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BEFORE THE

ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:

COMMONWEALTH EDISON COMPANY 13-0387

Revenue-neutral tariff changes
related to rate design

Chicago, Illinois
September 24, 2013

Met, pursuant to notice at 9:30 a.m.

BEFORE:

MR. TERRANCE HILLIARD, Administrative Law Judge
MS. HEATHER JORGENSON, Administrative Law Judge

APPEARANCES:

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1 START TIME: 9:35 a.m.

2

3 ALJ HILLIARD: On behalf of the Illinois
4 Commerce Commission, we call Docket 13-0387, Commonwealth
5 Edison Company, revenue-neutral tariff changes related to
6 rate design.

7 Can the parties, beginning with Staff,
8 identify themselves for the record, please?

9 MR. FEELEY: Representing Staff of Illinois
10 Commerce Commission, John Feeley, Jessica Cardoni and Kelly
11 Taylor, Office of General Counsel -- Kelly Taylor --
12 Turner, I'm sorry. Office of General Counsel, 160 North
13 LaSalle Street, Suite C-800, Chicago, Illinois, 60601.

14 MR. ROONEY: On behalf of Commonwealth Edison,
15 John Rooney and Carla Scarsella from the firm Rooney,
16 Rippie & Ratnaswamy, LLP, 350 West Hubbard Street, Suite
17 600, Chicago Illinois, 60654.

18 ALJ HILLIARD: We'll go from this side of the
19 room to that side of the room.

20 MR. BOEHM: Appearing on behalf of the Kroger
21 Company, Kurt Boehm, 36 East Seventh Street, Suite 1510,
22 Cincinnati, Ohio, 45202.

23 MS. DALE: Appearing on behalf of the People
24 of the State of Illinois, Janice Dale and Karen Lusson,

1 Office of the Illinois Attorney General, 100 West Randolph
2 Street, Chicago, Illinois, 60601.

3 MR. GHOSHAL: On behalf of the City of
4 Chicago, Orijit Ghoshal, 30 North LaSalle Street, Suite
5 1400, Chicago, Illinois, 60602.

6 MR. ROBERTSON: Eric Robertson, Lueders,
7 Robertson and Konzen, P.O. Box 735, 1939 Delmar, Granite
8 City, Illinois, 62040, on behalf of the Illinois Industrial
9 Energy Consumers.

10 MR. GOWER: Ed Gower, Hinshaw, Culbertson,
11 LLP, 400 South Ninth Street, Suite 200, Springfield,
12 Illinois, 62701; phone number, 217-467-4916; appearing on
13 behalf of Metra.

14 MR. BALOUGH: Appearing on behalf of the
15 Chicago Transit Authority, Richard C. Balough, Balough Law
16 Offices, LLC, 1 North LaSalle Street, Suite 1910, Chicago,
17 Illinois, 60602, (312)-499-0000.

18 MR. JENKINS: Alan Jenkins on behalf of The
19 Commercial Group, 2265 Roswell Road, Marietta, Georgia.

20 MR. TOWNSEND: On behalf of the Coalition to
21 Request Equitable Allocation of Costs Together, with the
22 law firm of Quarles and Brady, 300 North LaSalle Street,
23 Suite 4000, Chicago, Illinois, 60654, by Christopher J.
24 Townsend, Christopher N. Skey, and Adam T. Margolin.

1 ALJ HILLIARD: Anybody else on the left side
2 there.

3 Have any appearances on the right side of the
4 room?

5 (Pause)

6 ALJ HILLIARD: Okay. Is there anybody on the
7 telephone or internet, whatever it is, that wants to chime
8 in?

9 (Pause)

10 ALJ HILLIARD: Okay. I guess we're ready to
11 go.

12 What's the -- do you have any comments or
13 announcements you want to make?

14 MR. ROONEY: The only announcement is -- Staff
15 and the company, we're trying to work with the Court
16 Reporters to make available that transcript sometime later
17 next week.

18 ALJ HILLIARD: All right. Mr. Skey brought
19 this matter up yesterday, and Mr. Rooney has made
20 inquiries. Apparently daily copy is not an option right
21 now, that the contract with the reporting service calls for
22 a 14-day turnaround, and I understand that the parties are
23 attempting to negotiate some middle ground.

24 MR. ROONEY: Yeah. Just to be clear, Your

1 Honor, they're willing to do an expedited transcript, but
2 the question -- how it gets disseminated and to who was an
3 open question as of last night, and we're talking some more
4 this morning.

5 MR. FEELEY: Yeah, the Clerk's office is going
6 to contact the Court Reporter company and see if it can be
7 posted within seven days.

8 ALJ HILLIARD: Okay. Good.

9 MR. FEELEY: One thing about the order of
10 witnesses, Staff would propose a slight change. I've
11 talked to all counsel except counsel for REACT. We need
12 to -- we lose our internet hook-up at five o'clock, so
13 we've got to make sure that Staff witnesses are done before
14 that, and so we would propose that the second witness be
15 Mr. Johnson, the third would be Mr. Rockrohr, and then we'd
16 go to Mr. Hanser, and Mr. Bjerning would go last. I don't
17 know if that's acceptable to REACT Counsel, but it was
18 acceptable to the other counsel.

19 MR. TOWNSEND: No objections, Your Honors.

20 ALJ HILLIARD: Anything else we need to talk
21 about?

22 MR. ROONEY: No.

23 ALJ HILLIARD: Hearing no other comments,
24 let's get started with our first witness.

1 Everyone who is likely to testify today,
2 please raise your hand to be sworn.

3 (Oath is given)

4 ALJ HILLIARD: All right. Proceed.

5 MR. ROONEY: Your Honor, ComEd would like to
6 call as its first witness, Christine M. Brinkman.

7

8 CHRISTINE BRINKMAN, having previously been
9 sworn, testified as follows:

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. ROONEY:

12 Q Ms. Brinkman, please state your name and
13 spell your last name for the Court Reporter.

14 A Christine Brinkman, B-r-i-n-k-m-a-n.

15 Q Ms. Brinkman, do you have before you three
16 pieces of testimony, the first of which is identified as
17 the "Direct Testimony of Christine M. Brinkman", and there
18 are no -- and it's identified as ComEd Exhibit 1.0, and
19 there are no attachments to that exhibit.

20 A That is correct.

21 MR. ROONEY: And, Your Honors, that was filed
22 on E-Docket when the original tariffs were filed on April
23 30th of this year.

24 ALJ HILLIARD: Ms. Brinkman, I wanted to say

1 one thing. Because you are sitting next to Mr. Rooney,
2 there's a tendency to speak softly in a conversational
3 manner. You'll have to remember you are in a big room and
4 the acoustics are not excellent. So I appreciate it if
5 you'd speak up as much as you can.

6 THE WITNESS: Yes, sir.

7 ALJ HILLIARD: All right.

8 BY MR. ROONEY:

9 Q And, Ms. Brinkman, do you also have before
10 you a document entitled "Rebuttal Testimony of Christina
11 Brinkman", identified as ComEd Exhibit 5.0 Corrected, and
12 there are no work papers -- excuse me, no exhibits attached
13 to that piece of testimony?

14 A Yes.

15 Q And then finally, do you have before you
16 Surrebuttal Testimony that you submitted on September 18th;
17 and again there are no -- and that's been identified as
18 ComEd Exhibit 12.0, and there are no attached exhibits to
19 that testimony?

20 A Yes.

21 Q If I ask you questions contained in those
22 three pieces of testimony, would your answers be the same
23 today?

24 A Yes.

1 MR. ROONEY: Your Honors, we'd move for the
2 admission of ComEd Exhibit 1.0, 5.0, and 12 -- excuse me,
3 5.0 Corrected and 12.0, and offer Ms. Brinkman for
4 cross-examination.

5 ALJ HILLIARD: Objections?

6 (Pause)

7 ALJ HILLIARD: Hearing no objections, 1.0, 5.0
8 Corrected and 12.0 will be admitted. .

9 Cross-examination?

10 MR. GHOSHAL: Your Honor, the City would like
11 to go first.

12 ALJ HILLIARD: Go ahead.

13

14 CROSS-EXAMINATION

15 QUESTIONS BY MR. GHOSHAL:

16 Q Good morning, Ms. Brinkman. My name is
17 Orijit Ghoshal. I'll be asking you a few questions today
18 about your rebuttal and surrebuttal testimony.

19 A Okay.

20 Q You are still Director of Rates and
21 Revenue Policy, correct?

22 A Correct.

23 Q As Director of Rates and Revenue Policy,
24 you are involved in the process to set ComEd's distribution

1 and transmission related revenue requirements, correct?

2 A Correct.

3 Q And as Director of Rates and Revenue
4 Policy, you are involved in translating the approved
5 revenue requirements into delivery service charges,
6 correct?

7 A Correct.

8 Q Moving now to your rebuttal testimony --
9 that's ComEd 5.0 Corrected -- on page 3, lines 42 through
10 43, there you state, "I conclude that ComEd has met the
11 directives from previous Commission orders and no party
12 demonstrated otherwise." Is that correct?

13 A Correct.

14 Q And the directives you're referring to
15 include the directive to provide evidence that demonstrates
16 whether the impacts on the low use subgroup and the
17 residential customer class are such that it would be
18 appropriate to have a new class cost of service and rate
19 design for that identifiable group, correct?

20 A Correct.

21 Q And these directives that you refer to
22 include the Commission's encouragement to ComEd to explore
23 how it defines the low use customer subclass, correct?

24 A Correct.

1 Q Moving a few lines down, still on page 3,
2 lines 46 through 47, you state that "further, EIMA does not
3 ensure revenue stability for ComEd", correct?

4 A Correct.

5 Q As Director of Rates and Revenue Policy,
6 is it your opinion that the EIMA reduces regulatory lag?

7 A It is my opinion that regulatory lag still
8 exists under EIMA.

9 ALJ HILLIARD: Answer the question.

10 A It reduces regulatory lag, yes.

11 Q Thank you, Your Honor.

12 And ComEd has chosen to be a participating
13 utility under the EIMA, correct?

14 A Correct.

15 Q Okay. Moving on to page 4, line 74
16 through 75, there you state that, "ComEd Exhibit 2.33
17 presented a detailed analysis of residential electricity
18 usage and straight fixed variable rate design bill
19 impacts"; is that correct?

20 A Correct.

21 Q Did Exhibit 2.33 include an analysis of
22 ComEd's load research data?

23 A Correct.

24 Q It did?

1 A I believe it did. Mr. Tenorio speaks in
2 more detail to that exhibit.

3 Q Did Exhibit 2.33 include a statistical
4 analysis of the correlation between usage and peak demand?

5 A Again, Mr. Tenorio has the specifics on
6 that exhibit.

7 Q So you're not sure?

8 A I'm not sure of the entire detail of it.

9 Q Similarly, did Exhibit 2.33 include an
10 analysis of differences in the costs to serve some segments
11 of the residential class?

12 A Yes.

13 Q Thank you.

14 Moving on to page 6, going on to page 7,
15 lines 125 through 129, there you state that "Mr. Bodmers
16 analysis in part focuses on selected utility fixed costs
17 and does not include other fixed costs, as described by
18 ComEd witness Mr. Philip Q. Hanser, that are incurred to
19 provide service to all customers, such as the costs of
20 major distribution transformers or costs of customers
21 electric service connections, service drops"; is that
22 correct?

23 A That is correct.

24 Q Does each customer in the residential

1 class require the same proportion of transformers?

2 A Customers use the system in its entirety.
3 We don't apportion a transformer by, you know, direct
4 charging a specific customer for that individual
5 transformer.

6 Q So you don't know whether or not a
7 customer requires -- whether each residential customer
8 requires the same portion of a transformer?

9 A Not without studying the system. That
10 would be something for an engineer to look at.

11 Q Does each customer in the residential
12 class require the same type or number of service drops?

13 A I don't believe so, but, again, that would
14 be better answered by a engineer.

15 Q Okay. Hypothetically, if ten customers
16 are served by one transformer in one of ComEd's regions,
17 and in another region only two customers are served by the
18 same number of transformers, should they be charged the
19 same cost for transformers?

20 A They should be allocated a fair and
21 reasonable portion of those costs.

22 Q And would that fair and reasonable portion
23 be the same costs?

24 A Well, if you have ten customers on one

1 side and two on the other, you're going to have
2 different -- a different portion to each.

3 Q And it should be apportioned by the number
4 of those customers?

5 A It should be apportioned by the system as
6 a whole.

7 Q Staying on page 7, line 140 through 142,
8 there you state that, "In making decisions concerning
9 interclass cost allocation and rate design, the Commission
10 should seek to balance the interests of all customers that
11 receive services and pay charges established through this
12 regulatory process", correct?

13 A Correct.

14 Q And that interclass cost allocation is
15 done on the basis of peak demand, correct?

16 A Correct.

17 Q And that is because the various classes
18 impose differing costs on the distribution system on the
19 basis of those classes' peak demand, correct?

20 A Correct.

21 Q Moving on to page 8, line 152 through 153,
22 there you state that, "Cost causation should form the basis
23 of an appropriate cost of service study and rate design,"
24 correct?

1 A Correct?

2 Q Costs are caused on the distribution
3 system by the peak demand of any particular customer,
4 correct?

5 A Costs are caused by peak demand is one of
6 the items, but there are many reasons for costs on the
7 system.

8 Q And the other causes would include usage?

9 A Yes.

10 Q Moving on to page 9, lines 174 through
11 176, you state that, "An appropriate cost allocation and
12 rate design will provide ComEd with a better opportunity to
13 recover its Commission-approved revenue requirement",
14 correct?

15 A Correct.

16 Q In that sentence, by "appropriate", you
17 mean revenue-neutral, correct?

18 A What I mean is to recover the approved
19 revenue requirement, as I stated.

20 Q Right. So if a particular rate design
21 proposal were revenue-neutral, it would collect the revenue
22 requirement that ComEd desires, correct?

23 A If it were revenue requirement neutral,
24 yes.

1 Q Is it your understanding that Mr. Bodmer's
2 proposal is not revenue-neutral?

3 A Which proposal?

4 Q Mr. Bodmer's proposal for a tiered account
5 charge based on usage.

6 A My understanding is that would be revenue
7 requirement neutral; however, it would not be neutral among
8 classes.

9 Q Okay. But it would be revenue requirement
10 neutral?

11 A My understanding is yes.

12 Q Moving on to your surrebuttal, ComEd
13 Exhibit 12.0, page 3, lines 46 through 47, you say,
14 "However, Mr. Bodmer does not rebut the point I make in my
15 testimony; namely, that his analysis only focuses on
16 selected utility fixed costs", correct?

17 A Correct.

18 Q ComEd's fixed costs include the costs of
19 poles, correct?

20 A Correct.

21 Q ComEd's fixed costs include the costs of
22 primary wire, correct?

23 A Correct.

24 Q And ComEd's fixed costs include the cost

1 of secondary wire, correct?

2 A Correct.

3 Q And ComEd's fixed costs include the cost
4 of underground facilities, correct?

5 A Correct.

6 Q If the costs of the things that I just
7 listed differ by customer, based on cost causation
8 principles those different customers should be charged
9 different fixed prices to recover those costs, correct?

10 A Not entirely. When you look at all of
11 those costs together system-wide, you would allocate and
12 apportion them to classes appropriately, but, again, I take
13 your question to say could you direct charge to certain
14 customers; and you can't do that.

15 Q Okay. But the allocation that you just
16 mentioned amongst classes, based on how much or how little
17 they use these facilities, is allocated based on peak
18 demand?

19 A That may be one of the allocators. It's
20 allocated on a reasonable cost causative basis. The actual
21 cost of service study is supported by Mr. Bjerning, and he
22 can support questions related to that. The rate design is
23 supported by Mr. Tenorio, and he can support questions on
24 that.

1 Q Moving on to page 4, line 76 through 78,
2 you state that ComEd has submitted a tremendous amount of
3 relevant, meaningful, and responsive data for parties to
4 analyze with respect to cost allocation and rate design in
5 this proceeding and generally has not taken a position on a
6 number of issues, correct?

7 A Correct.

8 Q But ComEd has taken a position on
9 Mr. Bodmer's revenue-neutral rate design proposal, correct?

10 A Correct.

11 MR. GHOSHAL: Okay. The City has no further
12 questions for this witness.

13 ALJ HILLIARD: Okay. Redirect?

14 MR. ROONEY: I think there's a couple other
15 parties that had reserved cross for Ms. Brinkman.

16 ALJ HILLIARD: Okay. Next questioner, please.

17 (Pause)

18 CROSS-EXAMINATION

19 QUESTIONS BY MS. LUSSON:

20 Q Good morning, Ms. Brinkman.

21 A Good morning.

22 Q My name is Karen Lusson, and I'm from the
23 Attorney General's office on behalf of the People of the
24 State of Illinois.

1 Now, you indicated, in response to
2 Mr. Ghoshal's question, that you are still currently the
3 Director of Rates and Revenue Policy for ComEd.

4 A Correct.

5 Q Now, is it correct that ComEd currently
6 has its rates set each year pursuant to the new formula
7 rate statute?

8 A Yes.

9 Q And you are a witness in the pending
10 Docket 13-0318, which is ComEd's annual update to its
11 formula rate?

12 A Correct.

13 Q Is it correct that under that formula rate
14 process, the company updates its revenue requirement
15 annually, based on its costs and revenues reported in its
16 grid Form 1, filed in the previous -- the immediately
17 preceding year, forecasted plant additions for the year in
18 which the filing takes place, and a reconciliation of the
19 revenue requirement established in the prior, immediately
20 preceding formula rate case?

21 A I don't know that I would say that last
22 part. I'm sorry. Can you repeat that?

23 Q And in addition to the forecasted plan in
24 the Grid Form 1, that it also includes a reconciliation of

1 the revenue requirement established in the prior formula
2 rate case?

3 A So I agree that it includes grid Form 1
4 data for the prior year and projected plant additions for
5 the current year. The reconciliation is for actual costs
6 for the prior year to the prior case revenue requirement --
7 additional revenue requirement.

8 Q With that clarification. Okay.

9 So, for example, currently in pending Docket
10 13-0318, ComEd has proposed a revenue requirement that
11 includes its reported costs and revenues as reported in the
12 grid Form 1 for 2012, plus its projected plant additions
13 for 2013, and a reconciliation of the -- its actual costs
14 for the year -- the 2012 year.

15 A Correct.

16 ALJ HILLIARD: Could you pull that mic a
17 little closer?

18 THE WITNESS: Yes, I'm sorry.

19 Q And is it also correct that prior to
20 establishing the actual rates that customers will pay, the
21 company must first establish billing determinants for each
22 customer class?

23 A Correct.

24 Q And is it correct to say that those

1 billing determinants incorporate the company's best efforts
2 at forecasting both changes in trends in customer numbers
3 and usage for each customer class?

4 A Can you point me to where I speak to that
5 in here?

6 Q Well, I'm just asking you generally as the
7 Director of Rates and Revenue Policy.

8 A So I'm sorry. Ask the question again,
9 please.

10 Q Sure. And is it correct that when the
11 company is establishing its billing determinants for each
12 year for the rates that are established in formula rate
13 dockets, that the company incorporates its best efforts at
14 forecasting both changes in trends in customer numbers for
15 a particular customer class and forecasted usage for that
16 customer class?

17 A Well, the billing determinants in the
18 formula rate update cases are to be historical billing
19 determinants.

20 Q Okay. So that's based on the prior year?

21 A Yes.

22 Q Okay. So, for example, for the rates that
23 will take place on January 1st, 2014, it's based on the
24 company's billing determinants for 2012?

1 A Yes, correct.

2 Q And in doing -- when assessing usage per
3 customer class, is it correct that the company assesses
4 anticipated weather for the time period that rates will be
5 in effect?

6 A It uses weather normalized billing
7 determinants.

8 Q And the purpose of using weather
9 normalized billing determinants is -- at least one of the
10 purposes is to establish the number of cooling degree days
11 that would be incorporated into the forecasts; is that
12 correct?

13 A There's a litany of things that go into
14 the billing determinants. So the billing determinants --
15 on customer account, on usage and demand. So the heating
16 and cooling degree days are likely factored into the
17 calculation of the billing determinants, but again, they're
18 weather normalized.

19 Q And can you explain exactly what you mean
20 by "weather normalized"?

21 A We look at an average year weather, normal
22 year, and to try to eliminate the peaks and valleys that go
23 on in a very hot year or very cold year, we normalize that
24 such that that would be indicative of a typical year.

1 Q And the purpose of normalizing that is an
2 attempt to anticipate what is likely to occur weather-wise
3 and to establish billing determinants that reflect that
4 forecasted weather?

5 A Correct.

6 Q And is it correct that that weather
7 analysis looks at weather as recorded at O'Hare airport?

8 A I don't have the specifics on the actual
9 weather analysis.

10 Q Does the billing determinant analysis also
11 look at price elasticity; that is, how customer usage is
12 affected by the price of a service?

13 A I'm not sure.

14 Q And if you know, does the billing
15 determinant analysis also look at socio-economic trends?

16 A I'm not sure.

17 Q Does the, if you know, billing determinant
18 analysis also look at energy efficiency trends either in
19 the nation, geographic, Midwest or ComEd service territory
20 area?

21 A It's a billing determinant analysis on
22 ComEd's billing determinants.

23 Q And so would it incorporate energy
24 efficiency?

1 A As it relates to usage for ComEd, that
2 would be factored in.

3 Q Okay. And that gets factored into the
4 actual rates that are set relative to the revenue
5 requirement, is that right?

6 A Correct.

7 Q And all of those variables that are
8 incorporated into the billing determinant analysis are
9 designed to create a forecast of revenues or revenue -- or
10 to best reflect what ComEd believes will be -- strike that.

11 And so is it correct to say that all of those
12 variables that are incorporated into the billing
13 determinant forecast reflect what ComEd believes to be the
14 best reflection of revenue -- of customer behavior in order
15 to collect revenue requirement for the relevant time
16 period?

17 A So there are historical billing
18 determinants; so they are based on actual data; and yes,
19 they are used to reflect what we believe customer activity
20 will be.

21 MS. LUSSON: Thank you, Ms. Brinkman. That's
22 all the questions I have.

23 ALJ HILLIARD: Next questioner.

24

1 CROSS-EXAMINATION

2 QUESTIONS BY MR. TOWNSEND:

3 Q Good morning, Ms. Brinkman.

4 A Good morning.

5 Q Chris Townsend on behalf of the REACT
6 coalition, the Coalition to Request Equitable Allocation of
7 Costs Together. You're familiar with REACT, correct?

8 A Correct.

9 Q You know that REACT is made up of some of
10 the largest commercial, industrial, and municipal entities
11 in northern Illinois, along with retail electric suppliers
12 that are interested in serving residential customers,
13 correct?

14 A Correct.

15 Q And your position at ComEd is the Director
16 of Rates and Revenue Policy, right?

17 A Right.

18 Q Now, in your role as the Director of Rates
19 and Revenue Policy for ComEd, you have responsibility for
20 directing the retail rates and revenue policy groups and
21 providing support in state and federal regulatory
22 proceedings right?

23 A Right.

24 Q Is it fair to say that you are the, quote,

1 lead, unquote, ComEd witness in this proceeding?

2 A I'll leave that to my lawyers to define
3 what the lead witness is, but I would say I'm a policy
4 witness.

5 Q You're the lead policy witness?

6 A Correct.

7 Q Or the only policy witness?

8 A I guess I would say I'm the lead.

9 Q Is it fair to say you're the most senior
10 ComEd employee testifying in this proceeding?

11 A No.

12 Q Who is the most senior ComEd witness
13 testifying?

14 A Mr. Donovan.

15 Q Now, according to your testimony, you've
16 only testified in one previous Illinois Commerce Commission
17 case, right?

18 A Correct.

19 Q And that was ComEd's 2013 formula rate
20 update filing, right?

21 A Correct.

22 Q You did not testify in the ComEd 2010 rate
23 case, Docket 10-0467, right?

24 A I did not.

1 Q And other than in this case, you've never
2 testified in any forum on rate design issues, have you?

3 A Correct.

4 Q Who did you consult with within ComEd when
5 you were preparing your testimony in this case?

6 A My attorneys and my staff.

7 Q Anyone else?

8 A My attorneys and my staff.

9 Q So only people lower than you within the
10 management structure of ComEd?

11 A I may have had a conversation with my VP,
12 but largely it was with my staff.

13 Q And who is your Vice-President?

14 A Melissa Sherrod, S-h-e-r-r-o-d.

15 Q Before we get into the details about rate
16 design in this particular case, let's discuss the principle
17 of cost causation. Okay?

18 A Okay.

19 Q And you actually testified about that
20 principle in your testimony, right?

21 A Correct.

22 Q As the Director of Rates and Revenue
23 Policy for ComEd, you'd agree that cost causation
24 principles should apply to rate design, right?

1 A Correct.

2 Q You're aware of the way in which cost
3 causation issues have been addressed in Illinois, right?

4 A In what manner do you mean?

5 Q In Illinois regulatory issues.

6 A Am I familiar with every case in Illinois?
7 No.

8 Q You're generally familiar with the issue
9 of cost causation and the way it's been addressed by the
10 Commerce Commission?

11 A Right.

12 Q And you would agree that the principle of
13 cost causation is specifically included in the Public
14 Utilities Act, right?

15 A Correct.

16 MR. TOWNSEND: May I approach, Your Honor?

17 ALJ HILLIARD: Sure.

18 (Pause)

19 Q I'll hand you what's being marked as REACT
20 Cross Exhibit 1.

21 ALJ HILLIARD: Why don't we make it witness
22 specific, in case we get into a bind later on? I don't
23 know. You can make it REACT Exhibit 1 for Brinkman.

24 MR. TOWNSEND: Okay. So, I'll hand you what's

1 going to be marked as REACT Cross Exhibit 1 Brinkman.

2 (Pause)

3 MR. TOWNSEND: Thank you.

4 ALJ HILLIARD: Although I do think we want to
5 stay sequential here, but it helps if you have the name of
6 the witness.

7 MR. TOWNSEND: Or have both. Understood.

8 BY MR. TOWNSEND:

9 Q And that's a copy of Section 1102 of
10 Public Utilities Act, correct?

11 A Correct.

12 Q And according to the Section 1102(d)(iii),
13 one of the goals of regulating utilities is to ensure
14 equity, the fair treatment of consumers and investors in
15 order that -- and then sub (iii) says, "The cost of
16 supplying public utility services is allocated to those who
17 cause the costs to be incurred." Right?

18 MR. ROONEY: Objection. I don't know if we
19 laid a foundation that she's read this passage of the
20 Public Utilities Act before. She's not testifying as an
21 attorney, and she is not an attorney.

22 ALJ HILLIARD: All right. You need to speak
23 in the microphone. I heard your comments, but not very
24 well.

1 What's your response?

2 MR. TOWNSEND: Well, she has testified that
3 she's aware of the Public Utilities Act and she's their
4 lead witness with regards to cost causation; and actually
5 she does testify about the Public Utilities Act in her
6 testimony. Even though I recognize that she is not an
7 attorney, she is the Director of Rates and Revenue Policy.

8 ALJ HILLIARD: All right. I think -- we think
9 that you're entitled to make inquiries along these lines,
10 that the witness has familiarity of this subject matter and
11 the general context of the statute. If there are specific
12 things that she doesn't know about, she can let us know.

13 MR. ROONEY: Thank you.

14 BY MR. TOWNSEND:

15 Q I'm sorry. Did you answer that question?

16 A I'm sorry. Can you repeat the question,
17 please?

18 ALJ HILLIARD: Would you read back the
19 question?

20 (Court Reporter read back)

21 A Correct.

22 Q And is that a recitation of cost causation
23 principles in the Public Utilities Act?

24 A Again, I haven't read the entire Public

1 Utilities Act, but that appears to be what's here.

2 Q And do you agree with that goal of
3 regulating public utilities?

4 A I agree that there should be cost
5 causation considered in designing rates.

6 Q And that the costs of supplying services
7 should be allocated to the costs -- to the causes -- strike
8 that.

9 And do you also agree that the cost of
10 supplying utility services should be allocated to those who
11 cause the costs to be incurred?

12 A Correct, based on the cost causation.

13 MR. TOWNSEND: May I approach, Your Honor?

14 ALJ HILLIARD: Yes. Did you provide three
15 copies of your last exhibit to the reporter?

16 MR. TOWNSEND: I will.

17 ALJ HILLIARD: I'm going to go get my stamp.

18 (Pause)

19 Q So I've handed you what's going to be
20 marked as REACT Cross Exhibit 2 Brinkman and direct your
21 attention to subparagraph (c).

22 ALJ HILLIARD: I think that the procedure that
23 we are going to follow here is if there is a cross exhibit,
24 I'd like you to give three copies to the Reporter, and

1 we're going to afford the Reporter an opportunity to mark
2 the exhibit so that we don't get a record that we are
3 unable to use. If people want -- if we want to, during a
4 break, bring their anticipated exhibits up to be marked so
5 she can stamp them, it will facilitate the process.

6 Proceed.

7 MR. TOWNSEND: Thank you, Your Honor.

8 Q Have you had an opportunity to review
9 that?

10 A I've read the subsection of (c). I
11 haven't read the whole thing.

12 Q And would you agree that Section 16-108(c)
13 provides that, "Charges for delivery services shall be cost
14 based and shall allow the electric utility to recover the
15 costs of providing delivery services through its charges to
16 its delivery services customers that use the facilities and
17 services associated with such costs"?

18 MR. ROONEY: Your Honor, I renew the
19 objection. The Act speaks for itself. We don't know if
20 she's seen this before and with specificity, and she's
21 certainly not testifying as an attorney or here to give an
22 opinion of what 16-108 means.

23 ALJ HILLIARD: There's a certain amount of
24 rhetorical flourish that we need to get through here, but I

1 presume there are going to be some subsequent questions
2 coming along.

3 So please answer the question.

4 A So as I read the Act, "Charges for
5 delivery services shall be cost based and shall allow the
6 electric utility to recover the costs of providing delivery
7 services through its charges to its delivery service
8 customers that use the facilities and services associated
9 with such costs." I believe that's what you were referring
10 to.

11 Q That's correct.

12 ALJ HILLIARD: Counsel, I think Mr. Rooney has
13 a point, that the statute is what it is. This witness is
14 not a legal expert. So, please try to move through this as
15 expeditiously as you can.

16 Q And do you agree that that is the way in
17 which delivery service charges should be designed?

18 A Based on cost causation.

19 ALJ HILLIARD: You have to say yes or no,
20 ma'am.

21 A I'm sorry. Yes, I agree that costs should
22 be charged based on cost causation.

23 Q Should ComEd design its charges to its
24 delivery services customers in a way that it recovers those

1 costs from the customers that use the facilities and
2 services associated with those costs?

3 A Yes, based on the reasonable allocation of
4 those costs. Again, I don't believe you can direct-charge
5 specific facilities to specific customers, but to the
6 extent we can allocate costs based on cost causation, I
7 agree.

8 Q And the way in which you determine cost
9 causation is by looking at the facilities and services that
10 are associated with the costs, correct?

11 A Correct.

12 Q Would you agree that the Commission has
13 endorsed cost causation principles?

14 A In what context?

15 Q In the context of ComEd rate cases.

16 A I agree that in the past, the Commission
17 has discussed cost causation principles. I can't speak to
18 every single case ComEd has been involved in and the
19 Commission orders that have come out of each case.

20 Q Do you believe that -- strike that.

21 ComEd has testified in previous cases about
22 cost causation principles, correct?

23 A Correct.

24 Q And ComEd continues to support the

1 application of cost causation in this case, right?

2 A Correct.

3 Q And you would agree with ComEd witness
4 Mr. Bjerning's statement that, quote, "Generally and to the
5 extent practical, customers are segmented into groups based
6 upon differentiations in the facilities used to provide
7 service and identifiable pertinent customer attributes",
8 closed quote. Correct?

9 A Correct.

10 Q In your direct testimony at lines 88
11 through 91, you describe the rate process, correct, rate
12 design process, correct?

13 MR. ROONEY: Was that lines 88 to 91?

14 MR. TOWNSEND: That's correct.

15 MR. ROONEY: Thank you.

16 A I'm sorry. Your question was, am I
17 describing the rate design process?

18 Q That's correct. There you state, "This
19 process is generally a zero sum game". The process you're
20 referring to is the rate design process, right?

21 A I'm sorry. Correct.

22 Q And that testimony says, quote, "This
23 process is generally a zero sum game with the goal of
24 assigning the revenue requirement responsibilities among

1 customer classes in a manner that is fair to customers,
2 while allowing for full recovery of the revenue
3 requirement", closed quote. Correct?

4 A Correct.

5 Q Do you believe that it's fair to charge a
6 customer group for facilities that they do not use?

7 A Can you be more specific?

8 Q It's a general question. Do you believe
9 that it is fair to charge a customer group for facilities
10 that they do not use?

11 A I believe that our ECOSS and rate design
12 uses cost causation principles to reasonably allocate costs
13 to individual classes.

14 MR. TOWNSEND: Move to strike the answer, Your
15 Honor.

16 ALJ HILLIARD: I think I'd have to agree that
17 your answer is not particularly responsive. Can you
18 supplement your response with a more concrete answer?

19 A So I don't entirely agree with your
20 statement, to the extent that we can allocate costs fairly
21 and reasonably to users of facilities and services. I think
22 there is -- it is reasonable to apportion costs based on
23 allocation principles.

24 MR. TOWNSEND: Your Honor, I move to strike

1 the entire answer. She still has not answered the
2 question.

3 ALJ HILLIARD: Why don't you ask a follow-up
4 question? I think she approached your question, but state
5 it again.

6 Q If there is a clear demonstration that a
7 customer group does not use a particular set of facilities,
8 is it fair to allocate the costs of those facilities to
9 that customer group?

10 A No.

11 ALJ HILLIARD: That was a no?

12 A No.

13 Q In this proceeding, ComEd -- I'm sorry.

14 In this proceeding, ComEd has provided a
15 series of illustrative Embedded Cost of Service Studies, or
16 ECOSS, that incorporate different assumptions and
17 approaches to rate design, correct?

18 A Correct.

19 Q Would you agree that ComEd is not
20 proposing any changes to rate design in this proceeding?

21 A Correct.

22 Q In your direct testimony -- if you could
23 turn to your direct testimony at page 7, lines 120 to 123.
24 There you stated, "At this time, ComEd is proposing no

1 changes to the rate design provisions of rate DSPP, no
2 changes to the current rate design formula for determining
3 delivery services charges, and no changes to the
4 methodologies used to allocate costs across delivery
5 classes", closed quote. Correct?

6 A That's correct.

7 Q So from ComEd's perspective, if the
8 Commission were to say just keep everything the same as it
9 is today, ComEd would be fine with that, right?

10 A ComEd proposed no change to offer
11 information into the record to allow the Commission to make
12 a decision about rate design.

13 ALJ HILLIARD: Please answer his question.

14 A I'm sorry. Can you read back the
15 question, please?

16 ALJ HILLIARD: Please read back the question.

17 (Court Reporter read back.)

18 A Correct.

19 Q Is it ComEd's position that as long as it
20 recovers 100 percent of its costs, it is agnostic about
21 what the Commission decides regarding the allocation of the
22 costs?

23 A It is ComEd's position that it wants to
24 recover its costs, but also that rates should be based on

1 cost causation principles such that all classes are
2 considered.

3 Q So just so I'm clear, is ComEd agnostic
4 about the allocation of the costs or not?

5 MR. ROONEY: I'd object. It's asked and
6 answered.

7 MR. TOWNSEND: I agree with part of the
8 objection about it being asked. I just --

9 MR. ROONEY: Can we go on? It's asked and
10 answered.

11 ALJ HILLIARD: Can you use another term
12 besides "agnostic"? How about "neutral"?

13 Q Is ComEd neutral with regards to the
14 question of allocation of costs?

15 ALJ HILLIARD: As long as the principles of
16 cost causation are embedded in the final result.

17 A Yes, as long as the principles of cost
18 causation are embedded, yes, ComEd is neutral.

19 Q Thank you.

20 So if the Commission were to order that the
21 extra-large load class and/or the high voltage over 10
22 megawatt customers' allocations should be modified so that
23 those costs would shift from those classes to another
24 class, ComEd would be fine with that, as long as the order

1 was consistent with cost causation principles, right?

2 A As long as the order was consistent with
3 cost causation principles, yes.

4 Q And the cost causation principles that it
5 should be consistent with are the cost causation principles
6 that are set forth in the Public Utilities Act and in prior
7 Commission orders, right?

8 MR. ROONEY: Objection.

9 ALJ HILLIARD: I think that's beyond her
10 expertise, in part.

11 Q Which cost causation principles is it
12 important that the Commission follow?

13 MR. ROONEY: Is that a different question
14 then?

15 MR. TOWNSEND: Yeah, that's a different
16 question.

17 MR. ROONEY: Okay. Just being clear. I was
18 just being clear to see if he had withdrawn the prior
19 question.

20 A So the Commission considers cost causation
21 principles. Again, ComEd is putting data forward so that
22 the Commission can consider impacts on all classes, rather
23 than just looking at one class in a silo, considering the
24 impacts of all classes such that fair and reasonable rates

1 are set.

2 Q When you're talking about the principles
3 of cost causation, where do you find those principles?

4 A There are principles discussed in prior
5 orders; there are theoretical principles that are
6 discussed. What I mean by "cost causation" is the utility
7 incurs costs, there are classes and users of the system,
8 and there are methods to allocate those costs as reasonably
9 as possible to the cost causers.

10 Q You didn't mention anything about the
11 Public Utilities Act. Should the Commission ignore the
12 cost causation principles in the Public Utilities Act, or
13 did you just omit that from your answer?

14 MR. ROONEY: Objection.

15 ALJ HILLIARD: Sustained.

16 Q Would you agree that one of the areas that
17 the Commission should look for cost causation principles is
18 in the Public Utilities Act?

19 A Yes.

20 Q Let's switch gears. In your rebuttal and
21 surrebuttal testimony, you make some comments about
22 customer care costs, correct?

23 A Can you point me to the specific?

24 Q Sure. Your rebuttal testimony page 9,

1 surrebuttal testimony page 6.

2 (Pause)

3 A Correct.

4 Q And you make those comments in response to
5 REACT witness Jeffrey Merola, correct?

6 A Correct.

7 Q Can we agree that customer care costs
8 represent those costs that ComEd incurs to provide customer
9 service for its delivery services and supply customers,
10 including the calculation and generation of bills, tracking
11 and maintaining customer information, mailing of bills,
12 responding to customer phone calls, metering services,
13 payment processing, credit collection, and general customer
14 relation activities?

15 A Correct.

16 Q And the question Mr. Merola raises about
17 customer care costs is about how those costs are allocated
18 between ComEd's delivery services function and its supply
19 function, correct?

20 A That is my understanding.

21 Q And ComEd has two distinct functions in
22 the restructured electric role, correct?

23 A Correct.

24 Q Delivery services function is a

1 clearly-defined function, as is the supply function, right?

2 A Delivery service charges are separate from
3 supply charges, but when speaking of customer care costs,
4 we have one customer care group.

5 Q But there are different functions within
6 that customer care group, right?

7 A I don't understand what you mean by
8 "different functions".

9 Q There are certain things within customer
10 care that support delivery services and certain things that
11 support supply, correct?

12 A Can you give me an example?

13 Q For example, developing the supply rates
14 and being able to put those supply rates onto the bill
15 requires someone to understand what those supply rates are,
16 then translate those supply rates and actually put that
17 into a bill that is then sent out to customers, correct?

18 A That is one separate function, but that's
19 not part of customer care costs.

20 Q That is a supply function, correct?

21 ALJ HILLIARD: Is it a supply function or not?

22 A No.

23 Q Calculating the supply rate and billing
24 the supply rate is not a supply function?

1 A Setting rates is a broad function. We set
2 delivery rates; we set supply rates; we set transmission
3 rates.

4 Q So -- but setting the supply rates is a
5 supply function, correct?

6 MR. ROONEY: Objection. Asked and answered.

7 ALJ HILLIARD: Well, no, I don't think she's
8 answered that question. It's a yes or no answer. Go
9 ahead.

10 A Again, I guess no. Setting rates -- we
11 set rates for all the different functions of the company.
12 I guess I'm not clear on your question.

13 Q You agree that ComEd has two different
14 functions, correct?

15 A What do you mean by "function"?

16 ALJ HILLIARD: You know, you kind of asked
17 this before, but you're making implications that aren't
18 necessary clear. If they have two functions, put them in a
19 question.

20 Q Can you give an example of the way in
21 which ComEd operates in its supply function?

22 A The supply function procures energy. They
23 work with the retail electric suppliers on contracts and
24 things of that nature.

1 Q But you don't consider billing for the
2 supply component to be a portion of the supply function,
3 correct?

4 A The billing for supply is included.
5 There's no distinction in the Billing Department. They
6 bill all ComEd charges on the bill.

7 Q ComEd has both delivery services rates and
8 supply rates, correct?

9 A Correct.

10 Q And there are certain activities that
11 ComEd engages in that are billed underneath the supply
12 rates, correct?

13 A Correct.

14 Q But none of the customer care costs are
15 attributed to ComEd's supply function, correct?

16 A Correct.

17 Q You're aware that the customer care costs
18 allocation question has been raised in prior proceedings,
19 right?

20 A Correct.

21 Q It was raised in the -- in ICC Docket
22 07-0566, the 2007 ComEd rate case, right?

23 A Correct.

24 Q And it was raised in ICC Docket 08-0532,

1 the 2008 special investigation proceeding, right?

2 A Correct.

3 Q And it was again raised in ICC Docket
4 number 10-0467, the 2010 ComEd rate case, right?

5 A Right.

6 Q And in each one of those cases, the
7 Commission treated the allocation of customer care costs as
8 a rate design issue, right?

9 A I believe it was listed as a rate design
10 section of the orders, yes.

11 Q Now, even though customer care costs were
12 treated as rate design issues in each of those cases, you
13 suggest that customer care issues -- strike that.

14 The customer care cost issue is not
15 appropriate for this rate design case, right?

16 A Right.

17 Q And that's because some costs could be
18 shifted out of ComEd's delivery services rates and into its
19 supply rates?

20 A Correct.

21 Q And that would mean that this should be
22 addressed in some other forum other than this forum, right?

23 A Right.

24 Q Now, just to be clear, if the Commission

1 shifted some of the customer care costs out of ComEd's
2 delivery services rates and over to its supply rates, ComEd
3 would continue to recover 100 percent of its costs, right?

4 A I can't say that for sure.

5 Q Why not?

6 A Because they're separate proceedings. I
7 can't speculate on what would happen in a proceeding that
8 hasn't occurred.

9 Q If the Commission ordered a certain
10 portion of customer care costs to be recovered underneath
11 its delivery services rates and another portion of it to be
12 recovered underneath its supply rates, ComEd could be held
13 whole, right?

14 A ComEd could be held whole.

15 Q The -- ComEd's bottom line could be
16 revenue-neutral, right?

17 A It could be, but again, I can't speculate
18 on what would happen.

19 Q Now, you're aware that ComEd took a strong
20 position that rate design issues were not to be part of the
21 formula rate cases that ComEd has filed, right?

22 A Correct.

23 Q In ComEd's first formula rate case -- I'm
24 sorry. Strike that.

1 ComEd's first formula rate case was ICC Docket
2 11-0721, the 2011 ComEd formula rate case, right?

3 A Correct.

4 Q And in that case, ComEd made it very clear
5 that the formula rate case was not a forum to address rate
6 design issues, right?

7 A Correct.

8 MR. TOWNSEND: May I approach, Your Honor?

9 ALJ HILLIARD: Yes.

10 (Pause)

11 ALJ HILLIARD: All right. Is this going to be
12 REACT 3 Brinkman? .

13 MR. TOWNSEND: That's correct.

14 ALJ HILLIARD: Mr. Skey, if you have a chance,
15 if you could mark these in advance, that might save a
16 little time.

17 Ms. Reporter, do you want to mark those with
18 my stamp, or do you want to do that at the end of
19 everybody's testimony?

20 (Discussion held off the record.)

21 (Pause)

22 ALJ HILLIARD: Do you want to direct her
23 attention to part of this document?

24 Q Well, are you familiar with this motion

1 that was filed by ComEd in its first formula rate case?

2 A No.

3 Q I guess not.

4 Would you agree that the Commission has made
5 it clear that it is not going to address rate design issues
6 in formula rate cases?

7 A I agree.

8 Q In your surrebuttal testimony, you testify
9 about the scope of this proceeding, being about Section
10 16-108.5(e). That's your surrebuttal testimony at page 6,
11 correct?

12 A I'm sorry. Can you direct me to the line
13 that you're looking at?

14 MR. ROONEY: I gave her the line.

15 A Correct.

16 MR. TOWNSEND: May I approach, Your Honor?

17 ALJ HILLIARD: Sure.

18 (Pause)

19 MR. TOWNSEND: I'll hand you what's being
20 marked as REACT Cross Exhibit 4 Brinkman.

21 (Pause)

22 Q And that is a copy of Section 16-108.5 of
23 the Act. If you can turn to page 4 of that final page, it
24 has Section 16-105(e). Let me know once you've had a

1 chance to review that.

2 (Pause)

3 A Okay.

4 Q You would agree that nothing in Section
5 16-105(e) limits the Commission's ability to order costs to
6 be recovered from ComEd's supply rates rather than its
7 delivery services rates, right?

8 A I'm sorry. Can you ask that question
9 again?

10 Q You would agree that nothing in Section
11 16-105(E) limits the Commission's ability to order costs to
12 be recovered from ComEd's supply rates rather than its
13 delivery services rates, right?

14 A This section in 16-108.5(e) talks about
15 the performance-based formula rate which is related to
16 distribution charges. So I don't believe that supply is
17 covered here.

18 Q Again, is there anything in here that
19 limits the Commission's authority?

20 MR. ROONEY: He's asking for a legal
21 conclusion. I object.

22 ALJ HILLIARD: Sustained.

23 Q Are you aware of any provision in the
24 Public Utilities Act that limits the Commission's ability

1 to order costs to be recovered in ComEd's supply rates
2 rather than its delivery services rates in this proceeding?

3 A I can't speak to the entire Public
4 Utilities Act.

5 Q Are you aware of any provision that has
6 such a limit on the Commission's authority?

7 A I am not aware.

8 MR. TOWNSEND: No further questions, Your
9 Honor. Thank you.

10 ALJ HILLIARD: Next questioner, please.

11 What are you going to do with your exhibits?
12 Are these all sections of the statute? Do you want to put
13 those in?

14 MR. TOWNSEND: It's not necessary, Your Honor.
15 Thank you.

16 (Pause)

17

18 CROSS EXAMINATION

19 QUESTIONS BY MR. GOWER:

20 Q Good morning Ms. Brinkman. My name is Ed
21 Gower. I represent Metra in this case.

22 What are your duties and responsibilities as
23 ComEd's Director of Rates and Revenue Policy?

24 A I manage the rates and revenue policy

1 teams, and we set the revenue requirements and the rates
2 for ComEd.

3 Q To whom do you report?

4 A Melissa Sherrod, S-h-e-r-r-o-d.

5 Q And what is Ms. Sherrod's title?

6 A She's the Vice-President of Regulatory
7 Strategies.

8 Q Is that the position that Ross Hemphill
9 previously held?

10 A Correct.

11 Q And when did Ms. Sherrod become the
12 Vice-President of Regulatory Strategies?

13 A A couple months ago. I don't have the
14 exact date.

15 Q And when did you become the Director of
16 Rates and Revenue Policy?

17 A In July of 2012.

18 Q So, for roughly a year you reported to
19 Mr. Hemphill?

20 A Correct.

21 Q I'm not going to spend a lot of time
22 examining you on the details of the RDI ECOSS that's
23 ComEd's Exhibit 3.01, and the 2013 FRU ECOSS that's ComEd
24 Exhibit 3.04. I just want to get your basic understanding

1 of those ECOSS's. What is the RDI ECOSS?

2 A The RDI ECOSS is consistent with the 2010
3 rate case. So it employs the same standards as in that
4 rate case.

5 Q When you say it's consistent with the 2010
6 rate case, you mean it's consistent with the rates that
7 were set as a result of that rate case, correct?

8 A It's consistent with the ECOSS that was
9 ordered from that case.

10 Q Okay. And was the RDI ECOSS used as the
11 basis for the various illustrative studies that ComEd has
12 filed in this proceeding?

13 A That is my understanding. Mr. Bjerning is
14 the witness supporting.

15 Q I understand he's the witness supporting.
16 I'm just asking what your understanding is.

17 A That's my understanding.

18 Q Who made the decision to use the RDI ECOSS
19 as the base ECOSS for the development of other illustrative
20 ECOSS?

21 A That was a decision of the ComEd team, of
22 myself and my team.

23 Q Are you the head of that team, leader of
24 that team?

1 A I am.

2 Q And so any final decision would ultimately
3 be your responsibility on that issue, correct?

4 A We would inform senior management of that
5 decision and talk with the attorneys.

6 Q Okay. Who ultimately was responsible for
7 the decision that the RDI ECOSS would serve as the basis
8 for the development of the other illustrative ECOSS's found
9 in this proceeding?

10 A That would be me.

11 Q Who made the decision as to what
12 illustrative ECOSS's would be prepared and reflected in the
13 initial filing?

14 A Again, that would be me and the team,
15 based on the directives that were given in prior orders.

16 Q And you anticipated my next question,
17 because I was -- the -- what criteria were used to decide
18 when an illustrative ECOSS would be prepared and filed in
19 the initial filing in this case?

20 A We took a look at the directives that came
21 from prior orders and offered illustrative ECOSS's to
22 provide data to the Commission so they could have a
23 well-informed record to be able to make a decision in this
24 case.

1 Q Are you familiar with the delivery rate
2 class known in short form as the "Railroad Class"?

3 A Generally.

4 Q And are you aware that the only two
5 members of that class are Metra and the CTA?

6 A Yes.

7 Q Are you familiar with the Commission's
8 prior pronouncements on taking public interest
9 considerations into account in setting the rates for the
10 Railroad Class?

11 A Generally.

12 Q And are you aware that there have been --
13 there's language that has been included in ICC Dockets
14 05-0597, 05 -- excuse me, 07-0566, 08-0532 and 10-0467, all
15 concerning the public interest considerations that must be
16 taken into account in setting Railroad Class rates?

17 A I know generally that's discussed. I
18 can't reply that it's in every one of those orders that you
19 discussed, but generally.

20 Q Well, have you read prior orders from the
21 Commission in ComEd general delivery service rate cases?

22 A I have.

23 Q And 05-0597 was the first general services
24 delivery rate case, correct?

1 A That is my understanding.

2 Q And the next case was 07-0566, correct?

3 A Correct.

4 Q And the third one was 10-0467?

5 A Correct.

6 Q And do you recall that in each of those
7 orders, the Commission commented on the public interest
8 considerations in citing the Railroad Class's rates?

9 A Again, I believe generally it was there,
10 but I can't say specifically.

11 Q And what instructions did you give your
12 staff, if any, regarding the public interest considerations
13 repeatedly recognized by the Commission in proposing the
14 various alternate rate schemes that you have in this case?

15 A I didn't give any specific direction on
16 that. We looked at the Commission directives, which I
17 believe considered that, in order to put the ECOSSE's
18 together.

19 Q But -- and I may be asking the same
20 question. If I am, I apologize. I just didn't hear your
21 answer.

22 You didn't give any specific directions with
23 respect to the public interest considerations concerning
24 setting Railroad Class rates, but you were aware of those

1 provisions in the prior orders; is that your testimony?

2 A Yes.

3 Q Are you familiar with the Railroad Class's
4 historic efforts to eliminate the costs of lines and
5 facilities utilizing both voltages of less than 12 kV from
6 the costs assigned to the Railroad Class?

7 A Generally.

8 Q Are you aware that was an issue in ComEd's
9 2007 general delivery services rate case that is Docket
10 07-0566?

11 A Yes.

12 Q And are you aware that those issues also
13 were addressed in the ComEd rate design investigation which
14 was ICC Docket 08-0532?

15 A Yes.

16 Q And are you aware that the issues also
17 were addressed in ComEd's 2010 general delivery services
18 rate case which was ICC Docket 10-0467?

19 A Yes.

20 Q And are you familiar with the language in
21 the final order entered in Docket 10-0467 concerning
22 elimination from the costs assigned to the Railroad Class,
23 of responsibility for costs and lines using voltage of less
24 than 12 kV?

1 whether we go sequentially with these cross exhibits
2 through the whole thing or whether we do them by party
3 is -- can be a problem, but I think since you've already
4 marked them, I guess we'll stick with your system that
5 we've embarked on here.

6 So if you have a cross exhibit, it's your
7 cross exhibit; it's not going to be Cross Exhibit No. 57 or
8 58 or whatever. It will be 1, 2 and 3.

9 MR. GOWER: We can change it.

10 ALJ HILLIARD: No, that's all right. It's
11 clearer to do it this way, I think.

12 BY MR. GOWER:

13 Q Ms. Brinkman, I have handed you what's
14 previously been marked as Metra's Cross Exhibit 1, which I
15 represent to you is a copy of the final order in ICC Docket
16 10-0467, along with a copy of pages 190 and 191 of the
17 final order containing the Commission's order with respect
18 to what I refer to as the elimination of costs assigned to
19 the Railroad Class for costs of facilities associated with
20 voltages under 12 kV.

21 If you would turn to page 191 -- I like to use
22 big words that I don't know the meaning of -- the
23 penultimate paragraph, I believe, second to last. It says,
24 "The Commission also notes that while ComEd maintains it

1 will be difficult and costly to segregate out the 4 kV
2 class from the Railroad Class, this class has but two
3 customers; and the Load Flow Study presented herein should
4 guide the Commission. Therefore it directs Metra to
5 work -- directs ComEd to work with Metra and CTA and Staff,
6 if appropriate, to study, to find, and delete from the
7 costs assigned to the Railroad Class the costs that are
8 associated with the 4 kV facilities that are not used to
9 serve the Railroad Class. Pursuant to that effort, ComEd
10 shall develop a new Embedded Cost of Service Study in the
11 next rate case that excludes the costs that are associated
12 with the facilities below the 12 kV from the Railroad
13 Class. This study should be part of ComEd's initial rate
14 filing. Failure to comply with any portion of this
15 directive could subject ComEd to the penalties provided in
16 Public Utilities Act for failure to comply with the
17 Commission order."

18 Do you see that?

19 A I do.

20 Q Is that the language that you're referring
21 to earlier?

22 A Yes.

23 Q Now, if ComEd was ordered on penalty of
24 sanction to, quote, study, define, and delete from the

1 costs assigned to the Railroad Class the costs that are
2 associated with 4 kV facilities that are not used to serve
3 the Railroad Class, unquote, can you tell me why those
4 costs were not deleted from the RDI ECOSS's that were used
5 for the basis for the preparation of all of the
6 illustrative ECOSS's that ComEd prepared to file in this
7 case?

8 A Because, again, the RDI ECOSS's were
9 prepared consistent with the 2010 case. We did provide an
10 illustrative RDI -- I'm sorry, an illustrative ECOSS that
11 put this directive in.

12 Q Did you ever speak to your boss, Ross
13 Hemphill, about the comments -- well, actually, let me take
14 a step back.

15 Chris just asked you questions about --

16 ALJ HILLIARD: Mr. Townsend?

17 Q Mr. Townsend. I'm sorry.

18 Mr. Townsend just asked you questions about
19 the formula rate case and ComEd's strong position that rate
20 design issues shouldn't be presented in the formula rate
21 case, correct?

22 A Correct.

23 Q Did you ever speak to Ross Hemphill about
24 the comment about the commitments that ComEd made to Metra

1 and the CTA to keep them from objecting to the rate design
2 used in ComEd's first formula rate case, which was Docket
3 11-0721?

4 A Not specifically.

5 Q Generally did you speak to him about that?

6 A No.

7 MR. GOWER: May I approach, Your Honor?

8 (Pause)

9 Q Ms. Brinkman, I've just handed you what
10 has previously been marked as Metra Cross Exhibit 2.

11 Have you had an opportunity to review that
12 document?

13 A I have not seen this before you just
14 handed it to me.

15 Q Okay. That was going to be my next
16 question. But have you had an opportunity to review it?

17 A Yes.

18 Q Okay. And who is E. Glenn Rippie, if you
19 know, the signature at the bottom of that letter?

20 A He's an attorney with R3.

21 Q And does R3 represent Commonwealth Edison
22 Company in both the formula rate cases and rate design
23 cases?

24 A Yes.

1 Q And they're your lead counsel?

2 A Yes.

3 ALJ HILLIARD: In this case.

4 Q In this case?

5 A Yes.

6 Q And they're your lead counsel in the
7 formula rate cases, are they not?

8 A Yes.

9 Q Now, you had not seen that letter prior to
10 today?

11 A No.

12 Q Have you ever discussed the substance of
13 this letter with Mr. Hemphill?

14 A No.

15 Q If you had been aware that ComEd had
16 committed to Metra and CTA that agreed modifications to
17 ComEd's rate design would be reflected in the rate design
18 that ComEd proposed in its next rate design case, would
19 that have altered your decision as to whether the base RDI
20 ECOSSE's should exclude from railroad costs the costs from
21 under 12 kV facilities?

22 MR. ROONEY: I guess I'm going to object.

23 What language precisely are you pointing to for that
24 statement?

1 MR. GOWER: It's in the penultimate paragraph,
2 the second to the last paragraph. It starts with the
3 second sentence of that paragraph. Actually, it starts
4 with the -- it's the entire paragraph.

5 First, it says that Mr. Tenorio and
6 Mr. Bachman had discussions concerning ways in which the
7 future rate design proceeding could be modified. Then the
8 next sentence says, "ComEd will work jointly with CTA and
9 Metra to address the issue Mr. Bachman raised during these
10 discussions. While we cannot commit to agreeing to all of
11 Metra's/CTA's views, where we do reach agreement, that
12 agreement will be reflected in the rate design ComEd
13 proposes. Further, if and where we cannot reach agreement
14 with respect to the issues that ComEd (unintelligible) are
15 nonetheless reasonable areas for discussion, ComEd will
16 prepare an alternative ECOSS."

17 MR. ROONEY: All right. And I guess I'll wait
18 for your question.

19 BY MR. GOWER:

20 Q I bet you can't remember my question, can
21 you?

22 A I can't.

23 Q All right. Let me ask it again.

24 If you had been aware that ComEd committed to

1 Metra and the CTA that agreed modifications to ComEd's rate
2 design would be reflected in the rate design that ComEd
3 proposes in the next rate design case, in order to secure
4 CTA and Metra's agreement not to interject rate design
5 issues in the formula rate case, would that have altered
6 your decision as to whether the base RDI ECOSS filed in
7 this case should exclude from railroad costs the costs of
8 the under 12 kV facilities?

9 MR. ROONEY: I'll object, because I'm not
10 sure -- your question speaks to an agreement, and I'm not
11 sure what the precise agreement was that was ultimately
12 arrived at.

13 I would also note that if you look at that
14 last sentence of your penultimate paragraph, it says "Where
15 we can't reach an agreement, ComEd will prepare an
16 alternative ECOSS that illustrates Metra's and CTA's joint
17 position." And the witness has already testified that
18 they've done that. And so if you're speaking to some other
19 agreement, about something that's not been reflected here,
20 I would object to that question.

21 MR. GOWER: May I address that objection, Your
22 Honor?

23 ALJ HILLIARD: Yes, please do.

24 MR. GOWER: There are two components to the

1 agreement that's reflected in this document. The first
2 component is that where there was agreement with respect to
3 the carving out costs from CTA and Metra's costs, it would
4 be reflected in the ECOSS that ComEd proposed in the next
5 rate case.

6 Where they couldn't agree, but they
7 nevertheless thought it was reasonable, there would be an
8 alternative ECOSS filed. That's what those two sentences
9 say, I believe.

10 ALJ HILLIARD: My question to you then is, how
11 do you get from that to requiring that the primary ECOSS
12 carve out those costs? I don't see it in the paragraph.

13 MR. GOWER: I get to that in two ways, Your
14 Honor. First and foremost, I believe that ComEd was told
15 in the last rate case to delete those costs, so the order
16 itself should have required that, and it should have been
17 reflected in every ECOSS filed in this case, if you're
18 going to comply with that order.

19 Second, the agreement that was done here
20 was -- anticipated they would file an ECOSS that they
21 proposed, and then there would be -- if they couldn't
22 agree, there would be alternative ECOSS's. Well, somewhere
23 along the line, ComEd apparently changed their philosophy
24 and they decided to go revenue-neutral -- or be neutral on

1 everything, but they filed a base ECOSS that they believed
2 reflected what was required of them in the last case. And
3 my contention is, it is not what was required in the last
4 case, and it's not consistent with what they proposed with
5 Metra and CTA to get them to pull out of the formula rate
6 case.

7 MR. ROONEY: With that point, Your Honor, I
8 have several grounds for objection.

9 First of all, the counsel who is in
10 discussions with Metra and CTA isn't present when I called
11 previously. I don't know what was agreed to here. My
12 reading of this varies from Mr. Gower's view on this point.
13 I'm not saying he's right or wrong, but I view it
14 differently.

15 But more importantly, this witness was not a
16 party to that discussion, has never seen the document
17 before today, and any cross on this is very improper.

18 MR. GOWER: I think I can address -- ask
19 another question, withdraw the question and just ask
20 another question and --

21 ALJ HILLIARD: Okay. Ask another question.

22 MR. GOWER: -- and clean this up.

23 BY MR. GOWER:

24 Q Ms. Brinkman, had you been shown the

1 letter marked as Metra Cross Exhibit 2 prior to preparing
2 the various ECOSS's that were filed in this case, would you
3 have, in your RDI ECOSS that was used as the base for all
4 of the other ECOSS's that were filed in this case, would
5 you have included in that ECOSS the deletion of "under 12
6 kV costs from railroad costs"?

7 MR. ROONEY: I would object to that question.
8 It is asking the witness to speculate on what she may have
9 done at some time in the past.

10 MR. GOWER: That's a permissible hypothetical.

11 ALJ HILLIARD: Yeah, I think she can speculate
12 on that.

13 A Hypothetically, I mean, based on the way
14 we filed this case where we did take a neutral position, as
15 I sit and read this today, I agree, I could read it
16 multiple ways as well.

17 But we didn't -- we don't propose a rate
18 design ECOSS. We provide it; we don't propose it. And we
19 do provide an alternative ECOSS that includes what was
20 discussed here. So, I'm not sure if my decision would have
21 been different based on the way we filed this case, in that
22 we have taken a position and have provided illustrative
23 ECOSS's to show other directives from the Commission.

24 Q But, in any event, you weren't aware of

1 any agreement that had been struck with the CTA and Metra
2 concerning this case when you oversaw the development of
3 the various ECOSS's made in this case, correct?

4 A I was not aware of this agreement.

5 MR. GOWER: That's all I have. Thank you.

6 ALJ HILLIARD: So you're not offering Cross
7 Exhibit 2? And what about Cross Exhibit 1?

8 MR. GOWER: I'll move Cross Exhibit 1, Your
9 Honor. It's part of an order that is already a public
10 document.

11 ALJ HILLIARD: So you want it in?

12 MR. GOWER: I'll move it in.

13 ALJ HILLIARD: Objection?

14 MR. ROONEY: To Exhibit 1, no.

15 MR. GOWER: I'll move Exhibit 2 in.

16 MR. ROONEY: I'm going to object to that.

17 ALJ HILLIARD: I don't think you have a basis
18 for Exhibit 2 at this point.

19 MR. GOWER: Thank you, Your Honor.

20 ALJ HILLIARD: Exhibit 1 will be admitted into
21 the evidence. Metra Cross Exhibit 1 will be admitted in
22 the record.

23 All right. Do we have any more questioners
24 for this witness? I don't think so. Right?

1 Do you have any redirect?

2 MR. ROONEY: Could we have five minutes, Your
3 Honor?

4 ALJ HILLIARD: Sure.

5 (Recess)

6 ALJ HILLIARD: Let's go with redirect.

7 MR. ROONEY: Yes, thank you, Your Honor.

8

9 RE-DIRECT EXAMINATION

10 QUESTIONS BY MR. ROONEY:

11 Q Just one question with regard to questions
12 Ms. Lusson talked to you about with regard to billing
13 determinants. Just to clarify, is it your understanding --
14 excuse me. Strike that.

15 What is your understanding about what EIMA
16 requires related to the use of billing determinants?

17 A My understanding is that the law requires
18 you use historical weather-normalized weather determinants.

19 Q Does it allow the use of forecasted
20 determinants?

21 A No. It specifically calls for historical
22 weather-normalized weather determinants.

23 MR. ROONEY: Thank you. No further questions.

24 ALJ HILLIARD: Is there any rebuttal cross?

1 MS. LUSSON: No.

2 ALJ HILLIARD: Thank you. Thank you very
3 much.

4 (Witness excused.)

5 ALJ HILLIARD: Next witness, please, who I
6 understand is Mr. Rockrohr.

7 (Pause)

8 ALJ HILLIARD: Mr. Rockrohr, I don't believe
9 you've been previously sworn. Would you raise your hand
10 and be sworn?

11

12 (The following witness testified by video conference.)

13 GREGORY ROCKROHR, having been first duly
14 sworn, testified as follows:

15 ALJ HILLIARD: Proceed if you're ready.

16

17 DIRECT EXAMINATION

18 QUESTIONS BY MS. TURNER:

19 Q Could you please state your name for the
20 record?

21 A Gregory Rockrohr.

22 Q And, Mr. Rockrohr, by whom are you
23 employed and in what capacity?

24 A I'm employed by the Illinois Commerce

1 Commission as a Senior Electrical Engineer.

2 Q And, Mr. Rockrohr, do you have in front of
3 you what has previously been filed on E-Docket as ICC Staff
4 Exhibit 3.0, the direct testimony of Greg Rockrohr, dated
5 July 29th, 2013, which consists of a cover page, 16 pages
6 of narrative testimony, and Attachments A and B?

7 A Yes.

8 Q Was ICC Staff Exhibit 3.0 prepared by you
9 or under your direct supervision and control?

10 A Yes.

11 Q Do you have any additions, deletions, or
12 modifications to make to ICC Staff Exhibit 3.0 or its
13 Attachments A and B?

14 A No.

15 Q If I were to ask you the same series of
16 questions set forth in those documents today, would your
17 answers be the same?

18 A Yes.

19 Q Do you also have in front of you what was
20 previously filed on E-Docket as ICC Staff Exhibit 6.0, the
21 rebuttal testimony of Greg Rockrohr dated September 11,
22 2013, which consists of a cover page and nine pages of
23 narrative testimony?

24 A Yes.

1 Q Was ICC Staff Exhibit 6.0 prepared by you
2 or under your direction, supervision and control?

3 A Yes.

4 Q Do you have any additions, deletions, or
5 modifications to make to ICC Staff Exhibit 6.0?

6 A No.

7 Q And if I were to ask you today the same
8 series of questions set forth in those documents, would
9 your answers be the same?

10 A Yes.

11 MS. TURNER: At this time, Staff moves to
12 admit into evidence the direct testimony of Greg Rockrohr,
13 ICC Staff Exhibit 3.0 and its Attachments A and B; and I
14 note for the record, there is a fully confidential and a
15 public version of Staff Exhibit 3.0. As well as Staff
16 Exhibit 6.0, a rebuttal testimony of Mr. Rockrohr, which
17 does not contain any confidential information.

18 At this time, Staff would also tender
19 Mr. Rockrohr for cross.

20 ALJ HILLIARD: All right. Objections?

21 MR. ROONEY: None.

22 ALJ HILLIARD: Hearing no objections, Exhibit
23 3.0 and its attachments, and Exhibit 6.0, both confidential
24 and public versions of the exhibits, will be admitted in

1 the record.

2 Please begin the cross-examination.

3 MR. TOWNSEND: Thank you, Your Honor.

4

5 CROSS-EXAMINATION

6 QUESTIONS BY MR. TOWNSEND:

7 Q Good morning, Mr. Rockrohr. Chris
8 Townsend, on behalf of REACT, the Coalition to Request
9 Equitable Allocation of Costs Together.

10 A Good morning.

11 Q You're familiar with REACT?

12 A Yes, from prior cases.

13 Q You know that REACT is made up of some of
14 the largest commercial, industrial and municipal entities
15 in northern Illinois, along with retail electric suppliers
16 that serve residential customers, right?

17 A Correct.

18 Q Is your position at the Commission as
19 Senior Electrical Engineer in the Safety and Reliability
20 Division? Right?

21 A Yes.

22 Q And in that role, you review various
23 planning and operating practices at Illinois Electric
24 Utilities, right?

1 A Yes.

2 Q And you've testified in Commission
3 proceedings previously, including ICC Docket 10-467, the
4 2010 ComEd rate case, correct?

5 A Yes.

6 Q And in the course of your duties as Senior
7 Electric Engineer -- Electrical Engineer at the Commission,
8 you're called upon to review the methodologies for studies
9 undertaken by utilities, correct?

10 A Some studies, yes.

11 Q And that was your role as an expert
12 witness in this case, correct?

13 A Correct.

14 Q And in this case, you reviewed three
15 different studies that ComEd performed, right?

16 A Yes.

17 Q First, the distribution system loss study;
18 second, a secondary and service loss study; and third, a
19 report about ComEd's use of railroad customers' electric
20 traction power facilities, right?

21 A Correct.

22 Q I'd like to discuss with you some of your
23 observations about those studies, and particularly about
24 certain attributes of those studies that you highlight.

1 Okay?

2 A Sure.

3 Q Let's first look at the secondary and
4 service loss study, and incidentally, this is a study that
5 ComEd undertook at the direction of the Commission, right?

6 A Correct.

7 Q And it's not unusual for the Commission to
8 order ComEd to undertake certain studies to examine rate
9 design type issues, right?

10 A I honestly don't know that. I know that
11 they ordered ComEd to undertake this study.

12 Q Well, much of the discussion is about what
13 studies should be undertaken to determine rate design for
14 the largest customers' classes. It should also be noted
15 that the Commission also directed studies for the smaller
16 customer classes, right?

17 (Pause)

18 Q This study I'm asking you is about -- is
19 with regards to the single family, multi-family,
20 multi-family with space heat customers, correct?

21 A Oh, the customer classes that I think
22 you're referring to. I don't recall whether the Commission
23 specified which customer classes ComEd would study, but I
24 do know that in order -- the order in the 2010 rate case

1 included a directive to conduct a secondary service loss
2 study.

3 Q And for some of the smaller customers,
4 right?

5 A See, again, that's the only part that I'm
6 hesitant on. I don't know that the Commission directed
7 whether to direct the study to a smaller customer or larger
8 customers.

9 Q But that is, in fact, what was studied,
10 the four small customer classes, right?

11 A The result of the study was that four
12 customer classes were studied in more detail by ComEd and
13 the size of those customers were not the largest of the
14 customer classes, yes.

15 ALJ HILLIARD: I want to clarify something for
16 myself here. When you're referring to the "small customer
17 classes", you're actually referring to the residential
18 retail customers; is that right?

19 MR. TOWNSEND: It could be residential or just
20 they use a small amount of electricity. So there's a
21 class, for example, for the 0 to 100 KW customers, which
22 you don't know if it's a residential or commercial
23 customer.

24 ALJ HILLIARD: Okay. Thank you.

1 BY MR. TOWNSEND:

2 Q In discussing the secondary and service
3 loss study, you compare the methodology that ComEd used in
4 its prior version of the same study performed in connection
5 with the 2012 formula rate case, ICC Docket 12-0321. You
6 compared that to the version that ComEd conducted in
7 connection with this proceeding, right?

8 A Would you --

9 Q In your direct testimony, lines 89 to 108.

10 (Pause)

11 A Correct.

12 Q And you note that in the prior study,
13 ComEd sampled, quote, "10 customers in each customer
14 category, used assumed loads; and ComEd assumed the type
15 and length of the secondary in-service conductors", closed
16 quote, right?

17 A Yes.

18 Q In contrast, in the current study you
19 report that, quote, "ComEd uses a sample of approximately
20 100 accounts for each of four customer categories", closed
21 quote; right?

22 A That's correct.

23 Q And you continue, quote, "In addition for
24 customers sampled from these four customer categories,

1 ComEd uses actual loads and actual conductor type and
2 length to calculate secondary and service losses", closed
3 quote, right?

4 A Yes.

5 Q And in comparing the studies, which one
6 did you find to be better?

7 A The more recent study with larger sample
8 and the actual conductors and loads.

9 Q And, in fact, you described the current
10 study as, quote, "a far superior model of the actual
11 secondary and service losses for the four customer
12 categories", closed quote, right?

13 A That's correct.

14 Q And do you believe it is far superior
15 because it resulted in more accurate results?

16 A Exactly, yes.

17 Q And getting the more accurate results
18 would be consistent with cost causation principles, right?

19 A Yes.

20 Q And you recommend in your direct testimony
21 that ComEd should expand its methodology for that study and
22 apply it to other customer categories that use both
23 secondary and service elements, correct?

24 A That's correct.

1 Q And you state, quote, "An expanded sample
2 would certainly provide a more accurate estimate of the
3 secondary and service losses that actually occur on ComEd's
4 distribution system", end quote. Right?

5 A That's correct.

6 Q And you emphasize that fairness is an
7 element of cost causation, correct?

8 A Yes.

9 Q You state, quote, "To treat customers
10 fairly, ComEd should use expanded samples and actual loads
11 and conductor sizes/lengths to verify and/or correct the
12 secondary and service element losses allocated to each of
13 its customer categories supplied by both secondary and
14 service elements, not only the four category -- not only
15 four of the customer categories", closed quote. Right?

16 A Yes.

17 Q In other words, more accurate actual data
18 will result in more accurate cost allocation, which is more
19 fair to customers, right?

20 A Yes. In this case, it's specific to the
21 losses. But, yes, because it ultimately winds up in the
22 distribution system loss study. But I think the accuracy
23 is the main point, yes.

24 Q There's a relationship between accuracy

1 and fairness, right?

2 A In my mind there is, yes.

3 Q And ComEd has agreed to undertake the
4 expanded study that you recommend, right?

5 A That's my understanding.

6 Q Is it fair to say that, where possible,
7 you support statistically valid sampling in
8 Commission-ordered studies of distribution facilities
9 associated with rate design issues?

10 A I would certainly support a larger sample
11 with respect to the secondary service loss study. I --
12 expanding that principle is likely something I would agree
13 with. I don't know all the specifics of what you include
14 in that question.

15 Q But as a general principle, though, you
16 believe that the study of distribution facilities can be
17 done by using a statistically valid sample size, correct?

18 A Yes.

19 MR. TOWNSEND: No further questions.

20 ALJ HILLIARD: Next questioner.

21 MR. BALOUGH: Your Honor, we had allocated
22 some time, but we waive any cross. We scheduled some time,
23 but it's not going to be taken.

24 ALJ HILLIARD: Let's make it a rule that when

1 anybody who hasn't identified themselves speaks to the
2 tribunal or the Reporter, that you identify yourself so
3 that the record will be clear.

4 Are there any other questioners for this
5 witness?

6 MS. TURNER: Your Honor, Staff just needs to
7 have a few minutes to decide if we have anything further.

8 ALJ HILLIARD: Fine.

9 (Pause)

10 MS. TURNER: We have no redirect.

11 ALJ HILLIARD: I guess Mr. Rockrohr has
12 excused himself. Anyway, Mr. Rockrohr is excused.

13 (Witness excused)

14 ALJ HILLIARD: We have a decision to make
15 here. The next witness, Mr. Johnson, he's on for almost
16 two hours. We will -- do we want to proceed with
17 Mr. Johnson or break for lunch, or what do you want to do?
18 Anybody have a strong preference?

19 (Discussion held off the record.)

20 MR. FEELEY: At this time the Staff would call
21 the next witness, Mr. William R. Johnson.

22

23 (The following witness testified by video conference.)

24 WILLIAM R. JOHNSON, having been first duly

1 sworn, testified as follows:

2 DIRECT EXAMINATION

3 QUESTIONS BY MR. FEELEY:

4 Q Could you please state your name for the
5 record?

6 A William R. Johnson.

7 Q And by whom are you employed?

8 A Illinois Commerce Commission.

9 Q Mr. Johnson, do you have in front of you a
10 document which has been marked for identification as ICC
11 Staff Exhibit 1.0, the direct testimony of William R.
12 Johnson with Attachments 1.01 and 1.02?

13 A Yes, I do.

14 Q Mr. Johnson, do you also have in front of
15 you a document that's been marked for identification as ICC
16 Staff Exhibit 4.0, the rebuttal testimony of William R.
17 Johnson, with Attachments 4.01, 4.02 and 4.03?

18 A Yes.

19 Q Were those exhibits prepared by you or
20 under your direction, supervision and control?

21 A Yes.

22 Q Do you have any additions, deletions or
23 modifications to make to those exhibits?

24 A No.

1 familiar with REACT, correct?

2 A Yes.

3 Q And you know that REACT is made up of some
4 of the largest commercial, industrial and municipal
5 entities in northern Illinois, along with retail electric
6 suppliers that are interested in serving residential
7 customers, right?

8 A Yes.

9 Q Your position at the Commission is
10 Economic Analyst in the Rates Department of the Financial
11 Analysis Division, correct?

12 A Yes.

13 Q And you were assigned to that position in
14 February of 2012, right?

15 A Yes.

16 Q And prior to that, for approximately 12
17 years, you worked as -- at the Commission in the Water
18 Department of the Financial Analysis Division, right?

19 A Yes.

20 Q And your college degrees are in economics,
21 correct?

22 A Yes.

23 Q And you do not have an engineering degree,
24 correct?

1 A No. I should also point out that I worked
2 in the Rates Department from 1994 until 2000, as well.

3 Q You're not a Licensed Professional
4 Engineer, are you?

5 A No.

6 Q And you don't have any experience in
7 designing or constructing or the operation of electric
8 distribution facilities, correct?

9 A No.

10 Q Now, just so we're on the same page, we
11 can agree, can't we, that this is a rate design case,
12 right?

13 A Yes.

14 Q The sole focus is on how ComEd's revenue
15 requirement, which was determined in a separate proceeding,
16 is split up among the rate classes, correct?

17 A Yes.

18 Q So on the one hand, the 2013 formula rate
19 update case dealt with the overall amount of money that
20 ComEd was entitled to recover; and on the other hand, this
21 case deals with the rate design to identify the way in
22 which ComEd is going to recover that money from customers,
23 right?

24 A Cost of service and redesign.

1 MR. ROONEY: Just one clarification,
2 Mr. Townsend. You were discussing distribution rates,
3 right, when you said the rates and the revenues that were
4 being recovered and at issue in the formula rate case?

5 MR. TOWNSEND: I didn't specify, but if that
6 helps the record, Mr. Rooney, yes, that case deals with
7 distribution rates.

8 MR. ROONEY: Thank you.

9 Q In other words, while the formula rate
10 update case deals with the size of the pie, this case deals
11 with the way in which the pie is going to be split up,
12 right?

13 A I think that's correct, yes.

14 Q And how the pie is split up, it will still
15 be a complete pie, right?

16 A Hopefully.

17 Q In this proceeding it's just a question of
18 how ComEd is going to calculate which customers must pay
19 for which parts of the pie, right?

20 A Yes.

21 Q You did not testify in ICC Docket No.
22 10-0467, the 2010 ComEd rate case, right?

23 A No, I did not.

24 Q But you are aware that rate design issues

1 were addressed in that case, right?

2 A That's correct.

3 Q And you didn't testify in the 2008 special
4 investigation proceeding of ComEd rate design issues, ICC
5 Docket No. 08-0532, did you?

6 A No.

7 Q But likewise you know that rate design
8 issues were addressed in that case, right?

9 A Correct.

10 Q And likewise, although you didn't testify
11 in the 2007 ComEd rate case, ICC Docket 07-0566, you know
12 that rate design issues were addressed there as well,
13 right?

14 A Yes.

15 Q Now, before getting into the details of
16 rate design in this particular case, let's talk generally
17 about the principle of cost causation. You're aware of the
18 way in which cost causation has been addressed in Illinois,
19 right?

20 A Yes. Can you give me examples of what
21 you're talking about?

22 Q Well, you would agree that the principle
23 of cost causation is specifically included in the Public
24 Utilities Act, right?

1 A Yes.

2 Q And you'd agree that it's clear that the
3 Commission supports the application of cost causation
4 principles in setting rates, correct?

5 A Correct, and they've done that through
6 past orders.

7 Q And you would agree with that policy
8 objective, wouldn't you?

9 A Well, what do you mean by "policy
10 objective"?

11 Q Of add -- of setting rates based upon cost
12 causation principles.

13 A Sure.

14 Q Would you turn to your direct testimony at
15 page 18 and review lines 377 to 391 and let me know when
16 you're done.

17 (Pause)

18 A Okay.

19 Q You would agree that the costs associated
20 with providing service to one class of customers should be
21 recovered in the rates charged to that class of customers,
22 right?

23 A As much as possible, yes.

24 Q And the rates charged a given class should

1 match up, to use your term the, quote, "cost to serve",
2 closed quote, each class to the extent that can be
3 reasonably determined, right?

4 A Yes.

5 Q By the way, this is confirmed in a work
6 paper that was produced by your counsel the day after you
7 filed your testimony, your rebuttal testimony, correct?

8 A Can you refer to what the work paper --

9 MR. TOWNSEND: If you could hand him, please,
10 what has been sent down as Exhibit 4.

11 If I may approach, Your Honor.

12 I'm sorry. Pdf 4.

13 ALJ HILLIARD: Is this going to be a Cross
14 Exhibit?

15 MR. TOWNSEND: It is. Would you like this to
16 be Cross Exhibit -- REACT Cross Exhibit 5 Johnson?

17 (Pause)

18 THE WITNESS: Before I answer, I want to make
19 sure we're dealing -- I have this as pdf 4.

20 MR. SKEY: Pdf 4 is an e-mail from Mr. Feeley
21 to the parties, attaching a two-page excerpt from a NARUC
22 document.

23 THE WITNESS: Okay. I have it in front of me.

24 BY MR. TOWNSEND:

1 Q If you could review that, please.

2 (Pause)

3 Q And this is a work paper that was provided
4 for your rebuttal testimony, correct?

5 A Yes.

6 Q And that was a one-page excerpt from a
7 NARUC Electric Utility Cost Allocation Manual, dated
8 January 1992, correct?

9 A Yes.

10 Q And the third bullet point on that page,
11 below the heading, " Allocation of Costs Among Customer
12 Classes", under "Customer Related Costs" it says, quote,
13 "Allocated among the customer classes on the basis of the
14 number of customers or the weighted number of customers.
15 Normally, weighting the number of customers in the various
16 classes is based on an analysis of the relative levels of
17 customer-related costs, open paren, (service lines, meters,
18 meter reading, billing, et cetera) closed paren, per
19 customer", right?

20 A Yes.

21 Q So that's saying that, to the extent that
22 you can identify which customers use facilities, you should
23 take that into account in rate design, right?

24 A You should take into account the costs

1 that are related to those customers.

2 Q The costs of the facilities related to
3 those customers, right?

4 A Well, there's facilities, there's
5 operation and maintenance, there's depreciation expense.

6 Q All of those costs associated with those
7 customers should be attributed to those customers, right?

8 A As much as possible, yes.

9 Q So all other things being equal, if you
10 determine that a customer class is not using a type of
11 service line, for example, that customer class should not
12 pay for that type of service line, right?

13 A All else being equal, you're correct.

14 Q Now, I want to discuss in more detail the
15 analysis and recommendations of REACT witness Mr. Harry
16 Terhune and your response to that. Okay?

17 A Okay.

18 Q You're aware that Mr. Terhune is a
19 professional engineer who worked at Commonwealth Edison
20 Company for over 30 years, correct?

21 A Yes.

22 Q And you presented testimony on behalf of
23 REACT that contained analysis of ComEd's system and made
24 certain recommendations regarding cost allocation, correct?

1 A Correct.

2 Q Now, can we agree that Mr. Terhune's
3 testimony has three parts? First, he performs an
4 analysis--

5 A If you don't mind, could I get his
6 testimony out, and you can kind of point --

7 Q Sure, sure, please do.

8 (Pause)

9 A Now, are we referring to his direct
10 testimony right now?

11 Q I'm talking about, in general, his
12 testimony; but certainly if you wanted to refer to his
13 direct testimony, that would be fine.

14 (Pause)

15 A Okay. What was your question?

16 Q Can we agree that Mr. Terhune's testimony
17 has three components to it: The first component is that he
18 performs an engineering analysis of whether, and to what
19 extent, ELLC and HV over 10 megawatt class customers use
20 certain distribution facilities, correct?

21 A I'm hesitant to take a position on what
22 his general overview is.

23 Q He performs an engineering analysis of the
24 facilities, right?

1 A That's correct.

2 Q Okay. So we'll talk about that first
3 component of his testimony as being an engineering
4 analysis, okay?

5 A Okay.

6 Q Secondly, he makes a recommendation about
7 modifying the current rate design allocations based upon
8 his analysis of what facilities are used, right? He
9 recommends a change within the context of this case, right?

10 A Yes.

11 Q And let's refer to that as a modification
12 of rate design now. Okay?

13 A Okay. Just to be clear, his modification
14 is not just rate design. It's really the cost of service,
15 isn't it?

16 Q We can call it modification of cost of
17 service study now. Would that be better?

18 A That's fine. That's fine.

19 Q And then third, he recommends that ComEd
20 perform a study to further refine its Embedded Cost of
21 Service Study, right?

22 A Yes.

23 Q And we'll refer to that as the study and
24 further refinement of the ECOSS, okay?

1 A Okay. You may have to remind me later as
2 we go along.

3 Q I appreciate that.

4 But at this point I want to just focus on the
5 first part, Mr. Terhune's engineering analysis of the
6 facilities that the ELLC and high voltage over 10 megawatt
7 classes use, or don't use, or minimally use, that -- the
8 first part of his testimony I want to focus on. Okay?

9 A Okay.

10 Q Now, if you could turn to your rebuttal
11 testimony at page 14, you quote Mr. Terhune's analysis,
12 correct?

13 A Yes.

14 Q You say -- you quote him as saying, "There
15 are certain groups of facilities that the ELL class and
16 high voltage over 10 megawatt customers would either never
17 use or use to a de minimis level as part of receiving
18 service from primary voltage distribution lines", correct?

19 A Correct.

20 Q Now, you haven't performed an engineering
21 analysis of ComEd's facilities, right?

22 A I have not.

23 Q And you didn't present any evidence
24 contesting Mr. Terhune's engineering analysis of what

1 facilities the ELLC and high voltage over 10 megawatt
2 classes use, right?

3 A I have not.

4 Q Mr. Terhune testifies that the ELLC and
5 high voltage over 10 megawatt customers use a de minimis
6 amount of facilities that operate at 4 kV or in single
7 phase or two phase configuration, right?

8 A Yes.

9 Q And in your rebuttal testimony, you do not
10 take issue with that particular part of Mr. Terhune's
11 analysis, right?

12 A I did not discuss it in my testimony.

13 Q Now, the second part of Mr. Terhune's
14 testimony is a recommendation that the Commission order an
15 adjustment to the Cost of Service Study based on the fact
16 that the ELLC and high voltage over 10 megawatt classes use
17 no or de minimis amount of facilities, right, that there's
18 an adjustment now in the ECOSSE, right?

19 A Yes, that's his proposal.

20 Q And you don't specifically address the
21 proposed adjustment that Mr. Terhune advocates by reducing
22 approximately one-third of the shared distribution lines to
23 the ELLC and high voltage over 10 megawatt customers,
24 right?

1 A I found it. You're correct.

2 Q Now, in your rebuttal testimony at page
3 17, you say that, "It's not feasible to take a system that
4 serves approximately 3.8 million residential, commercial,
5 and industrial customers geographically scattered
6 throughout a vast area of approximately 11,400 square miles
7 and identify the exact components of that system that
8 serves each customer and allocate those costs precisely
9 such that only cost causers shoulder all the respective
10 costs", right?

11 A Correct.

12 Q Now regarding the scope of the study,
13 Mr. Terhune is specific that he's not proposing that the
14 \$4.8 million (sic) customer meter points be classified as
15 served at 4 kV or by single phase, two phase, or three
16 phase primary line connections, right?

17 A He did not specifically say for all 4.8
18 million customers.

19 Q Rather, if you look back in his rebuttal
20 testimony, you see that Mr. Terhune is advocating a
21 statistically valid sample of the customer classes,
22 correct?

23 A Yes.

24 Q In addition, Mr. Terhune is not proposing

1 to have existing shared line distribution line plant
2 accounts reclassified by number or phase -- by number of
3 phases or primary voltage, correct?

4 A That's what he states.

5 Q Further, Mr. Terhune's belief is that
6 additional field sampling is not required, correct?

7 A Can you point to where he says that?

8 Q In his rebuttal testimony, lines 281 to
9 290.

10 A Okay. Here it is. Yes, I see he says
11 that.

12 Q He points to the Christensen Associates --
13 I'm sorry. The Christensen Associates' distribution study
14 that was done as a result of the Commission's order in the
15 2010 ComEd rate case as showing that ComEd's internal
16 records, including circuit maps, CEGIS, and other digital
17 data collections reflected ComEd's actual facilities in the
18 field with appropriate accuracy, correct?

19 MR. FEELEY: I'm going to object to this line
20 of questioning, referring to this witness's rebuttal
21 testimony, just reading it into the record, and having my
22 witness say, "Yeah, he said that". I mean, we're going to
23 be here all day. Does he have any questions about my
24 witness's testimony here?

1 ALJ HILLIARD: Where are you going with this?

2 MR. TOWNSEND: Well, again, the
3 characterization that is in Mr. Johnson's testimony
4 suggests that there would be a certain type of study. This
5 is designed to highlight that the actual recommendation of
6 this witness doesn't line up with the description that was
7 given by Mr. Johnson of having that type of study done.

8 ALJ HILLIARD: Can you just ask him that
9 question?

10 Q Would you agree, Mr. Johnson, that the
11 type of study that Mr. Terhune describes in his rebuttal
12 testimony is not the same type of testimony that -- the
13 same type of study that's described in your rebuttal
14 testimony?

15 A That's correct.

16 Q Thank you. Now, while we're discussing
17 the Christensen Associates -- Association -- the
18 Christensen -- can we call it the CA distribution study?

19 A I prefer that.

20 Q Okay. Me too. The CA distribution study,
21 while we're talking about the CA distribution study, you
22 recommend adoption of the findings and recommendations of
23 that study, other than those pertaining to the allocation
24 of costs associated with the 4 kV facilities, right?

1 A Yes.

2 Q And you made that statement on page 4, the
3 last page of your direct testimony, in a section entitled,
4 "Summary of Findings and Recommendations", right?

5 A Yes.

6 Q But nowhere in your direct testimony did
7 you explain why you favor the exclusion of costs related to
8 the 4 kV facilities, correct?

9 A Not to the exclusion of the 4 kV
10 facilities, no.

11 Q And is that still your recommendation?

12 A To exclude the 4 kV facilities?

13 Q Yes.

14 A Yes.

15 Q Your rebuttal testimony does not explain
16 why that's your preferred approach, does it?

17 A Well, by suggesting that I don't agree
18 with the -- by my recommendation that the Commission reject
19 REACT's IIEC and CTA/Metra's proposal regarding the
20 allocation of primary and secondary distribution system,
21 I'm -- my reasoning in this Q and A is why I don't
22 recommend the 4 kV.

23 ALJ HILLIARD: Be eliminated?

24 THE WITNESS: Right.

1 ALJ HILLIARD: All right.

2 Q Would you agree that in the 2010 rate
3 case, the Commission called for further refinement of the
4 ECOSSE and directed ComEd to study the use of 4 kV
5 facilities?

6 A Yes.

7 MR. TOWNSEND: Okay. If you'd please hand
8 Mr. Johnson what's been marked pdf 6 I sent down.

9 ALJ HILLIARD: All right. We'll make this
10 REACT Cross Exhibit 6.

11 Q REACT Cross Exhibit 6 Johnson.

12 (Pause)

13 Q I direct your attention to the final
14 paragraph on page 191. There it says that, quote, "As set
15 forth in the issues below, the Commission concludes that
16 ComEd must perform an investigation of the extra large load
17 customer classes. Included in that study shall be
18 assessment of whether these customers use 4 kV service; and
19 if so, to what extent and also whether the NCP, which is
20 non-coincident peak, or CP, coincident peak, allocator is
21 an accurate allocator for these customers. The Commission
22 acknowledges in the past it has declined to require a study
23 regarding this class of customers. However, that was
24 before REACT presented an engineer who analyzed the

1 evidence that ComEd provided to him and concluded that
2 these customers used very little single, two-phase, or four
3 kV service, if any. The Commission notes that Mr. Terhune
4 analyzed documents regarding 45 of the 57 extra large load
5 customers". Right?

6 A Yes.

7 Q And that is the study that is represented
8 in the CA distribution study, correct?

9 A Yes.

10 Q And you don't take issue with the way in
11 which that study was conducted with regards to the 4 kV
12 facilities, do you?

13 A As you pointed out, I'm not an engineer,
14 so from an engineering perspective, I can't really answer
15 that. But overall, I think the firm they hired did a good
16 job on the CA distribution study.

17 Q Let's switch to a new subject: Customer
18 care costs. You're familiar with that concept, right?

19 A Yes.

20 Q Can we agree that customer care costs
21 represent those costs that ComEd incurs to provide customer
22 service for its delivery services and supply customers,
23 including the calculation and generation of bills, tracking
24 and maintaining customer information, mailing of bills,

1 responding to customer phone calls, metering services,
2 payment processing, credit and collections and general
3 customer relations activities?

4 A That's quite a few. Yes, I agree.

5 Q Okay. And the question Mr. Merola raises
6 on behalf of REACT about customer care costs is about how
7 they are allocated between ComEd's delivery services
8 function and its supply function, right?

9 A Yes.

10 Q And you're aware that this issue has been
11 raised in previous ComEd cases?

12 A Yes. In fact, I talked about that in my
13 testimony.

14 Q You're aware that in the final order in
15 the Commission's -- strike that.

16 You're aware that in the final order in
17 ComEd's 2010 rate case, the Commission addressed the issue
18 of customer care costs, right?

19 A Yes.

20 Q And you'd agree that the Commission
21 explicitly stated that the issue of customer care cost
22 allocation should continue to be explored in the future as
23 market conditions continue to evolve, right?

24 A That's kind of familiar. I'd like to look

1 at that in the order, though, to verify.

2 Q Okay.

3 A What page of the final order is that?

4 Q Page 210 of the final order. If you're
5 looking for the pdf file, it's pdf 9.

6 A I actually have a copy of the order in
7 front of me. If you could tell me -- it's on page 210, you
8 said. Where at?

9 Q I think, to use Mr. Gower's term, the
10 penultimate paragraph. It begins "However". It says
11 there, quote, "However, the alternative electric supplier
12 market is just beginning to blossom. It is possible that
13 in the future, ComEd's customer care costs could differ
14 from what they are now in terms of the amounts involved and
15 types of services involved as items like IT interfacing
16 with alternative suppliers become more sophisticated.
17 Also, pursuant to ComEd's PORCB program -- that's Purchase
18 of Receivables Consolidated Billing program -- consolidated
19 billing is now an option, consolidated between the
20 alternative supplier and ComEd. Therefore, this issue
21 should continue to be explored in the future as market
22 conditions evolve". Correct?

23 A Yep. Yes.

24 Q And you would agree that market conditions

1 have changed substantially since the Commission issued its
2 final order, correct?

3 A Mr. Merola pointed out some differences
4 that occurred.

5 Q And you would agree that those have, in
6 fact, occurred?

7 A There have been some changes in the
8 percentage of customers taking service from RES.

9 Q And would you agree that ComEd has not
10 revised or updated its switching study?

11 A I would agree with that.

12 Q Now, in your rebuttal testimony, if you'd
13 turn to page 35 -- let me know when you're there.

14 A I'm there.

15 Q At lines 807 and 808 you say "I'm not
16 convinced that the Commission should re-examine this issue
17 at this time". Right?

18 A Correct.

19 Q And then you state, "First, the switching
20 study from 10-0467 found the cost of providing customer
21 care did not decrease as the number of customer switches
22 increased to 100 percent". Correct?

23 A Right.

24 Q We can agree that in 2010, when ComEd did

1 the switching study, there was actually hardly any
2 switching, right?

3 A That's correct. I don't know if I would
4 say "hardly any", but not as much as now.

5 Q You don't take issue with Mr. Merola's
6 figure that .03 percent of residential customers were
7 switched at the end of 2010, right?

8 A I do not.

9 Q And would you agree that the current
10 number of residential customers that have switched is in
11 excess of 60 percent?

12 A Well, I didn't verify the numbers. That's
13 what Mr. Merola shows.

14 Q And you didn't take issue with that
15 figure?

16 A I didn't. No, I didn't take issue with
17 the figures.

18 Q You'd say that's a substantial change in
19 the market, wouldn't you, .03 percent to 68 -- withdraw the
20 question.

21 But at the time, ComEd -- for the 2010 rate
22 case, ComEd was simply making an educated guess about the
23 affect switching would have, because there was hardly any
24 switching, right?

1 A Well, I don't know if I would use the word
2 "educated". I know it was a study that they performed. I
3 wouldn't say it was uneducated either. I think they
4 performed the study like they were supposed to do it.

5 Q It was based upon a hypothetical at the
6 time, right?

7 A I'm not positive about that.

8 Q So you're not really familiar with the
9 switching study that ComEd did in 2010?

10 A Not in detail, no.

11 Q But you would agree that the facts on the
12 ground today are very different than they were in 2010,
13 right?

14 A I would agree that there's been a move of
15 customers in the RES.

16 Q And there's also been market changes
17 associated with municipal aggregation, correct?

18 A I have read about that, yes.

19 Q And are you aware that with municipal
20 aggregation, the suppliers are using ComEd's PROCB, their
21 Purchase of Receivables Consolidated Billing program?

22 A I'm not familiar with that either.

23 Q So you don't know whether or not the use
24 of ComEd's PROCB program has changed significantly?

1 A I'm not sure if it's changed significantly
2 from 2010, no.

3 Q Now, in your rebuttal testimony at lines
4 818 to 824, you pointed to some overall increases in
5 customer care costs to suggest that those costs have gone
6 up and not down with increased customer switching, right?

7 A Yes. I took that from the company's
8 testimony, yes.

9 Q Now, you'd acknowledge that ComEd's Data
10 Request responses admit that ComEd doesn't track which
11 customer care costs are attributable to its delivery
12 services function versus its supply function, right?

13 A I would have to see the Data Requests.

14 Q Do you have a copy of Mr. Merola's
15 testimony? If not, it was also sent down; and we're
16 looking for the attachment to that testimony.

17 A Which, the direct or the rebuttal?

18 Q That would be his rebuttal testimony.

19 A And the attachment?

20 Q The Attachment 1.

21 A There aren't attachments with this -- oh,
22 here it is. Okay. And where should I --

23 Q Those are the responses to--

24 A I see the responses. Which one is it?

1 Q If you look, for example, at the responses
2 to REACT's Data Request 4.04 B, C and the responses to
3 that.

4 (Pause)

5 A Okay. I've read the response. What was
6 the question again?

7 Q Would you agree that ComEd does not track
8 the customer care costs that are attributed to the delivery
9 services function versus the supply services function?

10 A Well, I'm not getting that out of that
11 response.

12 Q Do you believe that ComEd does track the
13 customer care costs associated with supply versus delivery?

14 A I don't know.

15 Q Okay. If a customer called ComEd's call
16 center and asked about the way in which ComEd's supply
17 rates are set, should the costs associated with that be
18 attributed to ComEd's delivery services function or its
19 supply function?

20 A Well, I'm not sure how their call center
21 works, so I don't know that I can answer that. I think
22 ComEd would be best answering that.

23 Q So, the numbers that you point to in your
24 rebuttal testimony simply came from ComEd, right?

1 A Which numbers?

2 Q With regards to the increased cost of
3 customer care.

4 A That's correct.

5 Q And you don't know if those numbers
6 accurately reflect cost factors that show customer care
7 costs that are properly allocated to the supply function
8 and the delivery services function, do you?

9 A Well, I -- you know, I took what ComEd
10 said; and you have to keep in mind that they're supposed to
11 be putting proper information on the record. So I'm
12 assuming these numbers are correct.

13 Q Well, for example, Mr. Donovan points to
14 an increase in billing costs from \$2.15 million (sic) to
15 2. -- to \$26.15 million, right?

16 A I'd have to see that, as well.

17 Q If you just want to refer to Mr. Merola's
18 testimony at page 16 lines 368 to 70.

19 (Pause)

20 A Have increased from \$22.15 million to
21 \$26.15 million.

22 Q Right?

23 A Correct.

24 Q But those increases are largely due to

1 postage rate increases, correct?

2 A That's what he says.

3 Q You'd agree that although ComEd issues
4 some bills that contain just delivery services charges, the
5 vast majority of bills that ComEd mails contain both supply
6 charges and delivery services charges, right?

7 A Again, I don't -- you know, I haven't
8 looked at all of their bills. I don't know what they send
9 out. I think that would be a question better asked of
10 them.

11 Q To the extent ComEd bills for its supply
12 function, should those costs associated with that billing
13 be attributed to its supply rates?

14 A I guess this all comes down to how their
15 process works where they do the billing and the sending out
16 of the bills. I'm not sure that I can answer that.

17 Q Do you think that that's a free function
18 somehow? Do you think there's zero costs associated with
19 processing that under the supply function?

20 MR. FEELEY: Objection. There's no
21 foundation. This witness says he's not familiar with it.

22 ALJ HILLIARD: You know, your time --
23 allocated time is almost up, and you're questioning him
24 about something that he's repeatedly said he knows very

1 little about.

2 MR. TOWNSEND: Fair enough. I'll move on,
3 Your Honor. Thank you.

4 Q Let's talk just briefly about the
5 electricity distribution tax, the IEDT, okay?

6 A Okay.

7 Q The issue is how that tax should be
8 collected, either based upon the amount of electricity used
9 by a given customer or through a distribution facility
10 charge, right?

11 A Yes.

12 Q You would agree that you don't take issue
13 with Mr. Fults' testimony that very large energy users who
14 have 24/7 operations pay a disproportionately large portion
15 of the tax, right?

16 A I don't -- I didn't agree with that in my
17 testimony. I was just stating what he said.

18 Q Right. But you didn't disagree with it
19 either, right?

20 A No.

21 Q Okay. You would agree that since 1998,
22 the way in which ComEd was assessed the IEDT has been based
23 upon the amount of electricity delivered, right?

24 A Since when?

1 Q 1998, the change in law that you quote.

2 A The quantity of electricity that is
3 delivered, yes.

4 Q And you acknowledge that from 1998 through
5 2011, ComEd collected this tax through its distribution
6 facility charge rather than based upon usage, correct?

7 A Yes.

8 Q And you would agree that you did not
9 identify any circumstance that changed in 2011 that would
10 justify ComEd changing the way in which it collected the
11 IEDT, right?

12 A Well, I'm confused on your question. The
13 law that came into effect, from what I can interpret, is
14 that it went to a kWh charge.

15 Q To ComEd, it's calculated based upon kWh,
16 correct?

17 A Yes.

18 Q But up until 2011, ComEd collected that
19 charge as a distribution facilities charge, correct?

20 A Yes, yes.

21 Q And that changed in 2011, correct?

22 A Yes, because of the law.

23 Q Because of the law or the Commission
24 order?

1 A Well, I would agree, I think it's a little
2 of both.

3 Q There wasn't a change in law in 2011 with
4 regards to this, was it? The law you're talking about came
5 into effect in 1998, right?

6 A Yes, you're correct, and the Commission
7 ordered it in the 2010 order.

8 Q 2010 rate case, which was entered in 2011,
9 right?

10 A Right.

11 Q And in your testimony, you didn't identify
12 any change in circumstance that would have justified the
13 way in which the Commission changed that collection, do
14 you?

15 A No. It was a Commission decision.

16 MR. TOWNSEND: No further questions.

17 ALJ HILLIARD: Next questioner, please.

18 MR. TOWNSEND: Can we move into evidence, Your
19 Honor, REACT Cross Exhibit 5 Johnson, the work paper of Mr.
20 Johnson for his rebuttal?

21 ALJ HILLIARD: Any objection?

22 MR. FEELEY: Can we wait until after other
23 cross, so I have a chance to confer with my witness?

24 ALJ HILLIARD: All right. We'll hold up

1 ruling on the motion to admit REACT Cross Exhibit 5 until
2 Mr. Feeley has had a chance to confer with his witness.

3 MR. TOWNSEND: Thank you, Your Honor.

4 ALJ HILLIARD: Who is up next?

5

6 CROSS EXAMINATION

7 QUESTIONS BY MR. ROBERTSON:

8 Q Good afternoon, Mr. Johnson. My name is
9 Eric Robertson. I represent the Illinois Central Energy
10 Consumers.

11 A Hi, Mr. Robertson.

12 Q I'd like to refer you to page 6 of your
13 rebuttal testimony, if I may.

14 (Pause)

15 Q At lines 134 through 136, you state that
16 "The project team found through direct observation that
17 combination poles exist to accommodate primary lines first
18 and foremost". Is that correct?

19 A Yes, that's what the testimony states.

20 Q Now, what specific things did -- and the
21 project team you're referring to, we'll call it the CA,
22 Christensen Associates project team; is that correct?

23 A Yes.

24 Q And --

1 ALJ HILLIARD: I think we called it the CA
2 Associates study, or the CA distribution study.

3 MR. JOHNSON: CA distribution study.

4 Q Now, what specific things did the project
5 team observe that led them to this finding?

6 A I would have to look at the study to see
7 if they have it in there; otherwise, you may have to ask
8 them.

9 Q All right. So, as you sit there, you're
10 not aware of what specific things they looked at that led
11 them to that conclusion?

12 A Not off the top of my head, no.

13 Q Are you aware that ComEd witness William
14 O'Sheasy, who is the Vice-President of Christensen
15 Associates Energy Consultants, was part of that project
16 team?

17 A Does he say that in his testimony? I
18 believe you're correct, but --

19 Q Would you accept that subject to check?

20 A You bet.

21 Q Are you aware that Mr. O'Sheasy states in
22 his rebuttal testimony that CA did not base its
23 recommendation on data collected during field reviews of
24 the ComEd system?

1 indicate that the attachment of secondary lines is a
2 convenience for a secondary service; is that correct?

3 A Correct.

4 Q Why would you ever attach a secondary line
5 to a combination pole?

6 A Well, I'm not an engineer. What I'm doing
7 is taking the CA distribution study and taking the
8 consultants that they hired, who are engineers, and taking
9 the information that they provided as experts.

10 Q But the information you relied on, was it
11 your belief their direct observations led them to their
12 conclusions? But they testified that that's not the case;
13 isn't that correct?

14 A Well, what they testified to -- well,
15 you'd have to ask them what they're testifying to. What I
16 can read from it is that they found that those poles served
17 a different purpose.

18 Q So you've developed no opinion on your own
19 as to whether or not they are correct; you simply accepted
20 verbatim their study; is that correct?

21 A I accepted an expert engineer's results.

22 Q And do you have any feel for whether or
23 not it is necessary to have poles in order to provide
24 secondary service to customers?

1 A My minimal understanding of the poles is
2 that there -- if you were just going to have secondary
3 lines on poles, the poles would be a different type of pole
4 that would be less costly.

5 Q What I'm asking, though, is do you agree
6 that in order to provide secondary service, you would have
7 to have poles?

8 A Yes, you'd have to have poles.

9 Q Okay. Now, I take it from your prior
10 answer that you would agree that if it was necessary to
11 provide secondary service and those combination poles were
12 not available to attach the secondary lines to, it would be
13 necessary for ComEd to install poles in order to provide
14 that service to those secondary customers.

15 A If there were no poles available, they
16 would have to have poles.

17 Q And those poles would have a cost, would
18 they not?

19 A Yes.

20 Q And that cost would include not only the
21 cost of the poles, but the cost of installing the poles; is
22 that correct?

23 A I would assume.

24 Q Now, I'm going to ask you this question,

1 but I suspect I already know the answer.

2 Do you have any idea what the cost of the
3 poles, including installation, would be for secondary
4 customers?

5 A No.

6 Q Now, could you please turn to page 15 of
7 your rebuttal testimony?

8 (Pause)

9 A Okay. I'm there.

10 Q Now, at page 15, lines 337 through 340,
11 you characterize Mr. Stephens' recommendation. Is that
12 correct?

13 A Yes, I tried to summarize it.

14 Q All right. Now, would you agree, subject
15 to check, that Mr. Stephens' recommendation is that the
16 Commission direct the company and interested parties to
17 review the merit of segregating the primary delivery system
18 costs into single phase and three phase components and
19 assigning the single phase cost exclusively to secondary
20 customers? And you can check his testimony at IIEC Exhibit
21 1.0, page 2, lines 32-36; page 11, lines 233 to 236.

22 (Pause)

23 A Just a second here. You got ahead of me.
24 Is that direct testimony or rebuttal?

1 Q Direct. Probably the easiest way to find
2 it is on page 2 where he summarizes his positions, lines 32
3 through 36.

4 A Yes, I see that he says that.

5 Q Now, would you also agree that at that
6 same location, he discusses the best method -- that the
7 parties should also discuss the best method to estimate the
8 single phase primary cost to be assigned to secondary
9 customers?

10 A He says the parties should discuss that.

11 Q Does Mr. Stephens specifically state
12 anywhere, at the two locations that I've identified in this
13 testimony, that he recommends a specific method for
14 segregating the primary delivery system costs in this case?

15 A I don't see where you mentioned where he
16 says anything specific.

17 Q Now, if the Commission adopted
18 Mr. Stephens' recommendation with regard to studying the
19 merits of these issues, would the Staff participate?

20 A Well, I guess that would be up to the
21 Commission, if they wanted Staff to participate; and I'm
22 not sure. You know, I would think you would need engineers
23 and probably rate staff both. But I guess that would be up
24 to the Commission.

1 Q Now, page 16 of your rebuttal testimony.

2 (Pause)

3 A Yes.

4 Q Referring to lines 377 through 381.

5 A Yes.

6 Q Now, your position is that IIEC's
7 proposals for allocation and segregation of secondary -- or
8 single phase components for secondary customers was
9 rejected by the Commission in the last case; is that
10 correct?

11 A Yes.

12 Q Now, would you agree -- do you have a copy
13 of the Commission's order from the last case?

14 A I do.

15 Q You can probably get it quicker than I
16 will, but would you take a look at page 176?

17 (Pause)

18 A Okay. I'm there.

19 Q All right. I'm sorry. I thought I had
20 it -- it would open up to the page that I wanted. It's
21 not. Hang on just a second.

22 (Pause)

23 Q Now, in the first full paragraph,
24 Commission's conclusion in the next to the last sentence --

1 MR. FEELEY: I'm sorry. What page again?

2 Q 176. Do you see that?

3 A Yes, I do.

4 Q Now, would you agree or disagree that the
5 Commission appears to be suggesting that it is not adopting
6 IIEC's position at this time?

7 A Would you state the question again,
8 please?

9 MR. ROBERTSON: Would you read back for him,
10 please?

11 ALJ HILLIARD: Miss Reporter, would you read
12 back, please?

13 THE WITNESS: I'm sorry. I did not hear that
14 question.

15 ALJ HILLIARD: Speak into the microphone.
16 (Court Reporter read back.)

17 A I would agree with that.

18 Q Okay.

19 A From my reading of it.

20 Q Okay. And that suggests the possibility
21 that the Commission would consider it at a later time, does
22 it not?

23 A You know, that's really up to the
24 Commission to decide, but --

1 A Well, I mean, I can read what the order
2 says.

3 Q I'm just asking, do you agree that they
4 make the statement that further segmentation of ComEd's
5 costs may be necessary?

6 A That's what the order says.

7 Q Okay. So would you agree with me that
8 based on a reading of the order, it is not -- I know the
9 Commission will have to decide later, but at least given
10 the language of the order, it is not clear that IIEC's
11 proposal was outright rejected on its merits; is that
12 correct?

13 A I think that's where any person can come
14 to whatever decision they want. I mean, it also says on
15 here, "The Commission therefore concludes that on an
16 evidentiary basis the IIEC's arguments fail here".

17 Q And the arguments they're referring to are
18 the arguments that are discussed earlier in that paragraph,
19 right?

20 A Yes.

21 Q Okay. All right. I'd like you to refer
22 to page 17 of your rebuttal, please.

23 A Okay. I'm there.

24 Q Now, at lines 390 through 393 you state,

1 "It is unclear whether there are certain components of the
2 distribution system that are put in place because of
3 certain customers, but yet the costs are recovered from all
4 customers". Is that correct?

5 A Correct.

6 Q Why is that unclear to you?

7 A Excuse me?

8 Q What study or analysis have you conducted
9 to support that statement?

10 A I haven't done a study.

11 Q Okay. Why is it unclear to you then?

12 A Well, because, as an example, if you have
13 a residential area that has single phase line running to it
14 and a larger customer comes out there and they're in need
15 of three phase service, well, when they run that three
16 phase service, three phase service is more expensive to run
17 than single phase, and if they have to run it because of
18 that new customer and the secondary customers do not need
19 that service, then those are greater costs on the system as
20 a whole, for all customers.

21 Q Okay.

22 A This is a -- I mean, I can't point to a
23 specific study. This is just -- this is a hypothetical.

24 Q All right. But -- okay. You testified

1 previously you're not an engineer and not familiar with the
2 construction or operation of an electric utility system; is
3 that correct?

4 A That's correct.

5 Q All right. So, this is speculation on
6 your part; would you agree?

7 A It is my understanding with the
8 discussions I've had with Staff.

9 Q So, your understanding is based on
10 conversations you've had with other people and not on the
11 testimony offered in this case?

12 A With Engineering Staff.

13 Q Now, in preparing your rebuttal, you
14 reviewed the direct testimony of Mr. Stephens; is that
15 correct?

16 A Yes.

17 Q And would you take a look at page 19,
18 Table 1?

19 A Of his testimony?

20 Q Of Mr. Stephen's testimony, yes, please.

21 (Pause)

22 A And which page did you say again, please?

23 Q Page 19.

24 (Pause)

1 Q I'm sorry. It's his rebuttal testimony.

2 (Pause)

3 A Okay.

4 Q Now, looking at Table 1, he provides
5 examples of ComEd's allocation by exclusion in that table,
6 and he refers to high voltage ESS equipment. Is that
7 correct?

8 A I see that.

9 Q Now, do you know whether high voltage ESS
10 transformers are used as substations to serve high voltage
11 customers?

12 A I don't know for a fact, because I'm not
13 an engineer, but I would assume.

14 Q All right. Assuming that's the case,
15 would you agree, subject to check, that they are not -- the
16 cost of those facilities are not allocated in any other
17 customer classes other than the high voltage class?

18 A I would agree.

19 Q All right. Now, referring to the bottom
20 of page 16 of your rebuttal testimony, beginning at line
21 387, you testify -- I'm sorry. Beginning at line 389, you
22 testify, "One must consider whether the allocation of all
23 other system components have also been taken into
24 consideration". Are you suggesting that costs such as high

1 voltage ESS costs should be allocated to all customer
2 classes?

3 A No, I'm not suggesting that.

4 Q Okay. Would you say that they should be
5 allocated to all customer classes because we do not know
6 whether all other system components have been taken into
7 consideration in making that allocation?

8 A Well, it's my understanding that
9 allocation is a direct assignment to those customers.

10 Q Well, do you know how that direct
11 assignment is made?

12 A Do they know that that is attributed to
13 those customers only, certain customers.

14 Q But did they make that assignment without
15 considering whether other system components have been taken
16 into consideration on the ComEd system?

17 A That one specific allocation, no. I'm
18 talking about the whole class.

19 Q So it's not necessary to take into
20 consideration whether other -- to consider or know whether
21 all other system components have been taken into
22 consideration in making certain allocations; is that
23 correct?

24 A No, it's not.

1 Q All right. What other components of the
2 system do you need to take into consideration in making the
3 allocation of the ESS cost?

4 A What you need to do is look at the whole
5 high voltage class. That's what I'm suggesting.

6 Q Okay. So you need to look at the whole
7 class?

8 A Because not all of the costs in that class
9 are directly assigned. That's only one portion of them.

10 Q Now, you state at lines 393 through 398
11 that, "It's not feasible to identify the exact components
12 of the ComEd system that serve each customer and allocate
13 those costs precisely such that only cost causers shoulder
14 all respective costs." Is that correct?

15 A Yes.

16 Q Has Mr. Stephens proposed that you
17 identify the exact components of the ComEd system that
18 serve each customer?

19 A He has not.

20 Q And allocate those costs precisely?

21 A He has not.

22 Q Last set of questions, Mr. Johnson.

23 Do you know for the period 1999 through 2010
24 how ComEd allocated Illinois Electric Distribution Tax

1 costs among its customer classes?

2 A I believe it's through the distribution
3 facilities charge.

4 Q No, not talking about how they collected
5 them. I'm talking about how they allocated them.

6 A Oh. It was a tax that was based upon
7 invested capital.

8 Q Now, is there any reason why the Illinois
9 distribution tax couldn't be allocated among the classes on
10 a -- the basis of kWh delivered and collected through
11 ComEd's distribution facilities charge?

12 A Well, the only reason that I think you
13 couldn't is because the Commission says you shouldn't.

14 Q I'm not talking about what the Commission
15 may or may not say. I'm asking you, is there --

16 MR. FEELEY: Mr. Robertson, can he finish his
17 answer?

18 MR. ROBERTSON: I'm trying to explain to him
19 my question.

20 I'm sorry, Your Honor.

21 Finish your answer, Mr. Johnson.

22 THE WITNESS: That was the end of my answer.

23 Q All right. Now my question is, other than
24 the -- whatever the Commission might do, what from the

1 point of view of a rate design expert would keep you from
2 allocating the cost among the customer classes on a cents
3 per kWh and collecting them on a distribution facilities
4 charge?

5 A Well, from a rate design perspective, I
6 try to follow what the Commission says.

7 Q Well, I understand that.

8 ALJ HILLIARD: Answer the question, sir.

9 MR. ROBERTSON: Thank you.

10 A Are you -- I guess are you asking is it
11 plausible to do that? And can you do it?

12 Q Yes.

13 A Yes, it's possible to.

14 MR. ROBERTSON: All right. Thank you. I have
15 nothing further. Thank you.

16 ALJ HILLIARD: Next questioner, please.

17

18 CROSS EXAMINATION

19 QUESTIONS BY MR. GOWER:

20 Q Good afternoon, Mr. Johnson. My name is
21 Ed Gower. I represent Metra in this matter.

22 A Hello, Mr. Gower.

23 Q Hello. Mr. Johnson, are you familiar with
24 the Railroad Class?

1 A Yes.

2 Q And you're aware that it only has two
3 members in it; is that correct?

4 A That's my understanding.

5 Q And even though you do not get to travel
6 to Chicago to testify in person in Chicago rate cases, I
7 assume you're familiar with both Metra and the CTA?

8 A I use them quite frequently.

9 Q Good. Are you familiar with the
10 railroads' historical efforts to eliminate the cost of
11 lines and facilities utilizing voltages of less than 12 kV
12 from the costs assigned to the Railroad Class?

13 A I know it's been discussed in other cases.

14 Q In fact, it was an issue in the 2007
15 delivery services rate case in Docket 07-0566; correct?

16 A I'll take your word for it. I recall
17 that, but I don't have the documents right in front of me.

18 Q I understand. And do you recall that it
19 was also an issue in the rate design investigation, which
20 was ICC Docket 08-0532?

21 A Again, I remember reading about it, but I
22 don't have that information in front of me.

23 Q Do you recall that it was an issue that
24 was discussed and addressed in ComEd's 2010 general

1 delivery services rate case, which was ICC Docket 10-0467?

2 A Yes.

3 Q Okay. And are you familiar with the
4 language in the final order entered in ICC Docket 10-0467
5 concerning the elimination of the costs assigned to the
6 Railroad Class with respect to the costs of lines and
7 utilities -- excuse me, lines and facilities used at less
8 than 12 kV voltage?

9 A I was going to say I'm generally familiar,
10 but could you point me to the page?

11 Q I will. Do you recall any--

12 A Oh, yes.

13 Q As we sit here, without specific reference
14 to the document, do you recall there was language in that
15 order, directing ComEd to eliminate from the costs assigned
16 to the Railroad Class the costs of facilities utilizing
17 less than 12 kV voltage?

18 A I recall that discussion.

19 Q Now, are you familiar with the study that
20 has alternatively been referred to as the "Power Flow
21 Study" or the "Load Flow Study" that ComEd, Metra and the
22 CTA worked together on cooperatively that was filed in
23 Docket 10-0467?

24 A No, I'm not.

1 Q Have you ever discussed that Load Flow
2 Study or that Power Flow Study with any of the engineers at
3 the ICC?

4 A I have not.

5 Q And to your knowledge, did any of the
6 engineers at the ICC participate in the development of that
7 study?

8 A I believe there was some involvement.

9 Q And who do you think was involved from the
10 ICC in that study?

11 A Well, I'm not sure exactly. We have three
12 electrical engineers, so it would have to be one of those
13 three.

14 Q Did any of those engineers ever tell you
15 that they participated in any way, shape, or form in that
16 study?

17 A Specifically, no.

18 Q Do you have any personal knowledge that
19 any of those engineers participated in any way, shape, or
20 form in that study?

21 A I can't say that I do.

22 Q And you never read that study yourself,
23 have you?

24 A I have not.

1 Q Now, my interpretation of your testimony
2 is that you treat the -- how are we calling it -- the CA
3 Distribution Study, the Christensen Associates Energy
4 Consulting Analysis, eliminating from the costs assigned
5 the railroad cost of facilities carrying voltage under 12
6 kV, as an illustrative study reflecting the Railroad
7 Class's proposal. Is that a fair characterization?

8 A ComEd provided an illustrative study that
9 eliminated the 4 kV, below 12 kV, for the Railroad Class.

10 Q And in your testimony, didn't you refer to
11 that as the Railroad Class's study -- proposal? Excuse me.

12 A Could you point -- I'm not recalling that.
13 Could you point to a place in my testimony?

14 Q Well, there's a discussion in your
15 testimony, in your rebuttal testimony, and it begins at
16 line 383 on page 16, and it continues on to line 4 on page
17 18.

18 A Okay.

19 Q And it starts with the question, "What is
20 your assessment of the various parties' positions related
21 to the primary-secondary distribution system"? And it
22 concludes, the last sentence, "Accordingly, I recommend the
23 Commission reject REACT's, IIEC, and CTA/Metra's proposals
24 regarding the allegation of the primary-secondary

1 distribution system".

2 A Okay. I see that.

3 Q Okay. Aren't you referring to the study
4 that eliminated the 4 kV -- the costs of facilities under
5 12 kV from the Railroad Class, as the CTA/Metra proposal?

6 A Yes.

7 Q Okay. And that was -- and is that based
8 on your interpretation of the final order in Docket
9 10-0467, that is -- do you know the origin of the report
10 that Metra prepared -- excuse me. Let me start again.

11 Do you believe that the Cost of Service Study
12 that deletes from the Railroad Class the cost of facilities
13 under 12 kV was a result of the final order issued in
14 Docket 10-0467?

15 A That was one of the directives, for ComEd
16 to provide a Cost of Service Study that excluded those
17 costs for the Railroad Class.

18 Q And you personally are opposed and
19 recommend that the Commission not approve elimination of
20 the under 12 kV costs from the costs assigned to the
21 Railroad Class; is that correct?

22 A That's correct.

23 Q And that's based upon the concerns that
24 you express starting on page 16 of your rebuttal testimony

1 that we just referenced; that is, starting with the
2 question on line 383 and continuing through line 4 on page
3 18. Is that correct?

4 A Yes.

5 Q Okay. Let's go through your arguments, if
6 we could.

7 If you take a look, you start by saying, when
8 allocating -- you were asked when -- at line 383, you were
9 asked, "When is your assessment of the various parties'
10 positions" -- "What is your assessment of the various
11 position -- parties' positions relating to the primary and
12 secondary distribution system"? Do you see that question?

13 A Yes.

14 Q And your answer, I'm just going to read it
15 to you. "When allocating costs associated with the
16 distribution system among customer classes, care must be
17 taken to recognize the distribution system is a large
18 interconnected system that serves all customers. Thus, if
19 one proposes that costs associated with a certain component
20 of the distribution system should not be allocated to its
21 customers, one must consider whether allocation of all
22 other system component costs have also been taken into
23 consideration.

24 "For example, it's unclear whether there are

1 certain components of the distribution system that are put
2 in place because of certain customers, yet the costs are
3 recovered from all customers. It's not feasible to take a
4 system that serves approximately 3.8 million residential,
5 commercial, industrial, customers geographically scattered
6 through an area of approximately 11,400 square miles and
7 identify the exact components of that system that serves
8 each customer and allocate those costs precisely such that
9 only cost causers shoulder all of the respective costs".

10 Do you see that?

11 A Yes.

12 Q And I believe you just previously
13 testified in response to Mr. Robertson's questions that you
14 were really -- when you made that testimony and rendered
15 that opinion, you were really relying upon the information
16 and advice you received from the engineers on staff at the
17 ICC, correct?

18 A Not with reference to that, I don't
19 believe.

20 Q Okay. Do you have knowledge of the
21 Commonwealth Edison distribution system and the
22 interrelationship of the various components of that system
23 with respect to services to various customers?

24 A Not the engineering component.

1 Q Are you familiar -- can you tell me
2 what -- well, all right.

3 I just read to you, accurately, your testimony
4 in part in response to that question, correct?

5 A Yes.

6 Q And do you know whether the Commission
7 ever considered that very same argument with respect to the
8 Railroad Class's request for elimination of 4 kV and lower
9 voltage costs from its costs?

10 A Whether the Commission has addressed
11 whether 4 -- or the 12 kV and below costs should be
12 allocated to the Railroad Class?

13 Q Whether the Commission ever rejected the
14 same argument you made in the testimony I just read to you.

15 A Oh. No, I'm not certain of that, no.

16 Q All right. Did whoever is providing you
17 with exhibits provide you with a copy of a Metra Cross
18 Exhibit 1?

19 A Okay. I have it in front of me.

20 Q Do you have Metra Cross Exhibit 1 in front
21 of you?

22 A Yes.

23 Q That -- I'll represent to you --

24 MR. FEELEY: Can I have a copy?

1 MR. GOWER: I gave you a copy previously.

2 MR. FEELEY: Okay. Thank you.

3 Q I'll represent to you that Metra Cross
4 Exhibit 1 is a photocopy of the front page of the order
5 issued by -- the final order issued by the Commission in
6 Docket 10-0467 on May 24, 2011, and attached to it are
7 pages -- or excerpts from that order, pages 190 and 191.
8 If you would, turn to the page 191, sir.

9 A Okay.

10 Q If you'd look at the paragraph, the last
11 sentence of the paragraph that continues from the prior
12 page, the statement says, "Based on the evidence provided,
13 it's clear that the Railroad Class does not and probably
14 will never take service at 4 kV." Do you see that?

15 A I do.

16 Q And then the next paragraph says, "The
17 question then becomes whether this fact justifies requiring
18 ComEd to exclude 4 kV costs in a future cost of service
19 study. ComEd argues essentially that its customers in
20 general must pay a percentage of the whole of the cost, as
21 they have usage of the system as a whole. This contention
22 is not without merit as at some point, exclusion of certain
23 asset costs for a particular group of customers could
24 result in the distortion of the price that all customers

1 must pay to benefit from use of the utility".

2 Do you see that?

3 A Yes.

4 Q That's essentially the same argument that
5 you're making in the language I read to you, isn't it?
6 It's an interrelated system and you can't segregate costs;
7 isn't that your argument?

8 A I guess in some ways it's related, yes.

9 Q Okay. And then if you read the next
10 paragraph, that next paragraph, "However, the Commission
11 need not decide this issue with respect to the Railroad
12 Class. ComEd has had for many decades a unique
13 relationship with the CTA and Metra. Proof of this unique
14 relationship can be found in the fact that ComEd has
15 contracts with these two entities. These contracts define
16 the relationship between ComEd and these two entities.
17 This is true because necessarily there's no point in
18 entering into a contract if the tariff governs all terms
19 and conditions between the parties.

20 "Also, ComEd uses railroad-owned facilities to
21 supply electricity to other customers; in fact, as is set
22 forth elsewhere wherein, in some cases ComEd is dependent
23 upon the railroad's facilities in order to supply
24 electricity to other non-railroad customers.

1 "The Railroad Class is truly -- the Railroad
2 Class is truly a unique case which has been segregated for
3 decades. It should be segregated here.

4 "The Commission also notes that while ComEd
5 maintains that it would be difficult and costly to
6 segregate out the 4 kV, this class has but two customers,
7 and the Load Flow Study presented herein should guide it".

8 Would you agree with me that the Commission
9 has specifically rejected the argument made in earlier
10 testimony with respect to not segregating railroad
11 facilities for cost causation purposes?

12 A I don't. That's not how I read it. I
13 don't think so.

14 Q Okay. Please explain to me why it is that
15 the passage I just read to you doesn't contain a conclusion
16 by the Commission that is appropriate to segregate the
17 railroads' facilities that it uses for cost causation
18 purposes.

19 A I'm not suggesting that they're not
20 recommending doing it, but I don't read in here that it
21 says it has to be, going forward. I just read that they
22 have to provide that type of study in the next case.

23 Q You don't read this to say that the
24 Commission specifically rejected the argument that it's

1 inappropriate to segregate out the Railroad Class
2 facilities?

3 A No.

4 Q Um-hum. Okay.

5 All right. Let's go back to your testimony.
6 You go through, starting at lines 400 and continuing on to
7 421, you go through extended hypotheticals, and you
8 conclude, "In other words this response indicates that
9 there are instances when a portion of the costs incurred to
10 serve a specific class of customer could also be charged by
11 the company to other customer classes". Do you see that?

12 A Yes.

13 Q And would you agree with me that the
14 Commission has considered that and rejected that argument
15 in its conclusion in Case No. 10-0467?

16 A Could you point me to the order?

17 Q That's all right. I'll just move on.

18 Look at the rest of your testimony there,
19 starting at 421 continuing on. You say, "Thus the
20 Commission should exercise caution when considering a
21 request for certain segments of the distribution system to
22 be excluded from the revenue requirement for one class
23 without applying the same approach to all other classes.
24 The result may be the reallocation of costs between classes

1 that is not equitable because each class holds
2 responsibility for costs associated with the distribution
3 system have not been precisely or accurately taken into
4 account in a consistent manner". Do you see that?

5 A Yes.

6 Q Based on the language that we just read in
7 Docket No. 10-0467, would you agree with me that the
8 Commission considered the argument that the Railroad
9 Class's costs -- excuse me -- that the facilities used to
10 serve the railroad should not be segmented from ComEd's
11 other costs? Did that come out in English? Let me try it
12 again.

13 ALJ HILLIARD: Segregated?

14 Q Yes, let me reask the question. I'm
15 sorry.

16 Would you agree with me that your argument
17 that it is inappropriate to segregate a particular class's
18 costs from the system as a whole was specifically rejected
19 by the Commission in the language of the order that we just
20 read in Docket No. 10-0467 on page 191?

21 A I think the Commission discussed that very
22 issue in that order, but, like I said, I don't think --
23 that was for that case. They wanted, going forward, to see
24 what this would look like and see if it should be done, I

1 believe.

2 Q Okay. You are an employee and a member of
3 the ICC Staff; is that correct?

4 A Yes.

5 Q And could you just explain to me what
6 responsibilities you believe you have as a member of the
7 ICC Staff with respect to following prior ICC Commission
8 orders?

9 A Well, we try to follow what the Commission
10 says.

11 Q Okay. Now --

12 A Or interpret it the best we can.

13 Q Wouldn't you agree with me that since the
14 Railroad Class only takes service at 12.5 kV, it is never
15 going to use 4 kV and under facilities?

16 A Well, I'm not sure about that, because I
17 don't know if there are other facilities that the railroad
18 uses that may use those 4 kV or not.

19 Q Let's go back to the order then. Look
20 at -- if you would, please, start on the paragraph starting
21 on the bottom of page 190, continue on 191. It says "The
22 Commission additionally notes that even ComEd's witness
23 Hites (phonetic) testified that he knew of no 4 kV line
24 that serves the Railroad Class. In fact, the evidence

1 indicates that the Railroad Class -- that if the Railroad
2 Class did take service at 4 kV, it would be impracticable
3 and very costly, as all of the 4 kV equipment that would
4 have to be installed inside and upstream of the CTA
5 substations would have to be sized to handle at least three
6 times the electric current that's currently supplied
7 through the existing 12 kV equipment. Based on the
8 evidence provided, it's clear that the railroad does not
9 and probably never will take service at 4 kV." Do you
10 agree with the Commission's conclusion?

11 A I see that they say that.

12 Q Do you agree with the Commission's
13 conclusion?

14 A That the Railroad Class does not take
15 service at 4 kV?

16 Q With the language that I just read to you
17 out of the Commission order; do you agree with that or
18 disagree with that?

19 A Specifically what are you asking me?

20 Q Do you agree or disagree that it is clear
21 that the Railroad Class does not and probably will never
22 take service at 4 kV?

23 A That's what the Commission order says.

24 Q And do you agree with that?

1 ALJ HILLIARD: Answer the question. Yes or
2 no?

3 A Yes.

4 Q Now, when you quoted in your direct and
5 rebuttal testimony the Commission's ruling in Docket
6 10-0467 concerning the railroad class's responsibility for
7 costs associated under 12 kV, what language did you quote?

8 A Could you point me to that area of my
9 testimony, please?

10 Q Yeah. If you'd look at your direct
11 testimony, I believe it's page 35, lines 742 to 755. Do
12 you see that?

13 A Yes, I'm reading it right now.

14 Q Okay.

15 (Pause)

16 A Okay. I read it. What is your question
17 again, please?

18 Q Let me restate the question. Let me find
19 the language. That's the language that you quoted as to
20 what the Commission directed ComEd to do with respect to
21 this case, right?

22 A Yes.

23 Q And that language that you quoted is
24 identical to the language that you quoted for exactly that

1 same purpose in your rebuttal testimony, starting on page
2 15 at line 357 and continuing on to page 16, line 370; is
3 that correct?

4 A Yes.

5 Q What -- referring back now to -- referring
6 back to Metra Cross Exhibit 1, could you find that language
7 in the order on page 191?

8 If you want some help it's in the first full
9 paragraph about midway down. It starts, "Pursuant to that
10 effort".

11 (Pause)

12 A Okay. I see that.

13 Q Okay. That's the same language that you
14 quoted in both your direct and your rebuttal testimony,
15 correct?

16 A Yes.

17 Q Could you read the sentence that
18 immediately precedes that language?

19 A The one that says, "The Railroad Class is
20 truly a unique class which has been segregated for decades
21 and should be segregated here"?

22 Q No, the one immediately preceding the
23 language that you quote.

24 A Oh.

1 Q It starts, "The Commission directs". Do
2 you see that?

3 A Yes.

4 Q Okay.

5 A "The Commission therefore directs ComEd to
6 work with Metra and the CTA and Staff if appropriate to
7 study, define, and delete from the costs assigned to the
8 Railroad Class, the costs associated with the 4kV
9 facilities that are not used to serve the Railroad Class".

10 Q Okay. And when you quoted the
11 Commission's directive to ComEd for purposes of both your
12 direct and rebuttal testimony, you didn't quote that
13 sentence, did you?

14 A No, I don't think it's in there, no.

15 Q Can you tell us why you didn't quote the
16 sentence that directed ComEd to study, define, and delete
17 from the costs assigned to the Railroad Class the costs
18 that are associated with the 4 kV facilities not used to
19 serve the Railroad Class?

20 A Well, I don't know that I have a reason.
21 I mean, I wanted to point out that they were supposed to do
22 something for a Cost of Service Study.

23 Q Would you agree with me that it would have
24 been a more fair presentation if you told the Commission

1 and the parties in this case that ComEd had been directed
2 to delete from the Railroad Class the costs for under 12 kV
3 facilities?

4 A Well, it kind of says that in what I've
5 got here. It says it excludes the costs that are
6 associated with those facilities.

7 Q That says that's what the study is
8 supposed to do. The immediate preceding sentence told them
9 to take it out, didn't it, delete it?

10 A Yeah, I don't know that I can answer your
11 question of why I didn't put it in there. I just thought
12 it -- I thought it tied to what I put in there.

13 Q Now, you would agree with me, would you
14 not, that the Commission knows how to tell ComEd to conduct
15 a study for consideration in the next case, would you not?

16 A Yes.

17 Q Okay. In fact, if you look at the
18 language, for example, that you quote at lines 750 to 755
19 of your rebuttal testimony, that's exactly what the
20 Commission directed ComEd to do with respect to 4 kV costs
21 assigned the extra large load class.

22 A Yes.

23 Q They told them to investigate it, correct?

24 A Yes.

1 A Yes.

2 Q And that doesn't have any language in it
3 directing what conclusions should be arrived at, does it?

4 A It just said it will give the Commission
5 the opportunity to review and compare both methodologies
6 and reach a decision based on all of the relevant
7 information.

8 MR. GOWER: Would you read my question back,
9 please?

10 ALJ HILLIARD: It's a yes or no question, sir.

11 THE WITNESS: Could I hear the question again,
12 please?

13 ALJ HILLIARD: Please read back the question.

14 (Court Reporter read back.)

15 A That's correct.

16 Q And it has no language in it threatening
17 sanctions if the directive is not carried out, does it?

18 A No, it does not.

19 Q Okay. Now, Mr. Bachman testified in his
20 direct testimony -- excuse me. You're familiar with
21 Mr. Bachman, are you not, the CTA/Metra joint witness?

22 A Yes.

23 Q Mr. Bachman testified in his direct
24 testimony that in his opinion, it was inappropriate for

1 Christensen Energy, a consultant, to simply substitute its
2 engineering judgment for that of ComEd with respect to
3 allocation of costs for combination poles carrying both
4 primary and secondary voltage lines, correct?

5 A That's correct.

6 Q And you criticized Mr. Bachman in your
7 testimony, based upon your belief that Christensen had
8 supported its engineering judgment with direct observation,
9 as required by the Commission order and Docket 10-0467,
10 correct?

11 A I'm trying to find that.

12 MR. FEELEY: Can you give the page reference?

13 MR. GOWER: Do you want to do this
14 examination?

15 MR. FEELEY: Can you give the page reference?

16 Q Do you recall that testimony?

17 MR. FEELEY: You're not going to give him the
18 page reference?

19 MR. GOWER: I will, if he doesn't recall.

20 MR. FEELEY: I'm asking for the page
21 reference.

22 MR. GOWER: Your Honor -- address the Court.

23 MR. FEELEY: Your Honor, I'd like the page
24 reference so I can find it here in my --

1 THE WITNESS: I was trying to find it in my
2 testimony.

3 Q All right. You don't recall that
4 testimony? Do you want me to direct you to a page number?

5 MR. FEELEY: No, he says he needs a page
6 reference. Can you please provide it?

7 ALJ HILLIARD: Mr. Feeley, he's exhausted the
8 witness's recollection. Now he's going to ask him if he
9 needs a page reference, and then you're going to get a page
10 reference.

11 BY MR. GOWER:

12 Q Sir, you don't recall the testimony
13 offhand, is that fair?

14 A I recall it, yes, but I still would like a
15 page number.

16 Q It is your rebuttal testimony starting at
17 page 6, lines 111 through 136.

18 (Pause)

19 A Okay. I'm there.

20 Q All right. My question was, you
21 criticized Mr. Bachman's testimony concerning substitution
22 of a consultant's engineering judgment for that of the
23 company, based upon your belief that Christensen had
24 supported its engineering judgment with direct observation,

1 as required in Docket No. 10-0467; is that correct?

2 A I said that the project team found through
3 direct observation the combination poles exist to
4 accommodate primary lines, first and foremost.

5 Q And that, in your opinion, was what
6 distinguished the Christensen analysis from that of the
7 ComEd engineer's judgment; is that correct?

8 A Well, it's just not just that. It's
9 their -- because they're professional engineers that are
10 hired to do this as well.

11 Q So you--

12 A It was their engineering judgment as well.

13 Q Okay. Was it your interpretation that the
14 Order 10-0467 required direct observation in order to
15 evaluate the allocation of cost responsibility for
16 combination poles?

17 A They were supposed to do a direct
18 observation to see if there was more accurate and
19 transparent differences between primary and secondary
20 costs.

21 Q Sir, look at your testimony where you --
22 starting at 113 through 131 where you quote from the
23 Commission order and after that, starting at line 132 you
24 say, "It is clear that physical inspections were to be used

1 to confirm whether the engineering judgment which was based
2 on a review of maps was a good representation of primary
3 and secondary costs." Let me ask you again. Did you
4 understand the order in 10-0467 to require ComEd to
5 undertake direct observation in order to determine the
6 allocation of costs for combined poles?

7 A Yes.

8 Q And you believed that Christensen and
9 Son -- excuse me. You believe that Christensen relied upon
10 direct observation to arrive at its conclusion that those
11 combined poles should be put in the shared cost category,
12 which is an allocation of the primary costs, right?

13 A If you'll give me a second, I want to pull
14 out that study.

15 (Pause)

16 Q Would you do me a favor and read back my
17 question, please?

18 ALJ HILLIARD: Would you read the question?

19 (Court Reporter read back.)

20 Q Could I just save you some time. Look at
21 your next statement in your testimony, line 134 through
22 line 136. It says, "The project team found through direct
23 observation that the combination poles exist to accommodate
24 primary lines first and foremost." Do you see that?

1 A Okay. I've had a chance to look at this.

2 Q Mr. Johnson, I've had marked Metra Cross
3 Exhibit 3 the front page of the Christensen Associates
4 report that was marked as ComEd Exhibit 3.07, filed in this
5 case.

6 A Yes.

7 Q And then pages 11 and 12 and 13 of that
8 document.

9 A Right.

10 Q And I'd ask you to look at the second full
11 paragraph on page 11.

12 A Okay. I've read that paragraph.

13 Q It says, "For poles that carry both
14 primary and secondary lines, paren (combination poles) end
15 paren, ComEd allocates 50 percent as secondary costs, 50
16 percent as primary or shared costs. Staff asserted that
17 direct observation could help refine this assumption. CA
18 Energy Consulting has a different perspective, which is
19 that direct observation can provide necessary information
20 regarding the number of combination poles in ComEd's
21 system, but it cannot provide information regarding how the
22 cost of such poles ought to be allocated." Do you see
23 that?

24 A I see that.

1 Q Having read that, would you agree with me
2 that Christensen Associates did not rely upon direct
3 observation for the conclusions that they reached with
4 respect to the allocation of cost for combination poles?

5 A It appears that they did not rely upon
6 direct observation to come up with their conclusion, but it
7 doesn't say that they didn't directly observe either.

8 Q All right. Let's take a step back.

9 Your testimony is based upon your belief, when
10 you prepared your testimony, that Christensen Associates
11 engaged in direct observation; is that correct?

12 A Yes.

13 Q And the language that I just read to you
14 specifically rejected direct observation as an effective
15 method of determining what the cost -- the cost allocation
16 for combined poles should be, correct?

17 A They --

18 Q Excuse me?

19 ALJ HILLIARD: Yes or no, sir.

20 A This study does not say they didn't
21 directly observe. I'm not convinced that they didn't go
22 out and directly observe that the poles are out there, but
23 their conclusion was not based on the direct observation.

24 Q And the direct -- whatever direct

1 observation that they did or didn't do didn't factor into
2 their analysis, and they didn't rely on it, because they
3 specifically rejected that as a means of determining how to
4 allocate those costs. Isn't that correct?

5 A You're correct.

6 Q All right.

7 ALJ HILLIARD: You're way past your time. How
8 much more do you have to go?

9 MR. GOWER: If you give me -- I think I'm
10 done. I just want to check my outline.

11 (Pause)

12 MR. GOWER: Those are all the questions I
13 have. Thank you very much, sir.

14 ALJ HILLIARD: CTA is next. Do you have any
15 questions, sir?

16 MR. BALOUGH: No questions, Your Honor.

17 ALJ HILLIARD: Mr. Feeley, you were going to
18 discuss with your witness whether or not REACT Cross
19 Exhibit 5 was something you wanted to object to. And you
20 might want to consider whether you want to do any redirect.

21 MR. FEELEY: Can we have some time?

22 ALJ HILLIARD: Yes.

23 (Recess)

24 ALJ HILLIARD: Go ahead, Mr. Gower.

1 MR. GOWER: Your Honor, I'd move for the
2 admission of Metra Cross Exhibit 3 into the record.
3 ALJ HILLIARD: Any objections?
4 MR. FEELEY: To be clear, that's the excerpts
5 from the CA study that was part of the ComEd exhibit, sir?
6 MR. GOWER: Yes, sir.
7 MR. FEELEY: No objection.
8 ALJ HILLIARD: All right. Metra Cross Exhibit
9 3 will be admitted. .
10 MR. GOWER: Thank you, Your Honor.
11 MR. FEELEY: And with regards to REACT Cross
12 Exhibit No. 5, which was a three-page document, we have no
13 objection to that.
14 ALJ HILLIARD: In that case, REACT Cross
15 Exhibit 5 will be admitted into the record.
16 Do you have any redirect for your witness?
17 MR. FEELEY: We have no redirect.
18 ALJ HILLIARD: Okay. Then, Mr. Johnson,
19 you're excused. Thank you very much.
20 (Witness excused.)
21 ALJ HILLIARD: Do we have the next person?
22 MR. ROONEY: We do.
23 MR. ROONEY: Your Honor, Mr. Hanser has not
24 been sworn in yet.

1 ALJ HILLIARD: Mr. Hanser, would you raise
2 your right hand to be sworn.

3

4 PHILIP HANSER, having been first duly sworn,
5 testified as follows:

6 ALJ HILLIARD: Do you have exhibits you want
7 to admit?

8 MR. ROONEY: Yes. I'll start.

9

10 DIRECT EXAMINATION

11 QUESTIONS BY MR. ROONEY:

12 Q Good afternoon, Mr. Hanser. Can you state
13 your name, spell your last name for the Court Reporter?

14 A Sure. Philip Q. Hanser, H-a-n-s-e-r.

15 Q And, Mr. Hanser, do you have before you a
16 document entitled "Surrebuttal Testimony of Philip Q.
17 Hanser", identified as ComEd Exhibit 10.0, and along with
18 it is attached ComEd Exhibit 10.1, which is your biography?

19 A I have 10 -- I don't have my biography
20 with me.

21 Q I'm sure you know it better than I do.

22 A I think if there are questions that come
23 up about my biography, I'll refer to the copy.

24 MR. ROONEY: Your Honor, those -- Mr. Hanser's

1 Rebuttal Testimony, Exhibit 10.0 and 10.1, were filed on
2 E-Docket on August 19th.

3 Q Mr. Hanser, do you have before you a
4 document entitled, "Surrebuttal Testimony of Phillip Q.
5 Hanser, identified as ComEd Exhibit 16.0 Corrected?

6 A Yes, I do.

7 Q And if I ask you the questions contained
8 in both your rebuttal and surrebuttal testimony, would your
9 answers be the same?

10 A Yes, they would.

11 MR. ROONEY: With that, Your Honor, we would
12 move for the admission of ComEd Exhibit 10.0, 10.1, and
13 16.0 Corrected.

14 ALJ HILLIARD: Objections?

15 (Pause)

16 ALJ HILLIARD: Hearing no objections, 10.0,
17 10.1 and 16.0 Corrected will be admitted into the record.

18 MR. ROONEY: Mr. Hanser is available for
19 cross-examination.

20 ALJ HILLIARD: Okay. Counsel, please.

21

22 CROSS EXAMINATION

23 QUESTIONS BY MR. GHOSHAL:

24 Q Good afternoon, Mr. Hanser. My name is

1 Orijit Ghoshal. I'm an Attorney for the City of Chicago.
2 I'll be asking you a few questions today about your
3 rebuttal and your surrebuttal testimony.

4 A Would you mind just spelling your last
5 name?

6 Q Sure. It's Ghoshal, G-h-o-s-h-a-l.

7 A Thank you.

8 Q You have your rebuttal and surrebuttal
9 testimonies available?

10 A Yes, they're in front of me.

11 Q Okay. I'm going to start with your
12 rebuttal testimony, ComEd Exhibit 10.0; page 7, lines 127
13 through 131. There you state, "Accordingly, a two-part
14 tariff where the fixed charge reflects those costs of
15 providing distribution services that do not vary with usage
16 and the variable charge reflects those costs that vary with
17 usage is the appropriate design for residential customers
18 who do not have a demand meter." Is that correct?

19 A Yes.

20 Q And does a demand meter measure the peak
21 demand of a customer?

22 A It measures -- depending on the kind of a
23 meter, but a demand meter measures the level of the demand
24 of a customer, depending on how it's done; sometimes at a

1 point in time, intervals or whatever. It depends on the
2 type of demand meter you're talking about.

3 ALJ HILLIARD: Could you pull the mic a little
4 closer, because I'm having trouble hearing you.

5 THE WITNESS: Sure. Is that better?

6 ALJ HILLIARD: We'll see.

7 THE WITNESS: We'll see. Thank you.

8 Q And the reason a two-part tariff is
9 appropriate for customers who do not have a demand meter is
10 because a three-part tariff would be the appropriate tariff
11 for customers who do have a demand meter; is that correct?

12 A No, not necessarily. It depends entirely
13 on criteria for doing the rate, the nature of the
14 customers, and so on. That point only says that if you
15 have simply an hourly, kilowatt hour functioning meter and
16 you have a tariff situation such as ComEd faces, it's
17 appropriate to have a straight fixed variable rate in which
18 the majority of the distribution charges -- or in this
19 case, half of the distribution charges -- are going to be
20 collected through the fixed portion of the rate.

21 Q So if the residential customers all had
22 demand meters, are you saying it would be inappropriate to
23 have a three-part tariff with the one part being demand?

24 A No. It would entirely depend on somebody

1 doing a study as for the appropriateness as to whether that
2 would be the way to do the rate.

3 Q And the appropriateness --

4 MR. ROONEY: Excuse me. Can he finish his
5 answer? I don't think he was done.

6 ALJ HILLIARD: Go ahead and finish your
7 answer.

8 A There are other criteria that occur that
9 need to be considered. For example, there are issues about
10 the complications of the rate, whether a rate that included
11 demand charge would be well understood by a residential
12 customer or small commercial customers. And so there are
13 questions of understandability, resulting behavior that
14 would result from that rate. So before anybody launches
15 into a change in rate -- of which this would be a
16 significant departure from the rate -- typically a utility
17 would enter into some sort of study to see whether or not
18 that was a reasonable way to do the rate or not.

19 Q And the core of the principles behind the
20 reasonableness of the rate design would be that charges
21 should reflect cost causation; is that correct?

22 A Well, that's among one of four standard
23 principles; and the standard principles are capital
24 attraction for the utility to ensure that, in fact, it can

1 operate its business and earns a reasonable rate of return
2 as a business.

3 The second criteria would be the consumer
4 rationing function and whether or not such a rate, in fact,
5 provides the consumer rationing behavior -- I'm sorry. I'm
6 trying to speak as loud as I can.

7 ALJ HILLIARD: Move the thing closer, because
8 you're difficult to understand.

9 THE WITNESS: How is that?

10 ALJ HILLIARD: Point it at chin level. That's
11 what they tell you.

12 (Pause)

13 THE WITNESS: I understand the issue and I'm
14 trying -- will try to be as loud as I can.

15 A There's the consumer rationing function
16 associated with rates, and so if the issue is whether or
17 not that consumer rationing function was appropriately
18 being performed by the rates, that's another issue.

19 Fairness of apportionment of costs, which is
20 the cost allocation part is another one. And, lastly,
21 there's a fourth criteria, which is managerial efficiency
22 and whether there's the appropriate efficiency incentive
23 provided by the rate, whether there are appropriate levels
24 of incentives provided by the rate that's being put in

1 place.

2 So allocation of cost and fairness of
3 apportionment of those costs is one of four criteria that are
4 typically considered primary.

5 The Commission, on the other hand, may have
6 other criteria that it would apply to a rate, and they have
7 to do with social issues that have nothing to do with those
8 criteria that are sort of the standard for rates that are
9 typical.

10 MR. GHOSHAL: Your Honor, I move to strike as
11 nonresponsive.

12 ALJ HILLIARD: I don't remember your question.
13 Miss Reporter, could you read the question
14 back?

15 (Court Reporter read back.)

16 MR. ROONEY: And, Your Honor --

17 ALJ HILLIARD: I think his answer was
18 responsive. It was also expansive, but I think it was
19 responsive. I'll deny the objection.

20 BY MR. GHOSHAL:

21 Q Mr. Hanser, can I direct you to the same
22 page, page 7, of your rebuttal, lines 126, 127? There you
23 state, quote, "The core of these principles continues a
24 notion that charges should reflect cause causation", end

1 quote. Is that correct?

2 A Sure. But it's not a criteria that exists
3 in the absence of the other three criteria that I discussed
4 and other considerations that may arise.

5 MR. GHOSHAL: Your Honor, move to strike
6 everything after "sure".

7 ALJ HILLIARD: I think he's allowed to answer
8 the question and he explained his answer. I think that's
9 okay. Denied.

10 Q Okay. At the bottom of page 7, lines 141
11 through 143, you state, quote, "If demand metering is
12 feasible, for example, when Advance Metering
13 Infrastructure, AMI, has been deployed, a demand charge
14 should be implemented as a third part of the tariff", end
15 quote. Do you still believe that today?

16 A Generally a demand charge is an
17 inappropriate charge of a three-part tariff. In the
18 specific circumstances of Commonwealth Edison, I don't -- I
19 haven't done a study to know whether that would be
20 appropriate to put into place.

21 Q Is that a yes or a no? Do you believe
22 that today?

23 ALJ HILLIARD: Try to say "yes" or "no" before
24 you launch into a dissertation.

1 A Yes, it's appropriate to use that rate,
2 but, again, as I said earlier, whether it's appropriate in
3 these particular circumstances depends on whether or not a
4 study has been performed and whether the goal for that rate
5 has been achieved.

6 Q Moving to page 9, lines 176 through 179,
7 there you state that, quote, "Acceptance and support for
8 services and products that serve to reduce kilowatt hour
9 consumption, such as energy efficiency services and
10 distributed generation, are more likely to be provided by a
11 distribution utility if it's revenues do not depend on the
12 extent of customer usage". Is that correct?

13 A Yes.

14 Q Do you still believe that today?

15 A Yes.

16 Q Do you believe that Mr. Bodmer's proposal
17 for a tiered account charge is revenue-neutral?

18 A No.

19 Q Have you identified how much revenue ComEd
20 would lose under Mr. Bodmer's tiered account charge?

21 A No, but neither has Mr. Bodmer.

22 Q Have you identified how much revenue ComEd
23 would gain under Mr. Bodmer's tiered account charge?

24 A No.

1 Q So, have you performed any analysis to
2 determine that Mr. Bodmer's tiered account proposal is not
3 revenue-neutral?

4 A No.

5 Q Okay. Moving on to page 10, lines 194
6 through 196, you state, "This can induce customers to
7 invest more than can be economically justified if they had
8 been provided with proper price signals, but also can
9 potentially lead to efforts to, quote, game the system, end
10 quote". Is that correct?

11 A Yes.

12 Q Do you still believe that today?

13 A Yes.

14 Q By "game the system", do you mean
15 customers will be more energy efficient than price signals
16 would otherwise justify?

17 A Well, yes, they would be receiving an
18 incentive that exceeds the value of the energy services
19 that they receive.

20 Q So --

21 A Can I finish?

22 Q Sorry.

23 A Thank you. What would happen is if the
24 energy that's being provided to them is really only costing

1 four cents, for example, which is the rate, say, on the
2 wholesale market, but they're charged an additional two
3 cents on top of that charge, in a sense putting in
4 additional -- making an initial investment to avoid six
5 cents when, in fact, the energy only cost you four cents
6 produced on the market, over incentivizes whatever
7 investment that might be. And so as a result, a consumer
8 has too much of an incentive to invest in that particular
9 device or whatever that allows them to reduce his
10 consumption.

11 From the standpoint of economics, it's an
12 inefficient price signal, because, in fact, it's above
13 whatever is the cost of producing the energy that's being
14 avoided.

15 Q And the end result of that inefficiency is
16 that customers would be using less energy, correct?

17 A They potentially could be using less
18 energy, yes.

19 Q Okay. On the same page, 10, the next
20 line, 196 through 199, there you state, "Since the
21 capability to make capital investments is generally
22 proportional to customer income, it can result in the
23 undesirable situation of high use customers having trivial
24 bills compared to lower income customers with similar usage

1 but placing a similar burden on the distribution system",
2 end quote. Is that correct?

3 A Yes.

4 Q In that sentence by "burden", do you mean
5 cost?

6 A By "burden" I mean that the individuals
7 who are using the system are relying on it in times in
8 which their demands are high, but by virtue of the volume
9 that you charge, they in essence transfer the cost of the
10 distribution system to lower income individuals. So, I put
11 in a solar energy system. I reduce my kilowatt hour
12 consumption. I don't necessarily change my peak demand at
13 the time it occurs on the system, but I, in fact, have
14 transferred the cost of the distribution system to other
15 people whose volume of consumption is higher and who,
16 therefore, have higher costs, because I've transferred my
17 costs to them on the distribution system.

18 MR. GHOSHAL: Your Honor, I move to strike as
19 unresponsive. The question was, "Does burden mean cost?"

20 ALJ HILLIARD: What's the answer to that
21 question? One word.

22 A The answer is yes, it would transfer to
23 other individuals.

24 Q So is it -- is your -- is the implication

1 behind this sentence that you believe that individuals with
2 similar usage should have similar distributions of costs?

3 A The implication of this sentence is if
4 they make a similar contribution to the burden on the
5 system than according to the proportional costs, then yes,
6 they should have similar costs.

7 Q On page 10, further down on lines 204
8 through 207, you state, quote, "An SFV tariff that more
9 closely matches fixed and variable costs with fixed and
10 variable charges reduces inequity so that all customers
11 will pay their fair share of the cost of the delivery of
12 electricity through the distribution system". Is that
13 correct?

14 A Yes.

15 Q Do you still believe that today?

16 A Yes.

17 Q In that sentence, can you identify the
18 variable costs that vary on ComEd's distribution system?

19 A Well, I don't know many costs of all the
20 variable distribution systems, but the variable costs that
21 largely customers face are energy costs. The distribution
22 system costs are largely invariant with respect to kilowatt
23 hour consumption. So there are few costs that are
24 distribution related that can be specifically tied to

1 kilowatt hour consumption.

2 Q Can you identify on ComEd's system the
3 costs that vary with customer usage?

4 A Practically none.

5 Q Moving on to page 11, lines 215 through
6 216, you state, quote, "It is also necessary to consider
7 the consequences of abruptly canceling the SFV rate, which
8 would cause sudden and unexpected bill increases for many
9 customers", end quote. Is that correct?

10 A Yes.

11 Q Do you still believe that today?

12 A Yes.

13 ALJ HILLIARD: You know, I think he started
14 out -- Mr. Rooney specifically asked him whether he had any
15 changes or corrections or alterations or deletions. So
16 your second question on these and your little intro here,
17 you don't need to ask.

18 MR. GHOSHAL: Fair enough. Thank you, Your
19 Honor.

20 Q The sudden and unexpected billing
21 increases that you referenced in this system would also
22 have to be considered by the Commission in entering the SFV
23 tariff in the first place, correct?

24 A Well, my understanding -- I mean, my

1 understanding there was no such change, so I don't quite
2 understand what you mean.

3 Q So it's your understanding that rates
4 before the 10-0467 proceeding were the same as the rates
5 after the 10-0467 proceeding?

6 A No. My understanding is that the
7 distribution charges represented about 37 percent. I think
8 it's in my direct testimony at page -- it was about 37
9 percent of the bill, and it went up to 50 percent after the
10 Commission decision.

11 Q So is it your position--

12 A Go to page 11 at lines 228 to 229. It
13 says, "Prior to that proposal, ComEd's residential fixed
14 charge represented 37 percent of residential distribution
15 service costs. ComEd proposed in the first year that it be
16 set to 60 percent and the second at 70. Ultimately, the
17 Commission's order only allowed for 50 percent, without
18 prescribing future changes".

19 Q So the rates changed from before the
20 10-0467 order to after the 10-0467 order from 37 percent
21 being recovered through fixed charges to 50 percent; is
22 that correct?

23 A That's correct.

24 Q Should the consequences of that bill

1 instability be considered by the Commission?

2 A It was considered, and it was approved by
3 the Commission.

4 Q Okay. Moving further down on page 11
5 still, lines 219 through 221, you state, quote, "From a
6 regulatory policy perspective, such changes should be made
7 infrequently and only after careful consideration of the
8 implications of the change", end quote. Is that correct?

9 A Yes.

10 Q How long should customers wait on a bad
11 rate in the name of rate stability?

12 A I don't know how to answer that question.
13 I don't know what that means. I don't know how to respond
14 to a question like that.

15 Q Well, you state that changes should be
16 made infrequently. How frequently should changes be made
17 if the customers are on a rate that doesn't meet three of
18 the principles that you identified in the beginning of your
19 testimony?

20 A I think that's a decision by the
21 Commission to make.

22 Q You have no opinion on how frequently or
23 infrequently rates should change?

24 A Well, generally rates should change

1 relatively infrequently, because customers make investment
2 decisions on the basis of the rates. If you put a rate in
3 place, customers will respond by not only changing their
4 behavior in the sense of when they consume and so on, but
5 they'll make investments as a result of the rate.

6 So, for example, in this case you have the
7 rate in place since 2011, is my understanding. It's been
8 in place for two years. The likelihood -- if you do a
9 survey of customers and examined their behavior, you might
10 find some changes in the way they invested in response to
11 the rate that they had before. So how quickly you want to
12 do that, I don't have a judgment on that.

13 Q Moving on to page 12, lines 242 through
14 245, there you identified Rochester Gas and Electric as an
15 investor-owned utility that has a fixed charge that is
16 greater than ComEd's, correct?

17 A Yes.

18 Q And is the total of the fixed charge
19 currently effective today the sum of the \$21.38 a month in
20 addition to the \$0.95 a month?

21 A I believe so.

22 Q So that would be a total of \$22.33 a month
23 as a fixed charge for residential customers of Rochester
24 Gas and Electric, correct?

1 A I believe so.

2 Q And you said that -- you state further
3 down in this paragraph that these charges were approved in
4 1996 by the New York Public Service Commission, correct?

5 A Yes.

6 Q Do you know how much the fixed charge was
7 in 1996?

8 A No.

9 Q On page 13, lines 254 through 258, you
10 identify a 2003 order issued by the New York Public Service
11 Commission, approving an increase in the fixed charge from
12 \$17.50 to \$19.00; is that correct?

13 A Yes.

14 Q So is it fair to say that from 2003 to
15 today, the fixed charge alone has increased from \$17.50 to
16 \$22.33?

17 A From 2003 to today, yes.

18 Q And you're not sure what the rate was in
19 1996, correct?

20 A No.

21 Q Okay. Further down on the same page, line
22 260 through 262 -- excuse me, lines 261 through 262, you
23 state that the New York Public Service Commission has also
24 approved ConEdison's \$15.76 fixed charge; is that correct?

1 A Yes.

2 Q Is this charge applicable to all
3 residential customers of ConEdison?

4 A I believe so.

5 Q But you're not sure?

6 A I think it is.

7 Q Okay. Further down on the same page,
8 lines 2 -- excuse me, 255 through 256, you state, quote,
9 "Suppose a new housing development is being built in
10 ComEd's service territory", end quote. Is that correct?

11 A Yes.

12 Q Have you analyzed how many customers in
13 ComEd's service territory have received service as a result
14 of a new housing development?

15 A No.

16 Q Have you compared the number of accounts
17 that are created as a result of new housing developments
18 versus the number of accounts that are created pursuant to
19 Mr. Bodmer's example of splitting an account in two?

20 A No.

21 Q Okay. Moving on to page 14, lines 278
22 through 279, you state, "However, Mr. Bodmer's example is
23 specious and overlooks that such splits are the exception
24 and not the rule when it comes to adding new customers and

1 accounts." Is that correct?

2 A Yes.

3 Q Are you implying that when ComEd opens a
4 new residential account service, the rule is that it is the
5 result of new construction?

6 A No. I just thought that Mr. Bodmer's
7 example was sort of a very odd one.

8 Q Okay. Moving on to page 15, lines 296
9 through 297, you state, quote, "That number is so low as to
10 not even have a trace of reasonableness", end quote. Is
11 that correct?

12 A Yes.

13 Q Is there a number that would be so high as
14 to no longer have a trace of reasonableness?

15 A A number that would collect more than the
16 fixed charges that are associated with the distribution
17 system would be a number that could be -- might be
18 considered too high, but that again depends on, in the end,
19 what the Commission decision is.

20 Q Thank you. Further down, lines 302
21 through 305, there you state, quote, "Mr. Bodmers design
22 would promote inefficient investment by residential
23 customers in their energy use and would increase
24 cross-subsidies between small and large consumers of

1 electricity within a given delivery class", end quote. Is
2 that correct?

3 A Yes.

4 Q By "cross-subsidies", do you mean that
5 cost causers are being charged for costs that they do not,
6 in fact, cause?

7 A Well, that they bear a disproportionate
8 share of the costs of the distribution system because of
9 the capability of some individuals to avoid costs and
10 therefore transfer their costs over to other individuals.

11 Q And so by "disproportionate" in your
12 answer, you mean costs -- you mean that customers are being
13 charged costs that they do not cause, correct?

14 A That they -- that the burden they bear is
15 in some sense not proportionate to their usage.

16 Q Can a customer cause a cost that isn't
17 related to their usage?

18 A Oh, yeah, lots.

19 Q Okay.

20 A But they don't have anything to do with
21 the fixed system.

22 Q Page 16, I'll refer generally to lines 313
23 through 322. This is where you identify other retailers
24 who have fixed charge and variable charge systems. Is that

1 correct?

2 A Yes.

3 Q Have you measured the amount that fixed
4 costs represent of total bills at these retailers?

5 A No.

6 Q Are any of these retailer price-regulated,
7 public utilities?

8 A No.

9 Q Moving on to page 17, I'll refer generally
10 to lines 340 -- I'll refer specifically to lines 340
11 through 347. Is RG&E, Rochester Gas and Electric, the same
12 utility that you identified earlier in your testimony?

13 A Yes.

14 Q As having the fixed charge that has
15 increased since 2003?

16 A Yes.

17 Q Is that the only investor-owned utility
18 that you've identified in your testimony that has a fixed
19 charge that is higher than ComEd's?

20 A I don't believe that I identify any
21 further in my surrebuttal. Let me see. I don't think I
22 identify any others. We had several for electric co-ops,
23 minis, and so on that we identified.

24 ALJ HILLIARD: So the answer is no?

1 THE WITNESS: No, I don't believe so.

2 MR. GHOSHAL: Thank you, Your Honor.

3 Q Moving on to page 20, lines 385 through
4 387, here you identified the fixed charges presented in
5 Mr. Bodmer's Figure 5, and you indicate that 20 of the 23
6 have a higher than \$1 a month fixed charge; is that
7 correct?

8 A Yes.

9 Q Are any of the fixed charges higher than
10 ComEd's fixed charge -- current fixed charge?

11 A No.

12 Q Moving on to page 23, lines 442 through
13 443, here you state, quote, "First his Figure 10 shows that
14 the r-squared value of his regression is .61". Is that
15 correct?

16 A Yes.

17 Q How does this compare to the r-squared
18 value of the regression of number of accounts in peak
19 demand?

20 A I don't know. He doesn't provided the
21 data.

22 Q Have you analyzed the regression between
23 number of accounts in peak demand?

24 A No.

1 Q Has ComEd provided to you any analysis of
2 the regression between number of accounts in peak demand?

3 A No.

4 Q Further down on page 23, lines 452 to 453,
5 you state, "In fact, the correlation between income and
6 usage was explored recently by PG&E". Is that correct?

7 A Yes.

8 Q Has the correlation between income and
9 usage been explored for ComEd?

10 A Not that I know of.

11 Q So you have not conducted such a study,
12 correct?

13 A No. I looked at the study that was
14 performed by Mr. Bodmer, but that's the only study that I
15 know.

16 Q Okay. On page 24, lines 457 through 460,
17 you state, quote, "Given the weaknesses in Mr. Bodmer's
18 approach and contrary evidence from one of the larger
19 utilities cited in his testimony, his conclusion that an
20 increase in bills for low users of electricity will mean an
21 increase in bills for low income customers seems
22 unfounded". Is that correct?

23 A Yes.

24 Q Do you believe that most low income

1 residential customers are high users?

2 A No. I just don't believe that there's a
3 strong correlation between usage and income. The studies
4 that I cite in the surrebuttal and other places seem to
5 suggest that the low usage customers are quite inner genius
6 with respect to income and so on, and there have been a
7 number of studies to demonstrate that. So the
8 presumption -- which is what it seems to be -- that there
9 is a strong correlation between low income and high usage
10 doesn't seem to hold.

11 Q But you haven't conducted that analysis
12 yourself, correct?

13 A I relied on the studies done by others
14 that demonstrate that.

15 Q Moving on to page 25, lines 419 through
16 page 26, line 493, there you state, quote, "In addition,
17 both are involved in the delivery of energy to the same
18 consumers, regardless of income status, location and
19 dwelling type", end quote. Is that correct?

20 A Yes.

21 Q Are you aware that the natural gas
22 distribution utilities in ComEd service territory cover
23 three different geographic areas?

24 A I believe -- I don't know that they cover

1 three. I know they cover different geographic areas.

2 Q Okay. That's all for rebuttal.

3 I'm going to move now to your surrebuttal
4 testimony. Page 3, lines 57 through 59, you state, quote,
5 "The focus on this -- of this proceeding, however, is on
6 delivery costs, which are only partly driven by system peak
7 demand and only over a very long run time horizon that is
8 not a reasonable basis for recovering the costs through a
9 volumetric charge", end quote. Is that correct?

10 A Yes.

11 Q When you say "partly driven", how much of
12 ComEd's distribution system is driven by system peak
13 demand?

14 A Well, only some portion of it, since the
15 distribution system -- the drivers of the distribution
16 system are not the same drivers for system peak demand.

17 The real drivers of the distribution system
18 are the levels of demand on the distribution system. They
19 don't necessarily coincide with the time in which the
20 system peaks demand, and that's because the distribution
21 system peak demands occur at a different time than occurs
22 for the system peak demand.

23 Q So if demand meters were available for
24 residential customers, you would not recommend their use in

1 designing distribution rates; is that correct?

2 A No, that's not the point of that at all.
3 That point is just to say that the driver of demand on
4 distribution system doesn't coincide fully, necessarily,
5 with the driver of system peak demand.

6 System peak demand arises because of the
7 demands of not only just residential and small commercial
8 customers, but those of industrial customers, and those
9 customers peak at different times, and it's only the
10 coincidence of their demand that creates the system peak
11 demand. So the demand on the distribution system for each
12 of them is different, and that doesn't necessarily coincide
13 with the system peak demand.

14 So if you have demand meters, you would
15 measure the demand on the distribution system at the time
16 the distribution system demand peaks.

17 Q On page 4, line 70 through 72, you state
18 that, quote, "The business case for such programs is
19 virtually always driven by avoided or deferred future
20 generation capacity investments and typically includes only
21 a very modest amount of avoided transmission and
22 distribution capacity costs, if it is included at all", end
23 quote. Is that correct?

24 A Yes.

1 Q Have you analyzed or determined how much a
2 very modest amount is?

3 A Sometimes it's zero. I've looked at
4 several business cases across utilities, and the marginal
5 distribution costs are always small, because the primary
6 goal of these programs isn't to avoid distribution system
7 costs. It's to avoid costs at the peak, and as I've
8 already sort of stated, the distribution -- the system
9 doesn't peak at the same time the distribution system
10 peaks, and so the business case almost always involves
11 avoiding additional generation capacity costs; sometimes
12 some small amount of transmission, because that's the means
13 by which generation is delivered to the customers
14 eventually, but practically never any distribution system
15 costs.

16 Q And in some of those business cases, you
17 have identified modest amounts of avoided distribution
18 capacity costs; is that correct?

19 A It's always very small.

20 Q Is that a yes?

21 A Yes.

22 Q Moving on to page 5, lines 88 through 90,
23 you state that, quote, "This highlights the deficiency in
24 Mr. Rubin's and Mr. Bodmer's arguments of solely appealing

1 to Bonbright as justification for their approach to rate
2 design", end quote. Is that correct?

3 A Yes.

4 Q Did Mr. Bodmer include the Bonbright
5 principles in his direct testimony?

6 A He included it in his rebuttal --
7 surrebuttal testimony.

8 Q And that was in response to your rebuttal
9 testimony; is that correct?

10 A Well, let me be very careful. He made an
11 argument about long-run marginal costs in his testimony,
12 as did Mr. Rubin, and I simply quoted back what Mr. Rubin
13 had cited to and included the cite to Bonbright, which has
14 a discussion about whether it's long-run or short-run
15 marginal costs that are appropriate.

16 MR. GHOSHAL: Move to strike as
17 non-responsive, Your Honor.

18 ALJ HILLIARD: Why don't you ask him another
19 question?

20 Q The first mention of Bonbright in this
21 proceeding was in your rebuttal testimony; is that correct?

22 A I believe there was citation to Bonbright
23 by Mr. Rubin, if I remember right. I'll have to check the
24 cite, but I think that was in Part 1 of his citation also.

1 Q To your recollection, Mr. Bodmer did not
2 mention or cite to Bonbright before your rebuttal
3 testimony; is that correct?

4 A No. He cited to the principle of long-run
5 marginal costs, which is discussed in Bonbright.

6 ALJ HILLIARD: The question is whether or not
7 it occurred in his direct testimony or subsequent to your
8 rebuttal testimony.

9 A I don't believe it appeared in his direct,
10 but it did appear in response to my rebuttal.

11 Q Thank you, Your Honor.

12 Moving on to page 7, Table 1, the last row of
13 the table, the third column, it states that, quote, "The
14 proposed dramatic change to the rate design would come as a
15 shock to many customers. The 19 tiers of fixed charges
16 would be unpredictable and difficult for customers to
17 understand", end quote. Is that correct?

18 A Yes.

19 Q Are you aware that the 19 tiers identified
20 by Mr. Bodmer's proposals are contained in the work papers
21 supporting his testimony?

22 A Yes.

23 Q Okay. Moving on to page 9, line 161
24 through 162, there you stated, quote, "Several studies have

1 looked at this exact issue and have found a relationship
2 between income and energy consumption to be weak", end
3 quote. Is that correct?

4 A Yes.

5 Q Have any of these studies used data from
6 ComEd service territories?

7 A No.

8 Q Did you study the data -- relationship
9 between income and usage in ComEd's service territory?

10 A No.

11 Q Further down, lines 166 through 167, you
12 state, quote, "It also explicitly states that, quote, most
13 low users are not poor, end quote, and finds that higher
14 income households appear in the lowest user category", end
15 quote. Is that correct?

16 A Yes.

17 Q Does that mean that most poor people are
18 not low users?

19 A It means that there's no strong
20 correlation between income and usage.

21 MR. GHOSHAL: Your Honor, I move to strike.

22 ALJ HILLIARD: You know, most of these
23 questions, the answer ought to be a "yes" or "no" or "I
24 don't know"; and after you give him that, you can explain a

1 little bit. So his question was something poor people --
2 MR. GHOSHAL: I can restate the question, Your
3 Honor.
4 ALJ HILLIARD: All right. Go ahead.
5 Q Are most poor people high users?
6 MR. ROONEY: I guess I'd interpose an
7 objection, because this is asked and answered. We went
8 through this discussion with the rebuttal.
9 ALJ HILLIARD: I don't think this specific
10 question has been asked and answered. Say it again.
11 Q Are most poor people high users?
12 A No, not necessarily.
13 Q Okay. Moving on to page 10, lines 177
14 through 178, you state, quote, "This is relevant given that
15 natural gas and electricity" --
16 A I'm sorry. Would you give me the citation
17 again, please?
18 Q Sure. Page 10, lines 177 through 178.
19 Are you there?
20 A Yes.
21 Q You state, quote, "This is relevant given
22 that natural gas and electricity are both common sources of
23 household energy use", end quote. Is that correct?
24 A Yes.

1 Q Are you aware that natural gas and
2 electricity are used for different uses, especially in the
3 Chicago region?

4 A Well, yes and no. I mean, there are
5 common uses for gas, natural gas in the Chicago area. For
6 example, electric space heating represents a use of gas.
7 Electric water heating is a use of gas. So there are
8 common uses and there are dissimilar uses in the service
9 territory. So there's no clear answer as to say, yes,
10 there are some uses that are common and there are some that
11 are not.

12 Q Do you know how many space users there are
13 in the residential class in ComEd's territory, space heat
14 users?

15 A No.

16 ALJ HILLIARD: The answer is no?

17 A No.

18 Q Page 10, lines 187 through 189. There you
19 state, quote, "Additionally, in response to my critique
20 that Mr. Bodmer should be looking at individual customer
21 data rather than zip code level grouping in his correlation
22 between income and usage, he makes his unsupported
23 statement", and it continues on. Do you agree that it says
24 that?

1 A Yes.

2 Q Did you analyze individual customer data
3 rather than zip code level groupings in an assessment of
4 the correlation between income and usage?

5 A No, I did not have that data.

6 Q Did ComEd provide this analysis to you?

7 A No.

8 Q Page 11, lines 195 through 197, there you
9 state, quote, "Therefore, it is possible that the
10 correlation between income groupings and average
11 electricity use appear to be more significant than
12 correlation between actual income and electricity use", end
13 quote. Is that correct?

14 A Yes.

15 ALJ HILLIARD: Let's hold off until the
16 ambulance goes by.

17 (Pause)

18 ALJ HILLIARD: Go ahead.

19 MR. ROONEY: Your Honor, just for the record,
20 Counsel noted that Mr. Hanser stated in -- the sentence he
21 just read was actually Mr. Hanser quoting from the study
22 that is referenced at Footnote 10.

23 ALJ HILLIARD: And the answer is the same --

24 THE WITNESS: Yes.

1 ALJ HILLIARD: -- whether it's his statement
2 or his quote of someone else's statement?

3 THE WITNESS: Correct.

4 Q So is it fair to say that by quoting this
5 statement, you are endorsing the possibility that the
6 correlation between income groupings and average use are
7 more significant than the correlation between actual income
8 and use? Is that correct?

9 A Yes.

10 Q And so it is also possible that the
11 opposite is true? Correct?

12 A No.

13 Q Can you point to where in your testimony
14 you indicate that it is impossible that the correlation
15 between income groupings and average use are less
16 significant than the correlation between actual income and
17 electricity use?

18 A Well, the averaging process itself
19 increases -- reduces the variability. So when you're doing
20 a correlation study and you reduce the variability, you
21 inherently increase the correlation.

22 And so any study that does the averaging --
23 and that's the point of that quote -- increases the
24 correlation. So, your -- the minute you start doing the

1 averaging, you're going to increase the correlation just by
2 virtue of the averaging process.

3 MR. GHOSHAL: Move to strike as
4 non-responsive, Your Honor. I asked for a reference in his
5 testimony.

6 MR. ROONEY: I believe he's explaining his
7 testimony.

8 ALJ HILLIARD: I thought so too. You can ask
9 another question, but I don't think it was non-responsive.

10 Q Okay. Referring to the phrase "more
11 significant" on line 196, that leaves open the possibility
12 that the correlation between actual income and electricity
13 use is still significant, correct?

14 A Well, it could -- yes, it could be
15 significant, but not substantial.

16 Q Okay. Line 198 through 200, you state,
17 quote, "In summary, there is ample empirical evidence to
18 support the view that usage and income are likely to be
19 weakly correlated, and there are serious flaws in
20 Mr. Bodmer's own analysis of this issue", end quote. Is
21 that correct?

22 A Yes.

23 Q Is any of that evidence from ComEd's
24 service territory?

1 A No.

2 Q Further down lines 209 -- just line 209,
3 you refer to New York utilities. Is that just RG&E, or is
4 there any other utility that you identify?

5 A I just identified RG&E and ConEd.

6 ALJ HILLIARD: ComEd or ConEd?

7 THE WITNESS: ConEd.

8 MR. GHOSHAL: The City has no further
9 questions, Your Honor.

10 ALJ HILLIARD: Okay. There's no other
11 questions of Mr. Hanser. Do you have any redirect?

12 MR. ROONEY: We don't have any redirect, Your
13 Honor.

14 ALJ HILLIARD: Thank you, Mr. Hanser. You're
15 excused.

16 (Witness excused.)

17 (Discussion held off the record.)

18 MS. SCARSELLA: Your Honor, ComEd next calls
19 Brad Bjerning.

20 ALJ HILLIARD: You were sworn this morning,
21 weren't you?

22 THE WITNESS: Yes, I was.

23

24 BRADLEY BJERNING, having previously been

1 sworn, testified as follows:

2 DIRECT EXAMINATION

3 QUESTIONS BY MS. SCARSELLA:

4 Q Mr. Bjerning, can you state and spell your
5 last name for the record?

6 A Sure. My first name is Bradley,
7 B-r-a-d-l-e-y. Last name is Bjerning, B-j-e-r-n-i-n-g.

8 Q Who is your employer and what's your
9 business address?

10 A I'm employed by Commonwealth Edison;
11 address is 440 South LaSalle Street, Suite 3300, Chicago,
12 Illinois 60605.

13 Q And what's your position with ComEd?

14 A Principle Regulatory Specialist.

15 Q Do you have before you what has been
16 identified as ComEd Exhibit 3.0 with Attachments 3.01
17 through 3.19 and identified as the "Direct Testimony of
18 Bradley M. Bjerning"?

19 A That's correct.

20 Q Was that document prepared by you or on
21 your behalf, under your direction and control?

22 A That's correct.

23 Q Do you have any additions or corrections
24 to that document?

1 A No, I do not.

2 Q Subject to your rebuttal and surrebuttal
3 testimonies, is the information in your direct testimony
4 true and correct, to the best of your knowledge?

5 A Yes.

6 Q If I were to ask you the same questions
7 contained in your direct testimony today, would your
8 answers be the same?

9 A Yes.

10 Q Also before you, marked as ComEd Exhibit
11 7.0 with Attachments 7.01 through 7.03 and entitled, "The
12 rebuttal testimony of Bradley L. Bjerning", was this
13 document prepared by you or under your direction and
14 control?

15 A Yes, it was.

16 Q Subject to your surrebuttal testimony, is
17 the information contained in your rebuttal testimony true
18 and correct, to the best of your knowledge?

19 A That's correct.

20 Q If I were to ask you the same questions
21 today in your rebuttal testimony, would your answers be the
22 same?

23 A Yes.

24 Q Also before you, marked as Exhibits --

1 marked as Exhibit, ComEd Exhibit 14.0 with attachments
2 14.01 through 14.04 and entitled, "The Surrebuttal
3 Testimony of Bradley L. Bjerning", was that document
4 prepared by you or under your direction or control?

5 A Yes, it is.

6 Q Do you have any additions or corrections
7 to that document?

8 A No, I do not.

9 Q Subject -- is the information in your
10 surrebuttal testimony true and correct, to the best of your
11 knowledge?

12 A Yes.

13 Q If I were to ask you the same questions
14 today that are in your surrebuttal testimony, would your
15 answers be the same?

16 A That's correct.

17 MS. SCARSELLA: Your Honor, at this time I'd
18 like to move into the record ComEd Exhibit 3.0 with
19 Attachments 3.01 through 3.19, ComEd Exhibit 7.0 with
20 Attachments 7.01 through 7.03, and ComEd Exhibit 14.0 with
21 Attachments 14.01 through 14.04.

22 ALJ HILLIARD: Objections?

23 (Pause)

24 ALJ HILLIARD: Hearing no objections, Exhibit

1 3.0 with attachments, Exhibit 7.0 with attachments, and
2 Exhibit 14.0 with attachments will be admitted for the
3 record.

4 MS. SCARSELLA: Mr. Bjerning is available for
5 cross-examination.

6 ALJ HILLIARD: The first questioner can
7 commence.

8 MR. TOWNSEND: Thank you, Your Honor.

9

10

11

CROSS EXAMINATION

12 QUESTIONS BY MR. TOWNSEND:

13 Q Good afternoon, Mr. Bjerning.

14 A Good afternoon.

15 Q Chris Townsend, Equitable Allocation of
16 Costs Together. You're familiar with REACT, correct?

17 A Yes, I am.

18 Q You know that REACT is made up of some of
19 the largest commercial, industrial, and municipal entities
20 in northern Illinois, along with retail electric suppliers
21 that are interested in serving residential customers,
22 right?

23 A That's correct.

24 Q And your position at ComEd is Principal

1 Regulatory Specialist of Regulatory Strategies and
2 Solutions Group, correct?

3 A Right.

4 Q Does that mean that you're the head of the
5 Regulatory and Strategies Solutions Group?

6 A No.

7 Q Who leads that group?

8 A That would be Mr. Tenorio.

9 ALJ HILLIARD: Would you pull the mic over
10 closer, please?

11 Q Can you spell his last name?

12 A T-e-n-o-r-i-o.

13 Q Who also is a witness in this proceeding,
14 correct?

15 A That's correct.

16 Q And who else do you report to up the chain
17 of management within ComEd?

18 A It would be -- Robert Garcia would be the
19 Director the Regulatory Strategies, and he reports directly
20 to Melissa Sherrod, who is the Vice-President.

21 Q Now, in your role as Principal Regulatory
22 Specialist for ComEd, your duties include analyzing,
23 developing, and recommending business and regulatory
24 strategies impacted by various legislative and regulatory

1 activities in Illinois, right?

2 A That's correct.

3 Q And your duties include preparation of
4 ComEd's Cost of Service Studies to determine the allocation
5 of Illinois jurisdictional delivery services, rate-related
6 costs to support ComEd's formula rate filings, right?

7 A That's correct.

8 Q Now, according to your testimony, you've
9 only testified in one previous Illinois Commerce Commission
10 case, right?

11 A That's correct. It's currently a formula
12 rate update case.

13 Q It was the 2013 formula rate case?

14 A Correct.

15 Q And that case had nothing to do with
16 determining the amount of ComEd's -- I'm sorry. Strike
17 that.

18 That case didn't deal with determining the
19 amount of ComEd's distribution rate base under the formula
20 rate process, right?

21 A Correct.

22 Q So on a fundamental level, that case you
23 testified in dealt with the overall amount of money that
24 ComEd is legally entitled to recover from rate payers,

1 right?

2 A That's correct.

3 Q Another way to put it is the formula rate
4 case dealt with the size of the pie, the amount of money
5 ComEd recovers, right?

6 A Correct.

7 Q And this case deals with a fundamentally
8 different issue, correct?

9 A Correct.

10 Q This case deals with the rate design to
11 identify the way in which ComEd is going to recover that
12 money from customers, right?

13 A That's correct.

14 Q So while the formula rate case update
15 dealt with the size of the pie, this case deals with the
16 way the pie is going to be split up.

17 MS. SCARSELLA: To clarify, the pie you're
18 speaking of is concerned with distribution rates, right?

19 MR. TOWNSEND: I thought I made that clear at
20 the beginning, but sure, if you want to make that
21 clarification again, splitting up -- the formula rate cases
22 deal with the size of the distribution of the pie; and this
23 case deals with the way in which the distribution costs
24 will be split up, the way the pie will be split up, right?

1 A That's correct.

2 Q And regardless of the Commission's
3 decisions in this proceeding regarding rate design, ComEd
4 will still be entitled to recover 100 percent of its
5 revenue requirements, right?

6 A That's based on if the Commission has any
7 disallowances or doesn't have any disallowances in what
8 ComEd has filed.

9 Q Is ComEd -- strike that.
10 Do you believe that the Commission in this
11 case is going to allow or disallow certain categories of
12 costs?

13 A Not for determining the revenue
14 requirement.

15 Q Within the context of this proceeding, the
16 Commission is just going to focus on the way in which the
17 pie is split up, right?

18 A For delivery rates, yes.

19 Q And other than this case, you've never
20 testified in any forum about rate design issues, have you?

21 A That's correct.

22 Q With whom did you consult in preparing
23 your testimony in this case?

24 A Consulted with the team under Chris

1 Brinkman's organization.

2 ALJ HILLIARD: Spell it.

3 A Brinkman, B-r-i-n-k-m-a-n.

4 Q And what's Ms. Brinkman's title?

5 A Ms. Brinkman's title is Director of
6 Regulatory Policy and Rates.

7 Q And how many members are on that team?

8 A I don't know offhand. I mean, we have
9 several people from that organization involved in
10 preparation for this case.

11 Q Did you consult with Mr. Larry Alongi with
12 regard to this case?

13 A Mr. Alongi was involved in some of the
14 discussions, yes.

15 Q And what did you discuss with Mr. Alongi
16 regarding this case?

17 A I don't have any recollections of any
18 specific subject matters.

19 Q Did you review ComEd's testimony about
20 rate design issues from ICC Document No. 10-0467, the 2010
21 rate case?

22 A I've read the final order in that case.

23 Q But not any of the testimony?

24 A I read the testimony in prior -- not

1 lately.

2 Q You didn't read the testimony in
3 preparation for this case?

4 A I've read parts of the testimony in
5 preparation for this case, but not all of the testimony in
6 that case.

7 Q Did you review the rate design testimony
8 from that case?

9 A No, not recently.

10 Q Did you review ComEd's testimony about
11 rate design issues from ICC Docket No. 08-0532, the 2008
12 special investigation proceeding of ComEd rate design
13 issues?

14 A I'm not the rate design witness in this
15 case, so reading testimony regarding rate design from
16 previous cases was not of interest to me, pursuant to the
17 subject matter that I covered.

18 ALJ HILLIARD: So the answer is "no".

19 A The answer is "no".

20 Q Did you review the Commission's final
21 order in the 2008 special investigation proceeding?

22 A I have read that order.

23 Q And have you reviewed ComEd's testimony
24 about rate design -- about rate design issues from ICC

1 Docket No. 07-0566, the ComEd 2007 rate case?

2 A Again, I'm not the rate design witness in
3 this case, so I haven't recently read that order or any of
4 the testimony from that order related to rate design.

5 Q Are you familiar with ComEd's position in
6 the formula rate cases?

7 A Yes.

8 Q And did you review the Commission's final
9 orders from the formula rate cases?

10 A Yes.

11 Q Does ComEd support the application of cost
12 causation principles in this case?

13 A Yes, to the extent practical.

14 Q And could you turn to your direct
15 testimony at page 9 and review lines 169 to 171; and let me
16 know when you're done.

17 (Pause)

18 A Okay.

19 Q There you testified that, quote,
20 "Generally and to the extent practical, customers are
21 segmented into groups based upon differentiation in the
22 facilities used to provide service and identifiable
23 pertinent customer attributes", closed quote. Correct?

24 A Correct.

1 Q So costs associated with providing service
2 to one class of customers should be recovered and the rates
3 charged to that group of customers, right?

4 A That's the basis of that statement, yes.

5 Q And costs associated with providing
6 service to more than one class of customers should be
7 recovered by allocating those costs fairly among the rates
8 charged to the customer classes that receive that service,
9 right?

10 A That's correct.

11 Q ComEd has its separate rate for high
12 voltage customers, right?

13 A That's correct.

14 Q Why is it appropriate to have a separate
15 rate for high voltage customers?

16 A Because the attributes for those specific
17 types of customers lend itself to a specific rate, meaning
18 that the facilities that serve those customers are
19 relatively unique, relative to other classes or groups of
20 customers.

21 ALJ HILLIARD: Pull the mic over closer.

22 Thank you.

23 Q Would you agree that each class of
24 customer should pay for the delivery services costs that

1 the class causes, no more and no less?

2 A To the extent practical, yes.

3 Q Could you please turn to your rebuttal
4 testimony at page 23?

5 (Pause)

6 A Did you say 23?

7 Q 23.

8 A Okay.

9 Q Beginning at line 374, you respond to
10 REACT witness Mr. Brad Fults, correct?

11 A Correct.

12 Q And you note that REACT witness Mr. Fults
13 had pointed out some of the Commission's previous
14 criticisms of ComEd's ECOSS's from the 2010 ComEd rate
15 case, right?

16 A Correct.

17 Q And then you note that, "Notwithstanding
18 its criticism, the Commission noted some improvements in
19 the ECOSS of prior cases", right?

20 A Yes.

21 Q And then you quote from the 2010 ComEd
22 rate case final order, right?

23 A Correct.

24 Q And although you put certain words from

1 the order in italics to highlight them, the quote that you
2 included says, quote, "While the ECOSS approved here still
3 needs further refinement, which should take place in future
4 rate cases, it is accurate enough to graduate toward
5 cost-based rates for these two classes", right?

6 A Can you specify the line numbers that
7 you're reading from?

8 Q Line 388, begins "While the ECOSS approved
9 here still needs further refinement". Do you see that?

10 A Yes.

11 Q That's from the Commission's order, right?

12 A That's correct.

13 Q So even there in the quote that you
14 included in your rebuttal testimony to defend the ECOSS,
15 the Commission itself noted that further refinement to the
16 ECOSS was necessary, right?

17 A That's what the Commission stated.

18 Q And REACT witness Mr. Terhune has proposed
19 further refinements to the ECOSS in this case, hasn't he?

20 A Yes, he has.

21 Q Mr. Terhune presented an analysis focused
22 on whether the ELLC customers and the high voltage over 10
23 megawatt customers use certain facilities that those
24 customers are charged for, correct?

1 A Correct.

2 Q And he determined that the ELLC customers
3 and the high voltage over 10 megawatt customers do not use
4 certain facilities or use them only in a de minimis amount,
5 right?

6 A That's what he alleges.

7 Q And you would agree that ComEd admits that
8 it has not made any further refinements to the ECOSS in
9 this proceeding, right?

10 A That's correct, from the previously
11 Commission-approved ECOSS.

12 Q In your rebuttal testimony at lines 395 to
13 406, you point to the ICC decisions in the ComEd initial
14 formula rate case and the 2012 ComEd formula rate update
15 case, correct?

16 A Can you repeat those line numbers again?

17 Q 395 to 406.

18 (Pause)

19 A Yes.

20 Q And your point in citing those orders is
21 basically to say that the ECOSS methodologies were improved
22 in those cases, right?

23 A That's correct.

24 Q Now you would agree that the 2011 ComEd

1 initial formula rate case and the 2012 formula rate update
2 case dealt with the total amount of money ComEd recovers
3 from its customers, right?

4 A For delivery, delivery distribution rate
5 purposes, yes.

6 Q That is, it dealt with the size of the pie
7 for distribution rates, right?

8 A That's correct.

9 Q Those cases did not deal with rate design,
10 how the pie is split up, right?

11 A That's correct, but those
12 Commission-approved ECOSS's were the basis from the 2010
13 rate case orders. Pardon me. Let me clarify that. The
14 final Commission-approved ECOSS in that proceeding.

15 Q ComEd made it clear that the 2011 formula
16 rate case was not to deal with rate design, right?

17 A That's correct.

18 Q The Commission also made it clear that the
19 Commission wasn't going to address rate design issues in
20 the formula rate cases, right?

21 A That's my understanding, but I don't
22 know -- I'd have to see what that specific citation is.

23 Q I'll hand you what's been marked as REACT
24 Cross Exhibit 7 Bjerning.

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(Pause)

Q Do you recognize that as an excerpt from the May 29, 2012 order in the -- strike that.

Do you recognize that as an excerpt from the December 19th, 2012 order from the 2012 formula rate update case?

A Yes, it appears that's the case.

Q And at page 81 of its order, the Commission stated, quote, "Rate design is an issue that pursuant to statute will be addressed in another proceeding", right?

A That's correct.

Q So although you point to the orders in the 2011 and 2012 formula rate cases to say that the Commission approved the ECOSSE methodology, you would agree with me that neither one of those cases was a rate design case, right?

A That's correct.

Q And neither of those cases addressed the issue of appropriate cost allocation, right?

A That's correct.

Q This is the rate design case, right?

A That's correct.

Q Cost allocation issues are to be addressed

1 in this proceeding, right?

2 A Correct.

3 Q I want to switch gears, and let's now talk
4 about Mr. Terhune's testimony.

5 You agree that Mr. Terhune made
6 recommendations on behalf of REACT, right?

7 A That's correct.

8 Q And you're aware that Mr. Terhune is a
9 professional engineer who worked at Commonwealth Edison
10 Company for over 30 years?

11 A That's my understanding, based on his
12 testimony.

13 Q And he presented testimony on behalf of
14 REACT that contained an engineering analysis of ComEd's
15 system and made certain recommendations regarding cost
16 allocation, correct?

17 A He made certain recommendations just
18 pertaining to the extra large load and the high voltage
19 over 10 megawatt customers specifically.

20 Q With regards to cost allocation, right?

21 A Yes, but specifically for those customers.

22 Q And you were in the room, in the hearing
23 room here, for the cross-examination of ICC Staff witness
24 Mr. Johnson, right?

1 A Yes, I was.

2 Q And do you recall that we segmented
3 Mr. Terhune's testimony into three categories: The first,
4 the engineering analysis of the facilities; second,
5 modifications now to the ECOSS; and then third, a study for
6 further refinement of the ECOSS?

7 A Yes.

8 Q Is it okay if we use those three
9 categories in this cross-examination, as well? You will
10 understand what I'm talking about?

11 A Yes, that's fine.

12 Q At this point, I want to focus just on the
13 first item, Mr. Terhune's engineering analysis of what
14 facilities the ELLC and high voltage over 10 megawatt
15 classes use or rather don't use or minimally use. Okay?

16 A Um-hum. Okay.

17 Q Could you please turn in your rebuttal
18 testimony to page 25 lines 14 -- I'm sorry, 417 through
19 419.

20 A You said 25, lines 417 to --

21 Q 419.

22 (Pause)

23 A Okay.

24 Q There you testified, quote, "Mr. Terhune

1 used ComEd-provided data which generally shows that ELL and
2 high voltage over 10 megawatt customers generally use a de
3 minimis amount of facilities to operate at 4 kV or are in a
4 single phase or two phase configuration", right?

5 A That's correct.

6 Q So that's the engineering analysis of
7 facilities that Mr. Terhune performed on what facilities
8 get used by those customers, right?

9 A That's correct.

10 Q In your rebuttal testimony, you didn't
11 present any evidence contesting Mr. Terhune's engineering
12 analysis of what facilities the ELLC and high voltage over
13 10 megawatt customers use, correct?

14 A That's correct, relative to those
15 engineering analyses.

16 Q But then in your surrebuttal testimony at
17 page 20, you do criticize Mr. Terhune for saying that you
18 agree with his engineering analysis, right?

19 A No. I state on page 20 -- he repeats
20 statements from my rebuttal testimony, and then I did not
21 dispute two of his mathematical computations that were
22 provided in the Data Request. I don't specifically mention
23 the Data Request here.

24 ALJ HILLIARD: Speak up, please.

1 Q So in your surrebuttal testimony, you
2 suggest that Mr. Terhune overreaches to suggest that ComEd
3 agrees with his engineering analysis, right?

4 A That's correct.

5 Q And you point to a Data Request response,
6 5.04, that you attach to your surrebuttal testimony as
7 Exhibit 14.03, right?

8 A That's correct.

9 Q Do you have that in front of you?

10 (Pause)

11 A Yes, I do.

12 Q I'll hand you what's being marked as REACT
13 Cross Exhibit 8 Bjerning, and that is ComEd's response to
14 REACT Data Request 5.04, correct?

15 A Correct.

16 Q Now, that Data Request response does not
17 say anything about Mr. Terhune's engineering analysis,
18 showing that the ELLC and high voltage over 10 megawatt
19 customers use no or only use a de minimis amount of certain
20 facilities, does it?

21 A This does not speak to that.

22 Q And the Data Request response cites to
23 your rebuttal testimony at page 27, lines 448, correct?

24 A That's correct.

1 Q And that section of your rebuttal
2 testimony is the section entitled, quote, "Study to Further
3 Segment ComEd's Distribution System", right?

4 A That's correct.

5 Q So that section of your testimony is
6 talking about the study, not about the engineering
7 analysis, right?

8 A That's correct.

9 Q So, neither your rebuttal testimony nor
10 this Data Request response take issue with the engineering
11 analysis that Mr. Terhune performed, correct?

12 A I did not dispute the analysis relative to
13 the two computations that were provided in the Data
14 Request.

15 Q So you didn't criticize any of the
16 methodology that he used in his engineering analysis,
17 correct?

18 A That's one type of methodology that could
19 be used. It doesn't necessarily mean it's the best and
20 most appropriate methodology.

21 Q Well, let's talk about the second part of
22 Mr. Terhune's testimony, which is the recommendation that
23 the Commission order an adjustment to the rate design in
24 this proceeding based on the fact that the ELLC and high

1 voltage over 10 megawatt customers use no facilities or de
2 minimis amount of facilities which they're charged for.
3 Okay?

4 A Okay.

5 Q And on page 27 of your rebuttal testimony
6 at lines 439 through 447, you summarize Mr. Terhune's
7 recommendations for making modifications to the
8 allocations, right?

9 A Yes, I clarify what the impact from a
10 dollar perspective of how the costs will be reallocated
11 away from those particular classes.

12 Q And you point out that we're talking about
13 an adjustment of \$9,261,212, correct?

14 A Yes, I believe that's the number that was
15 provided in Mr. Terhune's testimony.

16 Q What is ComEd's overall revenue
17 requirement? Would you accept, subject to check, that it's
18 approximately \$2 billion?

19 A It's probably closer to 2.3 billion. I
20 don't know the exact number off the top of my head.

21 Q It's over \$2 billion?

22 A That's correct.

23 Q So the adjustment in question here
24 represents less than a half of a percent of the overall

1 revenue requirement, correct?

2 A Subject to check on the calculation, I
3 would agree with that.

4 Q And you don't actually take issue with the
5 figures Mr. Terhune used or Mr. Terhune's math, right?

6 A We didn't seek to verify Mr. Terhune's
7 calculations. We were merely just presenting what he was
8 presenting in his direct testimony in comparison to what
9 other parties were presenting. We weren't necessarily
10 agreeing or disagreeing with it.

11 Q You didn't take issue with it, though, at
12 all; you didn't point out any errors that were included in
13 his figures or in his math, correct?

14 A Again, I didn't go in to address how he
15 came up with the \$9 million, other than he said
16 approximately a third of the current portion that's
17 allocated to the shared distribution.

18 Q The third component of Mr. Terhune's
19 testimony is recommendation that the Commission direct
20 ComEd to undertake a further study to further refine its
21 cost allocations, correct?

22 A Correct.

23 Q And you agree that such a study is
24 feasible, right?

1 A Can you specify where I said that in my
2 testimony?

3 Q Well, I guess, first of all, would you
4 agree that that type of study is feasible?

5 A It's potentially complicated, and I'm not
6 saying that it couldn't be done, but it has major concerns
7 of how you approach and the methodology with which that
8 type of study would be done.

9 Q Right. And so if you look at your
10 rebuttal testimony, at page 30, lines 522 to 525, you were
11 asked the question, "If the Commission supports the
12 analysis proposed by IIEC, REACT or another party to
13 investigate segmenting ComEd's distribution system, how
14 will ComEd proceed with meeting that directive," closed
15 quote; correct?

16 A That's correct.

17 Q And you answered, quote, "ComEd will
18 likely hire an independent party, as it did with CA Energy
19 Consulting in the instant proceeding, to work with ComEd
20 staff and interested parties to determine the study scope
21 and requirements to perform the necessary sampling cost
22 allocations and recommendations to meet the Commission's
23 directives", right?

24 A Correct.

1 Q So, if the Commission orders the study
2 that REACT recommends, ComEd is capable of undertaking that
3 study, correct?

4 A ComEd will comply with what the Commission
5 directs us to do.

6 Q And you're capable of doing what REACT has
7 asked that you do?

8 A Yes, we're capable of performing the
9 study.

10 Q And you would agree that ComEd's evidence
11 in this case does not include any analysis of the costs
12 that ComEd would incur to perform the study recommended by
13 REACT, right?

14 A Can you repeat the question?

15 Q Would you agree that ComEd did not present
16 any evidence in this case with regards to the cost of
17 performing the study that ComEd -- that REACT has
18 requested?

19 A That's correct.

20 Q And CA Engineering Consulting was the
21 consultant that prepared the distribution study that was
22 ordered in the ComEd 2010 rate case, correct?

23 A Correct.

24 Q And Mr. Terhune does not criticize the

1 methodologies of CA Engineering Consulting in his
2 testimony, does he?

3 A Not to my recollection.

4 Q On the contrary, Mr. Terhune generally
5 takes a positive view of the studies presented by CA
6 Engineering Consulting, right?

7 A Can you cite where that's the case?

8 Q His rebuttal testimony at page 14, lines
9 284 to '90.

10 (Pause)

11 A You said the rebuttal on what page?

12 Q 14.

13 (Pause)

14 A What lines?

15 Q 284 to 290. You can also look in his
16 rebuttal testimony at page 10, lines 200 to 201.

17 A The reference you gave on page 14 for 284
18 through 290 just speaks of -- speaks to, doesn't need to
19 have -- they could perform such a study by in-house
20 records. A field study would not be necessary.

21 Q And that it was appropriately accurate,
22 correct, line 288? That's not a criticism of the CA study;
23 it's saying that the CA study was appropriate, correct?

24 A All it is saying is it demonstrated --

1 this passage reads that, among other things, that ComEd's
2 internal records -- then it refers to the different types
3 of records -- "reflected ComEd's actual facilities in the
4 field with appropriate accuracy. Therefore, there is no
5 need to perform physical inspections in order to more
6 accurately allocate shared distribution line costs." So
7 when I read this passage, it's not speaking to the entire
8 study.

9 Q It's talking just about that component of
10 the study, that they did that appropriately?

11 A That's correct.

12 Q Okay. And at line 200 of his rebuttal
13 testimony, he also refers to them as "competent consultants
14 that were able to assist ComEd to complete the work that
15 was ordered by the Commission", correct?

16 A That's correct.

17 Q Now, with regards to the scope of the
18 study that Mr. Terhune recommends, you would agree that
19 he's not proposing that 4.8 million customer meter points
20 be classified as being served at 4 kV or by single phase,
21 two phase, or three phase primarily line connections,
22 right?

23 A Can you cite where that's in his
24 testimony?

1 Q Rebuttal testimony page 13, lines 269 to
2 274.

3 (Pause)

4 A That's correct.

5 Q Rather, Mr. Terhune is advocating a
6 statistical valid sample of the customers in each class or
7 sub class, right?

8 A Can you provide the lines?

9 Q Lines 296 through 299, and 349 through
10 357.

11 A Yes. He specifies for the longer term,
12 the Commission should direct ComEd perform statistically
13 valid samples and a sampling study of the allocation of
14 shared distribution line costs.

15 Q And you would agree that it's
16 Mr. Terhune's belief that additional field sampling is not
17 required, correct?

18 A Correct, from the previous citation that
19 we reviewed.

20 ALJ HILLIARD: Please try to keep your voice
21 up. You kind of fade out there.

22 THE WITNESS: Okay.

23 Q You are aware that in the 2010 ComEd rate
24 case, that ComEd expressed concerns about the feasibility

1 of performing studies to better understand specific
2 distribution facilities used to serve certain customer
3 classes, right?

4 A I recall such a concern, yes.

5 Q Nevertheless, the Commission directed
6 ComEd to perform studies allocating its primary and
7 secondary costs, right?

8 A Correct.

9 Q And it also directed ComEd to perform an
10 investigation of the extra large load customer classes to
11 assess whether the customers used 4 kV service, and if so,
12 to what extent, correct?

13 A Correct.

14 Q And in fact, ComEd has complied with the
15 Commission order in the 2010 rate case, correct?

16 A Correct.

17 Q And it was able to prepare all of the
18 studies that it was directed to prepare as a result of that
19 case, correct?

20 A Correct.

21 Q And as it turns out, each of those studies
22 was feasible and ComEd was able to complete them, correct?

23 A Correct, relative to the specific delivery
24 classes that were in the order.

1 MR. TOWNSEND: No further questions. Thank
2 you.

3 ALJ JORGENSON: Are you going to move either
4 REACT 7 or 8 into evidence?

5 MR. TOWNSEND: Just for the record, 7 is a
6 Commission order, which we'll just be able to cite to, and
7 8 is included as an attachment to Mr. Bjerning's testimony.

8 ALJ HILLIARD: All right. We'll take five
9 minutes.

10 (Recess)

11 CROSS-EXAMINATION

12 QUESTIONS BY MR. BALOUGH:

13 Q Good afternoon. My name is Richard
14 Balough, and I represent the Chicago Transit Authority.

15 A Good afternoon.

16 Q You understand that the Chicago Transit
17 Authority, at least as it's appearing in this case, is one
18 of the two members of the Railroad Class?

19 A Yes, I understand.

20 Q And the service that's provided to the CTA
21 is the traction power, which is the power that drives the
22 rapid transit cars?

23 A Yes.

24 Q And that's -- and we're not talking about

1 the other services that are provided to the CTA.

2 A I understand.

3 Q And the other member of the Railroad Class
4 is Metra.

5 A I understand.

6 Q And Metra, the service that is provided
7 there is for their electric trains, not their
8 diesel-powered trains.

9 A I understand.

10 Q And the services in those two specific
11 areas that the CTA provides and Metra provides, would you
12 agree are confined to Cook and Will Counties?

13 A That's my understanding.

14 Q In your testimony you talk about -- a
15 little bit about the study that was recommended in the last
16 general rate case, which was the segregation of the 4 kV
17 facilities from the rest of the costs that are allocated to
18 the Railroad Class; is that correct?

19 A That's correct.

20 Q ComEd was able to, through its records,
21 segregate the costs that were provided for facilities at
22 and below 4 kV versus other facilities; is that right?

23 A For the Railroad Class and the extra large
24 load.

1 Q So you had the records there to do that?

2 A Yes, I believe we did.

3 Q And prior to that, do you recall that in
4 the previous case there was a Load Flow Study to determine
5 what power flowed in and out of the traction power
6 substations? Were you involved in that?

7 MS. SCARSELLA: Just to clarify, when you say
8 "the previous case" you mean the 2010 rate case 10-0467?

9 MR. BALOUGH: Yes.

10 A I'm familiar with it. I'm not the witness
11 in this case for that particular study. So I've read it,
12 but that's about the extent of my knowledge.

13 Q I'm not going to go into details of the
14 Load Flow Study. Don't worry. But am I correct -- is it
15 your understanding that in both the Load Flow Study and the
16 4 kV study, at least as it pertains to the Railroad Class,
17 that that was really a cooperative effort between the
18 Railroad Class and ComEd and in some instances, the ICC
19 Staff?

20 A That's correct.

21 Q You comment -- well, James Bachman
22 testified, filed testimony in this case on behalf of the
23 CTA and Metra. You read that testimony?

24 A I did.

1 Q You commented on that testimony?

2 A I did.

3 Q One of his recommendations was that
4 another area that could possibly be looked at from a joint
5 perspective -- that is, the CTA, Metra and ComEd -- would
6 be to determine on a geographic basis what facilities are
7 used to serve those -- the Railroad Class load.

8 A Yes, he did state that.

9 Q He made no -- would you agree that he made
10 no recommendation in his testimony as to any specific
11 outcome from that study?

12 A No. He mentioned that, and my
13 recollection was to see what facilities do not serve the
14 railroads because of the geographic constraints that you
15 mention of serving Cook and Will County.

16 Q He proposed that as another joint study,
17 similar to the load flow and the 4kV study, a cooperative
18 effort?

19 A Yes.

20 Q And in your testimony, you said that ComEd
21 does not keep those types of records; is that right?

22 A My understanding is that our records may
23 not delineate plants or facilities and the cost of such
24 facilities within geographic areas, such as specific

1 counties or so forth.

2 Q Well, for example, if I wanted to know
3 what type of facilities, for example, were in the
4 metropolitan area of Chicago, doesn't ComEd have, I think
5 is what, the CEGIS system, record keeping?

6 A The CEGIS system?

7 Q Yes.

8 A I'm not familiar with the intricacies of
9 that system.

10 ALJ HILLIARD: Could you spell that acronym
11 for us?

12 THE WITNESS: C-E-G-I-S.

13 Q And that's a system where ComEd -- let's
14 take it in two steps -- first, able to identify what
15 equipment facilities are at a particular location?

16 A That's generally -- I understand that to
17 be the case.

18 Q And in the rural areas -- let me back up
19 again. That is a computer-based system?

20 A That's my understanding, yes.

21 Q And in other areas of the state that ComEd
22 serves, some of those records are not kept on computer, but
23 are paper based; is that right?

24 A I don't necessarily know that that's the

1 case or not.

2 Q Would they also be computerized?

3 A I would believe so, yes.

4 Q So at least as far as the facilities,
5 there are systems in place by which ComEd could determine
6 what particular equipment is located at what location?

7 A In general, yes, but not all equipment.

8 Q And likewise, if you know what the
9 equipment is, then would you not be able to determine what
10 the cost of that equipment was?

11 A If you're able to determine the equipment,
12 you can probably determine the average cost, but you may
13 not specifically be able to identify the specific cost of
14 the equipment.

15 Q So from at least a conceptual point of
16 view, the proposal that Mr. Bachman made that it may be
17 appropriate to do a joint study, then there are --
18 information is available, at least on some level, to
19 conduct an initial evaluation?

20 A Let me clarify my answer.

21 The answer is, ComEd can investigate that, if
22 the Commission orders. We're just mainly -- and we're not
23 saying we're supportive or not supportive of such a study.
24 We're just trying to point out the considerations and the

1 difficulties that may be involved in such a study.

2 Q Right. And there were those similar types
3 of considerations, for example, in segregating the 4 kV
4 system from the rest of the ComEd system?

5 A I know there was concerns and
6 considerations that needed to be addressed in the scope and
7 methodology of such a study, yes.

8 Q And the same would be true -- and I know
9 you don't have particular knowledge about it, but the load
10 flow studies that were also done, there was concern about
11 the availability of that information.

12 A I believe that's the case, from my general
13 understanding.

14 MR. BALOUGH: That's all the questions I have.
15 Thank you.

16

17 CROSS-EXAMINATION

18 QUESTIONS BY MR. GOWER:

19 Q Would you please pronounce your name? My
20 name is Ed Gower. I represent Metra. Would you please
21 pronounce your last name for me?

22 A My last name is Bjerning.

23 Q I just have one question. Does CEGIS
24 stand for Commonwealth Geographic Information System?

1 A I don't know exactly if that's the case,
2 but that sounds like it may be.

3 Q And now I'd like that other question. Do
4 you know the geographic limits of the information contained
5 in that system?

6 A Again, I'm not familiar with the entire
7 system and the capabilities of it.

8 Q Okay.

9 ALJ HILLIARD: Is there a witness who knows
10 the answer to that question, or can you provide an answer
11 to that question before the record is closed?

12 THE WITNESS: I can probably confer with
13 colleagues and have an answer.

14 MR. GOWER: I have no further questions.
15 Thank you, Mr. Bjerning.

16

17 CROSS EXAMINATION

18 QUESTIONS BY MR. JENKINS:

19 Q Alan Jenkins for the Commercial Group.
20 Mr. Bjerning, I have a follow-up question to a response
21 you've given. Let's say there are certain -- are you
22 familiar with shopping malls?

23 A Yes, I am.

24 Q And are you familiar that there are

1 certain retail facilities that tend to aggregate in
2 shopping malls, like Macy's?

3 A Understood.

4 Q Let's say this group of customers wanted
5 to have a geographic exclusion of costs that were in other
6 locales on ComEd's system that did not serve shopping
7 malls. Would you agree to partake -- participate in a
8 study with those customers to exclude geographic costs that
9 weren't in that area?

10 A I don't necessarily think that ComEd would
11 agree to it without understanding the scope and the
12 methodology of such a study; and again, I think the
13 concerns would be similar to what I've expressed earlier,
14 in that it could be very complicated in trying to
15 understand how to segregate those customers and the use of
16 the facilities that they have versus other customers.

17 Q Would you agree that any single rate payer
18 on ComEd's system could argue that all other costs in other
19 geographic areas of ComEd's system should not be charged to
20 that customer?

21 A Can you repeat the question again?

22 Q Would you agree that any rate payer on
23 ComEd's system could argue that it should not be allocated
24 any costs in some geographic area that's not the same

1 geographic area where that rate payer is?

2 A Yes, and it would be quite complex,
3 considering there's 3.8 million customers out there. That
4 would be very difficult at best.

5 MR. JENKINS: Thank you. Nothing further.

6 ALJ HILLIARD: Are you the last one on the
7 list?

8 MR. ROBERTSON: I hope so.

9

10 CROSS EXAMINATION

11 QUESTIONS BY MR. ROBERTSON:

12 Q Mr. Bjerning, my name is Eric Robertson.
13 I represent the Illinois Industrial Energy Consumers.

14 Can you tell me what the basis for ComEd's
15 fifty-fifty allocation of combination poles was?

16 A My recollection of it was that they felt
17 that because primary and secondary existed on these shared
18 poles, that that was a reasonable estimation.

19 Q Would you disagree with the rebuttal
20 testimony of ComEd witness Alongi in Docket 10-0467 and his
21 corrected rebuttal, page 34, lines 772 through 777 where he
22 says, "Mr. Lazar (phonetic) questions the reasonableness of
23 ComEd's split of the costs of a pole with primary and
24 secondary facilities at a fifty-fifty between primary costs

1 and secondary costs. ComEd estimated a fifty-fifty split
2 of the costs because a pole with both types of facilities
3 is equally important to the delivery of the primary voltage
4 and the secondary voltage. ComEd does not have any reason
5 to believe that looking at poles in the field would provide
6 further insight on how to allocate the cost of such geared
7 poles".

8 A So your question is, do I agree with
9 Mr. Alongi's statement?

10 Q Yes, is that a correct description of the
11 history of this issue, and do you agree with that
12 description?

13 A I think that's fair, relative to that
14 particular docket.

15 MR. ROBERTSON: That's all the questions I
16 have. Thank you.

17 ALJ HILLIARD: Let me ask you about this pole
18 thing. If you allocate 50 percent to primary and 50
19 percent to secondary, does the primary get allocated across
20 the customer base?

21 THE WITNESS: That's correct.

22 ALJ HILLIARD: So that there is a 50 percent
23 allocation from the secondary to the secondary market and
24 there's some allocation from the primary to the secondary

1 also?

2 THE WITNESS: That's correct. Ultimately the
3 secondary customers end up with the greater share than 50
4 percent of those costs.

5 ALJ HILLIARD: Okay. Thank you.

6 I guess redirect then.

7 MS. SCARSELLA: Can I have a minute, Your
8 Honor?

9 ALJ HILLIARD: Sure.

10 MR. GOWER: Your Honor, do you permit
11 follow-up questions based on your questions.

12 ALJ HILLIARD: You got one question or what?

13 MR. GOWER: Yes, as to shared costs.

14 ALJ HILLIARD: All right.

15

16 RE-CROSS EXAMINATION

17 QUESTIONS BY MR. GOWER:

18 Q And I may bumble through this. But if you
19 allocate to the cost of the combination poles all to shared
20 costs, what's the impact of that?

21 A Then all customers are impacted by that.

22 MR. GOWER: Thank you.

23 ALJ HILLIARD: So the net result is the cost
24 to the secondary customers would decrease?

1 THE WITNESS: With 100 percent allocation to
2 shared?

3 ALJ HILLIARD: Yes.

4 THE WITNESS: Yes.

5

6 RE-CROSS EXAMINATION

7 QUESTIONS BY MR. ROBERTSON:

8 Q I thought I was going to get away with one
9 question.

10 Let me ask you this. If the primary poles did
11 not exist, would it be necessary to install poles to
12 provide the secondary service for the customers we're
13 talking about?

14 A Well, overhead secondary service would
15 require a pole to attach. So absent primary in the
16 area --

17 Q In this particular instance, where we're
18 able to use primary poles, but for the existence of the
19 primary poles, the company would be required to install
20 secondary poles to provide the secondary service?

21 A That's correct.

22 MR. ROBERTSON: Okay. Thank you.

23 ALJ HILLIARD: You can have time to prepare
24 for redirect.

1 MS. SCARSELLA: Just a moment, Your Honor.

2 (Recess)

3 ALJ HILLIARD: Redirect?

4 MS. SCARSELLA: We have one redirect question,
5 and we have an answer for the CEGIS issue.

6 ALJ HILLIARD: All right. Listen up, people,
7 please.

8

9 RE-DIRECT EXAMINATION

10 QUESTIONS BY MS. SCARSELLA:

11 Q All right. Mr. Bjerning do you recall
12 when Mr. Robertson asked you about the need for a secondary
13 service pole in the absence of primary service?

14 A Yes, I recall.

15 Q Do you have any clarifications to make to
16 your response?

17 A Yes, I have one clarification, that you
18 would not have secondary systems without primary systems.
19 So the absence of just having secondary would entail a
20 primary system be in place.

21 MS. SCARSELLA: That's it, Your Honor.

22 ALJ HILLIARD: CEGIS?

23 Q What does CEGIS stand for?

24 A Commonwealth Edison Geographic Information

1 System.

2 Q And what is your understanding about what
3 that system covers?

4 A After conferring with my colleagues, I
5 understand that it electronically covers the maps of most
6 of the service territory and the distribution facilities
7 that are in our service territory. There are some
8 exceptions where if some elements have not been mapped --
9 for example, underground secondary service outside of
10 Chicago is not contained within the maps.

11 ALJ HILLIARD: Are there other major gaps in
12 the CEGIS system besides that, that you're aware of?

13 THE WITNESS: Not that I'm aware of.

14 ALJ HILLIARD: All right. Anything? Do you
15 have any more questions?

16 (Pause)

17 (Witness is excused.)

18 ALJ HILLIARD: All right. Then we'll be
19 adjourned until tomorrow at 9:30.

20

21 END TIME: 4:30 p.m.

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I, KAREN K. KEIM, RPR, CRR, a Certified Court Reporter, do hereby certify that the proceedings in the above-entitled cause were taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

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