex. 6.09 – MFNH Impacts

- 58       • ComEd Ex. 6.10 – SFH Impacts

- 59       • ComEd Ex. 6.11 – MFH Impacts

60 • ComEd Ex. 6.12 – Unitized Delivery Service Charges – Historical Data

61 • ComEd Ex. 6.13 – Over 10 Megawatt (“MW”) Customer Bill Impacts

62 **II. STRAIGHT FIXED VARIABLE RATE DESIGN**

63 **Q. Both AG witness Mr. Rubin and City/CUB witness Mr. Bodmer address SFV rate**  
64 **design. What is ComEd’s experience with a SFV rate design?**

65 A. In Docket No. 10-0467 (“2010 Rate Case”), ComEd proposed to incorporate a gradual  
66 movement to a SFV rate design for residential customers and nonresidential customers in  
67 the Watt-Hour (“WH”) Delivery Class. ComEd’s proposal included a gradual movement  
68 to an 80% fixed / 20% variable charge structure by first employing a 60% fixed / 40%  
69 variable charge structure, with the intention of moving to a 70% fixed / 30% variable  
70 charge structure, and finally to an 80% fixed / 20% variable charge structure. ComEd  
71 proposed the 60% fixed / 40% variable charge structure as the starting point because  
72 fixed charges were already recovering about 60% of ComEd’s costs for customers in the  
73 WH Delivery Class. At the conclusion of that proceeding, the Commission adopted a  
74 50% fixed / 50% variable charge structure (“50/50 SFV”) rate design, noting:

75 “The Commission has decided to either decouple or move towards an SFV  
76 in rate cases filed by North Shore/Peoples Gas, the Ameren Illinois  
77 Companies (“Ameren”), and Nicor Gas Company (“Nicor Gas”). All of  
78 those decisions recognize the importance of recovering fixed costs  
79 predominantly through fixed charges. The Commission concludes that it  
80 is when customers respond to rates that do not accurately reflect cost  
81 causation, that inefficiency results and society suffers. Because electric  
82 and natural gas distribution utilities must have the capacity in place to  
83 serve peak loads whenever they occur, it is logical to apply pricing  
84 policies for both types of industries because they have similar underlying  
85 cost structures.” (2010 Rate Case, Order at 231-232)

86 A 50/50 SFV rate design, with further clarification in Docket No. 11-0721 (“2011  
87 Formula Rate Case”), has been in place for ComEd’s residential customers and  
88 nonresidential customers in the WH Delivery Class since June 1, 2011.

89 **Q. With respect to the SFV rate design, do parties involved in this proceeding have**  
90 **differing opinions as to what should be incorporated into the rate design adopted by**  
91 **the Commission?**

92 A. Yes. Staff witness Mr. Johnson’s proposed rate design incorporates the 50/50 SFV rate  
93 design that was adopted by the Commission in the 2010 Rate Case, as further clarified in  
94 the 2011 Formula Rate Case, to set ComEd’s delivery service charges for the  
95 nonresidential WH Delivery Class and all residential customers. On the other hand, Mr.  
96 Rubin opposes the 50/50 SFV rate design for residential customers and proposes to  
97 switch the residential rate design back to the general methodology that was in place prior  
98 to the Commission’s adoption of the 50/50 SFV rate design. Mr. Bodmer also opposes  
99 the 50/50 SFV rate design for residential customers and proposes a significantly more  
100 complicated rate design with tiered customer charges and distribution facilities charges  
101 (“DFCs”) based on monthly kilowatt-hour (“kWh”) deliveries to individual residential  
102 customers.

103 **Q. Is there any notable difference between the rate designs that Mr. Rubin and Mr.**  
104 **Bodmer are proposing?**

105 A. Yes. Mr. Rubin's proposal results in increases to the customer charges for multi family  
106 customers, while it appears that Mr. Bodmer proposes to significantly lower customer  
107 charges for all residential customers.

108 **A. AG Witness Mr. Rubin**

109 **Q. What is your understanding of Mr. Rubin's position with respect to residential rate**  
110 **design?**

111 A. My understanding of Mr. Rubin's position is that he is proposing to switch back from the  
112 currently effective 50/50 SFV rate design to a previously employed rate design  
113 methodology for residential customers. However, his recommendation seems to be at  
114 odds with testimony he provided in a prior Commission proceeding. In his supplemental  
115 direct testimony submitted on August 2, 2013, Mr. Rubin also recommended the adoption  
116 of explicitly listed charges that did not allow for revenue requirement neutrality.  
117 However, since that time he has responded to a data request and submitted corrected  
118 supplemental direct testimony to address that concern. His proposal also has differing  
119 impacts on different residential delivery classes.

120 **Q. In what way does Mr. Rubin's proposal to switch back away from the Commission-**  
121 **approved 50/50 SFV rate design for residential customers in this proceeding seem**  
122 **contradictory to past testimony that Mr. Rubin submitted to the Commission?**

123 A. In his rebuttal testimony in Docket No. 05-0597 ("2005 Rate Case"), Mr. Rubin made the  
124 following statement with respect to residential customers:

125 "I agree with Mr. Crumrine that generally the cost to install and maintain  
126 the distribution system is not dramatically different for a heating or

127 nonheating customer, and that cost does not vary significantly with the  
128 annual number of KWH the customer purchases. Thus, one would  
129 conclude that the overall dollars to be collected from a residential  
130 customer per year should be about the same, regardless of the amount of  
131 energy the customer uses.” (2005 Rate Case, Mr. Rubin’s Rebuttal  
132 Testimony, AG Ex. 4.0 12:234-239)  
133

134 However, in this proceeding to support his proposal, Mr. Rubin maintains,

135 “much of a utility’s costs are incurred to meet peak demands. That is,  
136 substations, transformers, and other facilities are sized to meet the  
137 maximum demand (plus a margin of safety) expected to be placed on the  
138 facilities. Demand costs are directly related to the amount of electricity  
139 used by customers.” (AG Ex. 1.0 14:306-15:310)

140 **Q. Mr. Rubin recommends charges that he lists explicitly for the Commission to adopt**  
141 **for residential customers. Do you have a concern with his recommendations?**

142 A. Yes. Since his original supplemental direct testimony was submitted on August 2, 2013,  
143 Mr. Rubin provided a new list of delivery service charges in response to a data request;  
144 those new charges are also explicitly listed in his corrected supplemental direct  
145 testimony. However, some of the new delivery service charges Mr. Rubin recommends  
146 do not match the charges in ComEd Ex. 6.01, which is a populated rate design model that  
147 ComEd prepared to check the accuracy of those recommended by Mr. Rubin. It may be  
148 that Mr. Rubin’s recommended charges reflect the cost allocation error in the ECOSS  
149 presented by Mr. Rubin, which is addressed by ComEd witness Mr. Bradley L. Bjerning  
150 in ComEd Ex. 7.0. The rate design model in ComEd Ex. 6.01 employs cost inputs from  
151 the AG-Sponsored ECOSS that ComEd presents in ComEd Ex. 7.01, as well as Mr.  
152 Rubin’s proposal to eliminate the 50/50 SFV rate design for residential customers.

153           The charges that ComEd developed in ComEd Ex. 6.01 are listed in Table CST-  
154 R1. The arrows in the column with the values reflecting Mr. Rubin’s proposal show the  
155 relative change in the customer charge from the values in the far right column, which are  
156 reflective of the RDI Rate Design. Also, in an effort to provide as much applicable data  
157 as possible, ComEd developed two other sets of delivery service charges to enable a more  
158 complete analysis of the difference between a 50/50 SFV rate design and a rate design  
159 with no SFV charge structure. These sets of delivery service charges, along with the  
160 charges developed under the RDI Rate Design are also shown in Table CST-R1. The  
161 determination of the delivery service charges listed in this table for the AG-Sponsored  
162 ECOSS Without SFV, AG-Sponsored ECOSS With 50/50 SFV, and RDI ECOSS  
163 Without SFV rate designs are provided in ComEd Exs. 6.01, 6.02, and 6.03, respectively.  
164 The determination of the delivery service charges developed using the RDI Rate Design,  
165 which includes the currently applicable 50/50 SFV rate design, were provided in ComEd  
166 Ex. 2.04 attached to my direct testimony.

Table CST-R1: Delivery Service Charges With 50/50 SFV Rate Design and Without SFV Rate Design				
	AG-SPONSORED ECOSS WITHOUT SFV Mr. Rubin's Methodology	AG-SPONSORED ECOSS WITH 50/50 SFV	RDI ECOSS WITHOUT SFV	RDI ECOSS WITH 50/50 SFV Current Methodology
SFNH				
CC	\$10.96 ↓	\$14.78	\$10.85	\$14.83
SMSC	\$3.38	\$3.38	\$3.38	\$3.38
DFC	\$0.02876	\$0.02376	\$0.02904	\$0.02383
IEDT	\$0.00116	\$0.00116	\$0.00116	\$0.00116
MFNH				
CC	\$8.41 ↑	\$7.47	\$8.61	\$7.62
SMSC	\$3.38	\$3.38	\$3.38	\$3.38
DFC	\$0.02795	\$0.03061	\$0.02823	\$0.03104
IEDT	\$0.00116	\$0.00116	\$0.00116	\$0.00116
SFH				
CC	\$12.17 ↓	\$16.64	\$11.85	\$16.93
SMSC	\$3.38	\$3.38	\$3.38	\$3.38
DFC	\$0.01372	\$0.01120	\$0.01420	\$0.01136
IEDT	\$0.00116	\$0.00116	\$0.00116	\$0.00116
MFH				
CC	\$8.78 ↑	\$8.26	\$8.92	\$8.57
SMSC	\$3.38	\$3.38	\$3.38	\$3.38
DFC	\$0.01335	\$0.01399	\$0.01394	\$0.01435
IEDT	\$0.00116	\$0.00116	\$0.00116	\$0.00116
WH				
CC	\$11.92 (1) ↑	\$8.82	\$12.49	\$9.13
SMSC	\$2.86 (1)	\$2.86	\$2.86	\$2.86
DFC	\$0.02090 (1)	\$0.02845	\$0.02102	\$0.02920
IEDT	\$0.00116 (1)	\$0.00116	\$0.00116	\$0.00116
Notes:				
(1) While Mr. Rubin is silent with respect to the methodology to be used for the WH Delivery Class, the results of the analysis are provided in an effort to provide as much pertinent information as possible.				
(2) CC means Customer Charge, SMSC means Standard Metering Service Charge, DFC means Distribution Facilities Charge, and IEDT means Illinois Electricity Distribution Tax Charge.				

167

168 Mr. Rubin maintains that “straight fixed variable (“SFV”) rates greatly increase customer  
 169 charges” (AG Ex. 1.0 2:43-44). However, as the table shows, his proposal to eliminate  
 170 the 50/50 SFV rate design increases customer charges for multi family residential  
 171 customers.

172 Q. Mr. Rubin indicates that, “Customers who use relatively small amounts of  
 173 electricity will see very large rate increases under an SFV type of rate design, while  
 174 customers who use relatively large amounts of electricity see their bills increase very

175 **little or even decline.” (AG Ex. 1.0 16:332-335). Do you agree with Mr. Rubin’s**  
176 **characterization of the impact of SFV rate designs in considering his proposal to**  
177 **eliminate the current 50/50 SFV rate design for residential customers?**

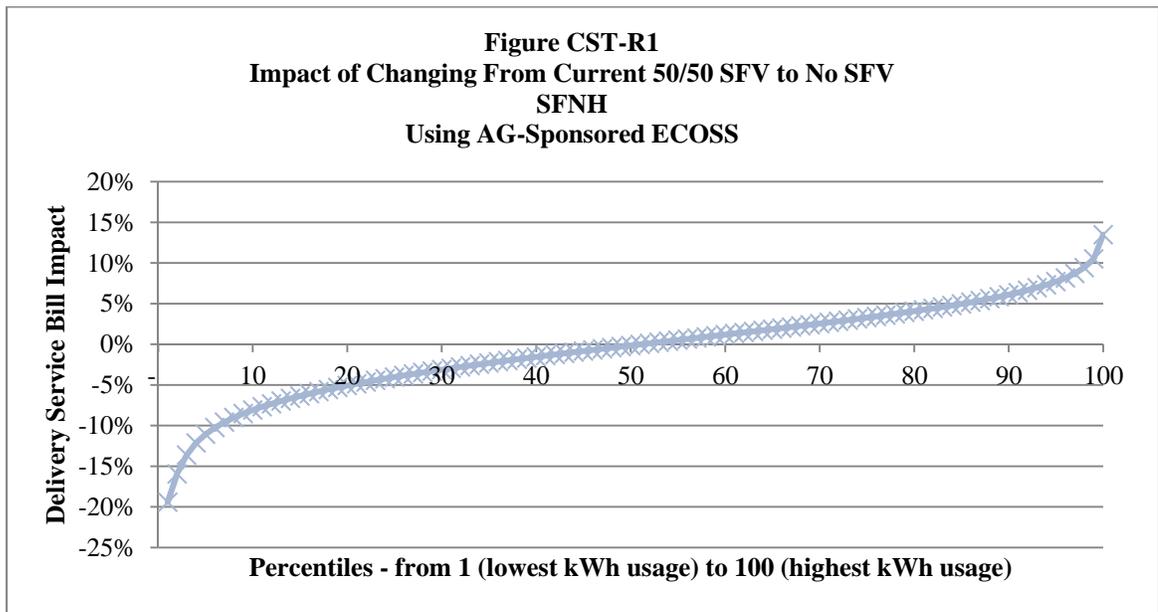
178 A. With respect to multi family customers, I do not agree with Mr. Rubin’s characterization.  
179 If Mr. Rubin is correct, then conversely, customers who use relatively small amounts of  
180 electricity should see rate decreases when an SFV rate design is eliminated. However,  
181 under Mr. Rubin’s methodology that eliminates the 50/50 SFV rate design, multi family  
182 customers with the lowest usages will see increases in their delivery service bills relative  
183 to what they would see with the current 50/50 SFV rate design. That results in an impact  
184 that is directly opposed to Mr. Rubin’s characterization.

185 Q. **What is the impact on single family customers when considering Mr. Rubin’s**  
186 **proposal to eliminate the current 50/50 SFV rate design for residential customers?**

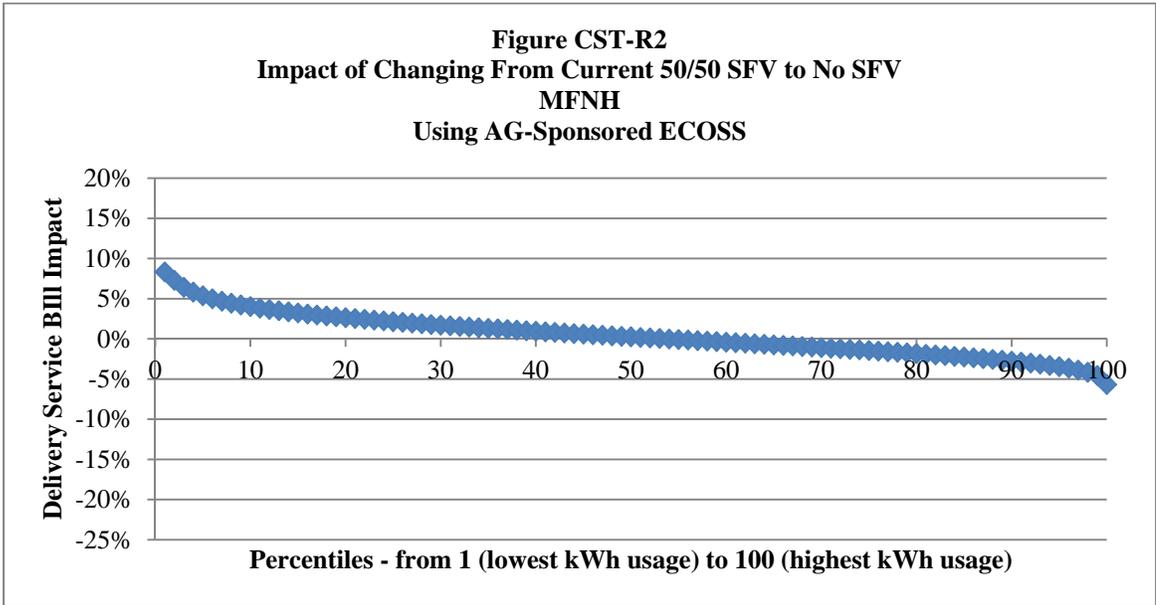
187 A. Under Mr. Rubin’s proposal, customer charges for single family customers would be  
188 reduced, and therefore, single family customers with the lowest usages will see decreases  
189 in their delivery service bills relative to what they would see with the current 50/50 SFV  
190 rate design. For example, for the SFH Delivery Class, Mr. Rubin’s proposal calls for a  
191 reduction in the customer charge by more than four dollars. Interestingly, as noted in  
192 ComEd’s Residential Usage Study, “a visual inspection was made of aerial photographs  
193 available on the internet of each premises in the lowest two percentiles of the SFH Class.  
194 A total of 64 of the 301 premises in Percentile 1 and 91 of the 303 premises in Percentile  
195 2 appeared to be vacation houses on lakes or rivers or hook-up locations in vacation parks  
196 or camps in northern Illinois” (ComEd Ex. 2.33 at 16).

197 Q. Are there general trends with respect to the impact on delivery service bills due to  
198 changing from the 50/50 SFV rate design to a rate design with no SFV?

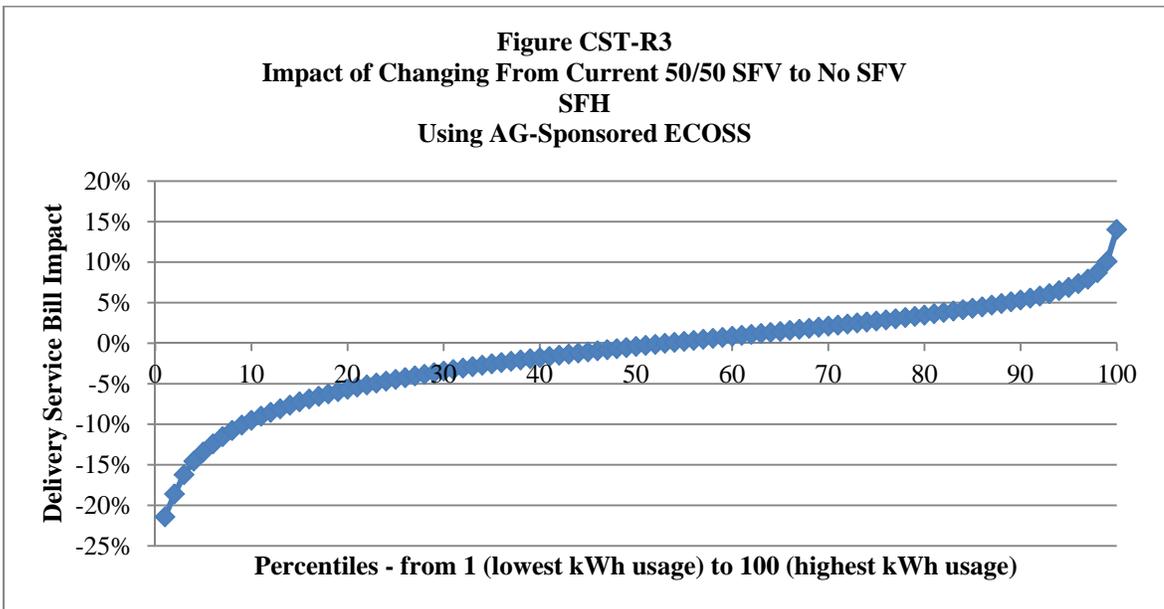
199 A. Yes. The trends are shown in the following four graphs. The data used to populate these  
200 graphs are provided in ComEd Exs. 6.04 - 6.07, which provide updates to the delivery  
201 service charges in what was originally presented in Tables 9-12 in the Residential Usage  
202 Study attached to my direct testimony in ComEd Ex. 2.33. The delivery service charges  
203 are updated based upon cost allocations presented in the AG-Sponsored ECOSS.



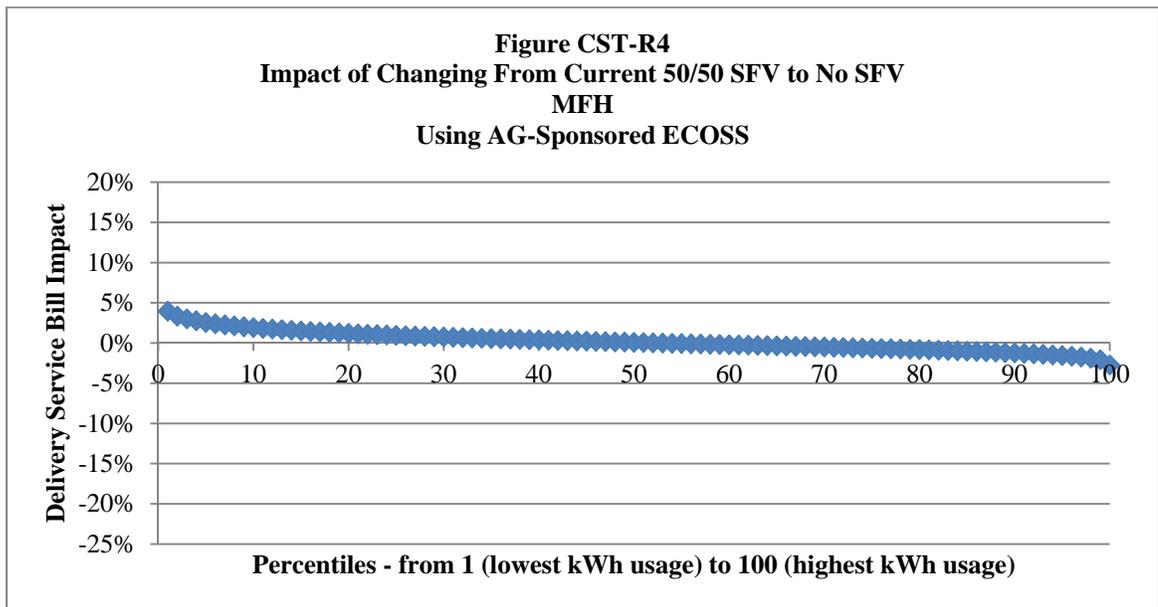
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208 On a dollar basis, the data show that the lowest usage SFNH customers would see a  
 209 decrease of about \$44 per year with a rate design incorporating no SFV compared to a  
 210 50/50 SFV rate design. For the lowest usage SFH customers, the annual decrease would  
 211 be approximately \$52.50. The data also show that the lowest usage MFNH customers  
 212 would see an increase of about \$11 per year with a rate design incorporating no SFV  
 213 compared to a 50/50 SFV rate design. For the lowest usage MFH customers, the annual  
 214 increase would be approximately \$5.90. As noted in the graphs, customers with the  
 215 lowest kWh usage are in Percentile 1.

216 At the other end of the spectrum, the data show that the highest usage SFNH  
 217 customers would see an increase of about \$183 per year with a rate design incorporating  
 218 no SFV compared to a 50/50 SFV rate design. For the highest usage SFH customers, the  
 219 annual increase would be approximately \$225. The data also show that the highest usage  
 220 MFNH customers would see a decrease of about \$47 per year with a rate design  
 221 incorporating no SFV compared to a 50/50 SFV rate design. For the highest usage MFH

222 customers, the annual decrease would be approximately \$22. As noted in the graphs,  
223 customers with the highest kWh usage are in Percentile 100.

224 **Q. What is your response to Mr. Rubin's comparison of delivery service charges that**  
225 **became applicable after the 2005 Rate Case to delivery service charges that are**  
226 **applicable today (AG Ex. 1.0 18:370-381)?**

227 A. Mr. Rubin notes that his comparison uses two hypothetical customers: (a) one that uses  
228 exactly 200 kWh each month and that 4% of the 2.2 million SFNH Delivery Class  
229 customers have average usage levels less than 200 kWh per month, and (b) one that uses  
230 exactly 1,500 kWh each month and that 8% of the 2.2 million SFNH Delivery Class  
231 customers have average usage levels greater than 1,500 kWh per month. Therefore, Mr.  
232 Rubin's comparison is highlighting customers at the farthest extremes along the  
233 electricity usage spectrum for the delivery class. For the customer that uses exactly 200  
234 kWh each month, Mr. Rubin notes that the customer has experienced a 49% increase in  
235 delivery service charges since 2007, or the equivalent of about 7% per year. For the  
236 customer that uses exactly 1,500 kWh each month, Mr. Rubin notes that the customer has  
237 experienced a 16% increase in delivery service charges over the same time period, which  
238 is equivalent to an annual increase of about 2.5%.

239 In an effort to provide as much pertinent information as possible for the  
240 Commission and parties to complete this investigation, ComEd determined the average  
241 increase in delivery service charges for the SFNH Delivery Class, which amounts to  
242 about 31% over the same time period and which is equivalent to an increase of about  
243 4.5% per year. This average percentage increase can be used for relative comparison

244 purposes in analyzing the percentages computed by Mr. Rubin in his low use and high  
245 use hypothetical customer examples.

246 **B. City/CUB Witness Mr. Bodmer**

247 **Q. What is Mr. Bodmer’s position with respect to the Commission approved 50/50 SFV**  
248 **rate design currently used to determine delivery service charges for residential**  
249 **customers?**

250 A. From his testimony, it appears that Mr. Bodmer opposes the use of the 50/50 SFV rate  
251 design and favors a rate design with much lower fixed charges and higher variable  
252 charges, which would result in overall unitized per kWh charges that are lower for low  
253 use customers (City/CUB 45:672-673). In presenting his reasons for opposing the use of  
254 the 50/50 SFV rate design and favoring a rate design with very different characteristics,  
255 he appears to rely heavily on his often repeated opinion that “low usage is closely  
256 correlated with... better load factors” (City/CUB Ex. 1.0 5:48-49), “a more efficient load  
257 factor ... correlated with low use” (City/CUB Ex. 1.0 42:619), “low use is correlated with  
258 high load factor – something I (Mr. Bodmer) believe to be the case” (City/CUB 45:670-  
259 671).

260 **Q. Does Mr. Bodmer’s opinion that low electricity usage is correlated with high load**  
261 **factor have merit?**

262 A. No. Load factor is a commonly used measure related to the utilization of electrical  
263 facilities, and generally, increasing load factor results in a more optimal utilization of  
264 electrical facilities. A high load factor means electricity kWh usage is relatively constant

265 with a fairly steady level of kilowatt (“kW”) demand on electrical facilities. On the other  
266 hand, a low load factor shows that electricity usage tends to be more irregular with  
267 fluctuating levels of demand on electrical facilities. In providing electric service to a  
268 customer with a low load factor, facilities must be available at all times to be ready to  
269 serve what might be only a few times when demands fluctuate to their highest levels.  
270 Load factor is determined in accordance with the following equation:

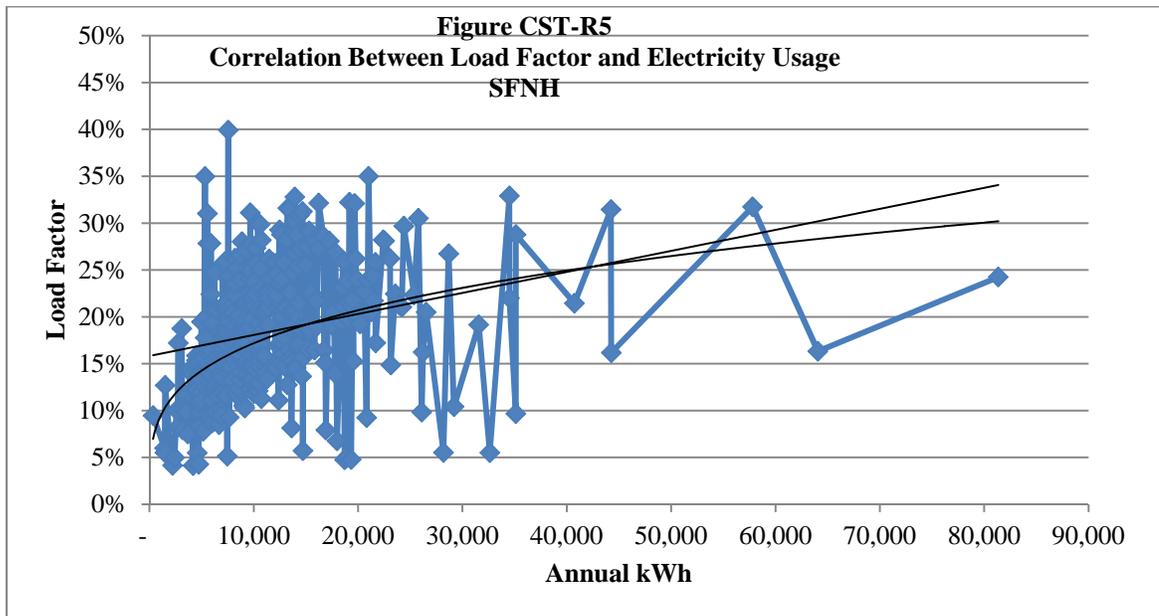
$$\text{Load Factor} = \frac{\textit{kWh used in the Period}}{(\textit{Maximum kW}) \times (\textit{Hours in the Period})}$$

271 As the equation shows, for a given maximum kW demand level, as kWh usage decreases,  
272 load factor decreases. Moreover, as maximum kW demand increases and kWh usage  
273 decreases, load factor decreases more dramatically.

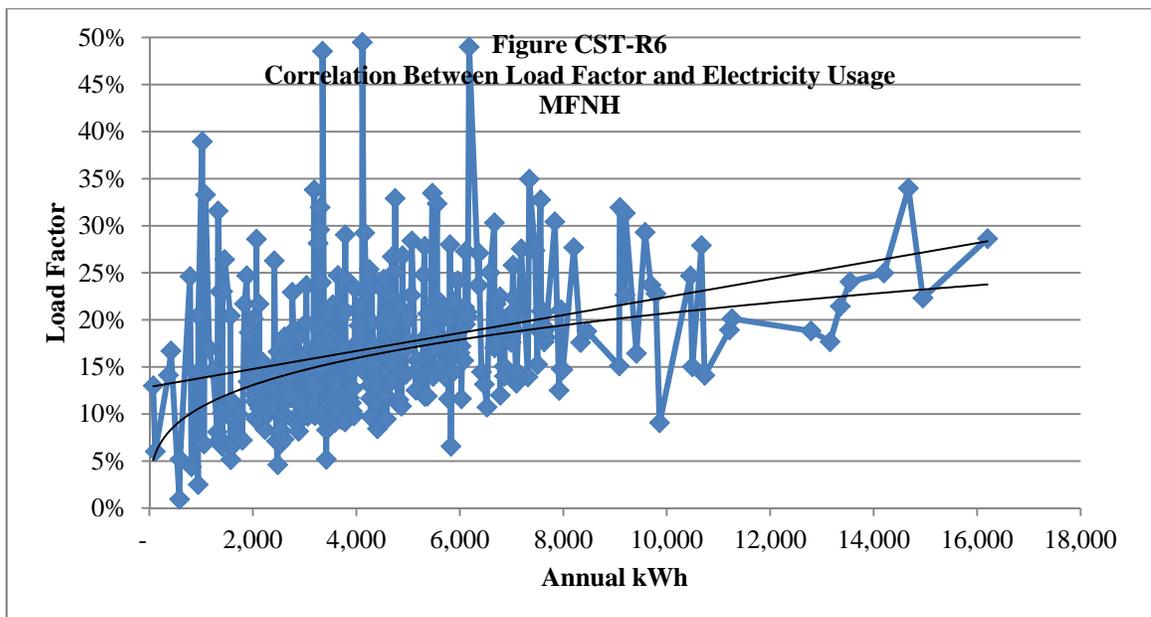
274 An example of an apartment building may be useful in explaining the concept of  
275 load factor. Each unit in the apartment is equipped with the same major electrical  
276 appliances, including an electric stove/oven; therefore, the maximum demand for one unit  
277 is likely to be similar to the maximum demand for the other units. However, the  
278 occupants of one unit may use their electric stove/oven virtually every day for every  
279 meal, while the occupants of another unit may use their electric stove/oven only  
280 occasionally. The maximum kW demand level that can be established by each unit is the  
281 same. However, the unit in which the stove/oven is used only occasionally has lower  
282 kWh usage, and correspondingly a lower load factor.

283 In an effort to provide the Commission and parties with sufficient information to  
284 complete this investigation, ComEd analyzed the load factors of the residential customers

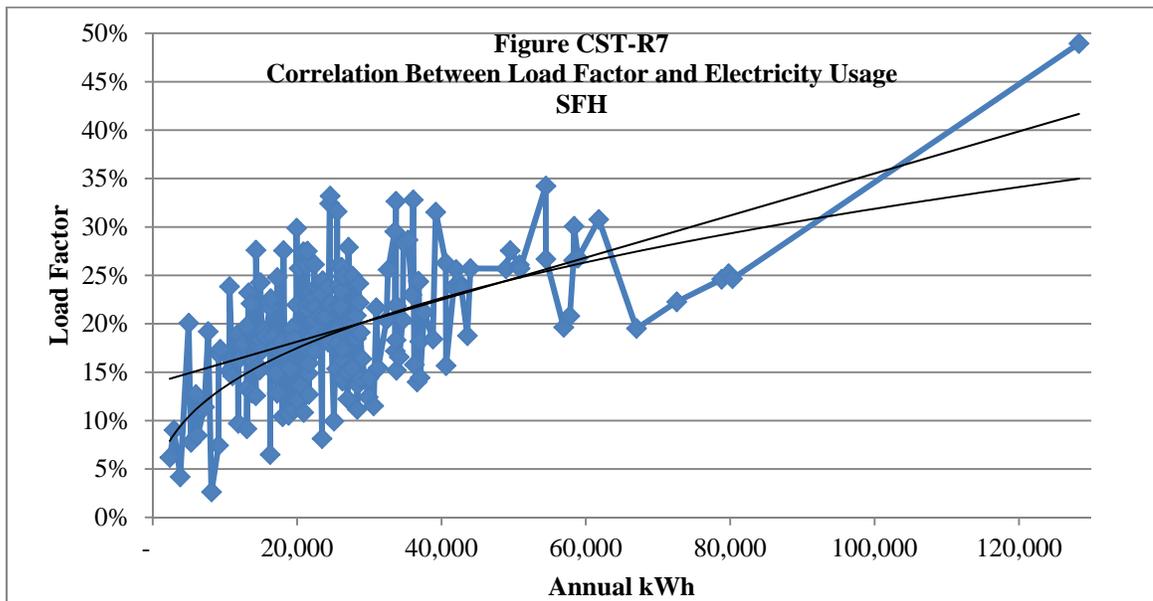
285 included in its load research customer samples. The following graphs show that low  
286 electricity usage is not correlated with high load factors; low electricity usage is  
287 correlated with low load factors.



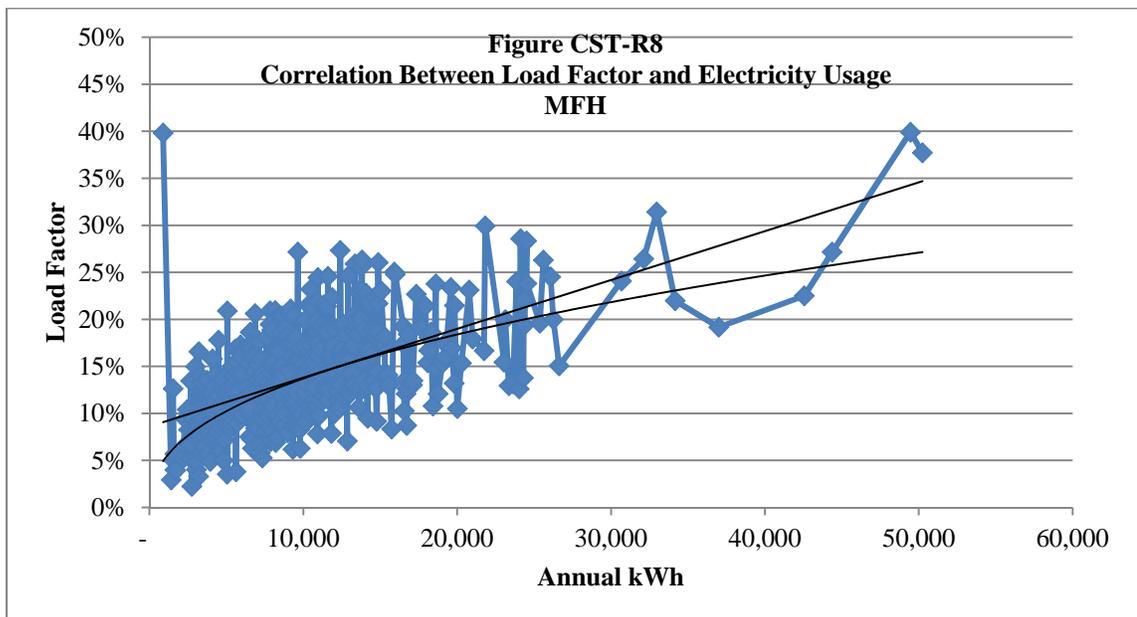
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291

292 Admittedly, the graphs are quite cluttered because each graph includes a data point for  
293 each customer in the delivery class' sample group that had a full year's worth of load  
294 data. ComEd previously made the underlying data available to interested parties and has  
295 included additional information in the supporting work papers used to develop the graphs

296 provided in Figures CST-R5-CST-R8. The additional information provide expanded  
297 views of the charts in order to show more clearly the individual customer data points.

298 **Q. What is your reaction to Mr. Bodmer’s suggested rate design for residential**  
299 **customers?**

300 A. As I understand his testimony, Mr. Bodmer proposes a complicated rate design  
301 encompassing significant reductions in the residential customer charges coupled with a  
302 tiered concept. It is not clear if customers might experience potentially wide variations in  
303 their delivery service bills over the course of a year due to “jumping” between pricing  
304 tiers as their electricity usage fluctuates month to month. It is also not clear exactly how  
305 the customer charges, standard metering service charges, DFCs, and Illinois Electricity  
306 Distribution Tax Charges (“IEDTs”) would be determined to ensure revenue requirement  
307 neutrality. I am concerned that such a complicated tiered rate design could cause  
308 confusion and consternation for customers, especially in light of the fact that customers  
309 have two years of experience with delivery service charges developed with the 50/50  
310 SFV rate design and it corresponds to the manner in which many are charged for natural  
311 gas delivery service.

312 **C. Residential Usage Study**

313 **Q. What is your response to Mr. Rubin’s and Mr. Bodmer’s comments pertaining to**  
314 **the Residential Use Study (ComEd Ex. 2.33) and its analysis of the SFV rate design?**

315 A. As directed by the Commission, ComEd performed an appropriate analysis of the impact  
316 of the SFV rate design that had been approved in the 2010 Rate Case. ComEd’s analysis

317 employed a direct comparison of the 50/50 SFV rate design to a rate design with no SFV  
318 structure using the same revenue requirement in order to provide an apples to apples  
319 comparison. That is, all variables but one remained constant. Keeping all other variables  
320 constant, except the one under investigation, is the generally accepted method with which  
321 to perform a study that is analyzing the impact of a change to that one variable.

322 In addition, once ComEd completed the foundational analysis of 1,947,800 SFNH,  
323 715,700 MFNH, 30,150 SFH, and 112,150 MFH customers, which represents  
324 approximately 87%, 70%, 86%, and 72% of the entire SFNH, MFNH, SFH, and MFH  
325 delivery class populations<sup>1</sup>, respectively, to determine the bill impacts of the 50/50 SFV  
326 rate design, it performed further analysis and made additional observations of customers  
327 at the lowest and highest usage percentiles. One example of such additional analysis was  
328 recorded in the following passage from the study:

329 “in comparing the lowest to the highest percentile customers that were  
330 located in the City of Chicago, there were numerous instances in which  
331 the address for a customer in Percentile 1 was in the same hundred block  
332 and street as the address for a customer in Percentile 100. For some multi  
333 family accounts there were Percentile 1 customers literally either across  
334 the hall or next door to Percentile 100 customers. Overall, within the City  
335 of Chicago, for the SFNH Class, of the 1,463 customers that are in  
336 Percentile 100, 244 of them (16.7%) are located in the same hundred block  
337 and street as customers that are in Percentile 1. For the MFNH Class, of  
338 the 5,181 customers that are in Percentile 100, over 1,000 are located in  
339 the same hundred block and street as customers that are in Percentile 1.

340 The observations of customers in the lowest and highest percentiles that  
341 are also in the same building or same hundred block and street lead to  
342 further logical possibilities. For example, a premises at which a customer

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<sup>1</sup> A premises was excluded from the analysis if it was not in ComEd’s billing system for the entire twelve monthly billing periods of 2010. Premises that exhibited zero usage for twenty-four consecutive monthly billing periods were also excluded from the study.

343 resides who is among the customers in Percentile 1 may move out of the  
344 premises and a customer with electricity usage that would place him or her  
345 in Percentile 100 may move into that premises. In another example, a  
346 customer who is among the customers in Percentile 1 may experience  
347 some life events that would cause the customer to change his or her  
348 electricity usage so that the customer would move to a higher percentile.  
349 Such life events may include, but are certainly not limited to a change in  
350 work schedule, marriage, and/or having children.

351 The Company must plan and build its distribution facilities to provide electric  
352 delivery service based upon maximum demands established at a premises,  
353 regardless of the electricity usage of the current occupant of the premises. The  
354 Company also does not remove and install distribution facilities as people move  
355 out and in of individual premises. It is not the monthly electricity usage, even if  
356 that usage is low for several months out of a year, or even if it is consistently low  
357 for the current resident, that determines the delivery service facilities the  
358 Company must have in place to provide electric service to its customers.”  
359 (ComEd Ex. 2.33 at 16).

360

361 In addition, ComEd extended its analysis of low electricity usage compared to high  
362 electricity usage beyond the single lowest (Percentile 1) and highest (Percentile 100) in  
363 each residential delivery class. ComEd identified the number of customers in each  
364 delivery class in each percentile by zip code and found that there is significant overlap  
365 between higher percentile customers and lower percentile customers in any given  
366 geographic area as shown in Table CST-R2.

Table CST-R2: Overlap of Low Usage and High Usage Residential Customers in Same Geographic Area			
Customers Analyzed	System	Chicago	Other
<b>SFNH</b>			
Zip Codes With Customers in Percentiles 1 and 100	83.6%	89.3%	82.9%
Zip Codes With Customers in Percentiles 1-5 and 96-100	94.3%	92.9%	94.5%
Zip Codes With Customers in Percentiles 1-10 and 91-100	95.8%	94.6%	95.9%
Zip Codes With Customers in Percentiles 1-20 and 81-100	96.6%	96.4%	96.6%
Zip Codes With Customers in Percentiles 1-25 and 76-100	96.8%	96.4%	96.8%
<b>MFNH</b>			
Zip Codes With Customers in Percentiles 1 and 100	60.1%	96.5%	54.3%
Zip Codes With Customers in Percentiles 1-5 and 96-100	77.9%	100.0%	74.4%
Zip Codes With Customers in Percentiles 1-10 and 91-100	82.7%	100.0%	79.9%
Zip Codes With Customers in Percentiles 1-20 and 81-100	87.7%	100.0%	85.8%
Zip Codes With Customers in Percentiles 1-25 and 76-100	89.2%	100.0%	87.5%
<b>SFH</b>			
Zip Codes With Customers in Percentiles 1 and 100	14.8%	2.1%	16.3%
Zip Codes With Customers in Percentiles 1-5 and 96-100	51.1%	34.0%	53.0%
Zip Codes With Customers in Percentiles 1-10 and 91-100	71.2%	63.8%	72.0%
Zip Codes With Customers in Percentiles 1-20 and 81-100	81.4%	83.0%	81.3%
Zip Codes With Customers in Percentiles 1-25 and 76-100	83.8%	85.1%	83.7%
<b>MFH</b>			
Zip Codes With Customers in Percentiles 1 and 100	34.7%	52.7%	31.5%
Zip Codes With Customers in Percentiles 1-5 and 96-100	62.8%	85.5%	58.8%
Zip Codes With Customers in Percentiles 1-10 and 91-100	74.9%	90.9%	72.0%
Zip Codes With Customers in Percentiles 1-20 and 81-100	85.0%	96.4%	83.0%
Zip Codes With Customers in Percentiles 1-25 and 76-100	87.2%	96.4%	85.5%

367

368

Finally, ComEd prepared hundreds of graphic depictions showing customer distribution

369

by percentile for each delivery class for each zip code with the average household income

370

for the zip code identified. The conclusion reached in the study remains valid.

371

“The observations and evidence studied in this analysis reveal that there is no

372

cost basis for creating additional residential delivery classes within the

373

Company’s rate structure, nor is there a pervasive inequity that might warrant a

374

restructuring of charges for delivery service within the existing residential

375

delivery classes. In particular the following observations and evidence support

376

this conclusion:

- 377                   • The Company must plan its distribution system and incur costs to put  
378 facilities in place in that system on the basis of customers' maximum  
379 demands for electricity (kW) and not simply on electricity usage (kWh).  
380                   • Electricity usage at any given residential premises may change from low  
381 levels to high levels for a number of reasons.  
382                   • Customers with low levels of electricity usage are located in the same zip  
383 codes, even within the same block or building, as customers with high  
384 levels of electricity usage.  
385                   • Most customers did not see a dramatic increase in their bills for electric  
386 service due to the institution of the SFV rate design.  
387                   • Many accounts with low electricity usage have designations that indicate  
388 the electricity usage, or lack thereof, is for an overall building purpose,  
389 such as an alarm or fire pump that is rarely, if ever used, and are not for  
390 premises that are used for general day-to-day residential living  
391 purposes.”

392 (ComEd Ex. 2.33 at 31).

393                   The criticisms of the Residential Usage Study set forth by Mr. Rubin and Mr. Bodmer do  
394 not have merit. Mr. Bodmer also mistakenly attributes conclusions to that study that  
395 were not made in the study.

396 **Q. Has ComEd performed any further analysis with respect to the Residential Usage**  
397 **Study?**

398                   Yes. In an effort to provide a more complete set of information in order for the  
399 Commission and parties to complete this investigation, ComEd analyzed two additional  
400 scenarios: (a) one in which the change from the currently applicable 50/50 SFV rate  
401 design is replaced with a rate design with no SFV structure based upon cost allocations  
402 from the AG-Sponsored ECOSS, and (b) one in which the change from the currently  
403 applicable 50/50 SFV rate design is replaced with a rate design with no SFV structure  
404 based upon cost allocations from the RDI ECOSS. ComEd Exs. 6.04-6.07 provide the  
405 resultant impacts of the first scenario for the SFNH, MFNH, SFH, and MFH delivery

406 classes, respectively, while ComEd Exs. 6.08-6.11 provide the resultant impacts of the  
407 second scenario for the SFNH, MFNH, SFH, and MFH delivery classes, respectively.

408 **D. Recommendation Regarding Residential Rate Design**

409 **Q. What is ComEd's reaction to the parties' recommendations pertaining to residential**  
410 **rate design?**

411 A. ComEd is concerned that it may be premature to make changes to the currently  
412 applicable 50/50 SFV rate design. ComEd is about to commence full deployment of  
413 advanced metering infrastructure ("AMI") meters to all residential customers. Once that  
414 deployment is completed, the facilities will be in place to allow for the potential  
415 incorporation of a rate design in which variable kWh-based DFCs are replaced with kW-  
416 based DFCs. With AMI meters, DFCs for residential customers and nonresidential  
417 customers in the WH Delivery Class could correspond to the manner in which DFCs have  
418 been and continue to be applied for other nonresidential customers. If the residential rate  
419 design is changed at this point and demand-related costs are primarily recovered through  
420 the use of variable kWh based DFCs, from the low usage customers' perspective there  
421 may be dramatic bill impacts at such time that kW based DFC could be applied,  
422 particularly in light of the load factor information I previously provided. It also might be  
423 unwise to incur the expense to implement billing for a complicated tiered delivery service  
424 rate design that could be short lived. ComEd witness Mr. Ronald E. Donovan, P.E.,  
425 addresses this topic in his rebuttal testimony (ComEd Ex. 9.0). ComEd understands that  
426 residential rate design is an extremely important topic, and it is willing to devote time and

427 effort to address the subject in a workshop process, especially in light of the advent of the  
428 AMI meter deployment.

429 **III. NONRESIDENTIAL RATE DESIGN**

430 **Q. What are the various parties' positions with respect to the SFV rate design as it**  
431 **applies to the customers in the nonresidential Watt-Hour Delivery Class?**

432 A. Interestingly, while Mr. Johnson's proposed rate design maintains the current 50/50 rate  
433 design for the nonresidential customers in the Watt-Hour Delivery Class, neither Mr.  
434 Rubin nor Mr. Bodmer mention if the 50/50 SFV rate design should be maintained or if  
435 some other rate design should be employed for these generally low use nonresidential  
436 customers.

437 **Q. With respect to the revenue responsibilities of the nonresidential delivery classes, do**  
438 **parties involved in this proceeding have differing opinions as to what should be**  
439 **incorporated into the rate design adopted by the Commission?**

440 A. Yes. With respect to nonresidential customers, Mr. Johnson's proposed rate design  
441 incorporates the "next step" revenue responsibilities with cost inputs from the illustrative  
442 ECOSS presented in ComEd Ex. 3.14. The Kroger Company witness Mr. Townsend  
443 advocates the use of the Next Step Rate Design, which incorporates the "next step"  
444 revenue responsibilities with cost inputs from the RDI ECOSS presented in ComEd Ex.  
445 3.01. IIEC witness Mr. Stephens also recommends the use of the "next step" revenue  
446 responsibilities as they pertain to the Extra Large Load ("ELL") and High Voltage  
447 ("HV") delivery classes with cost inputs from an ECOSS sponsored by IIEC witness Ms.

448 Amanda M. Alderson. However, REACT witness Mr. Fults recommends that the  
449 Commission should reject any rate design that incorporates next step revenue  
450 responsibilities or 100% revenue responsibilities for all the delivery classes.

451 **Q. What is your reaction to Mr. Fults' characterization that various rate designs**  
452 **presented in your direct testimony in this proceeding are "ComEd's proposals"**  
453 **(REACT Ex. 1.0 15:352-353)?**

454 A. I am concerned that Mr. Fults may have misunderstood my direct testimony. ComEd  
455 presented an RDI Rate Design which employs Commission-approved methodologies  
456 from Docket No. 10-0467, as clarified in Docket No. 11-0721, and used in Docket No.  
457 12-0321 to determine delivery service charges. All the rate designs presented in my  
458 direct testimony are illustrative in nature and are intended to provide the Commission and  
459 parties with the opportunity to consider different delivery service rate designs. None of  
460 these rate designs is being presented as ComEd's proposal for determining delivery  
461 service charges.

462 **Q. Mr. Fults indicates that REACT's customer members, which understandably**  
463 **excludes the RES members, all have electric service customer accounts that are in**  
464 **either the ELL Delivery Class or the HV Delivery Class and establish peak demands**  
465 **in excess of 10 MW. (REACT Ex. 1.0 17:386-387). Is that true?**

466 A. No. Based upon the listing on the title page of Mr. Fults direct testimony, it is not correct  
467 to say that REACT's customer members all have accounts that are in either the ELL

468 Delivery Class or the HV Delivery Class and establish peak demands in excess of 10  
469 MW.

470 Q. **Mr. Fults claims that the RDI Rate Design would result in “massive, unjustified rate**  
471 **increase” of more than 134% for all customers in the ELL Delivery Class and more**  
472 **than 55% for all customers establishing demands in excess of 10 MW in the HV**  
473 **Delivery Class when compared to the rates approved by the ICC in Docket No. 05-**  
474 **0597. (REACT Ex. 1.0 at 17:393-396). Is his claim true?**

475 A. No. The following Table CST-R3 includes the pertinent data pertaining to ComEd’s  
476 2005 Rate Case compliance filing which became effective in 2007 and the RDI Rate  
477 Design, as well as the correct percentage changes. The data is provided in both dollars  
478 and cents per kWh and shows ComEd’s overall system changes in order to provide  
479 context. These values can be compared to expected increases in the costs over the same  
480 time period (2007 to 2014) for other items, such as home heating oil (64%), unleaded  
481 gasoline (70%), hospital services (53%), college tuition (43%), bread (34%), and  
482 prescription drugs (22%).

Table CST-R3: Over 10 MW Customers 2007 to 2014 Comparison			
	2005 Rate Case Docket No. 05-0597 Compliance Effective January 2007	2013 RDI Case Docket No. 13-0387 RDI Rate Design	Change %
ELL Delivery Class			
Revenue Responsibility	\$21,081,244	\$32,369,926	53.55%
kWh	3,809,723,598 kWh	3,890,027,412 kWh	2.11%
Cents per kWh	0.553 ¢/kWh	0.832 ¢/kWh	<b>50.45%</b>
HV Delivery Class (Over 10 MW)			
Revenue Responsibility	\$8,474,989	\$12,575,022	48.38%
kWh	4,433,099,079kWh	5,082,328,472kWh	14.65%
Cents per kWh	0.191¢/kWh	0.247¢/kWh	<b>29.32%</b>
Total Company			
	Allowed	RDI Filing 4/30/13	

Revenue Requirement	\$1,660,304,000	\$2,334,330,000	40.60%
kWh	89,249,531,104 kWh	88,042,754,289 kWh	-1.35%
Cents per kWh	1.860 ¢/kWh	2.651 ¢/kWh	<b>42.53%</b>

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In addition, when performing revenue requirement neutral impact analyses, it is generally helpful to make such analyses for all delivery classes and not just one or two in isolation. Therefore, in ComEd Ex. 6.12, I present a more comprehensive comparison that includes data for all ComEd’s delivery classes in order to provide the Commission and parties with sufficient historical contextual information that can be used in the consideration of the various rate design alternatives in this proceeding which affect all the delivery classes. It is appropriate, as Mr. Fults did, to perform the historical bill impact comparison using data from ComEd’s 2005 Rate Case, as approved by the Commission and effective beginning January 2007, because that is the point at which delivery service charges were separately identified and billed for all ComEd’s customers.

ComEd Ex. 6.12 provides information not just on a dollar basis, but also on a cents per kWh basis in order to provide a unitized basis upon which to make comparisons. Using the data provided in ComEd Ex. 6.12, Table CST-R4 provides a summary list that compares unitized ¢/kWh data for January 2007 to the RDI Rate Design for each delivery class and customer sector, as well as for ComEd overall.

Table CST-R4: Unitized Delivery Service Charges Comparison 2005 to RDI Rate Design				
Delivery Class	January 2007	RDI Rate Design	Change	
	¢/kWh	¢/kWh	¢/kWh	%
SFNH	3.083	4.882	1.799	58.35%
MFNH	3.912	6.326	2.414	61.71%
SFH	2.158	2.389	0.231	10.70%
MFH	2.441	2.985	0.544	22.29%
WH	3.665	5.955	2.290	62.48%
SL	1.808	2.630	0.822	45.46%
ML	1.460	1.749	0.289	19.79%
LL	1.323	1.569	0.246	18.59%
VLL	1.140	1.421	0.281	24.65%
ELL	0.553	0.832	0.279	50.45%
HV	0.213	0.273	0.060	28.17%
RR	0.764	0.871	0.107	14.01%
FIL	15.284	9.153	(6.131)	(40.11%)
DDL	1.244	0.715	(0.529)	(42.52%)
GL	0.970	1.369	0.399	41.13%
Sector				
Residential	3.138	4.937	1.799	57.33%
Nonresidential	1.259	1.616	0.357	28.36%
Lighting	3.866	2.457	(1.409)	(36.45%)
Total Company	1.860	2.651	0.791	42.53%
Note: SM means Small Load, ML means Medium Load, LL means Large Load, VLL means Very Large Load, RR means Railroad, FIL means Fixture-Included Lighting, DDL means Dusk to Dawn Lighting, and GL means General Lighting.				

499

500 Q. **Why can it be helpful to make comparisons on a cents per kWh unitized basis?**

501 A. It is often difficult to identify the relative impacts of revenue responsibilities on the  
502 varying delivery classes when only dollar amounts are considered. By identifying the  
503 revenue responsibility on a per kWh basis, there is an ability to make a comparison on the  
504 basic unit of electricity delivered, the kWh. This type of comparison is provided on a  
505 regular basis for all sorts of products. Using laundry detergent on sale in a grocery store,  
506 for example, a large 64 ounce (“oz.”) container of detergent may be \$11.99 while a small  
507 32 oz. container of the same detergent may be \$6.99. Often grocery stores’ management  
508 display little tags on the sides of the shelves to show that the cost of the large container is  
509 18.7 ¢/oz. while the cost of the small container is 21.8 ¢/oz.

510 Q. **What is your response to Mr. Stephens' comment that "Customers who use three-**  
511 **phase service already pay higher costs than customers who only require single-**  
512 **phase service." (IIEC Ex. 1.0 7:144-145)?**

513 A. I am not certain what Mr. Stephens means by his comment. While it is not always true,  
514 generally a customer that is provided with three-phase service is a large commercial or  
515 industrial customer with sizeable electric power and energy requirements. On the other  
516 hand, generally a customer that uses only single-phase service is likely to be a residential  
517 customer or small nonresidential customer. With that in mind, it is likely that the  
518 customer with three-phase service pays more in total dollars for delivery service than a  
519 customer that is provided with only single-phase service. However, on a unitized basis,  
520 the opposite is generally true. As shown in ComEd Ex. 6.12, on a cents per kWh basis,  
521 residential customers that are likely provided with single-phase service pay more than  
522 nonresidential customers that are likely provided with three-phase service. For example,  
523 as previously noted, under the RDI rate design, the average unitized value for the SFNH  
524 Delivery Class is 4.882 ¢/kWh, while the average unitized value for the ELL Delivery  
525 Class is 0.832 ¢/kWh.

526 Q. **Do you have a response to Mr. Fults' claims pertaining to the bill impacts that**  
527 **customers establishing demands in excess of 10 MW in the ELL and HV delivery**  
528 **classes would see if the Commission adopted one of the rate designs provided in**  
529 **your direct testimony in this proceeding (REACT Ex. 1.0 21:476-23:528)?**

530 A. Yes. Mr. Fults presents bill computations based on hypothetical customers. ComEd  
531 performed computations for each actual ELL Delivery Class customer and each actual

532 HV Delivery Class customer that established demands in excess of 10 MW for which  
533 ComEd had the full 2012 year of billing data.<sup>2</sup> The results of ComEd's computations are  
534 attached to this rebuttal testimony in ComEd Ex. 6.13. That exhibit provides results in  
535 total dollars with customers identified numerically; it also provides results in ¢/kWh with  
536 customers identified alphabetically. There is no correlation between the numbers and the  
537 letters, and this method of categorization was done in order to ensure anonymity for the  
538 customers.

539 Specifically, Mr. Fults, in addressing the illustrative rate design presented in  
540 ComEd Ex. 2.06, which reflects the RDI ECOSS and 100% revenue responsibility levels,  
541 overstates the bill increases for customers in the ELL Delivery Class by over 575% for  
542 the smallest bill increase and by 34% for the largest bill increase. With respect to  
543 customers in the HV Delivery Class that establish peak demands in excess of 10 MW,  
544 there are some customers that would see a decrease in their annual bill compared to what  
545 they paid in 2007 following ComEd's 2005 Rate Case. For that group, at the low end of  
546 the range the result would be a *decrease* in the annual delivery service bill of \$125,514  
547 rather than the increase of \$74,295 claimed by Mr. Fults. At the high end, there is a HV  
548 Delivery Class customer that would experience an increase of \$788,813 in annual  
549 delivery service charges, which is more than the \$719,914 computed by Mr. Fults. That  
550 value is equivalent to an increase of just over 8% per year over the seven years from 2007  
551 to 2014.

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<sup>2</sup> Because they do not pay the DFCs computed in accordance with the delivery service rate design model, customers taking service under Rider ZSS – Zero Standard Service (“Rider ZSS”) were not included.

552 Using that same illustrative rate design presented in ComEd Ex. 2.06 and the starting  
553 point from the 2007:

- 554 • With respect to the ELL Delivery Class
  - 555 ➤ Mr. Fults maintains that **all** ELL Delivery Class customers would see an
  - 556 increase of over 134% based upon his computations for five hypothetical
  - 557 customers.
  - 558 ➤ ComEd determined that for actual ELL Delivery Class customers, 17 of
  - 559 the 45 customers would see increases less than 134%.
  - 560 ➤ For the customer in the ELL Delivery Class with the highest percentage
  - 561 increase based upon the illustrative rate design in ComEd Ex. 2.06, the
  - 562 153.52% increase would be equivalent to an increase of about 14.25% per
  - 563 year over the seven years from 2007 to 2014.
- 564 • With respect to customers with demands in excess of 10 MW in the HV Delivery  
565 Class
  - 566 ➤ Mr. Fults claims that **all** HV Delivery Class customers with peak demands
  - 567 in excess of 10 MW would see an increase of over 55% based upon his
  - 568 computations for five hypothetical customers.
  - 569 ➤ ComEd determined that for actual HV Delivery Class customers with peak
  - 570 demands in excess of 10 MW, eight of the 24 customers would see
  - 571 increases less than 55%.

- 572                   ➤ ComEd determined that for actual HV Delivery Class customers with peak  
573                   demands in excess of 10 MW, five customers would see decreases from  
574                   the amounts they paid in 2007.
- 575                   ➤ For the customer with peak demands in excess of 10 MW in the HV  
576                   Delivery Class with the highest percentage increase based upon the  
577                   illustrative rate design in ComEd Ex. 2.06, the 87.69% increase would be  
578                   equivalent to an increase of about 9.5% per year over the seven years from  
579                   2007 to 2014.

580                   It is important to note that ComEd is not proposing the use of the illustrative rate design  
581                   presented in ComEd Ex. 2.06 in which the revenue responsibilities for all delivery classes  
582                   would be set at 100% of the costs in the associated ECOSS. That illustrative rate design  
583                   is used in this response because it was the one used and highlighted by Mr. Fults in  
584                   presenting his computations pertaining to bill impacts for customers in the ELL and HV  
585                   delivery classes that establish peak demands in excess of 10 MW. The ELL Delivery  
586                   Class and HV Delivery Class bill impact computations performed by the Company  
587                   provide the Commission and parties the opportunity to consider delivery service bill  
588                   impacts for actual rather than hypothetical customers.<sup>3</sup>

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<sup>3</sup> ComEd Ex. 6.13 also includes bill impact information comparing bills using charges from the 2005 Rate Case (effective January 2007) to those in the RDI Rate Design and the Next Step Rate Design previously presented in ComEd Exs. 2.04 and 2.07, respectively. It also provides annual bill information reflective of the charges from the 2007 Rate Case, 2010 Rate Case, 2011 Formula Rate Case, and 2012 Formula Rate Update Case.

589 Q. **Why is there such a large range of bill impacts for customers that establish demands**  
590 **in excess of 10 MW in the ELL and HV delivery classes when comparing delivery**  
591 **service charges that became applicable in January 2007 following the 2005 Rate**  
592 **Case and those being considered in this proceeding?**

593 A. There are two primary reasons why different customers that establish demands in excess  
594 of 10 MW in the ELL and HV delivery classes experience bill impacts of different  
595 magnitudes. First, these customers may have highly individualized electric power and  
596 energy requirements. Second, there have been rate design changes for the nonresidential  
597 sector that became effective after the 2010 Rate Case which have caused shifting in  
598 intraclass revenue responsibilities.

599 Q. **What do you mean by saying that rate design changes that became effective after**  
600 **the 2010 Rate Case have caused shifting in intraclass revenue responsibilities?**

601 A. For the ELL Delivery Class, delivery service charges in effect in January 2007 following  
602 the 2005 Rate Case included a single DFC that was applied to recover costs associated  
603 with secondary distribution facilities, primary distribution facilities, primary  
604 transformation, and the Illinois Electricity Distribution Tax. Today, there is a Secondary  
605 Voltage DFC, a Primary Voltage DFC, a Primary Voltage Transformer Charge, and the  
606 IEDT. Therefore, in 2007, an ELL Delivery Class customer that was provided only with  
607 primary voltage distribution facilities and no ComEd provided transformation helped pay  
608 for secondary distribution facilities and primary transformers provided to other customers  
609 in the ELL Delivery Class. That is no longer the case. Only customers in the ELL  
610 Delivery Class that are provided with secondary voltage facilities are subject to the

611 Secondary Voltage DFC, and only customers in the ELL Delivery Class that are provided  
612 with primary transformation are subject to the Primary Transformer Charge. In addition,  
613 the IEDT is applied on a kWh basis rather than being incorporated into that single kW  
614 based DFC.

615 Using actual delivery services charges in an example may help in explaining the  
616 shifting in intraclass revenue responsibilities that has occurred since 2007. With respect  
617 to the HV Delivery Class, a customer that established demands in excess of 10 MW was  
618 subject to a HV DFC of \$1.09/kW in 2007. Under the RDI Rate Design, that customer  
619 would be subject to a HV DFC of \$0.21/kW and an IEDT of \$0.00116/kWh. If the  
620 customer is provided with a ComEd transformer, there would be an additional HV  
621 Transformer Charge of \$0.58/kW. Therefore, customers that are not provided with  
622 transformation no longer help pay for transformation, and customers pay for the Illinois  
623 Electricity Distribution Tax in a manner corresponding to the way in which the tax is  
624 applied.

625 **Q. What is your reaction to Mr. Fults' recommendation that the IEDT should be**  
626 **changed and recovered through the application of a \$/kW charge rather than the**  
627 **current \$/kWh charge design for nonresidential customers?**

628 A. ComEd recovers the Illinois Electricity Distribution Tax in the same manner that this tax  
629 is imposed on ComEd, on the basis of total kWh delivered to customers, whether they are  
630 residential, nonresidential, or lighting customers. This issue has been addressed by the  
631 Commission in previous proceedings. Specifically, it was addressed in an Ameren

632 Utilities Rate Case (Dockets Nos. 09-0306-09-0311 Cons. Order dated April 29, 2010 at  
633 243-244). It was also addressed in ComEd's 2010 Rate Case.

634 "In the Ameren rate cases, the Commission reviewed the legislative  
635 history of the Public Utilities Revenue Act ("PURA") and determined that  
636 the General Assembly intended "to replace the invested capital/plant in  
637 service tax with a kWh tax in response to the changing nature of the  
638 Illinois electric utility industry." (Ameren Order at 243). The legislature  
639 was anticipating that vertically integrated utilities like ComEd and  
640 Ameren might shed their generation assets (a significant part of plant in  
641 service), an event that has, in fact, occurred.  
642 The Commission agrees with Staff that since the IEDT is related to usage,  
643 cost causation principles would argue for recovery through a per-kWh  
644 charge from all customers. The proposed change would have no impact  
645 upon residential, watt-hour and lighting customers because costs  
646 associated with the Illinois Electricity Distribution Tax are already  
647 recovered through per kWh DFCs for these customers. This is not a tax  
648 imposed on customers but rather is directly imposed on ComEd.  
649 Therefore, 70 ILCS 3605 does not apply to the IEDT tax imposed on  
650 ComEd and the Commission finds that the CTA is responsible for this tax.  
651 In light of the Commission's prior treatment of the Illinois Electricity  
652 Distribution Tax in the Ameren Order, the Commission adopts ComEd's  
653 proposal to modify its rate design to provide a separate volumetric charge  
654 for the recovery of the Illinois Electricity Distribution Tax and  
655 uncollectible costs associated with the application of the tax for all of the  
656 reasons stated herein." (Order Docket No. 10-0467, dated May 24, 2011,  
657 at 285)

658 **IV. OTHER RATE DESIGN TOPICS**

659 **Q. Did any witness address ComEd's proposal to offer light emitting diode ("LED")**  
660 **lighting units to customers in the Fixture-Included Lighting ("FIL") Delivery Class?**

661 A. Yes. Staff witness Ms. Allen recommends the adoption of ComEd's proposal to offer  
662 LED lighting units to FIL Delivery Class customers (ICC Staff Ex. 2.0, 2:31-33) with its  
663 associated tariff revisions, and she further notes that corresponding changes should be  
664 made to account for these lighting units in the cost allocations and rate design approved  
665 in this proceeding (Id. 4:71-74).

666 Q. **In his direct testimony, Mr. Johnson makes the following recommendation, “I**  
667 **recommend the Company provide, in rebuttal testimony, updated information**  
668 **related to supply charge subsidies to the dusk-to-dawn lighting customers similar to**  
669 **that found in the Company’s Docket No. 11-0498 direct testimony (ComEd Ex. 1.0).**  
670 **This will provide all parties with the necessary testimony and data to make some**  
671 **type of informed recommendation on the remaining subsidies to dusk-to dawn**  
672 **lighting customers associated with supply charges and how they may be addressed.**  
673 **The information provided should include testimony, analyses of the different**  
674 **methodologies to move toward cost-based supply charges, and any other**  
675 **information necessary for parties to make informed decisions.” (Staff Ex. 1.0**  
676 **32:693-33:702) What is your response to Mr. Johnson’s recommendation?**

677 A. Because this proceeding was initiated with the principal purpose to investigate ComEd’s  
678 delivery service rate design, it may not be the appropriate venue in which to investigate  
679 supply-related rate design. Having said that, if the Commission decided to direct ComEd  
680 to make adjustments to supply-related charges in an effort to eliminate the remaining  
681 subsidies provided to nonresidential customers with electric heat and lighting customers,  
682 it could direct ComEd to implement the movement to cost-based charges (a) by  
683 employing a cap on the annual increase in the supply charges, over the system average  
684 annual increase in supply charges, for the subsidized customers, or (b) over a specified  
685 period of time. Otherwise, the Commission could initiate a separate proceeding for the  
686 purpose of addressing this topic. Currently, the level of subsidization is as shown in  
687 Table CST-R5.

Table CST-R5: Supply Related Recovery Under Rate BES – Basic Electric Service (“Rate BES”)	
Group or Subgroup	Annual Supply-Related Over Recovery or (Under Recovery)
Residential Customer Group	\$0
Watt-Hour Customer Subgroup	\$63,000
Demand Customer Subgroup	\$2,808,000
Nonresidential Electric Heat Subgroup	(\$330,000)
Dusk to Dawn Lighting Group	(\$2,447,000)
General Lighting Group	(\$94,000)

688

689 Q. **In several instances in his direct testimony Mr. Fults mentions “ComEd’s UFE**  
690 **Charges.” (REACT Ex. 1.0 25:580, 26:589, 26:594, 27:606. 27:611, 28:615, 28:625).**  
691 **Does ComEd have UFE Charges?**

692 A. No. There is no mention or listing of a UFE Charge in ComEd’s Schedule of Rates. For  
693 delivery service, as I presented in my direct testimony, ComEd has customer charges,  
694 standard metering service charges, DFCs, transformer charges, and IEDTs. The revenue  
695 requirement neutral rate design investigation underway in this proceeding addresses how  
696 those delivery service charges are developed. ComEd also has supply related charges  
697 applicable to customers for which ComEd provides electric supply service. Among those  
698 charges are the electricity supply charges, transmission services charges, purchased  
699 electricity adjustments for customers taking service under Rate BES, and the hourly  
700 energy charges, capacity charges, transmission services charge, miscellaneous  
701 procurement components charge, and hourly purchased electricity adjustments for  
702 customers taking service under Rate BESH – Basic Electric Service Hourly Pricing  
703 (“Rate BESH”). The supply related charges are not the subject of this revenue  
704 requirement neutral rate design investigation. Moreover, to the extent that Mr. Fults

705 describes charges that are imposed upon customers by retail electric suppliers (RESs),  
706 those charges are certainly not the subject of this proceeding because ComEd is not and  
707 cannot be a party to the competitive contractual arrangements between RESs and their  
708 customers. As noted in Rate RDS:

709 “The retail customer purchases delivery service from the Company under  
710 this tariff and other applicable tariffs of the Company. RESs sell electric  
711 power and energy supply service to the retail customer pursuant to  
712 contractual arrangements that are not part of the Company’s tariffs. The  
713 Company is not a party to such sales of electric power and energy supply  
714 service to the retail customer taking service hereunder and is not bound by  
715 any term, condition, or provision of agreement for such sales. RESs are  
716 not agents of the Company and have no authority to enter into any  
717 agreement on behalf of the Company or to amend, modify, or alter any of  
718 the Company’s tariffs, contracts, or procedures, or to bind the Company  
719 by making any promises, representations, or omissions. The Company is  
720 not liable for any act, omission, promise, or representation of any RES that  
721 takes service under Rate RESS or that provides or promises or represents  
722 that it will provide electric power and energy supply service in the  
723 Company’s service territory.” (ILL. C. C. No. 10, 2nd Revised Sheet No.  
724 50)  
725

726 My understanding is that the pricing in those competitive contractual arrangements are  
727 also not subject to the Commission’s authority.

728 **V. OTHER MISCELLANEOUS CHARGES AND ADJUSTMENTS AND TARIFF**  
729 **REVISIONS**

730 **Q. Did anyone address the other miscellaneous charges and adjustments that ComEd is**  
731 **proposing to update?**

732 **A.** Yes. Ms. Allen and Mr Rubin addressed one or more of the other miscellaneous charges  
733 or adjustments ComEd is proposing to update.

734 Q. **What charges and adjustments did Ms. Allen address?**

735 A. With one exception, Ms. Allen found ComEd's proposed charges and adjustments and  
736 ComEd's proposed Standard Meter Allowances to be acceptable. She made a proposal  
737 with respect to ComEd's proposed Reconnection Fee which is being addressed by Mr.  
738 Donovan in ComEd Ex. 9.0.

739 Q. **What charges did Mr. Rubin address?**

740 A. Mr. Rubin expressed concern pertaining to the computation of the Invalid Payment Fee,  
741 which is also being addressed by Mr. Donovan in ComEd Ex. 9.0.

742 Q. **Did any witness address the other tariff revisions ComEd proposed to make in this**  
743 **proceeding?**

744 A. Yes. Ms. Allen recommends the adoption of ComEd's other proposed tariff revisions  
745 (ICC Staff Ex. 2.0, 2:31-33). She further notes that by removing certain values from  
746 tariff sheets and listing them in informational sheets, for which the tariff revisions  
747 provide, customers will have easier access to the information and the compliance filing  
748 process will be streamlined when the values change (Id. 7:138-142).

749 **VI. CONCLUSION**

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

751 A. Yes. However, ComEd has outstanding data requests to various parties and the responses  
752 have not been received in time for inclusion in this rebuttal testimony, so I reserve the

753 right to address any additional issues from those data request responses in surrebuttal  
754 testimony.